

CORPORATION OF THE TOWNSHIP OF HOPE
CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 1999

**CORPORATION OF THE TOWNSHIP OF HOPE
CONSOLIDATED FINANCIAL STATEMENTS
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AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL, INHABITANTS AND RATEPAYERS OF THE CORPORATION OF THE TOWNSHIP OF HOPE

We have audited the consolidated balance sheet of the Corporation of the Township of Hope as at December 31, 1999 and the consolidated statement of operations for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 Township as at December 31, 1999 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the consolidated financial statements.

Peterborough, Ontario
March 22, 2000

Chartered Accountants

CORPORATION OF THE TOWNSHIP OF HOPE
CONSOLIDATED BALANCE SHEET
At December 31, 1999

	1999 \$	1998 \$
ASSETS		
UNRESTRICTED		
Cash	126,358	160,015
Taxes receivable	1,126,085	965,878
Accounts receivable	101,905	62,489
Due from reserve funds	-	30,983
Other current assets	24,131	12,707
	1,378,479	1,232,072
RESTRICTED		
Cash	219,434	244,900
Accounts payable	(2,398)	(2,385)
Due from (to) revenue fund	-	(30,983)
	217,036	211,532
	1,595,515	1,443,604
LIABILITIES AND MUNICIPAL FUND BALANCES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	287,307	283,102
Other current liabilities	11,606	13,156
	298,913	296,258
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR		
To be used to offset taxation or user charges (Note 7)	104,007	79,424
Unexpended capital financing (or capital operations not yet permanently financed) (Note 7)	2,700	24,830
Reserves (Note 8)	972,859	831,560
Reserve funds (Note 8)	217,036	211,532
	1,296,602	1,147,346
	1,595,515	1,443,604

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF HOPE

CONSOLIDATED STATEMENT OF OPERATIONS
For The Year Ended December 31, 1999

	Budget 1999 \$	Actual 1999 \$	Actual 1998 \$
SOURCES OF FINANCING:			
TAXATION AND USER CHARGES			
Residential and farm taxation	977,800	983,742	848,649
Commercial and industrial taxation	177,670	177,669	147,604
Taxation from other governments	150,000	149,933	154,798
User charges	63,800	89,269	79,693
GRANTS			
Government of Canada	-	72,943	4,530
Province of Ontario	449,500	468,572	613,127
Other municipalities	-	86,483	1,199
OTHER			
Contributions from developers	-	43,149	48,302
Penalties and interest on taxes	100,000	106,386	103,687
Investment income	15,000	33,039	24,758
Insurance proceeds	-	-	460,311
Capital contributions	-	20,000	18,146
Sale of land	8,000	7,894	-
MUNICIPAL FUND BALANCES AT THE BEGINNING OF THE YEAR (Note 7)			
To be used to offset taxation or user charges	78,700	79,424	172,954
Unexpended capital financing (or capital operations not yet permanently financed)	-	24,830	(372,730)
Total Financing Available During The Year	2,020,470	2,343,333	2,305,028

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The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF HOPE

CONSOLIDATED STATEMENT OF OPERATIONS
For The Year Ended December 31, 1999

	Budget 1999 \$	Actual 1999 \$	Actual 1998 \$
....2			
APPLIED TO:			
CURRENT OPERATIONS			
General government	335,175	314,533	398,159
Protection to persons and property	637,165	637,955	597,163
Transportation services	458,200	482,880	433,012
Environmental services	3,820	66,381	123,029
Health services	1,500	1,089	1,080
Recreation and cultural services	42,600	40,948	40,584
Planning and development	42,400	117,803	38,584
	1,520,860	1,661,589	1,631,611
CAPITAL OPERATIONS			
General government	54,500	55,788	7,253
Protection to persons and property	78,310	108,013	58,061
Transportation services	295,000	260,902	336,130
Recreation and cultural services	10,000	3,531	22,566
	437,810	428,234	424,010
Net appropriations to reserves and reserve funds	61,800	146,803	145,153
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR (Note 7)			
To be used to offset taxation or user charges	-	104,007	79,424
Unexpended capital financing	-	2,700	24,830
	-	106,707	104,254
Total Applications During The Year	2,020,470	2,343,333	2,305,028

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF HOPE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1999****1. ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with accounting policies prescribed by the Ministry of Municipal Affairs for Ontario municipalities and their local boards. They are the representation of management and necessarily involve the use of best estimates and careful judgment.

(a) Basis of Consolidation

These consolidated financial statements reflect the assets, liabilities, sources of financing and expenditures of the revenue fund, capital fund, reserve funds and reserves and include the activities of all committees of Council.

All interfund assets and liabilities and sources of financing and expenditures are eliminated, with the exception of loans or advances and related income and expenditure items between the reserve funds and other funds of the Municipality.

Budget data for current operations is compiled from the budget as approved by Council on July 13, 1999 and subsequent amendments authorized by Council during the year.

Budget data for capital funds, reserves and reserve funds is based on a project-oriented basis, the costs of which may be carried out over one or more years. Although they are not directly comparable with current year actual amounts they have been reflected on the "Consolidated Statement of Operations".

(ii) Non-Consolidated Entities

For those local boards, municipal enterprises, and utilities of the Municipality which are not consolidated, the "Consolidated Balance Sheet" does not reflect their assets or liabilities, except to the extent of amounts due to or from those entities. The "Consolidated Statement of Operations" does not reflect their revenues and expenditures, except to the extent of the Municipality's contribution to those entities.

The following local board is not consolidated.

. Vincent Massey Memorial Centre

(iii) Accounting for County and School Board Transactions

The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards, and the County of Northumberland are not reflected in the municipal fund balances of these financial statements.

(iv) 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".

CORPORATION OF THE TOWNSHIP OF HOPE

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1999**

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1. ACCOUNTING POLICIES - (Continued)

(b) Basis of Accounting

(i) Sources of financing and expenditures are reported on the accrual basis of accounting, with the exception of principal and interest charges on long term liabilities which are charged against operations in the year in which they are paid.

(ii) 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.

(iii) The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets acquired with current funds are reported as an expenditure on the "Consolidated Statement of Operations" in the year of acquisition. For those capital assets financed or to be financed by the issue of long term liabilities, the principal and interest on the long term liabilities are reported on the "Consolidated Statement of Operations" as they are paid.

(iv) "Capital outlay to be recovered in future years", which represents the outstanding principal portion of unmatured long term liabilities for municipal expenditures and capital funds transferred to other organizations, is reported on the "Consolidated Balance Sheet".

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

Further to note 1 (a)(iii), the taxation and expenditures of the school boards and the County of Northumberland are comprised of the following:

		School Boards \$	County \$
Taxation	1,037,770	1,514,641	
Grants		38,371	5,092
		1,076,141	1,519,733
Requisitions		1,076,141	1,519,733

CORPORATION OF THE TOWNSHIP OF HOPE

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1999**

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3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

Further to note 1 (a)(ii), the "Consolidated Statement of Operations" includes only the following contribution made by the municipality to this board:

	1999	1998
	\$	\$
. Vincent Massey Memorial Centre	15,082	23,565

The municipality's 50% share of the accumulated deficit of this joint board is as follows:

	1999	1998
	\$	\$
. Vincent Massey Memorial Centre	Nil	Nil

4. TRUST FUNDS

Trust funds administered by the municipality amounting to \$12,928 (1998 \$16,011) have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

5. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf 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 to OMERS for 1999 was \$Nil (1998 \$8,553) for current services and is included as an expenditure on the "Consolidated Statement of Operations".

The OMERS Board approved a contribution holiday beginning August 1, 1998 in order to reduce plan surpluses. The holiday includes both employer and employee contributions.

CORPORATION OF THE TOWNSHIP OF HOPE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1999

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6. NET LONG TERM LIABILITIES

	1999 \$	1998 \$
(a) The balance of net long term liabilities reported on the "Consolidated Balance Sheet" is made up of the following:		
Total long term liabilities incurred by the municipality including those incurred on behalf individuals and outstanding at the end of the year amount to	6,491	11,102
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	(6,491)	(11,102)
Net long term liabilities at the end of the year	Nil	Nil
(b) The long term liabilities in (a) issued in the name of the municipality have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.		
(c) The municipality is contingently liable for long term liabilities with respect to tile drainage loans. The total amount outstanding as at December 31, 1999 is \$6,491 (1998 \$11,102) and is not recorded on the "Consolidated Balance Sheet".		

CORPORATION OF THE TOWNSHIP OF HOPE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1999

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7. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

The balances on the "Consolidated Statement of Operations" of municipal equity (or deficit) of \$106,707 (1998 \$104,254) at the end of the year are comprised of the following:

	1999	1998
	\$	\$
. for general reduction of taxation	103,556	78,708
. for benefitting landowners related to special charges and special areas	451 716	
	104,007	79,424
. funds available for the acquisition of capital assets	2,700	24,830
	106,707	104,254

8. RESERVES AND RESERVE FUNDS

The total balances of reserves and reserve funds of \$972,859 (1998 \$831,560) and \$217,036 (1998 \$211,532) respectively are made up of the following:

	1999	1998
	\$	\$
Reserves set aside for a specific purpose by Council		
. for contingencies	10,000	10,000
. for capital expenditures	898,537	236,075
. for working capital	-	525,800
. for sick leave	24,732	25,095
. for WCB	2,137	2,137
. for insurance	37,453	32,453
Total Reserves	972,859	831,560

CORPORATION OF THE TOWNSHIP OF HOPE

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1999**

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8. RESERVES AND RESERVE FUNDS - (Continued)

	1999 \$	1998 \$
Reserve funds set aside for specific purposes by Council		
. for recreation programs and facilities	-	71
. for fire department	2,772	2,944
	2,772	3,015
Reserve funds set aside for specific purposes by legislation, regulation or agreement		
. lot levies	17,866	25,672
. for park purposes	4,717	4,451
. for development charges	191,681	178,394
	214,264	208,517
Total Reserve Funds	217,036	211,532

9. SUBSEQUENT EVENTS

On March 28, 2000, the Minister of Municipal Affairs and Housing signed an order wherein the Township of Hope and the Town of Port Hope will amalgamate on January 1, 2001 as a new municipality under the name of "The Corporation of the Town of Port Hope and Hope".

AUDITORS' REPORT**TO THE MEMBERS OF COUNCIL, INHABITANTS AND
RATEPAYERS OF THE CORPORATION OF THE
TOWNSHIP OF HOPE**

We have audited the balance sheet of the Trust Funds of the Corporation of the Township of Hope as at December 31, 1999 and the statement of continuity for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 as at December 31, 1999 and the continuity of the Trust Funds for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements.

Peterborough, Ontario
March 22, 2000

Chartered Accountants

CORPORATION OF THE TOWNSHIP OF HOPE

**TRUST FUNDS
BALANCE SHEET
At December 31, 1999**

	Developer Agreement \$	Ontario Home Renewal Program \$	1999 Total \$	1998 Total \$
ASSETS				
Cash	-	1,663	1,663	1,841
Current portion of loans receivable (Note 2)	-	540	540	975
Due from revenue fund	10,228	-	10,228	12,102
	10,228	540	10,768	13,077
Other				
Long term portion of loans receivable (Note 2)	-	1,160	1,160	1,696
	10,228	3,363	13,591	16,614
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Due to revenue fund	-	663	663	603
FUND BALANCES				
Balance - capital	10,228	2,700	12,928	16,011
	10,228	3,363	13,591	16,614

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF HOPE

TRUST FUNDS

STATEMENT OF CONTINUITY

For The Year Ended December 31, 1999

	Developer Agreement \$	Ontario Home Renewal Program \$	Soccer Association \$	1999 Total \$	1998 Total \$
FUND BALANCES AT THE BEGINNING OF THE YEAR	12,102	3,737	172	16,011	17,715
RECEIPTS					
Interest earned	372	89	-	461	539
Transfer from guarantor	-	-	-	-	2,500
	372	89	-	461	3,039
EXPENDITURES					
Transfer to guarantor	2,246	-	-	2,246	50
Administration	-	60	-	60	74
Transfer to Province	-	1,066	-	1,066	4,619
Transfer to reserve	-	-	172	172	-
	2,246	1,126	172	3,544	4,743
FUND BALANCES AT THE END OF THE YEAR	10,228	2,700	-	12,928	16,011

The accompanying notes are an integral part of this financial statement.

CORPORATION OF THE TOWNSHIP OF HOPE**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 1999****1. ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with accounting policies prescribed by the Ministry of Municipal Affairs for Ontario municipalities and their local boards. They are the representation of management and necessarily involve the use of best estimates and careful judgment.

Basis of Accounting

(i) Sources of financing and expenditures are reported on the accrual basis of accounting, with the exception of interest income on loans receivable which is included in operations in the periods in which they are received. Interest income is not accrued for the periods from the dates of the latest instalment received to the end of the financial year.

(ii) 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.

2. ONTARIO HOME RENEWAL PROGRAM LOANS

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing 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 is \$4,000. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. 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 repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

Ontario Home Renewal Program loans receivable at December 31, 1999 are comprised of repayable loans of \$1,700 (1998 \$2,671).

The Province of Ontario cancelled the Ontario Home Renewal Program as of July 16, 1993. As of that date, no new loans are to be issued and surplus funds are to be returned to the Province on an annual basis.