

Consolidated Financial Statements

**CORPORATION OF THE
MUNICIPALITY OF PORT HOPE**

Year ended December 31, 2003

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Year ended December 31, 2003

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

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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, 2003 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, 2003 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 16, 2004

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Financial Position

December 31, 2003, with comparative figures for 2002

	2003	2002
Assets		
Financial assets:		
Cash and short-term deposits	\$ -	\$ 46,871
Taxes receivable (note 2)	2,364,768	2,069,271
Accounts receivable	1,482,650	1,419,874
Investments, at cost (note 5)	30,609,912	30,239,702
	34,457,330	33,775,718
Liabilities:		
Bank indebtedness (note 4)	4,353,454	-
Accounts payable and accrued liabilities	4,094,816	3,999,280
Deferred revenue – obligatory reserve funds (note 12)	1,340,949	1,511,276
Deferred revenue – other	20,596,338	21,034,748
Net long-term liabilities (note 7)	623,000	946,000
	31,008,557	27,491,304
Net financial assets	3,448,773	6,284,414
Other assets:		
Inventory and prepaid expenses	65,484	100,776
Total net assets	\$ 3,514,257	\$ 6,385,190
Municipal position:		
Current fund (note 8)	\$ (260,053)	\$ (17,644)
Capital fund (note 8)	(7,461,236)	(4,008,004)
Reserves	3,497,095	3,078,745
Reserve funds	8,361,451	8,278,093
Fund balances	4,137,257	7,331,190
Amounts to be recovered from future revenues	(623,000)	(946,000)
Commitments (note 10)		
Contingent liabilities (note 11)		
Total municipal position	\$ 3,514,257	\$ 6,385,190

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, 2003, with comparative figures for 2002

	2003	2002
Revenues:		
Property taxation	\$ 9,473,615	\$ 8,478,815
Taxation from other governments	385,623	401,418
User charges	4,927,748	4,251,433
Government grants	1,552,695	1,386,255
Grants from other municipalities	127,331	47,370
Investment income	1,481,661	718,785
Penalties and interest on taxes	317,443	287,358
Transfer from deferred obligatory reserve funds	837,630	574,319
Donations	188,120	104,205
Other	81,345	174,940
Total revenues	19,373,211	16,424,898
Expenditures:		
Current:		
General government	1,644,005	1,336,815
Protection to persons and property	4,410,361	3,946,295
Transportation services	3,097,526	2,704,196
Environmental services	2,073,124	1,898,152
Cemetery	175,591	110,732
Library	480,997	431,203
Recreational and cultural services	2,138,075	2,013,539
Planning and development	605,730	522,606
Total current expenditures	14,625,409	12,963,538
Capital:		
General government	88	49,964
Protection to persons and property	238,677	334,768
Transportation services	1,271,372	840,853
Environmental services	4,542,386	819,128
Cemeteries	59,665	-
Library	4,418	349,970
Recreation and cultural services	1,365,906	901,188
Planning and development	100,927	61,182
Total capital expenditures	7,583,439	3,357,053
Total expenditures	22,208,848	16,320,591
Net revenues (expenditures)	(2,835,637)	104,307
Financing and transfers:		
Debt principal repayments	(323,000)	(306,000)
Change in non-financial assets	(35,292)	6,949
	(358,292)	(299,051)
Decrease in fund balances	\$ (3,193,929)	\$ (194,744)

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Changes in Financial Position

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
Operations:		
Net revenues (expenditures)	\$ (2,835,637)	\$ 104,307
Net change in non-cash working capital items:		
Decrease (increase) in taxes receivable	(295,497)	45,570
Decrease (increase) in accounts receivable	(62,779)	274,612
Increase in accounts payable and accrued liabilities	95,536	109,363
Increase (decrease) in deferred revenue	(438,410)	503,165
Increase (decrease) in deferred revenues - obligatory reserve funds	(170,328)	419,051
	(871,478)	1,351,761
Net change in cash from operations	(3,707,115)	1,456,068
Investing:		
Increase in investments	(370,210)	(1,162,680)
Financing:		
Debt principal repayments	(323,000)	(306,000)
Decrease in cash and cash equivalents	(4,400,325)	(12,612)
Cash and cash equivalents, beginning of year	46,871	59,483
Cash and cash equivalents (bank indebtedness), end of year	\$ (4,353,454)	\$ 46,871

The Municipality 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.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2003

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, 2003

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		County of Northumberland	
	2003	2002	2003	2002
Amounts requisitioned and collected	\$ 5,804,894	\$ 5,813,848	\$ 5,039,108	\$ 4,659,484

3. Trust funds:

Trust funds administered by the Municipality amounting to \$666,153 (2002 - \$597,743) 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. Bank operating loan:

The Municipality's financial agreement with its bank provides for an operating loan of \$5,000,000 to finance expenses, pending receipt of property taxes and other income. As at December 31, 2003, \$4,353,454 was drawn with interest at prime rate less .50%.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2003

5. Investments:

		2003		2002	
		Cost	Market value	Cost	Market value
Cash and cash equivalents	\$ 3,407,986	\$ 3,408,876	\$ 1,582,417	\$ 1,584,611	
Fixed income securities	27,201,926	27,456,752	28,657,285	28,901,282	
	\$ 30,609,912	\$ 30,865,628	\$ 30,239,702	\$ 30,485,893	

6. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 113 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 to OMERS for 2003 was \$125,113 (2002 - \$Nil) for current service and is included as an expenditure on the "Consolidated Statement of Operations".

7. 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:

	2003	2002
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	\$ 623,000	\$ 946,000

- (b) Of the net long-term liabilities reported in (a) of this note, \$623,000 in principal payments are payable from 2004 to 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.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2003

8. 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 \$(260,053) (2002 - (\$17,644)) and \$7,461,236 (2002 - (\$4,008,004)) respectively at the end of the year are comprised of the following:

	2003	2002
To be recovered from operations of the operating fund	\$ (80,230)	\$ (3,334)
To be recovered from LLWR interest income – Ward 1	(3,271)	(229,371)
To be recovered from LLWR interest income – Ward 2	(244,414)	(264,571)
To be applied to operations of the Water Area	–	460,729
To be applied to operations of the Heritage Business Improvement Area	11,508	4,244
To be recovered from operations of the Public Library Board	56,354	14,659
	(260,053)	(17,644)
Acquisition of fixed assets to be financed from:		
Transfers to (from) reserves and reserve funds	(268,210)	10,000
Proceeds of long-term liabilities	(6,178,932)	(2,285,056)
Taxation or user charges	(265,616)	(116,604)
Donations	(748,478)	(1,616,344)
	(7,461,236)	(4,008,004)
	\$ (7,721,289)	\$ (4,025,648)

- (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, 2003 has been reduced by an amount of \$205,776 (2002 - \$90,312) transferred to reserves.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2003

9. 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:

	2003	2002
Principal payments	\$ 323,000	\$ 306,000
Interest	58,019	81,421
	\$ 381,019	\$ 387,421

10. 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 \$1,000,000 has been advanced on the project to date.
- (b) Prior to 2002, 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, 2003 in the amount of \$158,007, the accumulated balance is \$596,338; 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.
- (c) The Municipality has entered into an agreement to design compliance upgrades to the Water Treatment Plant at an estimated cost of \$1,067,574. Design costs of \$462,583 have been incurred to date.

Subsequent to year-end the Municipality also accepted tenders for the new Ultra Filtration Water Treatment Plant totalling approximately \$17.5 million.

Federal and provincial funding has been obtained through the Ontario Small Town and Rural Development Infrastructure Initiative for a share of the projects with the remaining cost to be financed from future water rates.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2003

11. Contingent liabilities:

The nature of municipal activities is such that there may be litigation pending or in prospect at any time. With respect to claims at December 31, 2003, management believes that the Municipality has valid defences and appropriate insurance coverages in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the Municipality's financial position.

12. 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:

	2003	2002
Balance, beginning of year	\$ 1,511,276	\$ 1,092,225
Development contributions	605,717	912,325
Investment income	61,586	81,045
Transfers from (to) current fund	(368,623)	(512,000)
Transfers to capital fund	(469,007)	(62,319)
Balance, end of year	\$ 1,340,949	\$ 1,511,276
Analyzed as follows:		
Parkland	\$ 53,550	\$ 51,274
Development charges	1,287,399	1,460,002
	\$ 1,340,949	\$ 1,511,276

13. Supplementary information:

	2003	2002
Current fund expenditure by object:		
Salaries, wages and employee benefits	\$ 8,889,102	\$ 7,941,785
Long-term debt interest expense	58,018	81,422
Materials, services, rents and financial expenses	5,103,308	4,707,288
Transfers to others	304,562	225,543
Total	\$ 14,354,990	\$ 12,956,038

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2003

14. Budget figures:

The Municipality reviews its operating and capital budgets annually. The approved operating and capital budgets for 2003 are reflected on the "Consolidated Schedules of Current Fund and Capital Fund Operations". These numbers have not been audited and are presented for information purposes only.

15. Comparative figures:

Certain 2002 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2003.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Schedule of Current Fund Operations

Year ended December 31, 2003, with comparative figures for 2002

	Budget 2003	Actual 2003	Actual 2002
	(unaudited)		
Revenues:			
Property taxation	\$ 9,491,351	\$ 9,473,615	\$ 8,478,815
Taxation from other governments	416,200	385,623	401,418
User charges	4,061,189	4,927,748	4,251,433
Government grants	779,000	1,043,891	724,227
Grants from other municipalities	118,250	127,331	47,370
Investment income	475,000	1,030,019	463,684
Penalties and interest on taxes	295,000	317,443	287,358
Transfer from (to) deferred obligatory reserve funds	—	368,623	512,000
Other	88,000	71,022	55,134
Total revenues	15,723,990	17,745,315	15,221,439
Expenditures:			
General government	1,736,023	1,644,005	1,329,315
Protection to persons and property	4,266,493	4,410,361	3,946,295
Transportation services	2,952,007	3,097,526	2,704,196
Environmental services	2,637,985	2,073,124	1,898,152
Cemetery	25,725	175,591	110,732
Library	399,835	480,997	431,203
Recreation and culture	2,116,547	2,138,075	2,013,539
Planning and development	629,401	605,730	522,606
Total expenditures	14,764,016	14,625,409	12,956,038
Net revenues	959,974	3,119,906	2,265,401
Financing and transfers:			
Debt principal repayments	—	(323,000)	(306,000)
Transfers to capital fund	(959,974)	(1,313,637)	(1,597,271)
Transfers to reserves and reserve funds	—	(1,690,383)	(418,400)
Change in non-financial assets	—	(35,292)	6,949
	(959,974)	(3,362,312)	(2,314,722)
Change in current fund balance	—	(242,406)	(49,321)
Opening current fund balance	—	(17,644)	31,677
Closing current fund balance	\$ —	\$ (260,050)	\$ (17,644)

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Schedule of Capital Fund Operations

Year ended December 31, 2003, with comparative figures for 2002

	Budget 2003 (unaudited)	Actual 2003	Actual 2002
Revenues:			
Donations	\$ 386,000	\$ 188,120	\$ 104,205
Government grant	146,295	508,804	662,028
Other	45,000	10,323	101,297
Transfers from deferred obligatory reserve funds	924,100	469,006	62,319
Total revenues	1,501,395	1,176,253	929,849
Expenditures:			
General government	40,000	88	49,964
Protection to persons and property	255,159	238,677	334,768
Transportation services	1,660,830	1,271,372	840,853
Environmental services	24,853,900	4,542,386	819,128
Cemeteries	—	59,665	—
Library	—	4,418	349,970
Recreational and cultural services	1,402,350	1,365,906	901,188
Planning and development	47,200	100,927	61,182
Total expenditures	28,259,439	7,583,439	3,357,053
Net expenditures	(26,758,044)	(6,407,186)	(2,427,204)
Financing and transfers:			
Transfers from (to) reserves and reserve funds	2,057,774	1,640,317	(107,663)
Transfers from current fund	320,270	1,313,637	1,597,271
Net financing and transfers	2,378,044	2,953,954	1,489,608
Change in capital fund balance	(24,380,000)	(3,453,232)	(937,596)
Opening capital fund balance	(4,008,003)	(4,008,004)	(3,070,408)
Closing capital fund balance	\$(28,388,003)	\$ (7,461,236)	\$ (4,008,004)

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
Revenues:		
Investment income	\$ 451,642	\$ 255,101
Other	—	18,509
Total revenues	451,642	273,610
Expenditures:		
Other	—	7,500
Net revenues	451,642	266,110
Net transfers from other funds:		
Transfers from current fund	1,690,383	418,400
Transfers from (to) capital fund	(1,640,317)	107,663
Total net transfers	50,066	526,063
Change in reserves and reserve fund balances	501,708	792,173
Opening reserves and reserve fund balance	11,356,838	10,564,665
Closing reserves and reserve fund balance	\$ 11,858,546	\$ 11,356,838
Analyzed as follows:		
Reserves set aside for specific purposes by Council:		
Working capital	\$ 1,330,918	\$ 941,918
Acquisition of fixed assets	1,616,814	1,398,603
Contingencies	20,000	10,000
Sick leave	22,297	22,297
Insurance	30,453	31,446
Other	476,613	674,481
Total reserves	3,497,095	3,078,745
Reserve funds set aside for specific purposes by Council:		
Fire	4,052	2,881
Waterworks system	1,257,827	919,086
Sanitary sewer	488,367	149,104
Hydro proceeds	6,106,095	6,737,807
Roads	118,739	113,691
Recreational services	39,413	28,727
Sunshine Heights	71,475	68,436
Other	275,483	258,361
Total reserve funds	8,361,451	8,278,093
Total reserves and reserve funds	\$ 11,858,546	\$ 11,356,838



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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 16, 2004

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Heritage Business Improvement Area

Statement of Revenues and Expenditures and Surplus

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
Revenues:		
Net levy	\$ 30,388	\$ 28,941
Donations	2,236	5,000
Contribution from Municipality	7,200	14,700
Transfer from reserves	9,323	-
	<u>49,147</u>	<u>48,641</u>
Expenditures:		
Stationery, supplies and office	1,909	298
Improvements	14,628	33,629
Advertising	8,381	14,458
Special events	16,965	-
	<u>41,883</u>	<u>48,385</u>
Net revenues over expenditures	7,264	256
Surplus, beginning of year	4,244	3,988
Surplus, end of year	<u>\$ 11,508</u>	<u>\$ 4,244</u>

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Two Year Financial Review

(All dollar amounts are in thousands of dollars)

	2003	2002
1. Assessment:		
Taxable assessment upon which the year's rates of taxation were set		
Residential and farm	\$ 818,835	\$ 748,778
Commercial and industrial and pipelines	146,796	134,686
Multi-residential	31,871	27,930
Total	\$ 997,502	\$ 911,394
2. Tax rates – Ward 1:		
Residential:		
School	\$.003350	\$.003730
County	.004533	.004585
General	.010526	.010322
Total	\$.018409	\$.018637
Tax rates – Ward 2:		
Residential:		
School	\$.003350	\$.003730
County	.004533	.004585
General	.004577	.004023
Total	\$.012460	\$.012338
3. Revenues – Current fund:		
Taxation	\$ 9,474	\$ 8,479
Payments in lieu of taxes	386	401
Government grants	1,012	724
User charges	4,784	4,251
Other	1,827	1,366
Total	\$ 17,483	\$ 15,221
4. Tax Arrears:		
Principal	\$ 1,998	\$ 1,879
Penalty and interest	274	190
Total	\$ 2,272	\$ 2,069
Percentage of current levy	11.1%	10.8%
5. Schools and County Transfers:		
County	\$ 5,039	\$ 4,659
Education	5,805	5,814
Total	\$ 10,844	\$ 10,473
6. Capital Expenditures	\$ 7,583	\$ 3,357
7. Capital Financing:		
Own funds	\$ 2,944	\$ 1,490
Grants	509	662
Donations	188	104
Other	490	164
Total	\$ 4,131	\$ 2,420
8. Unfinanced Capital at year end	\$ (7,461)	\$ (4,008)
9. Net Revenue year end General	(377)	\$ (497)



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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, 2003 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, 2003 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 16, 2004

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Trust Funds

Statement of Financial Position

Year ended December 31, 2003

	Total	Cemetery Care and Maintenance Fund	Library Bequest	Developers Deposits	Ontario Home Renewal Program
Assets					
Cash	\$ 299,384	\$ 4,563	\$ 71,166	\$ 222,634	\$ 1,021
Accounts receivable	5,283	4,867	-	-	416
Investments, at cost (market value \$464,086)	374,453	374,453	-	-	-
	\$ 679,120	\$ 383,883	\$ 71,166	\$ 222,634	\$ 1,437
Liabilities and Fund Balances					
Due to operating fund	\$ 12,967	\$ 12,668	\$ -	\$ -	\$ 299
Trust fund:					
Balances - capital	591,135	296,197	71,166	222,634	1,138
- income	75,018	75,018	-	-	-
	666,153	371,215	71,166	222,634	1,138
	\$ 679,120	\$ 383,883	\$ 71,166	\$ 222,634	\$ 1,437

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, 2003

	Total	Cemetery Care and Maintenance Fund	Library Bequest	Developer Deposits	Ontario Home Renewal Program
Funds balance at the beginning of the year	\$ 597,743	\$ 382,833	\$ 26,172	\$ 187,402	\$ 1,336
Revenues:					
Cemetery care and maintenance	8,701	8,701	—	—	—
Other	72,566	—	14,066	58,500	—
Gain on sale of investments	47,017	—	47,017	—	—
Interest and dividends earned	32,446	25,686	1,927	4,803	30
	160,730	34,387	63,010	63,303	30
Expenditures:					
Contributions to operating fund	64,021	46,005	18,016	—	—
Other	28,299	—	—	28,071	228
	92,320	46,005	18,016	28,071	228
Funds balance at the end of the year	\$ 666,153	\$ 371,215	\$ 71,166	\$ 222,634	\$ 1,138

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, 2003

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, 2003 comprise repayable loans of \$416 (2002 - \$615). 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.



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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, 2003 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 financial debt 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, 2003 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.

KPMGLLP

Chartered Accountants

Kingston, Canada

March 16, 2004

PORT HOPE PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2003, with comparative figures for 2002

	2003	2002
Assets		
Financial assets:		
Cash	\$ 137,213	\$ 41,038
GST receivable	6,414	7,067
	<u>143,627</u>	<u>48,105</u>
Liabilities:		
Accounts payable and accrued liabilities	8,086	9,792
Due to the Municipality of Port Hope:		
Capital (note 4)	475,180	553,721
Operating	31,426	24,701
	<u>514,692</u>	<u>588,214</u>
Net financial debt	(371,065)	(540,109)
Other assets:		
Prepaid expenses	7,932	7,671
Total net debt	<u>\$ (363,133)</u>	<u>\$ (532,438)</u>
Municipal position:		
Current fund	\$ 56,354	\$ 14,659
Capital fund, unfinanced balance (note 4)	(419,487)	(547,097)
Total municipal position	<u>\$ (363,133)</u>	<u>\$ (532,438)</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, 2003, with comparative figures for 2002

	2003 (Budget) (Unaudited)	2003 (Actual)	2002 (Actual)	(Actual)
Revenue:				
Operating:				
Municipal development charges	\$ 40,000	\$ 65,570	\$ -	\$ -
Municipal contributions	356,135	359,835	342,700	342,700
Province of Ontario grant	29,453	31,828	29,453	29,453
Other government funding	11,658	11,926	4,624	4,624
Transfers from trust fund	-	18,016	7,068	7,068
Fines and fees	21,000	14,941	18,654	18,654
Interest and miscellaneous	200	1,101	1,797	1,797
Donations	-	22,802	12,630	12,630
	<u>458,446</u>	<u>526,019</u>	<u>416,926</u>	<u>416,926</u>
Expenditures:				
Current:				
Grant expenditure	-	5,817	-	-
Salaries and benefits	314,000	322,091	305,458	305,458
Books	44,932	44,795	40,601	40,601
Periodicals and newspapers	1,550	3,823	1,433	1,433
Utilities	24,000	32,941	18,279	18,279
Maintenance and cleaning	19,282	19,723	13,288	13,288
Miscellaneous	15,612	14,788	12,832	12,832
Insurance	5,350	2,528	1,945	1,945
Conferences and professional development	700	1,548	2,309	2,309
Office expense	15,300	15,809	17,170	17,170
Computer maintenance and training	14,020	17,134	17,888	17,888
Total current expenditures	<u>454,746</u>	<u>480,997</u>	<u>431,203</u>	<u>431,203</u>
Net revenues (expenditures)	3,700	45,022	(14,277)	(14,277)
Financing and transfers:				
Transfer to/from capital	(3,700)	(3,327)	111,575	111,575
Net financing and transfers	<u>(3,700)</u>	<u>(3,327)</u>	<u>111,575</u>	<u>111,575</u>
Change in current fund balance	-	41,695	97,298	97,298
Current fund balance, beginning of year	-	14,659	(82,639)	(82,639)
Current fund balance, end of year	\$ -	\$ 56,354	\$ 14,659	\$ 14,659

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, 2003, with comparative figures for 2002

	2003	2002
Revenues:		
Provincial grant	\$ -	\$ 73,083
Municipal development charges	82,959	55,779
Building fundraising	49,069	69,081
Total revenues	132,028	197,943
Expenditures:		
Library renovations:		
Construction	4,418	299,928
Fundraising costs	96	2,442
Computer equipment	3,231	40,984
	7,745	343,354
Net revenues (expenditures)	124,283	(145,411)
Financing and transfers:		
Transfer to/from current fund	3,327	(111,575)
Net financing and transfers	3,327	(111,575)
Change in capital fund balance	127,610	(256,986)
Capital fund balance, beginning of year	(547,097)	(290,111)
Capital fund balance, end of year	\$ (419,487)	\$ (547,097)

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, 2003, with comparative figures for 2002

	2003	2002
Cash provided by (used in):		
Operations:		
Net revenues (expenditures):		
- current fund	\$ 45,022	\$ (14,277)
- capital fund	124,283	(145,411)
	<u>169,305</u>	<u>(159,688)</u>
Sources (uses) of funds:		
GST receivable	653	807
Prepaid expenses	(261)	621
Accounts payable	(1,706)	(14,303)
Due to the Municipality of Port Hope	(71,816)	153,976
	<u>(73,130)</u>	<u>141,101</u>
Increase (decrease) in cash and cash equivalents	96,175	(18,587)
Cash and cash equivalents, beginning of year	41,038	59,625
Cash and cash equivalents, end of year	<u>\$ 137,213</u>	<u>\$ 41,038</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, 2003

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 \$71,166 (2002 - \$26,172) 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, 2003

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.

The contribution holiday ended as of December 31, 2002, therefore the amount contributed to OMERS for 2003 was \$2,476 (2002 - \$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 \$2,532,572 has been spent on the project to date and has been funded by municipal contributions and fundraising donations net of associated costs. An amount of \$498,028 (2002 - \$547,097) remains unfinanced at December 31, 2003 with respect to this project.

5. Commitments:

The Port Hope Library Board has entered into an agreement to upgrade the Information Management System at an estimated cost of \$69,722. A total cost of \$22,840 has been incurred as at December 31, 2003.

6. Budget figures:

Budget figures are compiled from the 2003 fiscal year operating budget approved by the Board and are not subject to audit.



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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, 2003 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.

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 trust fund held by 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 trust and we were unable to determine whether any adjustments might be necessary to income, expenditures, assets and fund balance.

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 trust fund held by the Port Hope Public Library Board as at December 31, 2003 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

March 16, 2004

PORT HOPE PUBLIC LIBRARY BOARD

Trust Fund Statement of Financial Position

December 31, 2003, with comparative figures for 2002

	2003	2002
Assets		
Current assets:		
Cash	\$ 71,166	\$ 3,545
Investments, at cost (note 2)	—	22,627
	<u>\$ 71,166</u>	<u>\$ 26,172</u>
Liabilities and Fund Balance		
Fund balance:		
Capital	\$ 71,166	\$ 26,172

Trust Fund Statement of Continuity

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
Balance at beginning of year	\$ 26,172	\$ 29,147
Income:		
Interest and dividends earned	1,927	1,678
Donations	14,066	2,415
Gain on sale of investments	47,017	—
Expenditure:		
Transfer to Operating Fund	18,016	7,068
Balance at end of year	<u>\$ 71,166</u>	<u>\$ 26,172</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, 2003

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 \$Nil (2002 - \$22,627) reported on the Trust Fund Statement of Financial Position at cost have a market value of \$ Nil (2002 - \$59,266) at the end of the year.



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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, 2003 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, 2003 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 16, 2004

MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Statement of Financial Position

December 31, 2003, with comparative figures for 2002

	2003	2002
Assets		
Financial assets:		
GST receivable	\$ 7,263	\$ -
Due from Care and Maintenance Trust Fund	12,668	15,642
<u>Total</u>	<u>19,931</u>	<u>15,642</u>
Liabilities:		
Due to the Municipality of Port Hope	19,931	14,483
GST payable	-	1,159
<u>Total</u>	<u>19,931</u>	<u>15,642</u>
<u>Net financial assets</u>	<u>\$ -</u>	<u>\$ -</u>
Municipal Position		
Net expenditures for the year	\$ -	\$ (17,695)
Current fund	-	17,695
Capital fund	(59,665)	-
<u>Capital fund, end of year</u>	<u>\$ (59,665)</u>	<u>\$ -</u>

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, 2003, with comparative figures for 2002

	Budget 2003	Actual 2003	Actual 2002
	(unaudited)		
Revenue:			
Provided by municipality from tax levy	\$ 25,725	\$ 25,725	\$ 24,500
Sale of plots	22,000	16,725	28,135
Sale of columbariums	12,000	13,408	12,112
Vault charges	—	900	—
Interment charges	22,500	25,596	21,515
Rental income	7,200	7,200	7,200
Transfer from Care and Maintenance			
Trust Fund income account	30,000	46,005	15,652
Contribution from municipal reserves	—	3,397	—
Miscellaneous	4,400	2,695	3,673
Total revenues	123,825	141,651	112,787
Expenditures:			
Wages and employee benefits	51,925	49,849	49,936
Office expense	2,600	2,832	1,987
Supplies, utilities and maintenance	42,100	32,368	37,201
Interment costs	4,000	1,432	5,330
Contribution to municipal reserves	—	—	19,750
Columbarium construction	2,200	2,340	2,200
Transfer to Care and Maintenance			
Trust Fund capital account	7,000	8,701	14,078
Capital repairs	3,000	36,420	—
Cemetery garage	11,000	67,374	—
Total expenditures	123,825	201,316	130,482
Net expenditures - unfinanced capital (note 3)	\$ —	\$ (59,665)	\$ (17,695)

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, 2003

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 \$371,215 (2002 - \$382,833) has not been included in the "Statement of Financial Position" nor has its operations been included in the "Statement of Financial Activities".

3. Unfinanced capital:

As at December 31, 2003, the Cemetery Board held unfinanced capital in the amount of \$59,665. This represents the unfinanced balance of \$36,420 for the new columbarium that will be funded from a portion of the future sale of niches and the remaining unfinanced balance of \$23,245 relates to the new work garage and will be repaid over the next two years with annual payments of \$12,000 plus interest.

4. 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.



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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, 2003 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, 2003 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 16, 2004

MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Care and Maintenance Trust Fund Statement of Financial Position

December 31, 2003, with comparative figures for 2002

	2003	2002
Assets		
Current assets:		
Cash	\$ 4,563	\$ 3,093
Accrued interest	4,867	5,611
	<u>9,430</u>	<u>8,704</u>
Investments, at cost (note 2)	374,453	389,771
Total assets	\$ 383,883	\$ 398,475
Liabilities and Fund Balance		
Current liabilities:		
Due to Operating Fund	\$ 12,668	\$ 15,642
Fund balance:		
Capital	296,197	287,496
Income	75,018	95,337
	<u>371,215</u>	<u>382,833</u>
Total liabilities and fund balance	\$ 383,883	\$ 398,475

Care and Maintenance Trust Fund Statement of Continuity

Year ended December 31, 2003, with comparative figures for 2002

	2003	2002
Balance at beginning of year	\$ 382,833	\$ 376,235
Revenue:		
Capital receipts, care and maintenance	8,701	14,078
Interest earned	25,686	8,172
	<u>34,387</u>	<u>22,250</u>
Expenditure:		
Transfer to Operating Fund	(46,005)	(15,652)
Balance at end of year	\$ 371,215	\$ 382,833

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, 2003

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 \$374,453 (2002 - \$389,771) reported on the statement of financial position at cost, have a market value of \$381,176 (2002 - \$401,727) at the end of the year.