

CORPORATION OF THE TOWNSHIP OF HOPE
CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 1998

**CORPORATION OF THE TOWNSHIP OF HOPE
CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 1998**

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AUDITORS' REPORT

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

We have audited the consolidated balance sheet of the Corporation of the Township of Hope as at December 31, 1998 and the consolidated statement of operations for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Township as at December 31, 1998 and the results of its operations for the year then ended in accordance with the accounting principles disclosed in note 1 to the consolidated financial statements.

Peterborough, Ontario
March 18, 1997

Chartered Accountants

CORPORATION OF THE TOWNSHIP OF HOPE

CONSOLIDATED BALANCE SHEET

At December 31, 1998

	1998 \$	1997 \$
ASSETS		
UNRESTRICTED		
Cash	160,015	800
Taxes receivable	965,878	784,367
Accounts receivable	62,489	88,114
Due from reserve funds	30,983	17,993
Other current assets	12,707	11,518
	1,232,072	902,792
RESTRICTED		
Cash	244,900	213,533
Accounts payable	(2,385)	-
Due from (to) revenue fund	(30,983)	(17,993)
	211,532	195,540
Capital Outlay Financed By Long Term Liabilities And To Be Recovered In Future Years	-	60,000
	1,443,604	1,158,332
LIABILITIES AND MUNICIPAL FUND BALANCES		
CURRENT LIABILITIES		
Temporary loans	-	50,649
Accounts payable and accrued liabilities	283,102	349,448
Other current liabilities	13,156	72
	296,258	400,169
Net Long Term Liabilities (Note 6)	-	60,000
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR		
To be used to offset taxation or user charges (Note 7)	79,424	172,954
Unexpended capital financing (or capital operations not yet permanently financed) (Note 7)	24,830	(372,730)
Reserves (Note 8)	831,560	702,399
Reserve funds (Note 8)	211,532	195,540

	1,147,346	698,163
	1,443,604	1,158,332

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

CORPORATION OF THE TOWNSHIP OF HOPE
CONSOLIDATED STATEMENT OF OPERATIONS
For The Year Ended December 31, 1998

	Budget 1998 \$	Actual 1998 \$	Actual 1997 \$
SOURCES OF FINANCING:			
TAXATION AND USER CHARGES			
Residential and farm taxation	837,315	848,649	663,597
Commercial and industrial taxation	147,604	147,604	175,255
Taxation from other governments	36,945	154,798	234,271
User charges	63,900	79,693	83,130
GRANTS			
Government of Canada	5,200	4,530	5,210
Province of Ontario	611,245	613,127	286,178
Other municipalities	5,000	1,199	12,647
OTHER			
Contributions from developers	-	48,302	44,425
Penalties and interest on taxes	120,000	103,687	145,594
Investment income	5,000	24,758	7,175
Insurance proceeds	-	460,311	802,149
Capital contributions	-	18,146	-
MUNICIPAL FUND BALANCES AT THE BEGINNING OF THE YEAR (Note 7)			
To be used to offset taxation or user charges	172,112	172,954	123,913
Unexpended capital financing (or capital operations not yet permanently financed)	-	(372,730)	137,491
Total Financing Available During The Year	2,004,321	2,305,028	2,721,035

....Continued

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

CORPORATION OF THE TOWNSHIP OF HOPE
CONSOLIDATED STATEMENT OF OPERATIONS
For The Year Ended December 31, 1998

.....2 \$	Budget 1998 \$	Actual 1998 \$	Actual 1997
APPLIED TO:			
CURRENT OPERATIONS			
General government	388,000	398,159	380,551
Protection to persons and property	612,570	597,163	177,775
Transportation services	478,500	433,012	473,705
Environmental services	133,500	123,029	126,850
Health services	1,900	1,080	1,283
Recreation and cultural services	45,400	40,584	38,289
Planning and development	39,975	38,584	39,024
	1,699,845	1,631,611	1,237,477
CAPITAL OPERATIONS			
General government	10,200	7,253	4,955
Protection to persons and property	28,100	58,061	90,323
Transportation services	255,000	336,130	1,587,111
Environmental services	-	-	10,680
Recreation and cultural services	18,900	22,566	16,176
	312,200	424,010	1,709,245
Net appropriations to (from) reserves and reserve funds	(7,724)	145,153	(25,911)
MUNICIPAL FUND BALANCES AT THE END OF THE YEAR (Note 7)			
To be used to offset taxation or user charges	-	79,424	172,954
Unexpended capital financing (or capital operations not yet permanently financed)	-	24,830	(372,730)
	-	104,254	(199,776)
Total Applications During The Year	2,004,321	2,305,028	2,721,035

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

CORPORATION OF THE TOWNSHIP OF HOPE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1998**

1. ACCOUNTING POLICIES

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

(a) Basis of Consolidation

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

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

Budget data for current operations is compiled from the budget as approved by Council on August 11, 1998 and subsequent amendments authorized by Council during the year.

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

(ii) Non-Consolidated Entities

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

The following local board is not consolidated.

. Vincent Massey Memorial Centre

(iii) Accounting for County and School Board Transactions

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

(iv) Trust Funds

Trust funds and their related operations administered by the Municipality are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity and Balance Sheet".

CORPORATION OF THE TOWNSHIP OF HOPE

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1998**

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1. ACCOUNTING POLICIES - (Continued)

(b) Basis of Accounting

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

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

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

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

2. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

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

	School Boards \$	County \$
Taxation	1,579,293	1,114,146
Grants	5,657	41,675
	1,584,950	1,155,821
Requisitions	1,584,950	1,155,821

CORPORATION OF THE TOWNSHIP OF HOPE

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1998**

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3. CONTRIBUTIONS TO UNCONSOLIDATED JOINT BOARDS

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

	1998 \$	1997 \$
. Vincent Massey Memorial Centre	23,565	20,341

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

	1998 \$	1997 \$
. Vincent Massey Memorial Centre	Nil	Nil

4. TRUST FUNDS

Trust funds administered by the municipality amounting to \$16,011 (1997 \$17,715) have not been included in the "Consolidated Balance Sheet" nor have their operations been included in the "Consolidated Statement of Operations".

5. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS for 1998 was \$8,553 (1997 \$21,316) for current services and is

included as an expenditure on the "Consolidated Statement of Operations".

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

CORPORATION OF THE TOWNSHIP OF HOPE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1998

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6. NET LONG TERM LIABILITIES

	1998	1997
	\$	\$
(a) The balance of net long term liabilities reported on the "Consolidated Balance Sheet" is made up of the following:		
Total long term liabilities incurred by the municipality including those incurred on behalf individuals and outstanding at the end of the year amount to	11,102	77,745
Of the long term liabilities shown above, the responsibility for payment of principal and interest charges for tile drainage loans has been assumed by individuals. At the end of the year, the outstanding principal amount of this liability is	(11,102)	(17,745)
Net long term liabilities at the end of the year	Nil	60,000

(b) The long term liabilities in (a) issued in the name of the municipality have received approval of the Ontario Municipal Board for those approved on or before December 31, 1992. Those approved after January 1, 1993 have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayment limit prescribed by the Ministry of Municipal Affairs.

(c) The municipality is contingently liable for long term liabilities with respect to tile drainage loans. The total amount outstanding as at December 31, 1998 is \$11,102 (1997 \$17,745) and is not recorded on the "Consolidated Balance Sheet".

CORPORATION OF THE TOWNSHIP OF HOPE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1998

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7. MUNICIPAL FUND BALANCES AT THE END OF THE YEAR

The balances on the "Consolidated Statement of Operations" of municipal equity (or deficit) of \$104,254 (1997 \$(199,776)) at the end of the year are comprised of the following:

	1998 \$	1997 \$
. for general reduction of taxation	78,708	172,112
. for benefitting landowners related to special charges and special areas	716	842
	79,424	172,954
. acquisition of capital assets to be recovered through insurance proceeds	-	(397,974)
. funds available for the acquisition of capital assets	24,830	25,244
	24,830	(372,730)
	104,254	(199,776)

8. RESERVES AND RESERVE FUNDS

The total balances of reserves and reserve funds of \$831,560 (1997 \$702,399) and \$211,532 (1997 \$195,540) respectively are made up of the following:

	1998 \$	1997 \$
Reserves set aside for a specific purpose by Council		
. for contingencies	10,000	12,824
. for capital expenditures	236,075	164,186
. for working capital	525,800	400,800
. for sick leave	25,095	30,020
. for WCB	2,137	1,269

. for debenture repayment	-	63,300
. for insurance	32,453	30,000
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Total Reserves	831,560	702,399
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CORPORATION OF THE TOWNSHIP OF HOPE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1998

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8. RESERVES AND RESERVE FUNDS - (Continued)

	1998 \$	1997 \$
Reserve funds set aside for specific purposes by Council		
. for recreation programs and facilities	71	474
. for fire department	2,944	2,800
	3,015	3,274
Reserve funds set aside for specific purposes by legislation, regulation or agreement		
. lot levies	25,672	25,542
. for park purposes	4,451	14,284
. for development charges	178,394	152,440
	208,517	192,266
Total Reserve Funds	211,532	195,540

9. CHARGES FOR NET LONG TERM LIABILITIES

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

	1998 \$	1997 \$
Principal payments	60,000	55,000
Interest 3,300	9,556	
	63,300	64,556

The charges for long term liabilities assumed by the non-consolidated entities or by individuals in the case of tile drainage loans are not reflected in these statements.

CORPORATION OF THE TOWNSHIP OF HOPE**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 1998**

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10. YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the municipality, including those related to the efforts of residents, ratepayers, suppliers, or other third parties, will be fully resolved.

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

We have audited the balance sheet of the Trust Funds of the Corporation of the Township of Hope as at December 31, 1998 and the statement of continuity for the year then ended. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 1998 and the continuity of the Trust Funds for the year then ended in accordance with the accounting principles disclosed in note 1 to the financial statements.

Peterborough, Ontario
March 18, 1999

Chartered Accountants

CORPORATION OF THE TOWNSHIP OF HOPE

**TRUST FUNDS
BALANCE SHEET
At December 31, 1998**

1997 Total	Developer Agreement	Ontario Home Renewal Program	Soccer Association	1998 Total
\$	\$	\$	\$	\$
ASSETS				
Cash	-	1,669	172	1,841
Current portion of loans receivable (Note 2)	-	975	-	975
Due from revenue fund	12,102	-	-	-
	12,102	975	-	13,077
Other Long term portion of loans receivable (Note 2)	-	1,696	-	1,696
	12,102	4,340	172	16,614
				18,244
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Due to revenue fund	-	603	-	603
				529
FUND BALANCES				
Balance - capital	12,102	3,737	172	16,011
	12,102	4,340	172	16,614
				18,244

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

CORPORATION OF THE TOWNSHIP OF HOPE

TRUST FUNDS

STATEMENT OF CONTINUITY

For The Year Ended December 31, 1998

1997 Total	Developer Agreement	Ontario Home Renewal Program	Soccer Association	1998 Total
	\$	\$	\$	\$
FUND BALANCES AT THE BEGINNING OF THE YEAR				
	9,226	8,318	171	17,715
RECEIPTS				
Interest earned	426	112	1	539
Transfer from guarantor	2,500	-	-	2,500
	2,926	112	1	3,039
EXPENDITURES				
Transfer to guarantor	50	-	-	50
Administration	-	74	-	74
Transfer to Province	-	4,619	-	4,619
	50	4,693	-	4,743
FUND BALANCES AT THE END OF THE YEAR				
	12,102	3,737	172	16,011

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

CORPORATION OF THE TOWNSHIP OF HOPE**TRUST FUNDS
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended December 31, 1998**

1. ACCOUNTING POLICIES

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

Basis of Accounting

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

(ii) The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

2. ONTARIO HOME RENEWAL PROGRAM LOANS

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. Individual loans are limited to \$7,500 of which the maximum forgivable is \$4,000. Loan forgiveness is earned and recorded at a rate of up to \$600 per year of continued ownership and occupancy. In the event of the sale or lease of the home or in the event of the homeowner ceasing to occupy the home, the balances of the repayable loan and the unearned forgivable loan immediately become due and payable by the homeowner.

Ontario Home Renewal Program loans receivable at December 31, 1998 are comprised of repayable loans of \$2,671 (1997 \$3,699).

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