

Consolidated Financial Statements

**CORPORATION OF THE  
MUNICIPALITY OF PORT HOPE**

Year ended December 31, 2002

Consolidated Financial Statements

## **CORPORATION OF THE MUNICIPALITY OF PORT HOPE**

Year ended December 31, 2002

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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, 2002 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, 2002 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 20, 2003



# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

## Consolidated Statement of Financial Position

December 31, 2002, with comparative figures for 2001

	2002	2001
<b>Assets</b>		
Financial assets:		
Cash and short-term deposits	\$ 46,871	\$ 59,483
Taxes receivable (note 2)	2,069,271	2,114,841
Accounts receivable	1,419,874	1,694,486
Investments, at cost (note 4)	30,239,702	29,077,022
	<u>33,775,718</u>	<u>32,945,832</u>
Liabilities:		
Accounts payable and accrued liabilities	3,999,280	3,889,917
Deferred revenue – obligatory reserve funds (note 12)	1,643,466	1,213,264
Deferred revenue – other	21,034,748	20,531,583
Net long-term liabilities (note 6)	946,000	1,252,000
	<u>27,623,494</u>	<u>26,886,764</u>
Net financial assets	6,152,224	6,059,068
Other assets:		
Inventory	100,776	93,827
Total net assets	<u>\$ 6,253,000</u>	<u>\$ 6,152,895</u>
Municipal position:		
Current fund (note 7)	\$ (17,644)	\$ 31,677
Capital fund (note 7)	(4,008,004)	(3,070,408)
Reserves	3,078,745	2,838,117
Reserve funds	8,145,903	7,605,509
Fund balances	<u>7,199,000</u>	<u>7,404,895</u>
Amounts to be recovered from future revenues	(946,000)	(1,252,000)
Commitments (note 10)		
Contingent liabilities (note 11)		
Total municipal position	<u>\$ 6,253,000</u>	<u>\$ 6,152,895</u>

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, 2002, with comparative figures for 2001

	2002	2001
<b>Revenues:</b>		
Property taxation	\$ 8,478,815	\$ 8,005,819
Taxation from other governments	401,418	426,324
User charges	4,251,433	3,869,792
Government grants	1,386,255	877,479
Grants from other municipalities	47,370	16,893
Investment income	707,634	836,528
Penalties and interest on taxes	287,358	228,343
Transfer from deferred obligatory reserve funds	574,319	104,623
Donations	104,205	640,632
Other	174,940	319,016
Proceeds from sale of Port Hope Hydro (note 8)	-	9,607,521
<b>Total revenues</b>	<b>16,413,747</b>	<b>24,932,970</b>
<b>Expenditures:</b>		
<b>Current:</b>		
General government	1,336,815	1,732,860
Protection to persons and property	3,946,295	3,611,518
Transportation services	2,704,196	2,684,657
Environmental services	1,898,152	1,871,210
Cemetery	110,732	108,828
Library	431,203	423,249
Recreational and cultural services	2,013,539	1,746,377
Planning and development	522,606	452,264
<b>Total current expenditures</b>	<b>12,963,538</b>	<b>12,630,963</b>
<b>Capital:</b>		
General government	49,964	14,485
Protection to persons and property	334,768	92,864
Transportation services	840,853	926,959
Environmental services	819,128	1,823,465
Library	349,970	2,080,705
Recreation and cultural services	901,188	2,402,605
Planning and development	61,182	15,106
<b>Total capital expenditures</b>	<b>3,357,053</b>	<b>7,356,189</b>
<b>Total expenditures</b>	<b>16,320,591</b>	<b>19,987,152</b>
<b>Increase in net financial assets</b>	<b>93,156</b>	<b>4,945,818</b>
<b>Financing and transfers:</b>		
Debt principal repayments	(306,000)	(401,000)
Change in non-financial assets	6,949	-
	(299,051)	(401,000)
<b>Increase in fund balances</b>	<b>\$ (205,895)</b>	<b>\$ 4,544,818</b>

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, 2002

	2002
Operations:	
Net revenues	\$ 93,156
Net change in non-cash working capital items:	
Decrease in taxes receivable	45,570
Decrease in accounts receivable	274,612
Increase in accounts payable and accrued liabilities	109,363
Increase in deferred revenue	503,165
Increase in deferred revenues - obligatory reserve funds	430,202
	<u>1,362,912</u>
Net change in cash from operations	<u>1,456,068</u>
Investing:	
Increase in investments	(1,162,680)
Financing:	
Debt principal repayments	(306,000)
Increase in cash and cash equivalents	<u>(12,612)</u>
Cash and cash equivalents, beginning of year	59,483
Cash and cash equivalents, end of year	<u>\$ 46,871</u>

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, 2002

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## 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, 2002

## 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	
	2002	2001	2002	2001
Amounts requisitioned and collected	\$ 5,813,848	\$ 6,502,060	\$ 4,659,484	\$ 4,419,276

## 3. Trust funds:

Trust funds administered by the Municipality amounting to \$597,743 (2001 - \$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".



# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2002

## 4. Investments:

	2002		2001	
	Cost	Market value	Cost	Market value
Cash and cash equivalents	\$ 1,582,417	\$ 1,584,611	\$ -	\$ -
Fixed income securities	28,657,285	28,901,282	29,077,022	29,218,972
	<u>\$ 30,239,702</u>	<u>\$ 30,485,893</u>	<u>\$ 29,077,022</u>	<u>\$ 29,218,972</u>

## 5. 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 2002 was \$Nil (2001 - \$Nil) for current service.

## 6. 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:

	2002	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	\$ 946,000	\$ 1,252,000

(b) Of the net long-term liabilities reported in (a) of this note, \$946,000 in principal payments are payable from 2003 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, 2002

## 7. 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 (\$17,644) (2001 - \$31,677) and (\$4,008,004) (2001 - (\$3,070,408)) respectively at the end of the year are comprised of the following:

	2002	2001
To be recovered from operations of the operating fund	\$ (497,276)	\$ (368,096)
To be applied to operations of the Water Area	460,729	460,729
To be applied to operations of the Heritage Business Improvement Area	4,244	3,988
To be recovered from operations of the Public Library Board	14,659	(82,639)
To be applied to operations of the Cemetery Board	-	17,695
	(17,644)	31,677
Acquisition of fixed assets to be financed from:		
Transfers to (from) reserves and reserve funds	10,000	(141,681)
Proceeds of long-term liabilities	(2,285,056)	(2,155,931)
Taxation or user charges	(116,604)	(40,680)
Donations	(1,616,344)	(732,116)
	(4,008,004)	(3,070,408)
	\$ (4,025,648)	\$ (3,038,731)

- (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, 2002 has been reduced by an amount of \$90,312 transferred to reserves. Had this reduction not been made, the balance available for the general reduction of taxation would have shown a deficit of \$406,964.

As well, the balance available for the general reduction of water and sewer user fees for the fiscal year ending December 31, 2002 has been reduced by an amount of \$40,322 for water and \$149,104 for sewer transferred to the respective reserve funds.

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2002

## 8. 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:

	2002	2001
Principal payments	\$ 306,000	\$ 401,000
Interest	81,421	116,238
	<u>\$ 387,421</u>	<u>\$ 517,238</u>

## 9. Proceeds from sale of Port Hope Hydro:

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.

## 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 \$127,000 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, 2002 in the amount of \$132,654, 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 \$20 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, 2002

## 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, 2002, 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:

	2002	2001
Balance, beginning of year	\$ 1,213,264	\$ 1,012,869
Development contributions	912,325	263,509
Investment income	92,196	41,509
Transfers from (to) current fund	(512,000)	11,877
Transfers to capital fund	(62,319)	(116,500)
<b>Balance, end of year</b>	<b>\$ 1,643,466</b>	<b>\$ 1,213,264</b>
Analyzed as follows:		
Parkland	\$ 51,274	\$ 20,107
Development charges	1,460,002	1,072,118
Sunshine Heights	68,436	62,654
Other	63,754	58,385
	<b>\$ 1,643,466</b>	<b>\$ 1,213,264</b>

## 13. Supplementary information:

	2002	2001
Current fund expenditure by object:		
Salaries, wages and employee benefits	\$ 7,941,785	\$ 6,994,314
Long-term debt interest expense	81,422	116,238
Materials, services, rents and financial expenses	4,707,288	5,133,484
Transfers to others	225,543	386,927
<b>Total</b>	<b>\$12,956,038</b>	<b>\$12,630,963</b>

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2002

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**14. Budget figures:**

The Municipality reviews its operating and capital budgets annually. The approved operating and capital budgets for 2002 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 2001 comparative figures have been reclassified to conform with the financial statement presentation adopted in 2002.

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

## Consolidated Schedule of Current Fund Operations

Year ended December 31, 2002, with comparative figures for 2001

	Budget 2002	Actual 2002	Actual 2001
	(unaudited)		
Revenues:			
Property taxation	\$ 8,445,800	\$ 8,478,815	\$ 8,005,819
Taxation from other governments	434,500	401,418	426,324
User charges	4,218,011	4,251,433	3,869,792
Government grants	560,900	724,227	877,479
Grants from other municipalities	20,000	47,370	16,893
Investment income	840,000	463,684	586,214
Penalties and interest on taxes	230,000	287,358	228,343
Transfer from (to) deferred obligatory reserve funds	512,000	512,000	(11,877)
Other	-	55,134	72,304
<b>Total revenues</b>	<b>15,261,211</b>	<b>15,221,439</b>	<b>14,071,291</b>
Expenditures:			
General government	1,441,088	1,329,315	1,732,860
Protection to persons and property	3,949,880	3,946,295	3,611,518
Transportation services	2,556,657	2,704,196	2,684,657
Environmental services	2,247,446	1,898,152	1,871,210
Cemetery	24,500	110,732	108,828
Library	342,700	431,203	423,249
Recreation and culture	1,963,061	2,013,539	1,746,377
Planning and development	564,800	522,606	452,264
<b>Total expenditures</b>	<b>13,090,132</b>	<b>12,956,038</b>	<b>12,630,963</b>
<b>Net revenues</b>	<b>2,171,079</b>	<b>2,265,401</b>	<b>1,440,328</b>
Financing and transfers:			
Debt principal repayments	(306,000)	(306,000)	(401,000)
Transfers to capital fund	(1,623,292)	(1,597,271)	(1,746,600)
Transfers to reserves and reserve funds	-	(418,400)	(274,152)
Change in non-financial assets	-	6,949	-
	(1,929,292)	(2,314,722)	(2,421,752)
<b>Change in current fund balance</b>	<b>241,787</b>	<b>(49,321)</b>	<b>(981,424)</b>
<b>Opening current fund balance</b>	<b>(241,787)</b>	<b>31,677</b>	<b>1,013,101</b>
<b>Closing current fund balance</b>	<b>\$ -</b>	<b>\$ (17,644)</b>	<b>\$ 31,677</b>

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

## Consolidated Schedule of Capital Fund Operations

Year ended December 31, 2002, with comparative figures for 2001

	Budget 2002	Actual 2002	Actual 2001
	(unaudited)		
Revenues:			
Proceeds from sale of Port Hope Hydro (note 9)	\$ -	\$ -	\$ 9,607,521
Donations	4,000	104,205	640,632
Government grant	-	662,028	-
Other	145,000	101,297	-
Transfers from deferred obligatory reserve funds	-	62,319	116,500
<b>Total revenues</b>	<b>149,000</b>	<b>929,849</b>	<b>10,364,653</b>
Expenditures:			
General government	929,113	49,964	14,485
Protection to persons and property	409,692	334,768	92,864
Transportation services	1,359,200	840,853	926,959
Environmental services	839,433	819,128	1,823,465
Library	-	349,970	2,080,705
Recreational and cultural services	508,200	901,188	2,402,605
Planning and development	71,600	61,182	15,106
<b>Total expenditures</b>	<b>4,117,238</b>	<b>3,357,053</b>	<b>7,356,189</b>
<b>Net revenues</b>	<b>(3,968,238)</b>	<b>(2,427,204)</b>	<b>3,008,464</b>
Financing and transfers:			
Transfers from (to) reserves and reserve funds	1,449,946	(107,663)	(6,542,465)
Transfers from current fund	1,623,292	1,597,271	1,746,600
<b>Net financing and transfers</b>	<b>3,073,238</b>	<b>1,489,608</b>	<b>(4,795,865)</b>
<b>Change in capital fund balance</b>	<b>(895,000)</b>	<b>(937,596)</b>	<b>(1,787,401)</b>
<b>Opening capital fund balance</b>	<b>(3,070,408)</b>	<b>(3,070,408)</b>	<b>(1,283,007)</b>
<b>Closing capital fund balance</b>	<b>\$(3,965,408)</b>	<b>\$(4,008,004)</b>	<b>\$(3,070,408)</b>

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

## Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2002, with comparative figures for 2001

	2002	2001
Revenues:		
Investment income	\$ 243,950	\$ 250,314
Other	18,509	246,712
Total revenues	262,459	497,026
Expenditures:		
Other	7,500	-
Net revenues	254,959	497,026
Net transfers from other funds:		
Transfers from current fund	418,400	274,152
Transfers from capital fund	107,663	6,542,465
Total net transfers	526,063	6,816,617
Change in reserves and reserve fund balances	781,022	7,313,643
Opening reserves and reserve fund balance	10,443,626	3,129,983
Closing reserves and reserve fund balance	\$ 11,224,648	\$ 10,443,626
Analyzed as follows:		
Reserves set aside for specific purposes by Council:		
Working capital	\$ 941,918	\$ 941,918
Acquisition of fixed assets	1,398,603	1,638,811
Contingencies	10,000	10,000
Sick leave	22,297	22,297
Insurance	31,446	31,446
Other	674,481	193,645
Total reserves	3,078,745	2,838,117
Reserve funds set aside for specific purposes by Council:		
Fire	2,881	1,735
Waterworks system	919,086	676,242
Sanitary sewer	149,104	-
Hydro proceeds	6,737,807	6,604,540
Roads	113,691	104,085
Recreational services	28,727	20,823
Other	194,607	198,084
Total reserve funds	8,145,903	7,605,509
Total reserves and reserve funds	\$ 11,224,648	\$ 10,443,626





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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.

*Kpm GLLP*

Chartered Accountants

Kingston, Canada  
March 20, 2003



# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Heritage Business Improvement Area

## Statement of Revenues and Expenditures and Surplus

Year ended December 31, 2002, with comparative figures for 2001

	2002	2001
Revenues:		
Net levy	\$ 28,941	\$ 27,104
Donations	5,000	-
Contribution from Municipality	14,700	7,200
	<u>48,641</u>	<u>34,304</u>
Expenditures:		
Stationery, supplies and office	298	531
Improvements	33,629	28,187
Advertising	14,458	19,837
	<u>48,385</u>	<u>48,555</u>
Net revenues over expenditures (expenditures over revenues)	256	(14,251)
Surplus, beginning of year	3,988	18,239
Surplus, end of year	<u>\$ 4,244</u>	<u>\$ 3,988</u>

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Two Year Financial Review (Unaudited)

(All dollar amounts are in thousands of dollars)

	2002	2001
<b>1. Assessment:</b>		
Taxable assessment upon which the year's rates of taxation were set		
Residential and farm	\$ 748,778	\$ 734,195
Commercial and industrial and pipelines	134,686	133,924
Multi-residential	27,930	26,308
<b>Total</b>	<b>\$ 911,394</b>	<b>\$ 894,427</b>
<b>2. Tax rates – Ward 1:</b>		
Residential:		
School	\$ .003730	\$ .003730
County	.004585	.004292
General	.010322	.009813
<b>Total</b>	<b>\$ .018637</b>	<b>\$ .017835</b>
Tax rates – Ward 2:		
Residential:		
School	\$ .003730	\$ .003730
County	.004585	.004292
General	.004023	.003882
<b>Total</b>	<b>\$ .012338</b>	<b>\$ .011904</b>
<b>3. Revenues – Current fund:</b>		
Taxation	\$ 8,479	\$ 8,006
Payments in lieu of taxes	401	426
Government grants	724	877
User charges	4,251	3,870
Other	1,366	892
<b>Total</b>	<b>\$ 15,221</b>	<b>\$ 14,071</b>
<b>4. Tax Arrears:</b>		
Principal	\$ 1,879	\$ 1,959
Penalty and interest	190	226
<b>Total</b>	<b>2,069</b>	<b>\$ 2,185</b>
Percentage of current levy	10.8%	11.4%
<b>5. Schools and County Transfers:</b>		
County	\$ 4,659	\$ 4,419
Education	5,814	6,502
<b>Total</b>	<b>10,473</b>	<b>\$ 10,921</b>
<b>6. Capital Expenditures</b>	<b>\$ 3,357</b>	<b>\$ 7,356</b>
<b>7. Capital Financing:</b>		
Own funds	\$ 1,490	\$ (4,795)
Grants	662	–
Proceeds from sale of Port Hope Hydro	–	9,607
Donations	104	641
Other	164	116
<b>Total</b>	<b>2,420</b>	<b>\$ 5,569</b>
<b>8. Unfinanced Capital at year end</b>	<b>\$ (4,008)</b>	<b>\$ (3,070)</b>
<b>9. Net Revenue year end General</b>	<b>(497)</b>	<b>\$ (368)</b>



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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, 2002 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, 2002 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 20, 2003



# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

## Trust Funds

### Statement of Financial Position

Year ended December 31, 2002

	Total	Cemetery Care and Maintenance Fund	Library Bequest	Developers Deposits	Ontario Home Renewal Program
<b>Assets</b>					
Cash	\$ 186,783	\$ 3,093	\$ 3,545	\$ 179,154	\$ 991
Accounts receivable	6,226	5,611	—	—	615
Investments, at cost (market value \$464,086)	412,398	389,771	22,627	—	—
Due from operating fund	8,248	—	—	8,248	—
	<b>\$ 613,655</b>	<b>\$ 398,475</b>	<b>\$ 26,172</b>	<b>\$ 187,402</b>	<b>\$ 1,606</b>
<b>Liabilities and Fund Balances</b>					
Due to operating fund	\$ 15,912	\$ 15,642	\$ —	\$ —	\$ 270
Trust fund:					
Balances - capital	502,406	287,496	26,172	187,402	1,336
- income	95,337	95,337	—	—	—
	<b>597,743</b>	<b>382,833</b>	<b>26,172</b>	<b>187,402</b>	<b>1,336</b>
	<b>\$ 613,655</b>	<b>\$ 398,475</b>	<b>\$ 26,172</b>	<b>\$ 187,402</b>	<b>\$ 1,606</b>

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, 2002

	Total	Cemetery Care and Maintenance Fund	Library Bequest	Developer Deposits	Ontario Home Renewal Program
Funds balance at the beginning of the year	\$ 535,554	\$ 376,235	\$ 29,147	\$ 128,651	\$ 1,521
Revenues:					
Cemetery care and maintenance	14,078	14,078	—	—	—
Other	69,415	—	2,415	67,000	—
Interest and dividends earned	12,717	8,172	1,678	2,843	24
	96,210	22,250	4,093	69,843	24
Expenditures:					
Contributions to operating fund	22,720	15,652	7,068	—	—
Other	11,301	—	—	11,092	209
	34,021	15,652	7,068	11,092	209
Funds balance at the end of the year	\$ 597,743	\$ 382,833	\$ 26,172	\$ 187,402	\$ 1,336

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, 2002

---

## 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, 2002 comprise repayable loans of \$615 (2001 - \$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.



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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, 2002 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, 2002 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 20, 2003





# PORT HOPE PUBLIC LIBRARY BOARD

## Statement of Financial Position

December 31, 2002, with comparative figures for 2001

	2002	2001
<b>Assets</b>		
Financial assets:		
Cash	\$ 41,038	\$ 59,625
GST receivable	7,067	7,874
	<u>48,105</u>	<u>67,499</u>
Liabilities:		
Accounts payable and accrued liabilities	9,792	24,094
Due to the Municipality of Port Hope:		
Capital (note 4)	553,721	412,165
Operating	24,701	12,282
	<u>588,214</u>	<u>448,541</u>
Net financial assets (debt)	(540,109)	(381,042)
Other assets:		
Prepaid expenses	7,671	8,292
Total net assets (debt)	<u>\$ (532,438)</u>	<u>\$ (372,750)</u>
Municipal position:		
Current fund	\$ 14,659	\$ (82,639)
Capital fund, unfinanced balance (note 4)	(547,097)	(290,111)
Total municipal position	<u>\$ (532,438)</u>	<u>\$ (372,750)</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, 2002, with comparative figures for 2001

	2002 (Budget) (Unaudited)	2002 (Actual)	2001 (Actual)
<b>Revenue:</b>			
<b>Operating:</b>			
Municipal contributions	\$ 342,700	\$ 342,700	\$ 285,498
Province of Ontario grant	29,453	29,453	29,453
Other government funding	6,906	4,624	4,996
Transfers from trust fund	—	7,068	3,799
Fines and fees	13,000	18,654	12,232
Interest and miscellaneous	6,550	1,797	1,758
Donations	500	12,630	672
	<u>399,109</u>	<u>416,926</u>	<u>338,408</u>
<b>Expenditures:</b>			
<b>Current:</b>			
Salaries and benefits	269,744	305,458	246,208
Books	62,400	40,601	52,420
Periodicals and newspapers	4,100	1,433	3,547
Utilities	11,500	18,279	7,437
Maintenance and cleaning	12,800	13,288	3,146
Miscellaneous	18,925	12,832	12,181
Insurance	3,600	1,945	2,391
Conferences and professional development	2,500	2,309	849
Office expense	16,200	17,170	28,605
Computer maintenance and training	11,800	17,888	7,378
Fundraising costs	—	—	59,087
Total current expenditures	<u>413,569</u>	<u>431,203</u>	<u>423,249</u>
Net expenditures	(14,460)	(14,277)	(84,841)
<b>Financing and transfers:</b>			
Transfer from capital	—	111,575	—
Net financing and transfers	<u>—</u>	<u>111,575</u>	<u>—</u>
Change in current fund balance	(14,460)	97,298	(84,841)
Current fund balance, beginning of year	—	(82,639)	2,202
Current fund balance, end of year	\$ (14,460)	\$ 14,659	\$ (82,639)

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, 2002, with comparative figures for 2001

	2002	2001
Revenues:		
Provincial grant	\$ 73,083	\$ -
Municipal development charges	55,779	-
Municipal contribution	-	1,168,540
Building fundraising	69,081	622,054
Total revenues	197,943	1,790,594
Expenditures:		
Library renovations:		
Construction	299,928	2,080,705
Fundraising costs	2,442	-
Computer equipment	40,984	-
	343,354	2,080,705
Net expenditures	(145,411)	(290,111)
Financing and transfers:		
Transfer to current fund	(111,575)	-
Net financing and transfers	(111,575)	-
Change in capital fund balance	(256,986)	(290,111)
Capital fund balance, beginning of year	(290,111)	-
Capital fund balance, end of year	\$ (547,097)	\$ (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, 2002, with comparative figures for 2001

	2002	2001
Cash provided by (used in):		
Operations:		
Net expenditures:		
- current fund	\$ (14,277)	\$ (84,841)
- capital fund	(145,411)	(290,111)
	<u>(159,688)</u>	<u>(374,952)</u>
Sources (uses) of funds:		
GST receivable	807	(4,197)
Prepaid expenses	621	(7,293)
Accounts payable	(14,303)	14,400
Due to the Municipality of Port Hope	153,976	428,015
	<u>141,101</u>	<u>430,925</u>
Increase (decrease) in cash and cash equivalents	(18,587)	55,973
Cash and cash equivalents, beginning of year	59,625	3,652
Cash and cash equivalents, end of year	<u>\$ 41,038</u>	<u>\$ 59,625</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, 2002

---

## 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 \$26,172 (2001 - \$29,147) 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, 2002

---

## 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 2002 was \$Nil (2001 - \$Nil) for current service. The contribution holiday will end as of December 31, 2002.

## 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 \$547,097 (2001 - \$290,111) remains unfinanced at December 31, 2002 with respect to this project.

## 5. Budget figures:

Budget figures are compiled from the 2002 fiscal year operating budget approved by the Board and are not subject to audit.

## 6. Comparative figures:

Certain 2001 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2002.



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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, 2002 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, 2002 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 20, 2003



# PORT HOPE PUBLIC LIBRARY BOARD

## Trust Fund Statement of Financial Position

December 31, 2002, with comparative figures for 2001

	2002	2001
<b>Assets</b>		
Current assets:		
Cash	\$ 3,545	\$ 6,520
Investments, at cost (note 2)	22,627	22,627
	<u>\$ 26,172</u>	<u>\$ 29,147</u>
<b>Liabilities and Fund Balance</b>		
Fund balance:		
Capital	\$ 26,172	\$ 29,147

## Trust Fund Statement of Continuity

Year ended December 31, 2002, with comparative figures for 2001

	2002	2001
Balance at beginning of year	\$ 29,147	\$ 12,837
Income:		
Interest and dividends earned	1,678	4,229
Donations	2,415	15,880
Expenditure:		
Transfer to Operating Fund	7,068	3,799
Balance at end of year	<u>\$ 26,172</u>	<u>\$ 29,147</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, 2002

---

## 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 (2001 - \$22,627) reported on the Trust Fund Statement of Financial Position at cost have a market value of \$59,266 (2001 - \$73,195) 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, 2002 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, 2002 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 20, 2003



# MUNICIPALITY OF PORT HOPE CEMETERY BOARD

## Statement of Financial Position

December 31, 2002, with comparative figures for 2001

	2002	2001
<b>Assets</b>		
Financial assets:		
GST receivable	\$ -	\$ 10
Due from Care and Maintenance Trust Fund	15,642	13,871
Due from the Municipality of Port Hope	-	4,319
<b>Total</b>	<b>15,642</b>	<b>18,200</b>
Liabilities:		
Due to the Municipality of Port Hope	14,483	505
GST payable	1,159	-
	<b>15,642</b>	<b>505</b>
<b>Net financial assets</b>	<b>\$ -</b>	<b>\$ 17,695</b>
<b>Municipal Position</b>		
Net expenditures for the year	\$ (17,695)	\$ -
Current fund, beginning of year	17,695	17,695
<b>Current fund, end of year</b>	<b>\$ -</b>	<b>\$ 17,695</b>

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, 2002, with comparative figures for 2001

	Budget 2002	Actual 2002	Actual 2001
	(unaudited)		
<b>Revenue:</b>			
Provided by municipality from tax levy	\$ 24,500	\$ 24,500	\$ 25,500
Sale of plots	16,000	28,135	21,316
Sale of columbariums	17,000	12,112	17,690
Vault charges	1,500	—	1,050
Interment charges	26,600	21,515	27,242
Rental income	7,200	7,200	7,200
Transfer from Care and Maintenance Trust Fund income account	27,100	15,652	—
Contribution from municipal reserves	—	—	9,200
Miscellaneous	2,600	3,673	7,911
<b>Total revenues</b>	<b>122,500</b>	<b>112,787</b>	<b>117,109</b>
<b>Expenditures:</b>			
Wages and employee benefits	48,450	49,936	49,120
Office expense	1,200	1,987	1,209
Supplies, utilities and maintenance	60,850	37,201	38,465
Interment costs	3,500	5,330	4,153
Contribution to municipal reserves	—	19,750	8,283
Columbarium construction	2,500	2,200	2,753
Transfer to Care and Maintenance Trust Fund capital account	6,000	14,078	13,126
<b>Total expenditures</b>	<b>122,500</b>	<b>130,482</b>	<b>117,109</b>
<b>Net expenditures</b>	<b>\$ —</b>	<b>\$ (17,695)</b>	<b>\$ —</b>

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, 2002

---

## 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 \$382,833 (2001 - \$376,235) 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.



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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, 2002 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, 2002 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 20, 2003



# MUNICIPALITY OF PORT HOPE CEMETERY BOARD

## Care and Maintenance Trust Fund Statement of Financial Position

December 31, 2002, with comparative figures for 2001

	2002	2001
<b>Assets</b>		
Current assets:		
Cash	\$ 3,093	\$ 21,255
Accrued interest	5,611	4,860
	<u>8,704</u>	<u>26,115</u>
Investments, at cost (note 2)	389,771	363,991
<b>Total assets</b>	<b>\$ 398,475</b>	<b>\$ 390,106</b>

## Liabilities and Fund Balance

Current liabilities:		
Due to Operating Fund	\$ 15,642	\$ 13,871
Fund balance:		
Capital	287,496	273,418
Income	95,337	102,817
	<u>382,833</u>	<u>376,235</u>
<b>Total liabilities and fund balance</b>	<b>\$ 398,475</b>	<b>\$ 390,106</b>

## Care and Maintenance Trust Fund Statement of Continuity

Year ended December 31, 2002, with comparative figures for 2001

	2002	2001
Balance at beginning of year	\$ 376,235	\$ 345,700
Revenue:		
Capital receipts, care and maintenance	14,078	13,126
Interest earned	8,172	17,409
	<u>22,250</u>	<u>30,535</u>
Expenditure:		
Transfer to Operating Fund	(15,652)	—
<b>Balance at end of year</b>	<b>\$ 382,833</b>	<b>\$ 376,235</b>

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, 2002

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## 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 \$389,771 (2001 - \$363,991) reported on the statement of financial position at cost, have a market value of \$401,727 (2001 - \$375,815) at the end of the year.