

**The Corporation of the Township of Tarbutt
Financial Statements
For the year ended December 31, 2025**

Contents

Management's Responsibility for the Financial Statements	2
Independent Auditors' Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Operations and Accumulated Surplus	6
Statement of Change in Net Financial Assets	7
Statement of Cash Flow	8
Notes to the Financial Statements	9 - 21
Schedules to the Financial Statements	22 - 24
Trust Funds Independent Auditors' Report	25 - 26
Statement of Financial Position	27
Statement of Continuity	28
Notes to the Financial Statements	29

Management's Responsibility for the Financial Statements

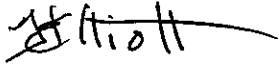
The accompanying financial statements for the Corporation of the Township of Tarbutt (the "Township") are the responsibility of management of the Township and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board. A summary of significant accounting policies are described in Note 1 of the financial statements. The preparation of the financial statements involves the use of estimates based on management's judgement, including transactions in the current financial period relating to future periods.

Management maintains and monitors a system of internal controls which are designed to provide reasonable assurance that transactions are properly authorized and recorded in compliance with regulatory and legislative requirements, reliable financial information is available on a timely basis and assets are appropriately safeguarded.

Council is responsible to ensure management fulfills its responsibilities for financial reporting and ultimately responsible for reviewing and approving the financial statements.

These financial statements have been audited by Stefanizzi Professional Corporation in accordance with Canadian Auditing Standards on behalf of the inhabitants and ratepayers of the Township. The accompanying auditors' report outlines their responsibilities, the scope of the examination and the opinion on the Townships' financial statements.


Carol Trainor - CAO/Clerk


Jillian Hayes Elliott - Treasurer



Independent Auditor's Report

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

Opinion

We have audited the financial statements of The Corporation of the Township of Tarbutt (the "Township"), which comprise the statement of financial position as at December 31, 2025, 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 (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Corporation of the Township of Tarbutt as at December 31, 2025, 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 (PSAS).

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 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 PSAS, 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 Townships' financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Townships' 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 Townships' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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.



Stefanizzi Professional Corporation
Chartered Professional Accountant, authorized to practice public accounting by
The Chartered Professional Accountants of Ontario
Sault Ste. Marie, Ontario
April 23, 2026

The Corporation of the Township of Tarbutt
Statement of Financial Position

As at December 31,	2025	2024
Financial Assets		
Cash	\$ 543,393	\$ 514,323
Portfolio investments (note 2)	321,610	312,598
Taxes receivable	203,059	269,585
Accounts receivable	98,342	90,143
Government remittances recoverable	42,781	49,296
	1,209,185	1,235,945
Financial Liabilities		
Accounts payable and accrued liabilities	98,772	99,729
Deferred revenue (note 3)	360,549	312,709
Long-term debt (note 4)	-	51,747
Asset retirement obligation (note 5)	192,806	192,142
	652,127	656,327
Net financial assets	557,058	579,618
Non-financial assets		
Tangible capital assets (schedule 1)	2,538,522	2,612,027
Prepaid expenses	22,395	-
	2,560,917	2,612,027
Accumulated surplus (note 6)	3,117,975	3,191,645

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) 2025	Actual 2025	Actual 2024
Revenues			
Taxation (note 7)	\$ 1,239,933	\$ 1,234,145	\$ 1,163,736
Federal grants	27,440	27,134	66,367
Provincial grants	506,199	432,507	353,735
Other municipalities	120,000	83,419	91,632
Fees and user charges	81,150	128,080	130,107
Interest and other	41,750	80,588	65,612
	2,016,472	1,985,873	1,871,189
Expenditures			
Current			
General government	490,626	604,167	426,931
Protection	258,420	222,754	191,463
Transportation services	508,778	484,681	477,828
Environmental services	244,206	213,610	264,832
Health services	36,772	37,286	36,087
Social and family services	388,675	388,675	370,075
Recreation and cultural services	48,934	39,944	37,459
Planning and development	69,000	68,426	52,197
	2,045,411	2,059,543	1,856,872
Annual surplus (deficit)	(28,939)	(73,670)	14,317
Accumulated surplus, beginning of year	3,191,645	3,191,645	3,177,328
Accumulated surplus, end of year	\$ 3,162,706	\$ 3,117,975	\$ 3,191,645

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) 2025	Actual 2025	Actual 2024
Annual surplus (deficit)	\$ (28,939)	\$ (73,670)	\$ 14,317
Acquisition of tangible capital assets	(246,000)	(147,698)	(129,268)
Amortization of tangible capital assets	221,203	221,203	224,874
Acquisition of prepaid expenses	-	(22,395)	-
Revaluation of asset retirement obligation	-	-	(159,218)
Net change in net financial assets	(53,736)	(22,560)	(49,295)
Net financial assets, beginning of year	579,618	579,618	628,913
Net financial assets, end of year	\$ 525,882	\$ 557,058	\$ 579,618

The Corporation of the Township of Tarbutt
Statement of Cash Flow

For the year ended December 31,	2025	2024
Cash provided by (used for):		
Operating activities		
Annual surplus (deficit)	\$ (73,670)	\$ 14,317
Items not involving cash		
Annual depreciation	221,203	224,874
Accretion expense	663	794
	<u>148,196</u>	<u>239,985</u>
Changes in non-cash operating items:		
Decrease in taxes receivable	66,526	8,853
Increase (decrease) in accounts receivable	(1,683)	41,684
Increase in prepaid expenses	(22,394)	-
Decrease in accounts payable	(957)	(682)
Increase in deferred revenue	47,840	53,185
	<u>237,528</u>	<u>343,025</u>
Capital activities:		
Purchase of capital assets	(147,698)	(129,268)
Financing activities:		
Increase in portfolio investments	(9,013)	(10,195)
Principal repayment on long-term debt	(51,747)	(50,979)
	<u>(60,760)</u>	<u>(61,174)</u>
Increase in cash for the year	29,070	152,583
Cash, beginning of year	514,323	361,740
Cash, end of year	\$ 543,393	\$ 514,323
Represented by:		
Cash	\$ 543,393	\$ 514,323

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2025

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

1. **Summary of significant account policies**

Reporting entity

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 Township.

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

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

Algoma District Services Administration Board
Algoma Public Health
Trust Funds

Basis of accounting

The Township follows the accrual method of accounting for revenues and expenditures. Revenues are recorded in the year for which they are earned, measurable and collectible. Expenses are recognized on the provision as they are incurred and measurable, arising from the receipt of goods or services and creation of a legal obligation to pay.

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.
- c) Fees and user charges are recognized when the services are performed or goods are delivered, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and fees are fixed or determinable. Amounts received for future services are deferred until the service is provided.
- d) Interest income is recognized in the period in which it is earned.
- e) Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when funds are receivable.

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2025

1. **Summary of significant account policies (continued)**

Deferred revenue

Deferred revenue includes the obligatory reserve funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general municipal purposes. These funds, by their nature, are restricted in their use and, until applied to applicable circumstances, are recorded as deferred revenue. Amounts applied to qualifying capital projects are recorded as revenue in the fiscal period they are expended.

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 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.

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, asset retirement obligations, useful life of capital assets, and accruals. Actual results could differ from management's best estimates as additional information becomes available in the future.

Accounting for school board operations

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 financial statements.

Trust funds

Trust funds and their related operations administered by the Township are not consolidated.

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2025

1. Summary of significant account policies (continued)

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 the tangible capital asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

	<u>Useful Life - Years</u>
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. Assets under construction are not amortized until the asset is available for productive use.

(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.

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2025

1. **Summary of significant account policies (continued)**

(d) Threshold

The Corporation of the Township of Tarbutt has a capitalization threshold of \$5,000 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 Township's threshold for pooled assets is \$5,000.

Amounts to be recovered

Amounts to be recovered are reported in the municipal position via the accumulated surplus note. The balance represents future expenditures not yet levied on the ratepayers.

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 Township does not budget activity within Reserves and Reserve Funds, with the exception being those transactions, which affect either operations or capital investments.

Portfolio investments and investment income

The Township holds investments to fund their reserve funds. Portfolio investments consist of approved investments under the provisions of the Municipal Act and are comprised of guaranteed investment certificates held with a chartered bank. Investments with original maturity dates beyond three months are classified as portfolio investments and carried at fair value, which approximates cost.

Investment income earned on surplus funds is reported as revenue in the period earned. Income earned on obligatory reserves is added to the fund balance and charged to deferred revenue.

Pension benefits

The Township participates in a pension plan for employees. The Township is an employer member of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The Township has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Township records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the plan for past employee service, where applicable.

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2025

1. **Summary of significant account policies (continued)**

Asset Retirement Obligations

The Township recognizes the fair value of asset retirement obligations ("ARO") when all of the following criteria have been met:

- (a) There is a legal obligation to incur retirement costs in relation to the underlying asset;
- (b) The past transaction of event giving rise to the liability has occurred;
- (c) It is expected that future economic benefits will be given up; and
- (d) A reasonable estimate of the amount can be made.

The financial liability for the closure and post-closure monitoring and maintenance relating to the landfill sites has been recognized based on estimated future expenses. See ARO note below for further information.

Financial Instruments

The Township initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Township subsequently measures its financial assets and financial liabilities at amortized cost, except for investments in equity securities that are quoted in an active market or financial assets or liabilities designated to the fair value category, which are subsequently measured at fair value.

The Township's financial instruments measured at amortized cost consist of cash and cash equivalents, portfolio investments, accounts receivable, accounts payable and accrued liabilities, and municipal long-term debt. The fair value of these financial instruments approximate their carrying value. Unless otherwise noted, it is management's opinion that the Township is not exposed to significant interest or currency risks arising from these financial instruments. Applicable risks are discussed in the Financial Risk note below.

2. **Portfolio investments**

At December 31, 2025, the Township held investments in guaranteed investment certificates through chartered banks of \$321,610 (2024 - \$312,598). These certificates have maturities ranging from May to December, 2026 with interest ranging from 2.0% to 2.7%. Interest is receivable on maturity. Carrying value approximates market value.

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

December 31, 2025

3. Deferred revenue

A requirement of the public sector accounting principles of the Chartered Professional Accountants of Canada 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:

	2025	2024
Canada Community Building Fund (Federal Gas Tax)	\$ 227,936	\$ 213,324
Ontario Community Infrastructure Fund (OCIF)	111,904	80,763
Cash in lieu of parkland	3,605	3,605
Parkland dedication	17,104	15,017
	\$ 360,549	\$ 312,709

Continuity of deferred revenue is as follows:

	2025	2024
Opening balance	\$ 312,708	\$ 276,948
Contributions received	139,619	137,171
Interest earned on obligatory reserve	6,927	3,827
Contributions used	(98,705)	(105,237)
	\$ 360,549	\$ 312,709

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2025

4. Municipal long-term debt

	2025	2024
Snow plow truck loan with interest at 1.5% per annum, repayable in equal semi-annual installments of \$26,165 including interest, secured by automotive and council borrowing bylaw. The loan matures on November 16, 2025.	\$ -	\$ 51,747

5. Asset Retirement Obligation

The Township jointly operates one landfill site with the Township of Johnson. The Statement of Financial Position reflects a liability for anticipated future costs related to the closing and monitoring of the existing landfill site. As of the most recent report, the remaining life of the landfill is 18.7 years with 7,015 tonnes remaining. This liability represents the estimated total expenditures required for closure and post closure care. Once closed, this landfill site will be monitored for an estimated 10 years. A discount rate of 3.00% has been applied which approximates the Township's yield on investments, and an inflation rate of 2.00% has been applied to the future anticipated closure and post-closure monitoring costs.

The Township has established a reserve to fund the future closure and post-closure costs. At December 31, 2025, the balance in this reserve is \$16,263 (2024 - \$15,795).

Changes to the asset retirement obligation in the year are as follows:

	2025	2024
Opening balance of obligation	\$ 192,142	\$ 34,141
Accretion expense	664	794
Adjustment for revaluation of asset retirement obligation	-	157,207
	\$ 192,806	\$ 192,142

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

December 31, 2025

6. Accumulated surplus

The accumulated surplus is comprised of the following:

	2025	2024
Reserves set aside for specific purposes by Council:		
General working capital	\$ 365,526	\$ 332,807
Reserve funds set aside for specific purposes by Council:		
Disposal site legislated fund	2,264	1,795
Disposal site	16,774	16,284
Culverts	9,123	8,860
Roads	65,844	63,932
Landfill working	6,380	6,215
Planning	2,482	2,417
Cemetery working capital	8,437	8,218
Administration	2,244	2,186
Legal fees	2,516	12,192
Fire	10,394	10,094
Emergency	2,805	2,732
MNR Fire	5,610	5,464
Culvert maintenance	23,846	22,927
Creek road bridge rebuild	3,376	3,279
Efficiency funding	19,019	39,728
Sand shed	11,280	10,955
COVID Grant	21,533	29,533
	213,927	246,811
Total reserves and reserve funds	579,453	579,618
Invested in tangible capital assets	2,538,522	2,612,027
Accumulated surplus	\$ 3,117,975	\$ 3,191,645

7. Taxation

	2025	2024
Residential and farmlands taxation	\$ 1,376,567	\$ 1,308,200
Commercial taxation	20,261	13,230
Industrial and resources taxation	8,732	9,042
Less: Amount levied and remitted to school boards	(171,415)	(166,736)
	\$ 1,234,145	\$ 1,163,736

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2025

8. Expenditures by object

	2025	2024
Salaries, wages and employee benefits	\$ 594,215	\$ 533,403
Materials	424,286	368,633
Contracted services	384,493	292,547
Rents and financial expenses	19,899	42,777
Amortization	221,203	224,875
Transfer payments	415,447	394,637
	\$ 2,059,543	\$ 1,856,872

9. Contributions to unconsolidated joint boards

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

	2025	2024
Algoma District Service Administration Board	\$ 388,675	\$ 370,075
Algoma Public Health	26,772	24,562
	\$ 415,447	\$ 394,637

10. Pension agreements

The Township makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of seven 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 most recent actuarial valuation of the plan was completed on December 31, 2025. The results of this valuation disclosed total going concern actuarial liabilities of \$151,365 million (2024 - \$142,289 million) and net going concern actuarial assets of \$150,043 million (2024 - \$139,576 million), indicating a going concern actuarial deficit of \$1,322 million (2024 - \$2,913 million). As OMERS is a multi-employer plan, any pension plan surpluses or deficits are the joint responsibility of Ontario municipal organizations and their employees. The Township's individual share is not determinable, and as a result, the Township does not recognize any share of the OMERS pension deficit.

The amount contributed on behalf of Township employees in 2025 was \$32,762 (2024 - \$30,968). No pension liability for this type of plan is included in the Township's financial statements.

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2025

11. Trust funds

Trust funds administrated by the Township with net assets amounting to \$39,823 (2024 - \$37,017) have not been included in the Balance Sheet nor have their operations been included in the Statement of Operations and Accumulated Surplus.

12. 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.

13. Budget

The Budget adopted by Council and derived from the Budget bylaw was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of reserves and/or surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statement of operations and change in net financial assets represent the approved Financial Plan with adjustments as follows:

Budget Bylaw surplus (deficit) for the year	\$ -
Add:	
Capital transactions	246,000
Less:	
Net inter-fund transfers from reserves	(53,736)
Amortization	(221,203)
Budget deficit per statement of operations	\$ (28,939)

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2025

14. Financial Risk

The Township is exposed to various risks through its financial instruments. The following analysis provides information about the Township's risk exposure and concentration as of December 31, 2025.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Township is exposed to credit risk from customers and ratepayers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. Township has a significant number of customers and ratepayers which minimizes concentration of credit risk. Further, the Township has available to it a tax registration process to recover unpaid municipal taxes by way of forced transfer of properties with multi-year arrears.

Liquidity risk

Liquidity risk is the risk that the Township cannot repay its obligations when they become due to its creditors. The Township is exposed to this risk relating to its accounts payable and accrued liabilities and long-term debt.

The Township reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through extensive budgeting and maintaining enough cash and credit facilities available to repay creditors as they become due. In the opinion of management the liquidity risk exposure to the Township is low.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2025

15. Segmented Information

The Township 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 Funds. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Township 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.

Health

Through the Algoma Health Unit, the Township 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.

The Corporation of the Township of Tarbutt

Notes to the Financial Statements

December 31, 2025

15. Segmented Information (continued)

Social and family

Through the Algoma District Services Administration Board, the Township 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 Township'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, 2025

	Cost			Accumulated Amortization			2025	2024		
	2025 Opening Balance	Additions and Betterments	Disposals/ Transfers	2025 Closing Balance	2025 Opening Balance	2025 Amortization Expense	Accumulated Amortization on Disposals	2025 Ending Balance	Net Book Value	Net Book Value
Land	\$ 58,299	\$ -	\$ -	\$ 58,299	\$ -	\$ -	\$ -	\$ -	\$ 58,299	\$ 58,299
Buildings	1,011,003	13,909	-	1,024,912	403,707	23,652	-	427,359	597,553	607,296
Equipment	115,270	9,500	-	124,770	100,097	2,319	-	102,416	22,354	15,173
Infrastructure	6,218,461	124,289	-	6,342,750	4,849,833	136,824	-	4,986,657	1,356,093	1,368,628
Vehicle and machinery	787,710	-	-	787,710	468,767	39,268	-	508,035	279,675	318,943
Waste management land	301,790	-	-	301,790	58,102	19,140	-	77,242	224,548	243,688
	\$ 8,492,533	\$ 147,698	\$ -	\$ 8,640,231	\$ 5,880,506	\$ 221,203	\$ -	\$ 6,101,709	\$ 2,538,522	\$ 2,612,027

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

Schedule 2

Year ended December 31, 2025

	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	\$ 326,582	\$ 18,563	\$ 181,205	\$ 36,605	\$ -	\$ -	\$ 1,388	\$ 29,872	\$ 594,215
Materials, good and supplies	69,569	76,966	130,120	102,057	10,514	-	35,060	-	424,286
Contracted & general services	198,976	109,728	-	54,739	-	-	-	21,050	384,493
Rents and financial	2,395	-	-	-	-	-	-	17,504	19,899
Amortization expenses	6,645	17,497	173,356	20,209	-	-	3,496	-	221,203
External transfers	-	-	-	-	26,772	388,675	-	-	415,447
	604,167	222,754	484,681	213,610	37,286	388,675	39,944	68,426	2,059,543
Revenues									
Taxation	362,036	133,481	290,437	128,002	22,343	232,907	23,936	41,003	1,234,145
User charges	20,462	2,304	2,811	39,665	-	-	25,865	36,974	128,081
External non-tax revenues	159,306	58,736	127,800	56,325	9,832	102,486	10,532	18,043	543,060
Other	23,639	8,716	18,967	8,358	1,459	15,208	1,563	2,677	80,587
	565,443	203,237	440,015	232,350	33,634	350,601	61,896	98,697	1,985,873
Annual Surplus (Deficit)	\$ (38,724)	\$ (19,517)	\$ (44,666)	\$ 18,740	\$ (3,652)	\$ (38,074)	\$ 21,952	\$ 30,271	\$ (73,670)

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

Schedule 3

Year ended December 31, 2024

	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	\$ 289,739	\$ 18,639	\$ 173,810	\$ 39,947	\$ -	\$ -	\$ 11,268	\$ -	\$ 533,403
Materials, good and supplies	60,047	56,653	118,869	98,496	11,525	-	23,043	-	368,633
Contracted & general services	68,756	100,031	-	112,596	-	-	-	11,164	292,547
Rents and financial	1,744	-	-	-	-	-	-	41,033	42,777
Amortization expenses	6,645	16,140	185,149	13,793	-	-	3,148	-	224,875
Other	-	-	-	-	24,562	370,075	-	-	394,637
	426,931	191,463	477,828	264,832	36,087	370,075	37,459	52,197	1,856,872
Revenues									
Taxation	267,565	119,993	299,464	165,975	22,616	231,933	23,476	32,713	1,163,735
User charges	11,203	242	607	65,980	-	-	27,260	24,815	130,107
External non-tax revenues	117,658	52,765	131,684	72,985	9,945	101,989	10,323	14,385	511,734
Other	15,085	6,765	16,886	9,358	1,275	13,076	1,324	1,844	65,613
	411,511	179,765	448,641	314,298	33,836	346,998	62,383	73,757	1,871,189
Annual Surplus (Deficit)	\$ (15,420)	\$ (11,698)	\$ (29,187)	\$ 49,466	\$ (2,251)	\$ (23,077)	\$ 24,924	\$ 21,560	\$ 14,317



Independent Auditors' Report

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

Opinion

We have audited the financial statements of the Trust Funds of The Corporation of the Township of Tarbutt (the Trust), which comprise the statement of financial position as at December 31, 2025, a statement of continuity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying 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, 2025, and the results of its operations in accordance with Canadian Public Sector Accounting Standards (PSAS).

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 *Auditors' 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 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 PSAS, 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 Trusts' financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 managements' 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 Trusts' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' 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.



Stefanizzi Professional Corporation
Chartered Professional Accountant, authorized to practice public accounting by
The Chartered Professional Accountants of Ontario
Sault Ste. Marie, Ontario
April 23, 2026

The Corporation of the Township of Tarbutt
Trust Funds
Statement of Financial Position

As at December 31,

	Operating Account	Perpetual Care	Actual 2025	Actual 2024
Assets				
Cash	\$ 9,796	\$ 31,479	\$ 41,275	\$ 39,822
Due from operating	-	1,598	1,598	5,884
	9,796	33,077	42,873	45,706
Liabilities				
Due to perpetual care	1,598	-	1,598	5,884
Due to Municipality	-	1,452	1,452	2,805
	1,598	1,452	3,050	8,689
Fund balance	8,198	31,625	39,823	37,017
	\$ 9,796	\$ 33,077	\$ 42,873	\$ 45,706

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 2025	Actual 2024
Balance, beginning of year	\$ 6,990	\$ 30,027	\$ 37,017	\$ 36,318
Revenues				
Interest earned	206	1,002	1,208	1,198
Contribution from Trust fund	1,002	400	1,402	-
Perpetual care receipts	-	1,198	1,198	700
	1,208	2,600	3,808	1,898
Expenditures				
Contribution to Operating Account	-	1,002	1,002	1,199
Balance, end of year	\$ 8,198	\$ 31,625	\$ 39,823	\$ 37,017

The Corporation of the Township of Tarbutt

Trust Funds

December 31, 2025

1. **Summary of significant account policies**

Management responsibility

The 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 Board (PSAB). 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.
