

Audited Financial Statements and Other Financial  
Information of

**CORPORATION OF THE  
MUNICIPALITY OF PORT HOPE**

Year ended December 31, 2005

Audited Financial Statements and Other Financial Information of

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Year ended December 31, 2005

## CORPORATION OF THE MUNICIPALITY OF PORT HOPE

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Audited Financial Statements and Other Financial Information of

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

Year ended December 31, 2005

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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, 2005 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, 2005 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 23, 2006

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

## Consolidated Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
<b>Assets</b>		
Financial assets:		
Cash	\$ 53,993	\$ 72,463
Taxes receivable (note 2)	3,106,185	2,849,006
Accounts receivable	3,018,845	5,286,022
Investments, at cost (note 6)	30,305,436	29,075,658
	<u>36,484,459</u>	<u>37,283,149</u>
Liabilities:		
Bank indebtedness (note 4)	1,907,892	3,099,619
Capital loans (note 5)	8,650,000	5,900,000
Accounts payable and accrued liabilities	5,526,455	6,378,077
Employee future benefit obligations (note 8)	1,334,235	1,241,837
Deferred revenue – obligatory reserve funds (note 14)	1,566,917	1,676,591
Deferred revenue – other (note 15)	20,667,165	20,632,062
Net long-term liabilities (note 9)	331,000	482,000
	<u>39,983,664</u>	<u>39,410,186</u>
Net financial deficiency	(3,499,205)	(2,127,037)
Other non-financial assets:		
Inventory and prepaid expenses	56,915	19,013
Total net deficiency	<u>\$ (3,442,290)</u>	<u>\$ (2,108,024)</u>
Municipal position:		
Current fund (note 10)	\$ 60,780	\$ (190,966)
Capital fund (note 10)	(13,209,329)	(11,849,601)
Reserves	4,836,857	4,130,078
Reserve funds	6,534,637	7,526,302
Fund balances	<u>(1,777,055)</u>	<u>(384,187)</u>
Amounts to be recovered from future revenues:		
Employee future benefit obligations	(1,334,235)	(1,241,837)
Net long-term liabilities	(331,000)	(482,000)
	<u>(1,665,235)</u>	<u>(1,723,837)</u>
Commitments (notes 12 and 15(b))		
Contingent liabilities (note 13)		
Total municipal position	<u>\$ (3,442,290)</u>	<u>\$ (2,108,024)</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, 2005, with comparative figures for 2004

	2005	2004
<b>Revenues:</b>		
Property taxation	\$ 11,505,901	\$ 10,705,507
Taxation from other governments	346,831	334,178
User charges	5,067,241	4,723,172
Government grants	1,790,775	8,181,293
Grants from other municipalities	146,685	165,904
Investment income	1,410,154	1,447,527
Penalties and interest on taxes	420,641	366,185
Transfer from deferred obligatory reserve funds	1,280,178	663,272
Donations	212,788	114,487
Other	184,822	354,005
<b>Total revenues</b>	<b>22,366,016</b>	<b>27,055,530</b>
<b>Expenditures:</b>		
<b>Current:</b>		
General government	1,735,017	1,572,417
Protection to persons and property	5,092,214	4,945,163
Transportation services	3,014,813	3,112,496
Environmental services	2,201,099	2,670,635
Cemetery	100,091	113,422
Library	536,997	522,113
Recreational and cultural services	1,958,677	2,051,738
Planning and development	875,440	564,834
<b>Total current expenditures</b>	<b>15,514,348</b>	<b>15,552,818</b>
<b>Capital:</b>		
General government	415,429	185,845
Protection to persons and property	464,174	81,427
Transportation services	2,506,369	1,423,064
Environmental services	4,164,038	13,560,074
Cemeteries	29,506	-
Library	63,268	92,113
Recreation and cultural services	401,336	460,710
Planning and development	179,716	115,031
<b>Total capital expenditures</b>	<b>8,223,836</b>	<b>15,918,264</b>
<b>Total expenditures</b>	<b>23,738,184</b>	<b>31,471,082</b>
<b>Net expenditures</b>	<b>(1,372,168)</b>	<b>(4,415,552)</b>
<b>Financing and transfers:</b>		
Debt principal repayments	(151,000)	(141,000)
Change in non-financial assets	37,902	(46,471)
Change in employee future benefit obligations to be recovered	92,398	81,576
	(20,700)	(105,895)
<b>Decrease in fund balances</b>	<b>\$ (1,392,868)</b>	<b>\$ (4,521,447)</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, 2005, with comparative figures for 2004

	2005	2004
Operations:		
Net expenditures	\$ (1,372,168)	\$ (4,415,552)
Net change in non-cash working capital items:		
Increase in taxes receivable	(257,179)	(484,238)
Decrease (increase) in accounts receivable	2,267,177	(3,803,372)
Increase (decrease) in accounts payable and accrued liabilities	(851,622)	2,283,261
Increase in employee future benefit obligations	92,398	81,578
Increase in deferred revenue	35,103	35,725
Increase (decrease) in deferred revenues - obligatory reserve funds	(109,674)	335,642
	<u>1,176,203</u>	<u>(1,551,404)</u>
Net change in cash from operations	(195,965)	(5,966,956)
Investing:		
Decrease (increase) in investments	(1,229,778)	1,534,254
Financing:		
Debt principal repayments	(151,000)	(141,000)
Decrease in cash and cash equivalents	<u>(1,576,743)</u>	<u>(4,573,702)</u>
Bank indebtedness, beginning of year	(8,927,156)	(4,353,454)
Bank indebtedness, end of year	<u>\$ (10,503,899)</u>	<u>\$ (8,927,156)</u>

The Municipality considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less, which includes bank indebtedness and capital loans.

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, 2005

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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  
Harbour Commission

(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".

(iv) Employee future benefit obligations:

The Municipality accrues its obligations for employee benefit plans. The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on services and management's best estimate of salary escalation, retirement ages of employees and expected health care costs.

Actuarial gains (losses), which can arise from changes in actuarial assumptions used to determine the accrued benefit obligation, are amortized over the average remaining service period of active employees, which is 13 years.



# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

## 1. Accounting policies (continued):

### (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 restricted contributions under the authority of provincial legislation and Municipal 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.

### (d) Amounts to be recovered from future revenues:

Amounts to be recovered from future revenues are comprised of employee benefit obligations and net long-term liabilities.

### (e) Investments:

Investments are recorded at cost. If the market value of investments becomes lower than cost and this decline in value is considered to be other than temporary, the investments are written down to market value.

### (f) 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 requisitioned are summarized below:

	School Boards		County of Northumberland	
	2005	2004	2005	2004
Amounts requisitioned	\$ 6,054,390	\$ 6,022,417	\$ 6,508,697	\$ 6,016,117

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

### 3. Trust funds:

Trust funds administered by the Municipality amounting to \$643,502 (2004 - \$622,608) 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 indebtedness:

The Municipality's financial agreement with its bank provides for an operating credit facility of up to \$5,000,000 to finance expenses, pending receipt of property taxes and other income. As at December 31, 2005, \$1,907,892 (2004 - \$3,099,619) was drawn with interest at prime rate less .75%.

### 5. Capital loans:

The Municipality has a financial agreement with the Ontario Strategic Infrastructure Financial Authority (OSIFA) for a capital loan up to a maximum of \$10 million for the interim financing of the new Water Treatment Plant. As at December 31, 2005, \$8,650,000 (2005 - \$5,900,000) has been received as a project advance with interest at 50% of the average of the bankers' acceptance rate and the prime rate. The loan is payable in full at the earlier of the capital project's substantial completion date and May 19, 2009.

### 6. Investments:

	2005		2004	
	Cost	Market value	Cost	Market value
Cash and cash equivalents	\$ 588,918	\$ 588,918	\$ 85,967	\$ 85,967
Fixed income securities	29,716,518	30,300,937	28,989,691	29,716,963
	<u>\$ 30,305,436</u>	<u>\$ 30,889,855</u>	<u>\$ 29,075,658</u>	<u>\$ 29,802,930</u>

### 7. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 121 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 current service in 2005 was \$435,373 (2004 - \$398,830) and is included as an expenditure on the "Consolidated Statement of Financial Activities".

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

## 8. Employee future benefit obligations:

Extended health care and dental benefits: The Municipality provides extended health care, dental and other benefits to its employees. Extended health care and dental benefits continue to be available to early retirees up to the age of 65, with the exception of a closed group of former Port Hope Hydro retirees who receive benefits up until the age of 70.

Life insurance benefits: The Municipality provides a retiree life benefit of one times salary at retirement to eligible full-time non-police members until age 65, with the exception of a closed group of former Port Hope Hydro retirees who do not receive a life benefit.

Early retirement incentive: The Municipality provides Municipal uniform police with an early retirement incentive of one week's pay per year of service under certain conditions.

An independent actuarial study of the employee non-pension retirement benefits has been undertaken. The first and most recent valuation of the employee future benefits was completed for 2004 and applied retroactively to January 1, 2004 with an update performed to December 31, 2005.

The accrued benefit obligation relating to employee non-pension retirement benefits has been actuarially determined using the projected benefit method pro-rated on services. At December 31, 2005, the accrued benefit obligation was \$1,334,235 (2004 - \$1,241,837).

The significant actuarial assumptions adopted in estimating the Municipality's accrued benefit obligations are as follows:

Discount rate	6.0% per annum
Inflation rate	3.0% per annum
Salary escalation	4.0% per annum
Dental benefits escalation	5.0% per annum
Health benefits escalation	10.0% per annum in 2005, scaling down over 15 years to 5.0% in 2019 and later

Information with respect to the Municipality's non-pension retirement obligations is as follows:

	2005	2004
Accrued benefit obligation, January 1, 2005	\$ 1,241,837	\$ 1,160,261
Expense recognized for the year	54,342	52,042
Interest cost	75,031	69,943
Benefits paid for the year	(36,975)	(40,409)
Accrued benefit obligation, December 31, 2005	\$ 1,334,235	\$ 1,241,837

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

## 9. 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:

	2005	2004
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	\$ 331,000	\$ 482,000

- (b) Of the net long-term liabilities reported in (a) of this note, \$331,000 in principal payments are payable from 2006 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.

## 10. 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 \$60,780 (2004 – \$(190,966)) and \$(13,209,329) (2004 – \$(11,849,601)) respectively at the end of the year are comprised of the following:

	2005	2004
To be recovered from operations of the operating fund	\$ 124,499	\$ (61,328)
To be recovered from LLWR interest income – Ward 2	(111,000)	(194,550)
To be applied to operations of the Heritage Business Improvement Area	30,573	14,430
To be applied to operations of the Public Library Board	20,044	56,858
To be recovered from operations of the Cemetery Board	(3,336)	(6,376)
	60,780	(190,966)
Acquisition of fixed assets to be financed from:		
Proceeds of long-term liabilities	(11,967,288)	(10,965,505)
Taxation or user charges	(877,304)	(176,692)
Donations	(364,737)	(707,404)
	(13,209,329)	(11,849,601)
	\$ (13,148,549)	\$ (12,040,567)

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

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

(b) Approval of the Ontario Municipal Board has been obtained for those pending issues of long-term liabilities and commitments to be financed by revenues beyond the term of council and approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The principal and interest payments required to service these pending issues and commitments are within the debt repayment limit prescribed by the Ministry of Municipal Affairs & Housing.

(c) The balance available for the general reduction of taxation for the fiscal year ending December 31, 2005 has been reduced by an amount of \$1,385,074 (2004 - \$464,657) transferred to reserves.

Had this reduction not been made, the amount to be applied to (recovered from) operations of the operating fund would have shown a surplus of \$1,509,573 (2004 - \$403,329).

## 11. 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:

	2005	2004
Principal payments	\$ 151,000	\$ 141,000
Interest	32,346	41,511
	\$ 183,346	\$ 182,511

## 12. Commitments:

(a) The Municipality entered into agreements to design compliance upgrades to the Water Treatment Plant at an estimated cost of \$1.4 million and construction costs for the new Ultra Filtration Water Treatment Plant estimated at \$17.5 million. Design and construction costs of \$16.9 million have been incurred to date.

Federal and provincial funding of \$7.6 million 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 by debentures and future water rates.

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

## 12. Commitments (continued):

(b) The Municipality has entered into an agreement to design environmental upgrades for the Sewage Treatment Plant at an estimated cost of \$1.4 million to be financed by debentures and future sewer rates. Design costs of \$927,000 have been incurred to date.

Federal and provincial funding of \$9.8 million has been obtained through the Canada Ontario Municipal Rural Infrastructure Fund to fund total budgeted project costs of approximately \$19.1 million with the remaining cost to be financed by debentures and future sewer rates.

## 13. 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, 2005, management believes that the Municipality has valid defences and appropriate insurance coverages in place. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material effect on the Municipality's financial position.

## 14. 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:

	2005	2004
Balance, beginning of year	\$ 1,676,591	\$ 1,340,949
Federal grant – gasoline tax	152,143	–
Provincial grant – gasoline tax	35,656	20,069
Development contributions	922,739	901,964
Investment income	59,966	76,881
Transfers from (to) current fund	–	(24,432)
Transfers to capital fund	(1,280,178)	(249,840)
Transfers to reserve funds	–	(389,000)
<b>Balance, end of year</b>	<b>\$ 1,566,917</b>	<b>\$ 1,676,591</b>
Analyzed as follows:		
Parkland	\$ 9,760	\$ 9,433
Development charges	1,346,789	1,647,089
Gasoline tax:		
Provincial	58,225	20,069
Federal	152,143	–
	<b>\$ 1,566,917</b>	<b>\$ 1,676,591</b>

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

## 15. Deferred revenue – other:

- (a) Under the terms of an agreement between the Municipality and the Minister of Natural Resources for the long-term safe management of low-level radioactive waste, the Municipality received a host community fee in the amount of \$20 million representing \$10 million with respect to the former Town of Port Hope and \$10 million with respect to the former Township of Hope.

The agreement sets out a requirement for investment of these funds as well as certain conditions for potential repayment. The Municipality agrees to hold the funds in trust with income earned on the funds available for the Municipality's general use.

- (b) Prior to 2004, 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, 2005 in the amount of \$213,129, the accumulated balance is \$651,460 (2004 - \$629,688). No provision has been made in the financial statements for costs related to any future remedial action.

## 16. Supplementary information:

	2005	2004
Current fund expenditure by object:		
Salaries, wages and employee benefits	\$ 9,340,811	\$ 9,249,648
Long-term debt interest expense	32,346	41,511
Materials, services, rents and financial expenses	4,096,029	4,199,234
Transfers to others	338,697	372,074
Contracted services	1,706,465	1,690,351
<b>Total</b>	<b>\$ 15,514,348</b>	<b>\$ 15,552,818</b>

## 17. Budget figures:

The Municipality reviews its operating and capital budgets annually. The approved operating and capital budgets for 2005 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.

Budgets established for capital funds are based on a project-oriented basis, the costs of which may be carried out over one or more years.

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2005

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## **18 Comparative figures:**

Certain 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2005.



# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

## Consolidated Schedule of Current Fund Operations

Year ended December 31, 2005, with comparative figures for 2004

	Budget 2005 (Unaudited, note 17)	Actual 2005	Actual 2004
<b>Revenues:</b>			
Property taxation	\$ 11,422,000	\$ 11,505,901	\$ 10,705,507
Taxation from other governments	385,100	346,832	334,178
User charges	4,528,601	5,067,241	4,723,172
Government grants	1,006,750	1,138,299	1,486,251
Grants from other municipalities	40,000	146,685	165,904
Investment income	576,000	1,092,220	1,041,675
Penalties and interest on taxes	320,000	420,641	366,185
Transfer from deferred obligatory reserve funds (note 14)	—	—	24,432
Donations	2,450	42,443	—
Other	42,000	184,822	128,312
<b>Total revenues</b>	<b>18,322,901</b>	<b>19,945,084</b>	<b>18,975,616</b>
<b>Expenditures:</b>			
General government	1,571,831	1,735,017	1,572,417
Protection to persons and property	5,292,123	5,092,214	4,945,163
Transportation services	3,250,220	3,014,813	3,112,496
Environmental services	2,605,951	2,201,100	2,670,635
Cemetery	40,000	100,091	113,422
Library	408,000	536,997	522,113
Recreation and culture	2,253,502	1,958,677	2,051,738
Planning and development	737,507	875,439	564,834
<b>Total expenditures</b>	<b>16,159,134</b>	<b>15,514,348</b>	<b>15,552,818</b>
<b>Net revenues</b>	<b>2,163,767</b>	<b>4,430,736</b>	<b>3,422,798</b>
<b>Financing and transfers:</b>			
Debt principal repayments	(180,435)	(151,000)	(141,000)
Transfers to capital fund	(1,699,783)	(1,710,644)	(1,890,129)
Transfers to reserves and reserve funds	(283,549)	(2,447,646)	(1,357,690)
Change in non-financial assets	—	37,902	(46,471)
Change in employee future benefit obligations to be recovered	—	92,398	81,576
	<b>(2,163,767)</b>	<b>(4,178,990)</b>	<b>(3,353,714)</b>
<b>Change in current fund balance</b>	<b>—</b>	<b>251,746</b>	<b>69,084</b>
<b>Opening current fund balance</b>	<b>—</b>	<b>(190,966)</b>	<b>(260,050)</b>
<b>Closing current fund balance</b>	<b>\$ —</b>	<b>\$ 60,780</b>	<b>\$ (190,966)</b>

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

## Consolidated Schedule of Capital Fund Operations

Year ended December 31, 2005, with comparative figures for 2004

	Budget 2005	Actual 2005	Actual 2004
	(Unaudited, note 17)		
Revenues:			
Donations	\$ -	\$ 170,344	\$ 114,487
Government grant	48,000	652,476	6,695,042
Other	261,080	-	115,693
Transfers from deferred obligatory reserve funds (note 14)	26,589,100	1,280,178	249,840
Total revenues	26,898,180	2,102,998	7,175,062
Expenditures:			
General government	420,575	415,429	185,845
Protection to persons and property	528,609	464,174	81,427
Transportation services	2,935,597	2,506,369	1,423,064
Environmental services	26,589,100	4,164,038	13,560,074
Cemeteries	35,000	29,506	-
Library	62,600	63,268	92,113
Recreational and cultural services	488,512	401,336	460,710
Planning and development	273,752	179,716	115,031
Total expenditures	31,333,745	8,223,836	15,918,264
Net expenditures	(4,435,565)	(6,120,838)	(8,743,202)
Financing and transfers:			
Transfers from reserves and reserve funds	2,515,782	3,050,466	2,464,708
Transfers from current fund	1,919,783	1,710,644	1,890,129
Net financing and transfers	4,435,565	4,761,110	4,354,837
Change in capital fund balance	-	(1,359,728)	(4,388,365)
Opening capital fund balance	-	(11,849,601)	(7,461,236)
Closing capital fund balance	\$ -	\$(13,209,329)	\$(11,849,601)

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

## Consolidated Schedule of Reserves and Reserve Funds

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
<b>Revenues:</b>		
Investment income	\$ 317,934	\$ 405,852
Transfers from deferred obligatory reserve funds (note 14)	—	389,000
Other	—	110,000
<b>Net revenues</b>	<b>317,934</b>	<b>904,852</b>
<b>Net transfers from other funds:</b>		
Transfers from current fund	2,447,646	1,357,690
Transfers from (to) capital fund	(3,050,466)	(2,464,708)
<b>Total net transfers</b>	<b>(602,820)</b>	<b>(1,107,018)</b>
<b>Change in reserves and reserve fund balances</b>	<b>(284,886)</b>	<b>(202,166)</b>
<b>Opening reserves and reserve fund balance</b>	<b>11,656,380</b>	<b>11,858,546</b>
<b>Closing reserves and reserve fund balance</b>	<b>\$ 11,371,494</b>	<b>\$ 11,656,380</b>
<b>Analyzed as follows:</b>		
<b>Reserves set aside for specific purposes by Council:</b>		
Working capital	\$ 1,678,704	\$ 1,320,918
Acquisition of fixed assets	2,456,729	2,214,322
Sick leave	22,297	22,297
Insurance	30,453	30,453
Other	648,674	542,088
<b>Total reserves</b>	<b>4,836,857</b>	<b>4,130,078</b>
<b>Reserve funds set aside for specific purposes by Council:</b>		
Fire	4,426	4,278
Waterworks system	—	56,236
Sanitary sewer	115,112	878,407
Hydro proceeds	5,853,487	6,046,643
Roads	93,374	107,664
Recreational services	10,957	13,491
Sunshine Heights	78,082	75,472
Other	379,199	344,111
<b>Total reserve funds</b>	<b>6,534,637</b>	<b>7,526,302</b>
<b>Total reserves and reserve funds</b>	<b>\$ 11,371,494</b>	<b>\$ 11,656,380</b>



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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 23, 2006

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

## Heritage Business Improvement Area

### Statement of Revenues and Expenditures and Surplus

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Revenues:		
Net levy	\$ 33,500	\$ 31,907
Donations	–	2,447
Contribution from Municipality	10,000	10,000
Transfer from reserves	–	117
Other revenue	8,319	–
	<u>51,819</u>	<u>44,471</u>
Expenditures:		
Stationery, supplies and office	23	212
Improvements	12,048	16,008
Advertising	23,605	15,357
Special events	–	9,972
	<u>35,676</u>	<u>41,549</u>
Net revenues over expenditures	16,143	2,922
Surplus, beginning of year	14,430	11,508
Surplus, end of year	<u>\$ 30,573</u>	<u>\$ 14,430</u>

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Five-Year Financial Review  
(Unaudited)

(All dollar amounts are in thousands of dollars)

	2005	2004	2003	2002	2001
<b>1. Assessment:</b>					
Taxable assessment upon which the year's rates of taxation were set					
Residential and farm	942,669	916,874	818,835	748,778	734,195
Commercial and industrial and pipelines	143,814	141,956	146,796	134,686	133,924
Multi-residential	31,982	32,232	31,871	27,930	26,308
<b>Total</b>	<b>1,118,465</b>	<b>1,091,062</b>	<b>997,502</b>	<b>911,394</b>	<b>894,427</b>
<b>2. Tax rates – Ward 1:</b>					
Residential:					
School	\$ .002960	\$ .002960	\$ .003350	\$ .003730	\$ .003730
County	.005231	.004931	.004533	.004585	.004292
General	.011100	.010737	.010526	.010322	.009813
<b>Total</b>	<b>\$ 0.019291</b>	<b>\$ .018628</b>	<b>\$ .018409</b>	<b>\$ .018637</b>	<b>\$ .017813</b>
<b>Tax rates – Ward 2:</b>					
Residential:					
School	\$ .002960	\$ .002960	\$ .003350	\$ .003730	\$ .003730
County	.005231	.004931	.004533	.004585	.004292
General	.004830	.004688	.004577	.004023	.003882
<b>Total</b>	<b>\$ 0.013021</b>	<b>\$ .012579</b>	<b>\$ .012460</b>	<b>\$ .012338</b>	<b>\$ .011904</b>
<b>3. Revenues – Current fund:</b>					
Taxation	\$ 11,506	\$ 10,706	\$ 9,474	\$ 8,479	\$ 8,006
Payments in lieu of taxes	347	334	386	401	426
Government grants	1,138	1,486	1,044	724	877
User charges	5,067	4,723	4,928	4,251	3,870
Other	1,887	1,727	1,913	1,366	892
<b>Total</b>	<b>\$ 19,945</b>	<b>\$ 18,976</b>	<b>\$ 17,745</b>	<b>\$ 15,221</b>	<b>\$ 14,071</b>
<b>4. Tax Arrears:</b>					
Principal	\$ 2,685	\$ 2,505	\$ 2,091	\$ 1,879	\$ 1,959
Penalty and interest	421	344	274	190	226
<b>Total</b>	<b>\$ 3,106</b>	<b>\$ 2,849</b>	<b>\$ 2,365</b>	<b>\$ 2,069</b>	<b>\$ 2,185</b>
Percentage of current levy	13.2%	12.4%	11.1%	10.8%	11.4%
<b>5. Schools and County Transfers:</b>					
County	\$ 6,509	\$ 6,016	\$ 5,039	\$ 4,659	\$ 4,419
Education	6,054	6,022	5,805	5,814	6,502
<b>Total</b>	<b>\$ 12,563</b>	<b>\$ 12,038</b>	<b>\$ 10,844</b>	<b>\$ 10,473</b>	<b>\$ 10,921</b>
<b>6. Capital Expenditures</b>					
	\$ 8,224	\$ 15,918	\$ 7,583	\$ 3,357	\$ 7,356
<b>7. Capital Financing:</b>					
Own funds	\$ 4,761	\$ 4,355	\$ 2,954	\$ 1,490	\$ (4,795)
Grants	653	6,695	509	662	-
Proceeds from sale of Port Hope Hydro	-	-	-	-	9,607
Donations	170	114	188	104	641
Other	1,280	366	480	164	116
<b>Total</b>	<b>\$ 6,864</b>	<b>\$ 11,530</b>	<b>\$ 4,131</b>	<b>\$ 2,420</b>	<b>\$ 5,569</b>
<b>8. Unfinanced Capital at year end</b>					
	\$ (13,209)	\$ (11,850)	\$ (7,461)	\$ (4,008)	\$ (3,070)
<b>9. Net Revenue year end General</b>					
	\$ 13	\$ (256)	\$ (328)	\$ (497)	\$ (368)



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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, 2005 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, 2005 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 23, 2006

# CORPORATION OF THE MUNICIPALITY OF PORT HOPE

## Trust Funds

### Statement of Financial Position

Year ended December 31, 2005, with comparative figures for 2004

	Cemetery Care and Maintenance Fund	Library Bequest	Developers Deposits	Ontario Home Renewal Program	Total 2005	Total 2004
<b>Assets</b>						
Cash	\$ 232,698	\$ 1,129	\$ 252,360	\$ 1,057	\$ 487,244	\$ 246,455
Accounts receivable	6,534	—	—	—	6,534	7,731
Investments, at cost (market value \$150,342)	150,781	—	—	—	150,781	368,744
	<b>\$ 390,013</b>	<b>\$ 1,129</b>	<b>\$ 252,360</b>	<b>\$ 1,057</b>	<b>\$ 644,559</b>	<b>\$ 622,930</b>

### Liabilities and Fund Balances

Due to operating fund	\$ —	\$ —	\$ —	\$ 1,057	\$ 1,057	\$ 322
Trust fund:						
Balances:						
Capital	314,995	1,129	252,360	—	568,484	547,590
Income	75,018	—	—	—	75,018	75,018
	<b>390,013</b>	<b>1,129</b>	<b>252,360</b>	<b>—</b>	<b>643,502</b>	<b>622,608</b>
	<b>\$ 390,013</b>	<b>\$ 1,129</b>	<b>\$ 252,360</b>	<b>\$ 1,057</b>	<b>\$ 644,559</b>	<b>\$ 622,930</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, 2005, with comparative figures for 2004

	Cemetery Care and Maintenance Fund	Library Bequest	Developers Deposits	Ontario Home Renewal Program	Total 2005	Total 2004
Funds balance at the beginning of the year	\$ 378,870	\$ 1,124	\$ 241,683	\$ 931	\$ 622,608	\$ 666,153
Revenues:						
Cemetery care and maintenance	11,143	—	—	—	11,143	7,655
Other	—	—	21,500	—	21,500	34,000
Interest and dividends earned	8,866	5	3,803	17	12,691	19,541
	20,009	5	25,303	17	45,334	61,196
Expenditures:						
Contributions to operating fund	8,866	—	—	701	9,567	85,070
Payments to developers	—	—	14,626	—	14,626	19,443
Other	—	—	—	247	247	228
	8,866	—	14,626	948	24,440	104,741
Funds balance at the end of the year	\$ 390,013	\$ 1,129	\$ 252,360	\$ —	\$ 643,502	\$ 622,608

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, 2005

---

## 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, 2005 comprise repayable loans of \$Nil (2004 - \$209). 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, 2005 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, total net 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 donation 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, 2005 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 14, 2006

# PORT HOPE PUBLIC LIBRARY BOARD

## Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
<b>Assets</b>		
Financial assets:		
Cash	\$ 38,847	\$ 72,463
GST receivable	4,533	729
	<u>43,380</u>	<u>73,192</u>
Liabilities:		
Accounts payable and accrued liabilities	405	3,044
Due to the Municipality of Port Hope:		
Capital	209,825	213,638
Operating	22,931	13,290
	<u>233,161</u>	<u>229,972</u>
<b>Total net debt</b>	<b>\$ (189,781)</b>	<b>\$ (156,780)</b>
Municipal position:		
Current fund (note 2)	\$ 20,044	\$ 56,858
Capital fund, unfinanced balance to be recovered from donations and user charges	(209,825)	(213,638)
<b>Total municipal position</b>	<b>\$ (189,781)</b>	<b>\$ (156,780)</b>

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, 2005, with comparative figures for 2004

	2005 (Budget) (Unaudited)	2005 (Actual)	2004 (Actual)
<b>Revenues:</b>			
Municipal contributions - operating	\$ 408,000	\$ 408,000	\$ 392,000
- books	50,000	48,039	25,694
Province of Ontario grant	31,800	31,828	31,828
Other government funding	6,500	6,025	2,162
Transfer from trust fund	-	-	10,351
Fines and fees	15,750	13,207	13,749
Interest and miscellaneous	-	2,143	1,643
Donation account (note 5)	2,050	38,980	45,787
	514,100	548,222	523,214
<b>Expenditures:</b>			
Salaries and benefits	354,100	358,970	341,711
Books, periodicals and newspapers	62,600	50,953	62,400
Utilities	46,400	29,386	28,722
Maintenance and cleaning	12,600	29,936	27,390
Miscellaneous	2,900	1,792	3,546
Insurance	3,000	2,801	2,446
Conferences and professional development	2,300	1,049	1,227
Office expense	9,000	17,813	15,989
Computer maintenance and training	28,800	28,871	22,241
Furniture and equipment	-	12,340	-
Donation account (note 5)	-	66,354	16,441
Total expenditures	521,700	600,265	522,113
Net revenues (expenditures)	(7,600)	(52,043)	1,101
<b>Financing and transfers:</b>			
Transfer from reserve fund - municipal development charges	7,600	15,229	26,121
Transfer to capital fund	-	-	(26,718)
Net financing and transfers	7,600	15,229	(597)
Change in current fund balance	-	(36,814)	504
Current fund balance, beginning of year	-	56,858	56,354
Current fund balance, end of year	\$ -	\$ 20,044	\$ 56,858

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, 2005, with comparative figures for 2004

	2005	2004
Revenues:		
Provincial grant	\$ -	\$ 5,395
Building fundraising	3,813	28,932
Transfer from trust funds	-	60,000
Total revenues	3,813	94,327
Expenditures:		
Construction	-	2,331
Computer equipment	-	89,782
	-	92,113
Net revenues	3,813	2,214
Financing and transfers:		
Transfer from reserves	-	176,917
Transfer from current fund	-	26,718
Net financing and transfers	-	203,635
Change in capital fund balance	3,813	205,849
Capital fund balance, beginning of year	(213,638)	(419,487)
Capital fund balance, end of year	\$ (209,825)	\$ (213,638)

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, 2005, with comparative figures for 2004

	2005	2004
Cash provided by (used in):		
Operations:		
Net revenues (expenditures):		
- current fund	\$ (52,043)	\$ 1,101
- capital fund	3,813	2,214
	<u>(48,230)</u>	<u>3,315</u>
Net change in non-cash working capital items:		
GST receivable	(3,804)	5,685
Prepaid expenses	-	7,932
Accounts payable	(2,639)	(5,042)
Due to the Municipality of Port Hope	5,828	(279,678)
	<u>(615)</u>	<u>(271,103)</u>
Financing:		
Transfers from municipal reserves	15,229	203,038
Decrease in cash and cash equivalents	<u>(33,616)</u>	<u>(64,750)</u>
Cash and cash equivalents, beginning of year	72,463	137,213
Cash and cash equivalents, end of year	<u>\$ 38,847</u>	<u>\$ 72,463</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, 2005

### 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. Property and building assets are reported as an expenditure on the "Statement of Capital Fund Operations" in the year of acquisition. All other capital assets are reported as an expenditure on the "Statement of Current 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. Current fund:

The current fund balance on the "Statement of Financial Position" of \$20,044 (2004 - \$56,858) at the end of the year is comprised of the following:

	2005	2004
To be recovered from operations of the current fund	\$ (23,660)	\$ (14,220)
To be applied to the library donation account	43,704	71,078
	\$ 20,044	\$ 56,858



# PORT HOPE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2005

### 3. Trust funds:

Trust Funds administered by the Board amounting to \$1,129 (2004 - \$1,124) have not been included in the "Statement of Financial Position" nor have their operations been included in the "Statement of Current Fund Operations".

### 4. 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 amount contributed to OMERS for 2005 was \$8,051 (2004 - \$7,783) for current service.

### 5. Donation account:

The donation account received revenues and incurred expenses during the year as follows:

	2005	2004
Balance, beginning of year	\$ 71,078	\$ 41,732
Donations	38,980	45,787
Expenses:		
Books and periodicals	27,816	16,441
Promotional fundraising items	14,328	-
Computer software and support	16,991	-
Microfilming	7,219	-
	66,354	16,441
Balance, end of year	\$ 43,704	\$ 71,078

### 6. Budget figures:

Budget figures are compiled from the 2005 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, 2005 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, 2005 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 14, 2006

# PORT HOPE PUBLIC LIBRARY BOARD

## Trust Fund Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
<b>Assets</b>		
Current assets:		
Cash	\$ 1,129	\$ 1,124
<b>Liabilities and Fund Balance</b>		
Fund balance:		
Capital	\$ 1,129	\$ 1,124

## Trust Fund Statement of Continuity

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Balance at beginning of year	\$ 1,124	\$ 71,166
Income:		
Interest and dividends earned	5	309
Expenditure:		
Transfer to operating fund	-	10,351
Transfer to capital fund	-	60,000
Balance at end of year	\$ 1,129	\$ 1,124

The accompanying note is an integral part of these financial statements.

# PORT HOPE PUBLIC LIBRARY BOARD

Note to Trust Fund Financial Statements

Year ended December 31, 2005

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## 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.



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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, 2005 and the statements of current fund operations and capital fund operations 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, 2005 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, 2006

# MUNICIPALITY OF PORT HOPE CEMETERY BOARD

## Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
<b>Assets and Liabilities</b>		
Financial assets:		
GST receivable	\$ 1,123	\$ 21
Due from Municipality of Port Hope	117	-
Total	1,240	21
Liabilities:		
Due to Care and Maintenance Trust Fund	4,576	2,299
Due to the Municipality of Port Hope - operating	-	4,098
- capital	20,192	39,385
	24,768	45,782
Net debt	\$ (23,528)	\$ (45,761)

## Municipal Position

Current fund	\$ (3,336)	\$ (6,376)
Capital fund (note 3)	(20,192)	(39,385)
Municipal position, end of year	\$ (23,528)	\$ (45,761)

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

# MUNICIPALITY OF PORT HOPE CEMETERY BOARD

## Statement of Current Fund Operations

Year ended December 31, 2005, with comparative figures for 2004

	Budget 2005  (unaudited) (note 4)	Actual 2005	Actual 2004
<b>Revenue:</b>			
Provided by municipality from tax levy	\$ 40,000	\$ 40,000	\$ 30,985
Sale of plots	13,000	24,350	12,950
Sale of columbarium	15,000	9,350	16,500
Interment charges	15,000	30,373	23,222
Rental income	7,200	7,200	7,200
Transfer from Care and Maintenance			
Trust Fund income account	18,000	8,866	14,719
Miscellaneous	9,900	2,185	1,470
<b>Total revenues</b>	<b>118,100</b>	<b>122,324</b>	<b>107,046</b>
<b>Expenditures:</b>			
Wages and employee benefits	58,600	56,775	50,630
Office expense	1,900	2,626	2,740
Supplies, utilities and maintenance	25,800	20,436	25,192
Interment costs	3,300	5,123	3,245
Columbarium construction	—	—	1,600
Columbarium inscriptions	—	2,018	—
Transfer to Care and Maintenance			
Trust Fund capital account	7,900	11,143	7,655
Interest on debt	—	1,970	2,080
<b>Total expenditures</b>	<b>97,500</b>	<b>100,091</b>	<b>93,142</b>
<b>Net revenue</b>	<b>20,600</b>	<b>22,233</b>	<b>13,904</b>
<b>Transfer to capital fund</b>	<b>(20,600)</b>	<b>(19,193)</b>	<b>(20,280)</b>
<b>Change in current fund balance</b>	<b>—</b>	<b>3,040</b>	<b>(6,376)</b>
<b>Opening current fund balance</b>	<b>—</b>	<b>(6,376)</b>	<b>—</b>
<b>Closing current fund balance</b>	<b>\$ —</b>	<b>\$ (3,336)</b>	<b>\$ (6,376)</b>

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

# MUNICIPALITY OF PORT HOPE CEMETERY BOARD

## Statement of Capital Fund Operations

Year ended December 31, 2005, with comparative figures for 2004

	Actual 2005	Actual 2004
Revenue:		
Municipal grant	\$ 35,000	\$ -
Expenditures:		
Construction – replacement pillars	29,506	-
Net revenue	5,494	-
Financing and transfers:		
Transfer to reserves	(5,494)	-
Transfer from current fund	19,193	20,280
Net financing and transfers	13,699	20,280
Change in capital fund balance	19,193	20,280
Capital fund balance, beginning of year	(39,385)	(59,665)
Capital fund balance, end of year	\$ (20,192)	\$ (39,385)

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, 2005

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### 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 Capital Fund Operations" 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 \$390,013 (2004 - \$378,870) 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, 2005, the Cemetery Board had an unfinanced capital balance in the amount of \$20,192 (2004 - \$39,385). This represents the unfinanced balance of \$20,192 (2004 - \$28,140) for the new columbarium that will be funded from a portion of the future sale of niches and the remaining unfinanced balance of \$Nil (2004 - \$11,245) relates to the new work garage that was repaid over two years with annual payments of \$12,000 plus interest.

### 4. Budget figures:

Budget figures are compiled from the 2005 fiscal year operating budget approved by the Board and are not subject to audit.

# MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2005

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## 5. 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 Port Hope

We have audited the statement of financial position of the Care and Maintenance Trust Fund of the Corporation of the Municipality of Port Hope Cemetery Board as at December 31, 2005 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, 2005 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, 2006

# MUNICIPALITY OF PORT HOPE CEMETERY BOARD

## Care and Maintenance Trust Fund Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
<b>Assets</b>		
Current assets:		
Cash	\$ -	\$ 2,604
Accrued interest	1,958	5,223
Due from Operating Fund	4,576	2,299
	6,534	10,126
Investments, at cost (note 2)	383,479	368,744
<b>Total assets</b>	<b>\$ 390,013</b>	<b>\$ 378,870</b>
<b>Fund Balance</b>		
Capital	\$ 314,995	\$ 303,852
Income	75,018	75,018
<b>Total liabilities and fund balance</b>	<b>\$ 390,013</b>	<b>\$ 378,870</b>

## Care and Maintenance Trust Fund Statement of Continuity

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Balance at beginning of year	\$ 378,870	\$ 371,215
Revenue:		
Capital receipts, care and maintenance	11,143	7,655
Interest earned	8,866	14,719
	20,009	22,374
Expenditure:		
Transfer to Operating Fund	(8,866)	(14,719)
<b>Balance at end of year</b>	<b>\$ 390,013</b>	<b>\$ 378,870</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, 2005

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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 \$383,479 (2004 - \$368,744) reported on the statement of financial position at cost, have a market value of \$383,049 (2004 - \$373,511) at the end of the year.