

Consolidated Financial Statements

**CORPORATION OF THE
MUNICIPALITY OF PORT HOPE**

Year ended December 31, 2001

Consolidated Financial Statements

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Year ended December 31, 2001

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

	Page
Auditors' Report	1
Consolidated Statement of Financial Position	2
Consolidated Statement of Financial Activities	3
Notes to Consolidated Financial Statements	4
Consolidated Schedule of Current Fund Operations	10
Consolidated Schedule of Capital Fund Operations	11
Consolidated Schedule of Reserves and Reserve Funds	12
Auditors' Report on Other Financial Information	13
Heritage Business Improvement Area Statement of Revenue and Expenditures and Surplus	14
Financial Review	15

TRUST FUNDS

Auditors' Report	16
Statement of Financial Position	17
Statement of Continuity	18
Notes to Financial Statements	19

PORT HOPE PUBLIC LIBRARY BOARD

Auditors' Report	20
Statement of Financial Position	21
Statement of Current Fund Operations	22
Statement of Capital Fund Operations	23
Statement of Changes in Financial Position	24
Notes to Financial Statements	25
Trust fund:	
Auditors' Report	27
Statement of Financial Position	28
Statement of Continuity	28
Notes to Financial Statements	29

Consolidated Financial Statements

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Year ended December 31, 2001

MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Auditors' Report	30
Statement of Financial Position	31
Statement of Financial Activities	32
Notes to Financial Statements	33
Trust fund:	
Auditors' Report	34
Statement of Financial Position	35
Statement of Continuity	35
Notes to Financial Statements	36



KPMG LLP
Chartered Accountants
863 Princess Street Suite 400
PO Box 1600 Stn Main
Kingston ON K7L 5C8
Canada

Telephone (613) 549-1550
Telefax (613) 549-6349
www.kpmg.ca

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Municipality of Port Hope

We have audited the consolidated statement of financial position of the Corporation of the Municipality of Port Hope as at December 31, 2001 and the consolidated statements of financial activities and changes in financial position 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 as at December 31, 2001 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants
Kingston, Canada
March 14, 2002



CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Financial Position

December 31, 2001

2001

Assets

Financial assets:

Cash and short-term deposits	\$ 59,483
Taxes receivable (note 2)	2,114,841
Accounts receivable	1,694,486
Investments (market value \$29,219,393)	29,077,022
	<u>32,945,832</u>

Liabilities:

Accounts payable and accrued liabilities	3,889,917
Deferred revenue – obligatory reserve funds (note 10)	1,213,264
Deferred revenue – other	20,531,583
Net long-term liabilities (note 5)	1,252,000
	<u>26,886,764</u>

Net financial assets 6,059,068

Other assets:

Inventory	93,827
-----------	--------

Total net assets \$ 6,152,895

Municipal position:

Current fund (note 6)	\$ 31,677
Capital fund (note 6)	(3,070,408)
Reserves	2,838,117
Reserve funds	7,605,509

Fund balances 7,404,895

Amounts to be recovered from future revenues (1,252,000)

Total municipal position \$ 6,152,895

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Financial Activities

Year ended December 31, 2001

	2001
Revenues:	
Property taxation	\$ 8,005,819
Taxation from other governments	426,324
User charges	3,869,792
Government grants	877,479
Grants from other municipalities	16,893
Investment income	836,528
Penalties and interest on taxes	228,343
Transfer from deferred obligatory reserve funds	104,623
Donations	640,632
Other	319,016
Proceeds from sale of Port Hope Hydro (note 8)	9,607,521
Total revenues	24,932,970
Expenditures:	
Current:	
General government	1,732,860
Protection to persons and property	3,611,518
Transportation services	2,684,657
Environmental services	1,871,210
Cemetery	108,828
Library	423,249
Recreational and cultural services	1,746,377
Planning and development	452,264
Total current expenditures	12,630,963
Capital:	
General government	14,485
Protection to persons and property	92,864
Transportation services	926,959
Environmental services	1,823,465
Library	2,080,705
Recreation and cultural services	2,402,605
Planning and development	15,106
Total capital expenditures	7,356,189
Total expenditures	19,987,152
Net revenues	4,945,818
Financing and transfers:	
Debt principal repayments	(401,000)
Increase in fund balances	\$ 4,544,818

The accompanying notes are an integral part of these financial statements.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2001

1. Accounting policies:

The consolidated financial statements of the Corporation of the Municipality of Port Hope are the representation of management prepared in accordance with Canadian generally accepted accounting policies prescribed for local government as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated statements reflect the assets, liabilities, revenues, expenditures and fund balances of the revenue fund, capital fund, reserves and reserve funds of the reporting entity. The reporting entity is comprised of all organizations, committees and local boards accountable for the administration of their financial affairs and resources to the Municipality and which are owned or controlled by the Municipality. Interdepartmental and inter-organizational transactions and balances between these organizations are eliminated.

These consolidated financial statements include:

Port Hope Public Library Board
Municipality of Port Hope Cemetery Board
Heritage Business Improvement Area

(ii) 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.

(iii) 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 Statements of Financial Position".

(b) 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 "Consolidated Statement of Financial Activities" in the year of acquisition.

(c) Deferred revenue – obligatory reserve funds:

The Municipality receives parkland, parking lot revenue, lot levies and other restricted contributions under the authority of provincial legislation and Municipality by-laws. These funds by their nature are restricted in their use, and until applied to applicable expenditures, are recorded as deferred revenue. Amounts applied to qualifying costs are recorded as revenue in the fiscal period that they are expended.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2001

1. Accounting policies (continued):

(d) Amounts to be recovered from future revenues:

Amounts to be recovered from future revenues are comprised of outstanding net long-term liabilities and accrued interest on long-term debt.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian 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 expenses during the period. Actual results could differ from those estimates.

2. Operations of school boards and the County of Northumberland:

Requisitions were made by the school boards and the County of Northumberland requesting the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are summarized below:

	School Boards 2001	County of Northumberland 2001
Amounts requisitioned and collected	\$ 6,502,060	\$ 4,419,276

3. Trust funds:

Trust funds administered by the Municipality amounting to \$535,554 have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

4. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer 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.

Due to a contribution premium holiday which was extended to January 1, 2003, the amount contributed to OMERS for 2001 was \$Nil for current service.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2001

5. Net long-term liabilities:

- (a) The balance of net long-term liabilities reported on the "Consolidated Statement of Financial Position" is made up of the following:

	2001
Total long-term liabilities incurred by the Municipality including those incurred on behalf of municipal enterprises and outstanding at the end of the year amount to	\$ 1,252,000

- (b) Of the net long-term liabilities reported in (a) of this note, \$1,082,000 in principal payments are payable from 2002 to 2006, and \$170,000 in 2007, and are recoverable from the consolidated revenue fund.
- (c) 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 & Housing.

6. Municipal fund balances at the end of the year:

- (a) The balances on the "Consolidated Statement of Financial Activities" for current and capital fund surplus (deficit) of \$31,677 and \$(3,070,408) respectively at the end of the year are comprised of the following:

	2001
To be recovered from operations of the operating fund	\$ (368,096)
To be applied to operations of the Water Area	460,729
To be applied to operations of the Heritage Business Improvement Area	3,988
To be recovered from operations of the Public Library Board	(82,639)
To be applied to operations of the Cemetery Board	17,695
	31,677
Acquisition of fixed assets to be financed from:	
Transfers from reserves and reserve funds	(141,681)
Proceeds of long-term liabilities	(2,155,931)
Taxation or user charges	(40,680)
Donations	(732,116)
	(3,070,408)
	\$ (3,038,731)

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2001

6. Municipal fund balances at the end of the year (continued):

- (b) Approval of the Ontario Municipal Board has been obtained for those pending issues of long-term liabilities and commitments to be financed by revenues beyond the term of council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs & Housing.
- (c) The balance available for the general reduction of taxation for the fiscal year ending December 31, 2001 has been reduced by an amount of \$186,824 transferred to reserves. Had this reduction not been made, the balance would have shown a deficit of \$181,272.

7. Charges for net long-term liabilities:

Total charges for the year for net long-term liabilities which are reported on the "Consolidated Statement of Financial Activities" are as follows:

	2001
Principal payments	\$ 401,000
Interest	116,238
	<u>\$ 517,238</u>

8. Investment in Port Hope Hydro:

Pursuant to provincial legislation, the Corporation of the Municipality of Port Hope, as owners of the former Port Hope Hydro Electric Commission, enacted a by-law to authorize the incorporation of a company created for the purpose of continuing the current distributing and retailing activities of the Commission. This by-law also authorized the transfer of all assets and liabilities of the former Commission to the appropriate, newly created corporation. Effective November 1, 2000, the electricity distribution business, formerly conducted by the Port Hope Hydro Electric Commission, was transferred to 1378124 Ontario Limited. The Municipality received consideration in the form of 99 common shares of 1378124 Ontario Limited in exchange at the time of the transfer.

On April 30, 2001, with Ontario Energy Board approval, the Municipality of Port Hope sold the shares of 1378124 Ontario Limited to Veridian Connections Inc. for \$9.6 million. The proceeds of this sale have been transferred to reserve funds.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2001

9. Commitments:

- (a) The Municipality has committed \$1 million towards a pending partnership agreement supporting tourism and economic development efforts for the Capitol Theatre. These funds will be financed from reserve funds. A total amount of \$127,000 has been advanced on the project to date.
- (b) Prior to 2001, the Municipality received an amount of \$438,331 in respect of potential site rectification costs of property owned by the Municipality. Including accrued interest up to December 31, 2001 in the amount of \$84,405, this settlement has been reported as a component of deferred revenue on the "Consolidated Statement of Financial Position". No provision has been made in the financial statements for costs related to any future remedial action.

10. Deferred revenue – obligatory reserve funds:

A requirement of the public sector accounting principles of the Canadian Institute of Chartered Accountants is that obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial and municipal legislation restricts how these funds may be used. The balances in the obligatory reserve funds of the Municipality are summarized below:

	2001
Balance, beginning of year	\$ 1,012,869
Development contributions	263,509
Investment income	41,509
Transfers from current fund	11,877
Transfers to capital fund	(116,500)
Balance, end of year	\$ 1,213,264
Analyzed as follows:	
Parkland	\$ 20,107
Development charges	1,072,118
Sunshine Heights	62,654
Other	58,385
	\$ 1,213,264

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2001

11. Supplementary information:

	2001
Current fund expenditure by object:	
Salaries, wages and employee benefits	\$ 6,994,314
Long-term debt interest expense	116,238
Materials, services, rents and financial expenses	5,133,484
Transfers to others	386,927
<hr/> Total	<hr/> \$12,630,963 <hr/>

12. Comparative figures:

These financial statements present the financial position and results of operations for the first year end of the newly restructured Corporation of the Municipality of Port Hope, formed by an amalgamation of the former Town of Port Hope, Township of Hope and Port Hope Waterworks Commission on January 1, 2001. Accordingly, comparative figures have not been provided. Where noted, balances at the beginning of the year have been determined by aggregating the corresponding audited financial information at December 31, 2000 of each of the former entities.

Financial information at December 31, 2000 for the Township of Hope was reported on by another firm of chartered accountants.

13. Budget figures:

The Municipality reviews its operating and capital budgets annually. The approved operating budget for 2001 is reflected on the "Schedule of Current Fund Operations". These numbers have not been audited and are presented for information purposes only.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Schedule of Current Fund Operations

Year ended December 31, 2001

	Budget 2001	Actual 2001
	(unaudited)	
Revenues:		
Property taxation	\$ 8,070,167	\$ 8,005,819
Taxation from other governments	500,000	426,324
User charges	3,674,191	3,869,792
Government grants	883,466	877,479
Grants from other municipalities	—	16,893
Investment income	700,000	586,214
Penalties and interest on taxes	250,000	228,343
Transfer from (to) deferred obligatory reserve funds	—	(11,877)
Other	61,754	72,304
Total revenues	14,139,578	14,071,291
Expenditures:		
General government	1,807,083	1,732,860
Protection to persons and property	3,756,263	3,611,518
Transportation services	2,487,137	2,684,657
Environmental services	1,899,361	1,871,210
Cemetery	109,000	108,828
Library	370,654	423,249
Recreation and culture	1,697,112	1,746,377
Planning and development	446,571	452,264
Total expenditures	12,573,181	12,630,963
Net revenues	1,566,397	1,440,328
Financing and transfers:		
Debt principal repayments	(401,000)	(401,000)
Transfers to capital fund	(1,675,674)	(1,746,600)
Transfers to reserves and reserve funds	9,200	(274,152)
Net financing and transfers	(2,067,474)	(2,421,752)
Change in current fund balance	(501,077)	(981,424)
Opening current fund balance	501,077	1,013,101
Closing current fund balance	\$ —	\$ 31,677

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Schedule of Capital Fund Operations

Year ended December 31, 2001

	Actual 2001
Revenues:	
Proceeds from sale of Port Hope Hydro (note 8)	\$ 9,607,521
Donations	640,632
Transfers from deferred obligatory reserve funds	116,500
Total revenues	10,364,653
Expenditures:	
General government	14,485
Protection to persons and property	92,864
Transportation services	926,959
Environmental services	1,823,465
Library	2,080,705
Recreational and cultural services	2,402,605
Planning and development	15,106
Total expenditures	7,356,189
Net revenues	3,008,464
Financing and transfers:	
Transfers to reserves and reserve funds	(6,542,465)
Transfers from current fund	1,746,600
Net financing and transfers	(4,795,865)
Change in capital fund balance	(1,787,401)
Opening capital fund balance	(1,283,007)
Closing capital fund balance	\$(3,070,408)

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2001

	2001
Revenues:	
Investment income	\$ 250,314
Other	246,712
Total revenues	497,026
Net transfers from other funds:	
Transfers from current fund	274,152
Transfers from capital fund	6,542,465
Total net transfers	6,816,617
Change in reserves and reserve fund balances	7,313,643
Opening reserves and reserve fund balance	3,129,983
Closing reserves and reserve fund balance	\$ 10,443,626
Analyzed as follows:	
Reserves set aside for specific purposes by Council:	
Working capital	\$ 941,918
Acquisition of fixed assets	1,638,811
Contingencies	10,000
Sick leave	22,297
Insurance	31,446
Other	193,645
Total reserves	2,838,117
Reserve funds set aside for specific purposes by Council:	
Fire	1,735
Waterworks system	676,242
Hydro proceeds	6,604,540
Roads	104,085
Recreational services	20,823
Other	198,084
Total reserve funds	7,605,509
Total reserves and reserve funds	\$ 10,443,626



KPMG LLP
Chartered Accountants
863 Princess Street Suite 400
PO Box 1600 Stn Main
Kingston ON K7L 5C8
Canada

Telephone (613) 549-1550
Telefax (613) 549-6349
www.kpmg.ca

AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

Corporation of the Municipality of Port Hope
Port Hope, Ontario

The audited financial statements of the Municipality and our report thereon are presented in the preceding section of this report. The following information is presented for purposes of additional analysis and is not required for a fair presentation of the financial position or results of operations of the Municipality. Such information has been subjected to the auditing procedures applied in our examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

KpmG LLP
Chartered Accountants

Kingston, Canada
March 14, 2002



CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Heritage Business Improvement Area

Statement of Revenues and Expenditures and Surplus

Year ended December 31, 2001, with comparative figures for 2000

	2001	2000
Revenues:		
Net levy	\$ 27,104	\$ 27,563
Donations	-	25,000
Contribution from Municipality	7,200	7,200
	<u>34,304</u>	<u>59,763</u>
Expenditures:		
Stationery, supplies and office	531	1,315
Improvements	28,187	40,882
Advertising	19,837	6,564
	<u>48,555</u>	<u>48,761</u>
Net revenues over expenditures (expenditures over revenues)	(14,251)	11,002
Surplus, beginning of year	18,239	7,237
Surplus, end of year	<u>\$ 3,988</u>	<u>\$ 18,239</u>

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Financial Review (Unaudited)

(All dollar amounts are in thousands of dollars)

	2001
1. Assessment:	
Taxable assessment upon which the year's rates of taxation were set	
Residential and farm	\$ 734,195
Commercial and industrial and pipelines	133,924
Multi-residential	26,308
Total	\$ 894,427
2. Tax rates – Ward 1:	
Residential:	
School	\$.003730
County	.004292
General	.009813
Total	\$.017835
Tax rates – Ward 2:	
Residential:	
School	\$.003730
County	.004292
General	.003882
Total	\$.011904
3. Revenues - General Purposes Actual:	
Taxation	\$ 8,006
Payments in lieu of taxes	426
Government grants	877
User charges	3,870
Other	892
Total	\$ 14,071
4. Tax Arrears:	
Principal	\$ 1,959
Penalty and interest	226
Total	\$ 2,185
Percentage of current levy	11.4%
5. Schools and County Transfers:	
County	\$ 4,419
Public School	5,260
Separate School	1,228
French School	14
Total	\$ 10,921
6. Capital Expenditures	\$ 7,356
7. Capital Financing:	
Own funds	\$ (4,679)
Proceeds from sale of Port Hope Hydro	9,607
Donations	641
Total	\$ 5,569
8. Unfinanced Capital at Year End	\$ (3,070)
9. Net Revenue Year End General	\$ (368)



KPMG LLP
Chartered Accountants
863 Princess Street Suite 400
PO Box 1600 Stn Main
Kingston ON K7L 5C8
Canada

Telephone (613) 549-1550
Telefax (613) 549-6349
www.kpmg.ca

AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the
Corporation of the Municipality of Port Hope

We have audited the statement of financial position of the trust funds of the Corporation of the Municipality of Port Hope as at December 31, 2001 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 of the Municipality of Port Hope as at December 31, 2001 and the continuity of trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Kingston, Canada

March 14, 2002



CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Trust Funds

Statement of Financial Position

Year ended December 31, 2001

	Total	Cemetery Care and Maintenance Fund	Library Bequest	Developers Deposits	Ontario Home Renewal Program
Assets					
Cash	\$ 149,691	\$ 21,255	\$ 6,520	\$ 120,620	\$ 1,296
Accounts receivable	5,780	4,860	-	-	920
Investments, at cost (market value \$454,819)	386,618	363,991	22,627	-	-
Due from operating fund	8,031	-	-	8,031	-
	<u>\$ 550,120</u>	<u>\$ 390,106</u>	<u>\$ 29,147</u>	<u>\$ 128,651</u>	<u>\$ 2,216</u>
Liabilities and Fund Balances					
Due to operating fund	\$ 14,566	\$ 13,871	\$ -	\$ -	\$ 695
Trust fund:					
Balances - capital	403,590	273,418	-	128,651	1,521
- income	131,964	102,817	29,147	-	-
	<u>535,554</u>	<u>376,235</u>	<u>29,147</u>	<u>128,651</u>	<u>1,521</u>
	<u>\$ 550,120</u>	<u>\$ 390,106</u>	<u>\$ 29,147</u>	<u>\$ 128,651</u>	<u>\$ 2,216</u>

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Trust Funds

Statement of Continuity

Year ended December 31, 2001

	Total	Cemetery Care and Maintenance Fund	Library Bequest	Developer Deposits	Ontario Home Renewal Program
Funds balance at the beginning of the year	\$ 411,892	\$ 345,700	\$ 12,837	\$ 51,625	\$ 1,730
Revenues:					
Cemetery care and maintenance	13,126	13,126	-	-	-
Developer deposits	349,000	-	-	349,000	-
Other	15,880	-	15,880	-	-
Interest and dividends earned	25,284	17,409	4,229	3,615	31
	403,290	30,535	20,109	352,615	31
Expenditures:					
Contributions to operating fund	3,799	-	3,799	-	-
Other	240	-	-	-	240
Refunds to developers	275,589	-	-	275,589	-
	279,628	-	3,799	275,589	240
Funds balance at the end of the year	\$ 535,554	\$ 376,235	\$ 29,147	\$ 128,651	\$ 1,521

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Trust Funds

Notes to Financial Statements

Year ended December 31, 2001

1. Significant accounting policies:

Basis of accounting:

- (i) Receipts and expenditures are reported on the accrual basis of accounting.
- (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:

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, 2001 comprise repayable loans of \$920. 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 immediately became due and payable by the homeowner.



KPMG LLP
Chartered Accountants
863 Princess Street Suite 400
PO Box 1600 Stn Main
Kingston ON K7L 5C8
Canada

Telephone (613) 549-1550
Telefax (613) 549-6349
www.kpmg.ca

AUDITORS' REPORT

To the Board Members of the Port Hope Public Library Board, Members of Council,
Inhabitants and Ratepayers of the Corporation of the Municipality of Port Hope

We have audited the statement of financial position of the Port Hope Public Library Board as at December 31, 2001 and the statements of current fund operations, capital fund operations and changes in financial position for the year then ended. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many non-profit organizations, the Port Hope Public Library Board derives revenue in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Library and we were unable to determine whether any adjustments might be necessary to revenue, net revenues (expenditures), net assets and municipal position.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Port Hope Public Library Board as at December 31, 2001 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Kingston, Canada

February 27, 2002



PORT HOPE PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2001, with comparative figures for 2000

	2001	2000
Assets		
Financial assets:		
Cash	\$ 59,625	\$ 3,652
GST receivable	7,874	3,677
Due from the Municipality of Port Hope	–	3,569
	<u>67,499</u>	<u>10,898</u>
Liabilities:		
Accounts payable, trade	24,095	9,695
Due to the Municipality of Port Hope	424,446	–
	<u>448,541</u>	<u>9,695</u>
Net financial assets (deficiency)	(381,042)	1,203
Other assets:		
Prepaid expenses	8,292	999
Total net assets (deficiency)	<u>\$ (372,750)</u>	<u>\$ 2,202</u>
Municipal position:		
Current fund	\$ (82,639)	\$ 2,202
Capital fund, unfinanced balance	(290,111)	–
Total municipal position	<u>\$ (372,750)</u>	<u>\$ 2,202</u>

The accompanying notes are an integral part of these financial statements.

PORT HOPE PUBLIC LIBRARY BOARD

Statement of Current Fund Operations

Year ended December 31, 2001, with comparative figures for 2000

	2001 (Budget) (Unaudited)	2001 (Actual)	2000 (Actual)
Revenue:			
Operating:			
Municipal contributions	\$ 324,125	\$ 285,498	\$ 267,237
Province of Ontario grant	28,989	29,453	21,269
Other government funding	–	4,996	4,507
Transfers from trust fund	–	3,799	58,112
Fines and fees	14,000	12,232	12,911
Interest and miscellaneous	3,040	1,758	8,182
Donations	500	672	12,720
	<u>370,654</u>	<u>338,408</u>	<u>384,938</u>
Expenditures:			
Current:			
Salaries and benefits	241,649	246,208	210,047
Books	60,000	52,420	38,249
Periodicals and newspapers	4,000	3,547	2,550
Special events and programs	–	–	673
Utilities	11,400	7,437	5,825
Maintenance and cleaning	7,640	3,146	10,977
Miscellaneous	15,525	12,181	9,257
Insurance	4,000	2,391	1,871
Conferences and professional development	1,000	849	1,106
Office expense	17,540	28,605	21,595
Computer maintenance and training	7,900	7,378	3,148
Fundraising expense	–	59,087	53,900
Total current expenditures	<u>370,654</u>	<u>423,249</u>	<u>359,198</u>
Net revenues (expenditures)	–	(84,841)	25,740
Transfer to capital fund	–	–	(40,907)
Change in current fund balance	–	(84,841)	(15,167)
Current fund balance, beginning of year	–	2,202	17,369
Current fund balance, end of year	\$ –	\$ (82,639)	\$ 2,202

The accompanying notes are an integral part of these financial statements.

PORT HOPE PUBLIC LIBRARY BOARD

Statement of Capital Fund Operations

Year ended December 31, 2001, with comparative figures for 2000

	2001	2000
Revenues:		
Municipal contribution	\$ 1,168,540	\$ 81,460
Building fundraising	622,054	-
Total revenues	1,790,594	81,460
Expenditures:		
Library renovations:		
Construction	2,080,705	81,460
Engineering	-	40,907
	2,080,705	122,367
Net expenditures	(290,111)	(40,907)
Transfer from current fund	-	40,907
Change in capital fund balance	(290,111)	-
Capital fund balance, beginning of year	-	-
Capital fund balance, end of year	\$ (290,111)	\$ -

The accompanying notes are an integral part of these financial statements.

PORT HOPE PUBLIC LIBRARY BOARD

Statement of Changes in Financial Position

Year ended December 31, 2001, with comparative figures for 2000

	2001	2000
Cash provided by (used in):		
Operations:		
Net expenditures	\$ (374,952)	\$ (15,167)
Sources (uses) of funds:		
GST receivable	(4,197)	(1,648)
Due from the Municipality of Port Hope	3,569	17,294
Prepaid expenses	(7,293)	2,225
Due to trust fund	—	(7,713)
Accounts payable	14,400	(533)
Due to the Municipality of Port Hope	424,446	—
	<u>430,925</u>	<u>9,625</u>
Increase (decrease) in cash and cash equivalents	55,973	(5,542)
Cash and cash equivalents, beginning of year	3,652	9,194
Cash and cash equivalents, end of year	<u>\$ 59,625</u>	<u>\$ 3,652</u>

The Library Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

The accompanying notes are an integral part of these financial statements.

PORT HOPE PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2001

1. Significant accounting policies:

The financial statements of the Board are the representation of management prepared in accordance with Canadian 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 the accounting policies adopted by the Board are as follows:

(a) Reporting entity:

- (i) These statements reflect the assets, liabilities, sources of financing and expenditures of the Library Board and include both operating and capital activities.
- (ii) Trust Funds and their related operations administered by the Board are not consolidated, but are reported separately on the "Trust Fund Statement of Financial Position and Trust Fund Statement of Continuity".

(b) Capital assets:

The historical cost and accumulated depreciation of capital assets are not reported for board purposes. Capital assets are reported as an expenditure on the "Statement of Capital Fund Operations" in the year of acquisition.

(c) Pledges:

Fundraising revenues are reported on a cash basis. Donation pledges are not reported in the accounts until received.

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian 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 expenses during the period. Actual results could differ from those estimates.

2. Trust funds:

Trust Funds administered by the Board amounting to \$29,147 (2000 - \$12,837) have not been included in the "Statement of Financial Position" nor have their operations been included in the "Statement of Current Fund Operations".

PORT HOPE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2001

3. Pension agreements:

The Library Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer plan, on behalf of 2 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.

Due to a contribution holiday, the amount contributed to OMERS for 2001 was \$Nil (2000 - \$ Nil) for current service.

4. Capital building project:

The Port Hope Public Library Board approved a building renovation and expansion project in the amount of approximately \$2 million to be financed by corporate and community fundraising, trust fund contributions and municipal contributions.

A total of \$2,203,072 has been spent on the project to date and has been funded by municipal contributions and fundraising initiatives. An amount of \$290,111 remains unfinanced at December 31, 2001 with respect to this project.

5. Budget figures:

Budget figures are compiled from the 2001 fiscal year operating budget approved by the Board and are not subject to audit.

6. Comparative figures:

Certain 2000 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2001.



KPMG LLP
Chartered Accountants

863 Princess Street Suite 400
PO Box 1600 Stn Main
Kingston ON K7L 5C8
Canada

Telephone (613) 549-1550
Telefax (613) 549-6349
www.kpmg.ca

AUDITORS' REPORT

To the Board Members of the Port Hope Public Library Board, Members of Council,
Inhabitants and Ratepayers of the Corporation of the Municipality of Port Hope

We have audited the statement of financial position of the trust fund of the Port Hope Public Library Board as at December 31, 2001 and the trust fund statement of continuity for the year then ended. These financial statements are the responsibility of the Library'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 fund held by the Port Hope Public Library Board as at December 31, 2001 and the continuity of the trust fund for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Kingston, Canada

February 27, 2002



PORT HOPE PUBLIC LIBRARY BOARD

Trust Fund Statement of Financial Position

December 31, 2001, with comparative figures for 2000

	2001	2000
Assets		
Current assets:		
Cash	\$ 6,520	\$ 1,414
Investments, at cost (note 2)	22,627	11,423
	<u>\$ 29,147</u>	<u>\$ 12,837</u>
Liabilities and Fund Balance		
Fund balance:		
Capital	\$ 29,147	\$ 12,837

Trust Fund Statement of Continuity

Year ended December 31, 2001, with comparative figures for 2000

	2001	2000
Balance at beginning of year	\$ 12,837	\$ 67,747
Income:		
Interest and dividends earned	4,229	3,202
Donations	15,880	-
Expenditure:		
Transfer to Operating Fund	3,799	58,112
Balance at end of year	<u>\$ 29,147</u>	<u>\$ 12,837</u>

The accompanying notes are an integral part of these financial statements.

PORT HOPE PUBLIC LIBRARY BOARD

Notes to Trust Fund Financial Statements

Year ended December 31, 2001

1. Significant accounting policies:

Basis of accounting:

- (i) The financial statements are prepared on the accrual basis of accounting.
- (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. Investments:

The total investments held by the Trust Fund of \$22,627 (2000 - \$11,423) reported on the Trust Fund Statement of Financial Position at cost have a market value of \$79,004 (2000 - \$59,979) at the end of the year.



KPMG LLP
Chartered Accountants
863 Princess Street Suite 400
PO Box 1600 Stn Main
Kingston ON K7L 5C8
Canada

Telephone (613) 549-1550
Telefax (613) 549-6349
www.kpmg.ca

AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants
and Ratepayers of the Corporation of the Municipality of Port Hope

We have audited the statement of financial position of the Municipality of Port Hope Cemetery Board as at December 31, 2001 and the statement of financial activities for the year then ended. These financial statements are the responsibility of the Board'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 Municipality of Port Hope Cemetery Board as at December 31, 2001 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Kingston, Canada
March 6, 2002



MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Statement of Financial Position

December 31, 2001, with comparative figures for 2000

	2001	2000
Assets		
Financial assets:		
GST receivable	\$ 10	\$ 23
Due from Care and Maintenance Trust Fund	13,871	26,997
Due from the Municipality of Port Hope	4,319	-
Total	18,200	27,020
Liabilities		
Accounts payable and accrued liabilities	505	428
Due to the Municipality of Port Hope	-	8,897
Total	505	9,325
Net financial assets	\$ 17,695	\$ 17,695
Municipal Position		
Net revenues for the year	\$ -	\$ 18,324
Current fund, beginning of year	17,695	(629)
Current fund, end of year	\$ 17,695	\$ 17,695

The accompanying notes are an integral part of these financial statements.

MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Statement of Financial Activities

Year ended December 31, 2001, with comparative figures for 2000

	Budget 2001	Actual 2001	Actual 2000
	(unaudited)		
Revenue:			
Provided by municipality from tax levy	\$ 25,500	\$ 25,500	\$ 18,500
Sale of plots	14,000	21,316	18,987
Sale of columbariums	10,000	17,690	13,467
Vault charges	500	1,050	150
Interment charges	16,000	27,242	28,347
Rental income	7,200	7,200	7,200
Transfer from Care and Maintenance Trust Fund income account	17,600	—	—
Contribution from municipal reserves	9,200	9,200	38,093
Miscellaneous	9,000	7,911	9,934
Total revenues	109,000	117,109	134,678
Expenditures:			
Wages and employee benefits	48,650	49,120	48,590
Office expense	1,100	1,209	931
Supplies, utilities and maintenance	45,750	38,465	49,504
Interment costs	5,000	4,153	5,100
Contribution to municipal reserves	—	8,283	—
Columbarium construction	2,500	2,753	1,133
Transfer to Care and Maintenance Trust Fund capital account	6,000	13,126	11,096
Total expenditures	109,000	117,109	116,354
Net revenues	\$ —	\$ —	\$ 18,324

The accompanying notes are an integral part of these financial statements.

MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Notes to Financial Statements

Year ended December 31, 2001

1. Significant accounting policies:

The financial statements of the Municipality of Port Hope Cemetery Board are the representation of management prepared in accordance with Canadian 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 the accounting policies adopted by the Board are as follows:

(a) Basis of accounting:

- (i) 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.
- (ii) The Care and Maintenance Trust Fund and its related operations are not consolidated but are reported separately on the "Care and Maintenance Trust Fund Statement of Financial Position and Statement of Continuity".

(b) Use of estimates:

The preparation of financial statements in conformity with Canadian 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 expenses during the period. Actual results could differ from those estimates.

2. Trust funds:

The Care and Maintenance Trust Fund, administered by the board, amounting to \$376,235 (2000 - \$345,700) has not been included in the "Statement of Financial Position" nor has its operations been included in the "Statement of Financial Activities".

3. Statement of changes in financial position:

A statement of changes in financial position has not been included as it would not provide additional meaningful information.



KPMG LLP
Chartered Accountants
863 Princess Street Suite 400
PO Box 1600 Stn Main
Kingston ON K7L 5C8
Canada

Telephone (613) 549-1550
Telefax (613) 549-6349
www.kpmg.ca

AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of the Town of Port Hope

We have audited the statement of financial position of the Care and Maintenance Trust Fund of the Municipality of Port Hope Cemetery Board as at December 31, 2001 and the statement of continuity of the Care and Maintenance Trust Fund for the year then ended. These financial statements are the responsibility of the Board'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 Care and Maintenance Trust Fund of the Municipality of Port Hope Cemetery Board as at December 31, 2001 and the continuity of the Care and Maintenance Trust Fund for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Kingston, Canada

March 6, 2002



MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Care and Maintenance Trust Fund Statement of Financial Position

December 31, 2001, with comparative figures for 2000

	2001	2000
Assets		
Current assets:		
Cash	\$ 21,255	\$ 3,105
Accrued interest	4,860	10,600
	<u>26,115</u>	<u>13,705</u>
Investments, at cost (note 2)	363,991	358,992
Total assets	\$ 390,106	\$ 372,697
Liabilities and Fund Balance		
Current liabilities:		
Due to Operating Fund	\$ 13,871	\$ 26,997
Fund balance:		
Capital	273,418	260,292
Income	102,817	85,408
	<u>376,235</u>	<u>345,700</u>
Total liabilities and fund balance	\$ 390,106	\$ 372,697

Care and Maintenance Trust Fund Statement of Continuity

Year ended December 31, 2001, with comparative figures for 2000

	2001	2000
Balance at beginning of year	\$ 345,700	\$ 311,501
Revenue:		
Capital receipts, care and maintenance	13,126	11,096
Interest earned	17,409	23,103
	<u>30,535</u>	<u>34,199</u>
Balance at end of year	\$ 376,235	\$ 345,700

The accompanying notes are an integral part of these financial statements.

MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Notes to Care and Maintenance Trust Fund Financial Statements

Year ended December 31, 2001

1. Significant accounting policies:

Basis of accounting:

- (i) Receipts and expenditures are reported on the accrual basis of accounting.
- (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 or the creation of a legal obligation to pay.

2. Investments:

Total investments of \$363,991 (2000 - \$358,992) reported on the statement of financial position at cost, have a market value of \$375,815 (2000 - \$369,592) at the end of the year.