

**The Corporation of the Township of
Tarbutt
Financial Statements
For the year ended December 31, 2019**

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Financial Statements
For the year ended December 31, 2019**

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Independent Auditors' Report

To the Mayor and Council of The Corporation of the Township of Tarbutt:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Corporation of the Township of Tarbutt (the Township), which comprise the balance sheet as at December 31, 2019, the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Tarbutt as at December 31, 2019, and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Township in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Township's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Township or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Township's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

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 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 judgement 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.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Township's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 the auditor's report. However, future events or conditions may cause the Township to cease 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Stefanizzi Professional Corporation
Chartered Professional Accountant
Sault Ste. Marie, Ontario
April 15, 2020

**The Corporation of the Township of
Tarbutt
Balance Sheet**

As at December 31,	2019	2018
Financial Assets		
Cash and cash equivalents (note 3)	\$ 569,233	\$ 205,938
Taxes receivable	210,199	170,212
Accounts receivable	9,701	36,192
Government remittances recoverable	41,276	32,086
	\$ 830,409	\$ 444,428
Liabilities		
Accounts payable and accrued liabilities	\$ 22,902	\$ 25,007
Deferred revenue (note 4)	61,700	3,605
Landfill site closure liability (note 5)	10,962	10,854
Municipal long-term debt (note 6)	62,042	97,495
	157,606	136,961
Net financial assets	672,803	307,467
Non-financial assets		
Tangible capital assets (schedule 1)	2,687,287	2,950,900
Accumulated surplus (note 7)	\$ 3,360,089	\$ 3,258,367

Approved on behalf of council:

_____ Mayor

_____ Clerk - Treasurer

The Corporation of the Township of Tarbutt
Statement of Operations and Accumulated Surplus

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

	Budget (Unaudited) 2019	Actual 2019	Actual 2018
Revenues			
Taxation (note 8)	\$ 935,136	\$ 935,723	\$ 890,364
Federal grants	1,680	1,680	1,526
Provincial grants	534,311	553,303	369,532
Other municipalities	42,500	48,320	43,657
Fees and user charges	98,193	68,246	64,545
Interest and other	86,825	39,671	44,127
	<u>1,698,645</u>	<u>1,646,943</u>	<u>1,413,751</u>
Expenditures			
Current			
General government	316,161	334,258	323,036
Protection	157,332	193,313	176,605
Transportation services	314,148	504,383	523,296
Environmental services	129,200	116,142	98,322
Health services	34,550	33,226	25,887
Social and family services	320,019	320,019	313,447
Recreation and cultural services	35,883	36,918	38,842
Planning and development	8,220	6,961	7,983
	<u>1,315,513</u>	<u>1,545,220</u>	<u>1,507,418</u>
Annual surplus (deficit)	383,132	101,723	(93,667)
Accumulated surplus, beginning of year	3,258,367	3,258,367	3,352,034
Accumulated surplus, end of year	\$ 3,641,499	\$ 3,360,090	\$ 3,258,367

The Corporation of the Township of Tarbutt
Statement of Change in Net Financial Assets

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

	Budget (Unaudited) 2019	Actual 2019	Actual 2018
Annual surplus (deficit)	\$ 383,132	\$ 101,723	\$ (93,667)
Acquisition of tangible capital assets	(48,497)	(78,942)	(219,964)
Amortization of tangible capital assets	-	342,555	359,394
	<u>334,635</u>	<u>365,336</u>	<u>45,763</u>
Net change in net financial assets	334,635	365,336	45,763
Net financial assets, beginning of year	307,467	307,467	261,704
	<u>\$ 642,102</u>	<u>\$ 672,803</u>	<u>\$ 307,467</u>

The Corporation of the Township of Tarbutt
Statement of Cash Flow

For the year ended December 31,	2019	2018
Cash provided by (used for):		
Operating		
Increase (decrease) in accumulated surplus	\$ 101,723	\$ (93,667)
Changes in non-cash operating items:		
(Increase) decrease in taxes receivable	(39,990)	(11,835)
(Increase) decrease in accounts receivable	17,302	96,862
(Increase) decrease in inventory	-	2,059
Increase (decrease) in accounts payable	(12,959)	(10,468)
Increase (decrease) in landfill post-closure costs	10,963	107
Increase (decrease) in deferred revenue	58,095	-
	135,134	(16,942)
Annual depreciation	342,555	359,394
	477,689	342,452
Financing:		
Principal repayment on long-term debt	(35,452)	(35,452)
Capital transactions:		
Capital additions	(78,942)	(219,964)
Increase in cash for the year	363,295	87,036
Cash and cash equivalents, beginning of year	205,938	118,902
Cash and cash equivalents, end of year	\$ 569,233	\$ 205,938
Represented by:		
Cash	\$ 137,395	\$ 199,028
Temporary investments	\$ 431,838	\$ 6,910

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2019

1. **Summary of significant account policies**

The Corporation of the Township of Tarbutt ("the Municipality") is a municipality in the province of Ontario, Canada. The Municipality conducts its operations in accordance with the provisions of provincial statutes such as the Municipal Act, Municipal Affairs Act and related legislation.

Non-consolidated entities

These statements reflect the assets, liabilities, operating revenues and expenditures, reserve funds and reserves and tangible capital assets of The Corporation of the Township of Tarbutt. The reporting entity is comprised of all organizations, local boards and committees accountable for the administration of the financial affairs and resources of the Municipality.

All material inter-entity transactions and balances are eliminated on consolidation.

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

Algoma District Services Administration Board
Algoma Public Health

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.

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.

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2019

Government transfers

Government transfers include entitlements, transfers under shared cost agreements and grants. Revenue is recognized for unconditional entitlements and grants in the period received or receivable. Revenue is recognized for any conditional entitlements and grants in the period the associated expenditure is incurred. Revenue is recognized for transfers under shared service agreements in the period the costs are incurred.

Contributed goods and services

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

Cash and cash equivalents

Cash and cash equivalents include bank deposits and short term guaranteed investment certificates that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These cash equivalents generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

Inventory

Inventory is valued at the lower of cost or net realizable value.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards 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. Estimates include allowance for doubtful accounts, inventory obsolescence, environmental liabilities, useful life of assets, and accruals. 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 Balance Sheet.

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 Corporation of the Township of Tarbutt
Notes to the Financial Statements

December 31, 2019

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year, and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

Capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to the acquisition, construction, development or betterment of an asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line bases over their estimated useful lives as follows:

	Useful Life - Years
Buildings	20 - 40
Equipment	12 - 15
Infrastructure	10 - 50
Vehicle and machinery	5 - 20
Waste management land	35

In the year of acquisition, capital assets are amortized at one-half the above rates.

(a) Contribution of tangible capital assets

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue.

(b) Interest capitalization

Interest is capitalized whenever external debt is issued to finance the construction of tangible capital assets.

(c) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(d) Threshold

The Corporation of the Township of Tarbutt has a capitalization threshold of \$5,000 to \$25,000 for all categories of tangible capital assets. Individual assets below the threshold are expensed, unless they are pooled, because collectively, they have significant value. The Municipality's threshold for pooled assets is \$5,000.

Amounts to be recovered

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

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2019

Budget figures

Budget figures have been reclassified for the purposes of these financial statements to comply with PSAB reporting requirements. The approved operating budget and capital budgets are reflected on the Consolidated Statement of Operations and are unaudited. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual expenditure amounts. As well, the Town does not budget activity within Reserves and Reserve Funds, with the exception being those transactions, which affect either operations or capital investments.

Comparative figures

Certain comparative figures have been reclassified to conform with the current year financial statement presentation.

2. Financial instruments

The Township's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, landfill site closure liability, and municipal long-term 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.

3. Cash and cash equivalents

	2019	2018
Unrestricted cash	\$ 120,973	\$ 195,423
Restricted cash - deferred revenue (note 4)	3,605	3,605
Restricted cash - landfill post-closure legislated fund	12,817	-
Restricted cash - Tarbutt reserve temporary investments	431,838	6,910
	<u>\$ 569,233</u>	<u>\$ 205,938</u>

Temporary investments have a market value which approximates its book value. Interest rates on temporary investments range from 1.5% to 1.8%.

The Corporation of the Township of Tarbutt
Notes to the Financial Statements

December 31, 2019

4. Deferred revenue

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Professional 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:

	2019	2018
Gasoline tax	\$ 58,095	\$ -
Cash in lieu of parkland	3,605	3,605
	\$ 61,700	\$ 3,605

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 Professional Accountants with respect to landfill site closing and post-closing costs. As a result, the consolidated balance sheet 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 \$12,551. 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. 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, 2019, the landfill close and post closure costs have been financed.

The Corporation of the Township of Tarbutt
Notes to the Financial Statements

December 31, 2019

6. Municipal long-term debt

	2019	2018
Automotive loan with interest at prime plus 0.5%, repayable in monthly principal installments of \$2,285 plus interest. Secured by automotive and council borrowing bylaw.	\$ 47,978	\$ 75,394
Automotive loan with interest at prime plus 0.5%, repayable in monthly principal installments of \$669.71 plus interest. Secured by automotive and council borrowing bylaw.	14,064	22,101
	62,042	97,495
Current portion	35,452	35,452
	\$ 26,590	\$ 62,043

Long-term debt principal repayments to be made during the next two years is approximately as follows:

2020	-	\$ 35,452
2021	-	\$ 26,590

The Corporation of the Township of Tarbutt
Notes to the Financial Statements

December 31, 2019

7. Accumulated surplus

The accumulated surplus is comprised of the following:

	2019	2018
Reserves set aside for specific purposes by Council:		
General working capital	\$ 282,578	\$ 204,286
Reserve funds set aside for specific purposes by Council:		
Disposal site legislated fund	12,817	-
Culverts	10,942	3,357
Roads	53,290	11,199
Landfill working	5,747	10,854
Planning	2,235	37,659
Cemetery working capital	7,599	5,474
Administration	2,021	10,828
Legal fees	11,273	3,966
Fire	6,016	1,975
Emergency	2,526	35
MNR Fire	5,053	303
Culvert maintenance	27,191	3,881
Creek road bridge rebuild	1,007	282
Efficiency funding	232,436	2,212
Sand shed	10,071	11,156
	390,224	103,181
Total reserves and reserve funds	672,802	307,467
Invested in tangible capital assets	2,687,287	2,950,900
Accumulated surplus	\$ 3,360,089	\$ 3,258,367

8. Taxation

	2019	2018
Taxation revenue	\$ 1,088,047	\$ 1,044,975
Less: Amount levied and remitted to school boards	152,324	154,611
	\$ 935,723	\$ 890,364

The Corporation of the Township of Tarbutt
Notes to the Financial Statements

December 31, 2019

9. Expenditures by object

	2019	2018
Salaries, wages and employee benefits	\$ 395,121	\$ 397,867
Materials	317,567	266,615
Contracted services	134,045	137,568
Rents and financial expenses	7,862	7,922
Amortization	342,555	359,395
Transfer payments	348,069	338,051
	\$ 1,545,219	\$ 1,507,418

10. Contributions to unconsolidated joint boards

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

	2019	2018
Algoma District Service Administration Board	\$ 320,019	\$ 313,447
Algoma Public Health	18,050	17,960
	\$ 338,069	\$ 331,407

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 2019 was \$21,300 (2018 - \$23,009). No pension liability for this type of plan is included in the municipality's financial statements.

12. Trust funds

Trust funds administered by the Township amounting to \$23,295 (2018 - \$23,259) have not been included in the "Balance Sheet" nor have their operations been included in the "Statement of Financial Activities".

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2019

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.

14. **Segmented Information**

The municipality is a diversified local government institution that provides a wide range of services to its citizens. For management reporting purposes, municipal operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General government

The administration department oversees the delivery of all government services. The department is responsible for ensuring that there are adequate policies and procedures in place to safeguard assets and to properly report financial activities. In addition, this department includes the governance activities of council.

Protection

Protection is comprised of the police, fire/emergency, by-law enforcement and building inspections departments. The mandate of the police is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. The fire/emergency department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishments of fires. The by-law enforcement and building inspection department ensures properties are in compliance with applicable legislation, by-laws, building standards and construction codes.

Transportation

The transportation department is responsible for the delivery of municipal public works services related to the planning, development and maintenance of roadway systems, winter control and street lighting.

Environmental

The environmental department provides garbage collection and waste minimization programs and facilities for solid waste disposal.

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2019

14. Segmented Information continued

Health

Through the Algoma Health Unit, the municipality contributes to public health services and education and through the Algoma District Services Administration Board, to ambulance services. In addition, this department oversees the care and maintenance of municipal cemeteries.

Social and family

Through the Algoma District Services Administration Board, the municipality contributes to social assistance payments, child care services and social housing.

Recreation and cultural

The recreation and cultural department provides public services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure services such as parks, arena, fitness and sports programs. It provides public services that contribute to healthy communities through partnerships, promotion, prevention, protection and enforcement. The department also contributes towards the information needs of the municipality's citizens through the provision of library services.

Planning

The planning department provides a diverse bundle of services. It manages development for business interests, environmental concerns, heritage matters and neighbourhoods through planning and community development activities. It facilitates economic development by providing services for the approval of all land development plans.

For each reported segment, revenues and expenses include both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in the summary of significant accounting policies.

The Corporation of the Township of Tarbutt
Schedule of Tangible Capital Assets

Schedule 1

Year ended December 31, 2019

	Cost				Accumulated Amortization			2019	2018
	2019 Opening Balance	Additions and Betterments	Disposals/ Transfers	2019 Closing Balance	2019 Opening Balance	2019 Amortization Expense	Accumulated Amortization on Disposals	2019 Ending Balance	Net Book Value
Land	\$ 58,299	\$ -	\$ -	\$ 58,299	\$ -	\$ -	\$ -	\$ -	\$ 58,299
Buildings	715,509	26,722	-	742,231	261,780	17,158	-	278,938	463,293
Equipment	115,270	-	-	115,270	72,750	9,333	-	82,083	33,187
Infrastructure	5,485,986	46,937	-	5,532,923	3,577,064	275,253	-	3,852,317	1,680,606
Vehicle and machinery	717,102	5,283	-	722,385	318,065	37,657	-	355,722	366,663
Waste management land	110,390	-	-	110,390	21,997	3,154	-	25,151	85,239
	\$ 7,202,556	\$ 78,942	\$ -	\$ 7,281,498	\$ 4,251,656	\$ 342,555	\$ -	\$ 4,594,211	\$ 2,687,287
									\$ 2,950,900

**The Corporation of the Township of Tarbutt
Segment Disclosures - Service Bundle**

Schedule 2

Year ended December 31, 2019

	General Government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Recreation and cultural services	Planning and development	Total
Expenditures									
Salaries and wages	\$ 239,425	\$ 11,813	\$ 95,026	\$ 38,539	\$ -	\$ -	\$ 10,318	\$ -	\$ 395,121
Materials, good and supplies	74,397	49,609	103,793	65,479	5,176	-	19,113	-	317,567
Contracted & general services	15,129	110,901	-	7,886	-	-	-	129	134,045
Rents and financial	1,030	-	-	-	-	-	-	6,832	7,862
Amortization expenses	4,275	20,990	305,564	4,239	-	-	7,487	-	342,555
Other	-	-	-	-	28,050	320,019	-	-	348,069
	334,256	193,313	504,383	116,143	33,226	320,019	36,918	6,961	1,545,219
Revenues									
Taxation	202,412	117,063	305,434	70,332	20,120	193,791	22,356	4,215	935,723
User charges	3,734	185	3,732	42,703	-	-	23,820	500	74,674
External non-tax revenues	129,114	74,671	194,829	44,863	12,834	123,614	14,260	2,689	596,874
Other	8,581	4,963	12,949	2,982	853	8,216	948	179	39,671
	343,841	196,882	516,944	160,880	33,807	325,621	61,384	7,583	1,646,942
Annual Surplus	\$ 9,585	\$ 3,569	\$ 12,561	\$ 44,737	\$ 581	\$ 5,602	\$ 24,466	\$ 622	\$ 101,723

The Corporation of the Township of Tarbutt
Segment Disclosures - Service Bundle

Schedule 3

Year ended December 31, 2018

	General Government	Protection services	Transportation services	Environmental services	Health services	Social and family services	Recreation and cultural services	Planning and development	Total
Expenditures									
Salaries and wages	\$ 246,116	\$ 8,000	\$ 94,901	\$ 34,825	\$ -	\$ -	\$ 14,025	\$ -	\$ 397,867
Materials, good and supplies	55,760	36,353	104,708	51,180	1,284	-	17,330	-	266,615
Contracted & general services	14,994	112,854	-	8,657	-	-	-	1,063	137,568
Rents and financial	1,002	-	-	-	-	-	-	6,920	7,922
Amortization expenses	5,164	19,398	323,686	3,659	-	-	7,488	-	359,395
Other	-	-	-	-	24,604	313,447	-	-	338,051
	323,036	176,605	523,295	98,321	25,888	313,447	38,843	7,983	1,507,418
Revenues									
Taxation	190,803	104,313	309,087	58,074	15,291	185,139	22,943	4,715	890,365
User charges	7,122	315	2,698	32,049	-	-	28,902	500	71,586
External non-tax revenues	87,364	47,762	141,523	26,590	7,001	84,770	10,505	2,159	407,674
Other	9,456	5,170	15,319	2,878	758	9,176	1,137	234	44,128
	294,745	157,560	468,627	119,591	23,050	279,085	63,487	7,608	1,413,753
Annual Surplus (Deficit)	\$ (28,291)	\$ (19,045)	\$ (54,568)	\$ 21,270	\$ (2,838)	\$ (34,362)	\$ 24,644	\$ (375)	\$ (93,665)

Independent Auditors' Report

To the Mayor and Council of The Corporation of the Township of Tarbutt:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Trust Funds of The Corporation of the Township of Tarbutt (the Trust), which comprise the balance sheet as at December 31, 2019, a statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Funds of The Corporation of the Township of Tarbutt as at December 31, 2019, and the results of its operations in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Trust's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statement

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 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 judgement 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.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust'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 Trust'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 the auditor's report. However, future events or conditions may cause the Trust to cease 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Stefanizzi Professional Corporation
Chartered Professional Accountant
Sault Ste. Marie, Ontario
April 15, 2020

The Corporation of the Township of Tarbutt
Trust Funds
Balance Sheet

As at December 31,

	Operating Account	Perpetual Care	Actual 2019	Actual 2018
Assets				
Cash	\$ 465	\$ 23,295	\$ 23,760	\$ 23,260
Liabilities				
Due to Municipality	(2,216)	-	(2,216)	(2,216)
Fund balance	\$ (1,751)	23,295	21,544	21,044
	\$ (3,967)	\$ 23,295	\$ 19,328	\$ 18,828

The Corporation of the Township of Tarbutt
Trust Funds
Statement of Continuity

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

	Operating Account	Perpetual Care	Actual 2019	Actual 2018
Balance, beginning of year	\$ (2,251)	\$ 23,295	\$ 21,044	\$ 20,925
Revenues				
Interest earned	-	511	511	119
Contribution from Trust fund	511	-	-	-
	511	511	511	119
Expenditures				
Contribution to Operating Account	-	511	-	-
Service charges	11	-	11	-
	11	511	11	-
Balance, end of year	\$ (1,751)	\$ 23,295	\$ 21,544	\$ 21,044

**The Corporation of the Township of Tarbutt
Trust Funds
Notes to Financial Statements**

December 31, 2019

1. Summary of significant account policies

Management responsibility

The consolidated financial statements of The Corporation of the Township of Tarbutt 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 Professional 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



STEFANIZZI
PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

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March 25, 2020

The Corporation of the Township of Tarbutt and Tarbutt Additional
27 Barr Road South
Desbarats, ON
P0R 1E0

406377

Dear Board of Directors:

I have been engaged to audit the consolidated financial statements of The Corporation of the Township of Tarbutt and Tarbutt Additional for the year ending December 31, 2019.

Canadian Generally Accepted Auditing Standards (GAAS) require that I communicate at least annually with you regarding all relationships between The Corporation of the Township of Tarbutt and Tarbutt Additional and my firm that, in my professional judgment, may reasonably be thought to bear on my independence.

In determining which relationships to report, these standards require me to consider relevant rules and related interpretations prescribed by our provincial institute and applicable legislation, covering such matters as:

- (a) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;
- (b) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (c) economic dependence on a client; and
- (d) provision of services in addition to the audit engagement.

I am not aware of any relationships between The Corporation of the Township of Tarbutt and myself that, in my professional judgment, may reasonably be thought to bear on my independence, that have occurred from **January 1, 2019 to December 31, 2019**.

The GAAS requires that I confirm my independence to The Corporation of the Township of Tarbutt. However, since the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario deal with the concept of independence in terms of objectivity, my confirmation is to be made in that context. Accordingly, I hereby confirm that we are objective with respect to The Corporation of the Township of Tarbutt and Tarbutt Additional within the meaning of the Rules of Professional Conduct of the Institute of Chartered Professional Accountants of Ontario.

This report is intended solely for the use of The Corporation of the Township of Tarbutt and should not be used for any other purposes.

If you have any questions concerning our independence, feel free to contact us.

Yours truly,

Jerry Stefanizzi
Chartered Professional Accountant
Stefanizzi Professional Corporation