

Vodden, Bender & Seebach LLP

Chartered Accountants

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## AUDITOR'S REPORT

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To the Members of Council, Inhabitants and Ratepayers  
of the Municipality of Morris-Turnberry

We have audited the consolidated statement of financial position of the Municipality of Morris-Turnberry as at December 31, 2008 and the consolidated statements of financial activities and of cash flows for the year then ended. These financial statements are the responsibility of the municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Municipality of Morris-Turnberry as at December 31, 2008 and the results of its financial activities and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*Vodden, Bender & Seebach LLP*

Chartered Accountants  
Licensed Public Accountants

Clinton, Ontario  
March 12, 2009

**MUNICIPALITY OF MORRIS-TURNBERRY**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at December 31		2008	2007
<b>Financial Assets</b>			
Cash	note 4	<b>839,097</b>	1,061,834
Investments		<b>100,938</b>	99,829
Taxes receivable		<b>369,471</b>	320,451
Accounts receivable		<b>593,974</b>	464,583
Long-term receivables		<b>207,214</b>	220,202
		<b>\$ 2,110,694</b>	\$ 2,166,899
<b>Liabilities</b>			
Bank indebtedness		<b>500,000</b>	500,000
Account payable and accrued liabilities		<b>232,696</b>	638,027
Deferred revenue	note 5	<b>285,591</b>	-
Landfill closure and post closure liability	note 6	<b>279,430</b>	275,000
Municipal debt	note 7	<b>207,214</b>	220,202
		<b>1,504,931</b>	1,633,229
<b>Municipal Position</b>			
Operating fund	note 8	<b>27,274</b>	18,452
Reserves fund		<b>2,305,384</b>	2,246,682
Capital fund		<b>(1,447,465)</b>	(1,456,464)
Total fund balances		<b>885,193</b>	808,670
Amounts to be recovered		<b>(279,430)</b>	(275,000)
Total municipal position		<b>605,763</b>	533,670
		<b>\$ 2,110,694</b>	\$ 2,166,899

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF MORRIS-TURNBERRY**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**

<b>for the year ended December 31, 2008</b>	<b>2008 Budget</b>	<b>2008 Actual</b>	<b>2007 Actual</b>
<b>Revenue</b>			
Taxation for municipal purposes	1,499,890	<b>1,490,745</b>	1,473,052
User charges	860,010	<b>672,194</b>	711,743
Transfer payments	2,085,144	<b>2,445,690</b>	1,818,260
Other	107,621	<b>92,861</b>	111,640
Total revenue	<u>4,552,665</u>	<u><b>4,701,490</b></u>	<u>4,114,695</u>
<b>Expenditure</b>			
<b>Current</b>			
General government	471,709	<b>510,088</b>	391,414
Protection to persons and property	591,740	<b>482,217</b>	443,340
Transportation services	1,274,112	<b>1,333,314</b>	1,258,520
Environmental services	432,521	<b>453,004</b>	418,012
Health services	3,000	<b>4,356</b>	5,071
Recreation and culture	116,086	<b>164,147</b>	114,869
Planning and development	109,910	<b>62,118</b>	41,749
Total current	<u>2,999,078</u>	<u><b>3,009,244</b></u>	<u>2,672,975</u>
<b>Capital</b>			
General government	85,000	<b>3,251</b>	10,319
Protection to persons and property	130,129	<b>131,504</b>	23,233
Transportation services	1,390,000	<b>1,347,128</b>	687,758
Environmental services	16,287	<b>58,653</b>	338,150
Planning and development	185,000	<b>79,617</b>	175,707
Total capital	<u>1,806,416</u>	<u><b>1,620,153</b></u>	<u>1,235,167</u>
Total expenditure	<u>4,805,494</u>	<u><b>4,629,397</b></u>	<u>3,908,142</u>
<b>Net revenue (expenditure)</b>	(252,829)	<b>72,093</b>	206,553
<b>Financing and transfers</b>			
Transfer to amounts to be recovered	-	<b>4,430</b>	-
<b>Change in fund balances</b>	(252,829)	<b>76,523</b>	206,553
<b>Fund balances beginning of year</b>	<u>808,670</u>	<u><b>808,670</b></u>	<u>602,117</u>
<b>Fund balances end of year</b>	<u>\$ 555,841</u>	<u><b>\$ 885,193</b></u>	<u>\$ 808,670</u>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF MORRIS-TURNBERRY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the year ended December 31	2008	2007
<b>Operating activities</b>		
Net revenue (expenditures)	72,093	206,553
Decrease (increase) in taxes receivable	(49,020)	(16,792)
Decrease (increase) in accounts receivable	(129,391)	658,813
Increase (decrease) in accounts payable	(405,331)	(97,489)
Increase (decrease) in landfill closure liability	4,430	-
Increase (decrease) in deferred revenue	285,591	(39,214)
Cash provided by operating activities	<u>(221,628)</u>	<u>711,871</u>
<b>Investing activities</b>		
Decrease (increase) in long-term receivables	12,988	(51,678)
Cash provided by investing activities	<u>12,988</u>	<u>(51,678)</u>
<b>Financing activities</b>		
Debenture borrowings	28,700	81,800
Payments on long-term debt	(41,688)	(30,122)
Cash provided by (used for) financing activities	<u>(12,988)</u>	<u>51,678</u>
<b>Increase (decrease) in cash position</b>	<b>(221,628)</b>	<b>711,871</b>
<b>Net cash and investments</b>		
less bank indebtedness beginning of year	<u>661,663</u>	<u>(50,208)</u>
<b>Net cash and investments</b>		
less bank indebtedness end of year	<u><u>\$ 440,035</u></u>	<u><u>\$ 661,663</u></u>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF MORRIS-TURNBERRY**  
**NOTES TO FINANCIAL STATEMENTS**

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**For the year ended December 31, 2008**

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**1. Accounting policies**

The consolidated financial statements of the Municipality of Morris-Turnberry are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

Significant aspects of accounting policies adopted by the municipality are as follows:

a) Reporting entity

The consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures of the reporting entity. The reporting entity is comprised of all organizations and enterprises accountable for their administration of their financial affairs and resources to the municipality and which are owned or controlled by the municipality. In addition to general government tax-supported operations, they include water systems operated by the municipality and the municipality's proportionate share of joint local boards. Inter-departmental and inter-organizational transactions and balances are eliminated.

The statements do not include trust funds that are administered for the benefit of external parties.

b) Basis of accounting

Sources of financing and expenditures are reported on the accrual basis of accounting. Revenues are recognized as they are earned 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.

c) Fund accounting

Funds within the consolidated financial statements consist of the operating, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance.

d) Investments

Investments are recorded at cost less amounts written off to reflect a permanent decline in value.

e) Capital assets

The historical cost and accumulated depreciation of capital assets are not reported for municipal purposes. Capital assets are reported as an expenditure on the statement of financial activities in the year of acquisition.

f) Reserves for future expenditures

Certain amounts, as approved by council, are set aside in reserves for future operating and capital expenditure. Transfers to and/or from reserves are reflected as adjustments to the respective funds.

g) 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, any eligibility criteria have been met, and reasonable estimates can be made.

h) Deferred revenue

Amounts received and required by legislation, regulation or agreement to be set aside for specific, restricted purposes are reported in the statement of financial position as deferred revenue until the obligation is discharged. Amounts applied to qualifying expenditure are recorded as revenue in the fiscal period they are expended.

i) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the period. Actual results could differ from those estimates.

**2. Transactions on behalf of others**

Taxation levied for school board and county purposes are not reflected in the financial statements. The amounts levied were \$856,903 (2007: \$845,472) for school boards and \$1,444,561 (2007: \$1,377,782) for the County of Huron.

Trust funds administered by the municipality amounting to \$1,073 (2007: \$3,679) have not been included in the statement of financial position nor have their operations been included in the consolidated statement of financial activities.

**3. Pension agreements**

The municipality makes contributions to a multi-employer pension plan on behalf of 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 for 2008 was \$40,258 (2007: \$34,867) for current services and is included as an expenditure on the consolidated statement of financial activities.

**4. Cash**

	<b>2008</b>	<b>2007</b>
Unrestricted	541,204	1,061,834
Restricted	<u>297,893</u>	<u>-</u>
	<u>\$ 839,097</u>	<u>\$ 1,061,834</u>

**5. Deferred revenue**

Obligatory reserve funds set aside for specific purposes by legislation, regulation or agreement are made up of the following:

	<b>2008</b>	<b>2007</b>
Ontario gas tax rebate	<u>\$ 285,591</u>	<u>\$ -</u>

**6. Landfill closure and post closure cost liability**

A liability for the costs of solid waste landfill closure and post closure care requirements accrues as the capacity of sites is used. Care requirements include final covering, landscaping, removal of ground water and leachates and ongoing monitoring and maintenance. The estimated liability is the present value of future cash flows related to capacity used to date discounted at the rate of 1.5%. The recorded liability is \$279,430 (2007: \$275,000)

Reserves of \$256,800 (2007: \$264,400) have been designated for landfill sites. Any additional liability is expected to be funded through future budget allocations.

**7. Municipal debt**

Debt payable reported on the statement of financial position consists of tile drain loan debentures which are recoverable from benefiting landowners as debt payments become due:

	<b>2008</b>	<b>2007</b>
Balance outstanding	\$ 207,214	\$ 220,202
Principal payments due on tile drainage loans and recoverable from landowners in the next five years are as follows:		
2009: \$30,168	2010: \$26,868	2011: \$25,815
	2012: \$24,866	2013: \$23,671

**8. Municipal position at the end of the year**

The balances on the statement of financial position of \$605,763 as the end of the year (2007: \$533,670) are comprised of the following:

	<b>2008</b>	<b>2007</b>
Operating fund		
general reduction of (to be recovered from) taxation	27,274	18,452
Reserves fund		
reserves and reserve funds set aside by council	2,305,384	2,246,682
Amounts to be recovered from taxation and users		
for water system capital	(1,447,465)	(1,456,464)
for landfill site closure and post-closure costs	<u>(279,430)</u>	<u>(275,000)</u>
Total	<u>\$ 603,763</u>	<u>\$ 533,670</u>

**9. Contingent liability**

The municipality has been notified of liability claims. Because the claims are within the municipality's insurance coverage, no provision has been made for the contingency in the financial statements.

**10. Expenditure by object**

	<b>2008</b>	<b>2007</b>
Salaries, wages and benefits	872,573	775,992
Contracted services	2,587,767	2,303,661
Materials and supplies	1,077,365	738,701
Interest	36,578	52,062
External transfers	<u>55,114</u>	<u>37,726</u>
	<u>\$ 4,629,397</u>	<u>\$ 3,908,142</u>

**11. Tangible capital assets**

Effective for years ending on or after January 1, 2009 local governments must disclose tangible capital assets in accordance with section 3150 of the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants. Tangible capital assets will be capitalized and amortized over their estimated useful lives.

The municipality is compiling the necessary data to account for its tangible capital assets in the 2009 financial statements.

**MUNICIPALITY OF MORRIS-TURNBERRY**  
**SCHEDULE OF OPERATING FUND ACTIVITIES**

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for the year ended December 31, 2008

2008 Budget

2008 Actual

2007 Actual

**Revenue**

<b>Taxation for municipal purposes</b>	1,499,890	<b>1,490,745</b>	1,473,052
<b>User charges</b>			
Water	70,000	<b>72,477</b>	88,982
Street lights	36,000	<b>36,739</b>	28,207
Waste collection and disposal	236,703	<b>220,205</b>	184,135
Licenses and permits	99,200	<b>82,637</b>	96,106
Fire board revenue	6,000	<b>6,398</b>	9,985
Road department charges and recoveries	90,000	<b>137,763</b>	79,683
Recreation and culture	500	<b>21,299</b>	9,289
Municipal drains maintenance	66,607	<b>30,446</b>	22,684
Zoning and development charges	10,000	<b>9,503</b>	11,452
Other revenue and recoveries	10,000	<b>23,276</b>	3,893
	<u>625,010</u>	<u><b>640,743</b></u>	<u>534,416</u>
<b>Transfer payments</b>			
Ontario Municipal Partnership Fund	1,289,400	<b>1,289,400</b>	1,288,419
Ontario gas tax	-	<b>12,615</b>	-
COMRIF (administration)	7,806	<b>7,806</b>	-
Gravel tax refund	8,000	<b>12,667</b>	7,828
New Horizons	-	<b>25,000</b>	-
OSWAP (water)	-	<b>14,832</b>	-
Municipal drain maintenance	27,053	<b>8,887</b>	7,972
Drainage superintendent	12,607	<b>19,200</b>	9,483
Other	28,200	<b>3,560</b>	8,655
	<u>1,373,066</u>	<u><b>1,393,967</b></u>	<u>1,322,357</u>
<b>Other revenue</b>			
Penalties and interest on taxes	43,000	<b>51,830</b>	45,781
Interest	64,621	<b>41,031</b>	65,859
	<u>107,621</u>	<u><b>92,861</b></u>	<u>111,640</u>
Total operating fund revenue	<u>3,605,587</u>	<u><b>3,618,316</b></u>	<u>3,441,465</u>

**Expenditure**

<b>General government</b>			
Council	100,000	<b>113,082</b>	97,586
Salaries	175,000	<b>200,104</b>	154,463
Other	196,709	<b>196,902</b>	139,365
	<u>471,709</u>	<u><b>510,088</b></u>	<u>391,414</u>
<b>Protection to persons and property</b>			
Fire protection	123,244	<b>109,303</b>	127,298
Policing	253,728	<b>214,711</b>	181,475
Conservation authorities	40,960	<b>41,043</b>	37,726
Protective inspections and controls	173,808	<b>117,160</b>	96,841
	<u>591,740</u>	<u><b>482,217</b></u>	<u>443,340</u>
<b>Transportation services</b>			
Streets and roadways labour		<b>406,379</b>	372,247
Contracted services		<b>562,164</b>	594,322
Materials	1,238,112	<b>313,856</b>	262,527
Public transit	-	<b>12,615</b>	-
Street lighting	36,000	<b>38,300</b>	29,424
	<u>1,274,112</u>	<u><b>1,333,314</b></u>	<u>1,258,520</u>

**MUNICIPALITY OF MORRIS-TURNBERRY**  
**SCHEDULE OF OPERATING FUND ACTIVITIES**

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for the year ended December 31, 2008	2008 Budget	2008 Actual	2007 Actual
<b>Expenditure (continued)</b>			
<b>Environmental services</b>			
Water system operations	113,500	<b>103,446</b>	112,028
Waste collection and disposal	286,206	<b>291,401</b>	268,255
Recycling	7,600	<b>8,018</b>	8,236
Drainage superintendent	25,215	<b>50,139</b>	29,493
	<u>432,521</u>	<u><b>453,004</b></u>	<u>418,012</u>
<b>Health services</b>			
Cemeteries	3,000	<b>4,356</b>	5,071
	<u>3,000</u>	<u><b>4,356</b></u>	<u>5,071</u>
<b>Recreation and culture</b>			
Transfers to boards and committees	97,086	<b>100,704</b>	96,695
Parks maintenance	12,000	<b>10,378</b>	11,663
Other recreational and cultural	7,000	<b>53,065</b>	6,511
	<u>116,086</u>	<u><b>164,147</b></u>	<u>114,869</u>
<b>Planning and development</b>			
Planning	10,000	<b>20,366</b>	10,426
Municipal drains maintenance	99,910	<b>41,752</b>	31,323
	<u>109,910</u>	<u><b>62,118</b></u>	<u>41,749</u>
Total operating fund expenditure	<u>2,999,078</u>	<u><b>3,009,244</b></u>	<u>2,672,975</u>
<b>Net operating fund revenue</b>	<u>606,509</u>	<u><b>609,072</b></u>	<u>768,490</u>
<b>Financing and transfers</b>			
From (to) capital fund	(776,736)	<b>(752,436)</b>	(126,650)
From (to) reserves fund	170,227	<b>147,756</b>	(641,479)
To be recovered in future years	-	<b>4,430</b>	-
	<u>-</u>	<u><b>8,822</b></u>	<u>361</u>
<b>Change in fund balance</b>	-	<b>8,822</b>	361
<b>Fund balance beginning of year</b>	<u>18,452</u>	<u><b>18,452</b></u>	<u>18,091</u>
<b>Fund balance end of year</b>	<u><u>\$ 18,452</u></u>	<u><u><b>\$ 27,274</b></u></u>	<u><u>\$ 18,452</u></u>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF MORRIS-TURNBERRY**  
**SCHEDULE OF CAPITAL FUND ACTIVITIES**

for the year ended December 31, 2008	2008 Budget	2008 Actual	2007 Actual
<b>Revenue</b>			
<b>Federal grants</b>			
Gas tax	56,847	<b>56,847</b>	79,594
<b>Province of Ontario grants</b>			
Water	-	-	55,720
Rural Infrastructure Initiative	655,231	<b>655,231</b>	325,000
Investing in Ontario	-	<b>289,060</b>	-
Municipal drain construction	-	<b>50,585</b>	35,589
	<u>655,231</u>	<u><b>994,876</b></u>	<u>416,309</u>
<b>User fees</b>			
Water	50,000	-	36,542
Municipal drain construction	185,000	<b>31,451</b>	140,785
	<u>235,000</u>	<u><b>31,451</b></u>	<u>177,327</u>
Total capital fund revenue	<u>947,078</u>	<u><b>1,083,174</b></u>	<u>673,230</u>
<b>Expenditure</b>			
<b>General government</b>			
Equipment	85,000	<b>3,251</b>	10,319
<b>Protection to persons and property</b>			
Fire protection	105,000	<b>118,636</b>	-
Emergency services	25,129	<b>12,868</b>	23,233
	<u>130,129</u>	<u><b>131,504</b></u>	<u>23,233</u>
<b>Transportation services</b>			
Road construction	1,282,000	<b>1,218,887</b>	680,904
Equipment	108,000	<b>128,241</b>	6,854
	<u>1,390,000</u>	<u><b>1,347,128</b></u>	<u>687,758</u>
<b>Environmental services</b>			
Water	16,287	<b>48,505</b>	325,456
Waste collection and disposal	-	<b>3,485</b>	2,665
Landfill	-	<b>6,663</b>	10,029
	<u>16,287</u>	<u><b>58,653</b></u>	<u>338,150</u>
<b>Planning and development</b>			
Municipal drains	185,000	<b>79,617</b>	175,707
	<u>185,000</u>	<u><b>79,617</b></u>	<u>175,707</u>
Total capital fund expenditure	<u>1,806,416</u>	<u><b>1,620,153</b></u>	<u>1,235,167</u>
<b>Net capital fund revenue (expenditure)</b>	<u>(859,338)</u>	<u><b>(536,979)</b></u>	<u>(561,937)</u>
<b>Financing and transfers</b>			
From (to) operating fund	776,736	<b>752,436</b>	126,650
From (to) reserves fund	82,602	<b>(206,458)</b>	281,687
<b>Change in fund balance</b>	-	<b>8,999</b>	(153,600)
<b>Fund balance beginning of year</b>	<u>(1,456,464)</u>	<u><b>(1,456,464)</b></u>	<u>(1,302,864)</u>
<b>Fund balance end of year</b>	<u><b>(\$ 1,456,464)</b></u>	<u><b>(\$ 1,447,465)</b></u>	<u><b>(\$ 1,456,464)</b></u>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF MORRIS-TURNBERRY**  
**SCHEDULE OF RESERVES AND RESERVE FUNDS**

<b>for the year ended December 31, 2008</b>	<b>2008 Budget</b>	<b>2008 Actual</b>	<b>2007 Actual</b>
<b>Transfers from (to) other funds</b>			
Operating fund	(170,227)	<b>(147,756)</b>	641,479
Capital fund	(82,602)	<b>206,458</b>	(281,687)
	<u>(252,829)</u>	<u><b>58,702</b></u>	<u>359,792</u>
<b>Change in reserves fund balance</b>	(252,829)	<b>58,702</b>	359,792
<b>Fund balance beginning of year</b>	<u>2,246,682</u>	<u><b>2,246,682</b></u>	<u>1,886,890</u>
<b>Fund balance end of year</b>	<u><b>\$ 1,993,853</b></u>	<u><b>\$ 2,305,384</b></u>	<u><b>\$ 2,246,682</b></u>
<b>Analyzed as follows:</b>			
<b>Reserves set aside for specific purposes by council</b>			
Working funds	540,819	<b>507,620</b>	750,667
Development	20,000	<b>20,000</b>	20,000
Cullen development	20,623	<b>20,623</b>	20,623
Landfill sites	256,800	<b>256,800</b>	264,400
Belgrave water	24,453	<b>33,777</b>	26,065
Road	159,290	<b>159,290</b>	175,000
Road equipment	375,000	<b>375,000</b>	225,000
Road construction	101,934	<b>101,934</b>	101,934
Paving	-	<b>46,346</b>	170,332
Move Ontario	148,697	<b>148,697</b>	148,697
Investing in Ontario	-	<b>289,060</b>	-
Fire area	291	<b>291</b>	291
Fire capital	140,000	<b>140,000</b>	145,000
Building inspection	-	-	17,727
Policing	42,197	<b>42,197</b>	42,197
Physician recruitment	8,845	<b>8,845</b>	8,845
Recreation	26,530	<b>26,530</b>	26,530
Library	50,000	<b>50,000</b>	25,000
School awards	11,174	<b>11,174</b>	11,174
Belgrave, Blyth, Brussels school fair	10,000	<b>10,000</b>	10,000
Belgrave Kinsmen park	30,000	<b>30,000</b>	30,000
Cemetery	<u>27,200</u>	<u><b>27,200</b></u>	<u>27,200</u>
<b>Total reserves and reserve funds</b>	<u><b>\$ 1,993,853</b></u>	<u><b>\$ 2,305,384</b></u>	<u><b>\$ 2,246,682</b></u>

The accompanying notes are an integral part of this financial statement

Vodden, Bender & Seebach LLP

Chartered Accountants

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vbs@vbbsca.ca

## **AUDITORS' REPORT**

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To the Members of Council, Inhabitants and Ratepayers  
of the Municipality of Morris-Turnberry

We have audited the balance sheet of the trust funds of the Municipality of Morris-Turnberry 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 municipality's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the trust funds for the Municipality of Morris-Turnberry as at December 31, 2008 and the continuity of trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

*Vodden, Bender & Seebach LLP*

Chartered Accountants  
Licensed Public Accountants  
Clinton, Ontario  
March 12, 2009

**MUNICIPALITY OF MORRIS-TURNBERRY**  
**ONTARIO HOME RENEWAL PROGRAM TRUST FUND**

**STATEMENT OF CONTINUITY**

For the Year Ended December 31	2008	2007
<b>Balance beginning of year</b>	<u>\$ 3,679</u>	<u>\$ 6,559</u>
<b>Receipts</b>		
Interest earned	<u>136</u>	<u>353</u>
<b>Expenditure</b>		
Repayments to Province	<u>2,476</u>	<u>2,915</u>
Administration fee	<u>198</u>	<u>318</u>
	<u>2,674</u>	<u>3,233</u>
<b>Balance end of year</b>	<u>\$ 1,141</u>	<u>\$ 3,679</u>

**BALANCE SHEET**

As at December 31	2008	2007
<b>Assets</b>		
Cash	<u>2,607</u>	<u>3,069</u>
Loans receivable	<u>1,140</u>	<u>3,678</u>
<b>Liabilities</b>		
Due to general fund	<u>(130)</u>	<u>(153)</u>
Due to Province	<u>(2,476)</u>	<u>(2,915)</u>
<b>Net assets</b>	<u>\$ 1,141</u>	<u>\$ 3,679</u>
<b>Trust fund balance</b>	<u>\$ 1,141</u>	<u>\$ 3,679</u>

The accompanying notes are an integral part of this financial statement

**MUNICIPALITY OF MORRIS-TURNBERRY**  
**TRUST FUNDS**  
**NOTES TO FINANCIAL STATEMENTS**

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**For the Year Ended December 31, 2008**

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**1. Accounting Policies**

Basis of Accounting

Capital receipts and income are reported on the cash basis of accounting. Expenditures are reported on the cash basis of accounting with the exception of administration expenses which are reported on the accrual basis of accounting, which recognizes expenditures as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

**2. Ontario Home Renewal Program**

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500. of which the maximum forgivable portion is \$4,000.

Ontario Home Renewal Program loans receivable at December 31, 2008 comprise repayable loans. In the event of the sale or lease of the home, or in the event of the homeowner ceasing to occupy the home, the balances of the loans immediately become due and payable by the homeowner.

The Ontario Home Renewal Program was discontinued in 1994 except for loans existing at that time.