

Audited Financial Statements and Other Financial
Information of

**CORPORATION OF THE
MUNICIPALITY OF PORT HOPE**

Year ended December 31, 2009

Audited Financial Statements and Other Financial Information of

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Year ended December 31, 2009

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

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Management's Responsibility for the Consolidated Financial Statements

The accompanying consolidated financial statements of the Corporation of the Municipality of Port Hope (the "Corporation") are the responsibility of the Corporation's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in Note 1 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Corporation's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements. These systems are monitored and evaluated by management.

The audit committee meets with management and the external auditors to review the consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The consolidated financial statements have been audited by KPMG LLP, independent external auditors appointed by the Corporation. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation's consolidated financial statements.

Eugene Todd
Chief Administrative Officer

Liz Araujo
Director of Finance



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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, 2009 and the consolidated statements of operations, change in net debt and cash flows 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 Corporation of the Municipality of Port Hope as at December 31, 2009 and the results of its operations and its change in cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in the schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada
March 24, 2010

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
		(Restated, note 2)
Assets		
Financial assets:		
Cash (note 4)	\$ —	\$ 2,033,359
Taxes receivable	3,255,752	3,565,546
Accounts receivable	4,456,905	3,348,533
Investments, at cost (notes 4 and 8)	32,411,424	32,323,989
	<u>40,124,081</u>	<u>41,271,427</u>
Liabilities:		
Bank indebtedness (note 6)	8,045,391	—
Temporary borrowings (note 7)	18,215,000	11,000,000
Accounts payable and accrued liabilities	5,806,639	7,788,110
Employee future benefit obligations (note 10)	2,349,689	1,675,845
Deferred revenue - obligatory reserve funds (note 15)	6,020,913	6,848,826
Deferred revenue - other (note 16)	20,809,415	20,728,090
Net long-term liabilities (note 11)	9,144,917	8,871,926
	<u>70,391,964</u>	<u>56,912,797</u>
Net debt	(30,267,883)	(15,641,370)
Other non-financial assets:		
Tangible capital assets	143,056,271	127,778,422
Inventories of supplies	266,916	107,350
Prepaid expenses	147,877	42,805
Total non-financial assets	<u>143,471,064</u>	<u>127,928,577</u>
Contingent liabilities (note 14)		
Accumulated municipal equity	<u>\$ 113,203,181</u>	<u>\$ 112,287,207</u>

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Operations

Year ended December 31, 2009, with comparative figures for 2008

	Budget 2009 (note 18)	Actual 2009	Actual 2008 (Restated, note 2)
Revenue:			
Property taxation	\$ 13,534,750	\$ 13,284,102	\$ 13,284,154
Taxation from other governments	430,100	211,576	365,252
User charges	5,901,200	6,648,731	6,364,027
Government grants	2,857,700	4,375,466	3,888,538
Grants from other municipalities	156,400	333,163	270,277
Investment income	254,000	1,301,639	1,269,491
Penalties and interest on taxes	550,000	567,307	564,290
Donations	236,700	445,382	224,236
Other	141,400	1,150,541	502,038
Transfer from deferred obligatory reserve funds (note 15)	315,000	1,079,086	484,261
Contribution from others (tangible capital assets)	–	740,880	10,561,766
Total revenue	24,377,250	30,137,873	37,778,330
Expenses (note 17):			
General government	2,693,400	3,201,721	2,446,696
Protection to persons and property	6,935,242	7,509,547	6,479,584
Transportation services	4,480,200	6,773,707	5,461,405
Environmental services	4,275,900	6,688,491	4,845,371
Cemetery	166,650	140,157	125,077
Library	630,700	786,071	729,367
Recreational and cultural services	2,780,250	3,133,231	3,372,766
Planning and development	946,250	988,974	837,881
Total expenses	22,908,592	29,221,899	24,298,147
Annual surplus	1,468,658	915,974	13,480,183
Municipal equity, beginning of year		112,287,207	98,807,024
Municipal equity, end of year		\$ 113,203,181	\$ 112,287,207

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Change in Net Debt

Year ended December 31, 2009, with comparative figures for 2008

	Budget (note 18)	2009	2008
Annual surplus	\$ 1,468,658	\$ 915,974	\$ 13,480,183
Acquisition of tangible capital assets (net transfers from work-in-progress)	(12,839,000)	(19,458,594)	(28,036,026)
Loss on disposal of tangible capital assets	–	7,528	–
Amortization of tangible capital assets	–	4,173,217	2,916,958
	(11,370,342)	(14,361,875)	(11,638,885)
Change in prepaid expenses and inventories of supplies	–	(264,638)	(67,650)
Change in net debt	(11,370,342)	(14,626,513)	(11,706,535)
Net debt, beginning of year		(15,641,370)	(3,934,835)
Net debt, end of year		\$ (30,267,883)	\$ (15,641,370)

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Cash Flows

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008 (Restated, note 2)
Operating transactions:		
Annual surplus	\$ 915,974	\$ 13,480,183
Items not involving cash:		
Amortization	4,173,217	2,916,958
Loss on disposal of tangible capital assets	7,528	-
Developer contributions of tangible capital assets	(740,880)	(10,561,766)
Change in employee benefits and other liabilities	673,844	123,485
Change in non-cash assets and liabilities:		
Decrease in taxes receivable	309,794	722,416
Increase in accounts receivable	(1,108,372)	(501,520)
Increase (decrease) in accounts payable and accrued liabilities	(1,981,471)	3,113,963
Decrease (increase) in deferred revenues - obligatory reserve funds	(827,913)	3,971,473
Increase (decrease) in deferred revenue	81,325	(24,670)
Increase in inventories of supplies	(159,566)	(59,200)
Increase in prepaid expenses	(105,072)	(8,450)
	322,434	(307,311)
Net change in cash from operations	1,238,408	13,172,872
Capital transactions:		
Cash used to acquire tangible capital assets	(18,717,714)	(17,474,260)
Investing transactions:		
Net purchase of investments	(87,435)	(947,947)
Financing transactions:		
Temporary borrowings	7,215,000	5,000,000
New debt	888,000	-
Debt principal repayments	(615,009)	(571,043)
	7,487,991	4,428,957
Decrease in cash	(10,078,750)	(820,378)
Cash, beginning of year	2,033,359	2,853,737
Cash (bank indebtedness), end of year	\$ (8,045,391)	\$ 2,033,359
Supplementary cash flow information:		
Cash paid for interest	\$ 515,786	\$ 267,566
Cash received from interest	(2,671,445)	(2,239,144)

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, 2009

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, revenue and expenses 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
Commissioners of the Port Hope Harbor

(ii) Accounting for County and School Board transactions:

The taxation, other revenue, expenses, 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) 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, 2009

1. Accounting policies (continued):

(c) Accrual accounting:

Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses 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.

(d) Deferred revenue:

The Municipality receives contributions pursuant to legislation, regulations or agreement that may only be used for certain programs or in the completion of specific work. In addition, certain user charges and fees are collected for which the related services have yet to be performed. These amounts are recognized as revenue in the fiscal year the related expenses are incurred or services performed.

(e) 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 expenses, are recorded as deferred revenue. Amounts applied to qualifying costs are recorded as revenue in the fiscal period that they are expended.

(f) Investments:

Investments are recorded at cost plus accrued interest and amortization of purchase premiums and discounts. 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.

Investment income earned on available current funds, reserve funds (other than obligatory funds) are reported as revenue in the period earned. Investment income earned on obligatory reserve funds is added to the fund balance and forms part of the respective deferred revenue balance.

(g) Government transfers:

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Accounting policies (continued):

(h) 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 revenue and expenses during the period.

In addition, the Municipality's implementation of the Public Sector Accounting Handbook PS 3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

(i) Non-financial assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and landfill sites, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land improvements	15 - 40
Buildings and building improvements	20 - 50
Linear assets	20 - 75
Machinery and equipment	5 - 25
Technology and communications	3 - 10
Vehicles	2 - 20

Annual amortization is charged at 50% in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

(ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

1. Accounting policies (continued):

(i) Non-financial assets (continued):

(iii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iv) Interest capitalization:

Interest is capitalized whenever debt is used to finance the construction of tangible capital assets.

(v) Inventories of supplies:

Inventories of supplies held for consumption are recorded at the lower of cost and replacement cost.

2. Change in accounting policies:

The Municipality has implemented Public Sector Accounting Board ("PSAB") Sections 1200, *Financial Statement Presentation* and 3150, *Tangible Capital Assets*. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Municipality applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the Consumer Price Index or Non-Residential Building Consumer Price Index ("NRBCPI") was used as a resource for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

2. Change in accounting policies (continued):

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

	2008
Accumulated surplus at January 1, 2008:	
Current fund balance	\$ 306,838
Capital fund balance	(9,114,714)
Reserves	5,002,556
Reserve funds	10,931,680
Amounts to be recovered	(10,995,329)
Accumulated surplus, as previously reported	(3,868,969)
Net book value of tangible capital assets recorded	102,659,354
Amounts not previously reported	16,639
Accumulated municipal equity as at January 1, 2008, as restated	\$ 98,807,024
Annual surplus for 2008:	
Net expenses, as previously reported	\$ (7,767,766)
Add:	
Assets capitalized but previously expensed	17,474,260
Developer contributions	10,561,766
Less:	
Amortization expense not previously recorded	(2,916,958)
Change in non-financial assets not previously reported as expense	(53,499)
Transfer to obligatory reserves	(3,796,110)
Transfer to deferred revenue	(21,510)
Annual surplus, as restated	\$ 13,480,183

3. 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	
	2009	2008	2009	2008
Amounts requisitioned	\$ 6,186,627	\$ 6,442,517	\$ 7,839,993	\$ 7,723,990

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

4. Restricted assets:

Cash and investments in the amount of \$14,750,632 (2008 - \$18,213,663) have been restricted to support reserve funds and deferred revenue – obligatory reserve funds and \$20,000,000 (2008 - \$20,000,000) has been restricted to support deferred revenue as per the terms of the agreement with the Minister of Natural Resources disclosed in note 17(a).

5. Trust funds:

Trust funds administered by the Municipality amounting to \$554,701 (2008 - \$545,214) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

6. Bank indebtedness:

The Municipality's financial agreement with its bank provides for an operating credit facility of up to \$10,000,000 to finance expenses, pending receipt of property taxes and other income. As at December 31, 2009, \$8,360,485 (2008 - \$Nil) was drawn with interest at prime rate less .75%.

7. Temporary borrowings:

The Municipality has financial agreements with the Ontario Infrastructure Projects Corporation (OIPC) for temporary capital loans up to a maximum of \$18,215,000 for the interim financing of the upgrade to the Sewage Treatment Plant. As a December 31, 2009, the temporary capital loan balance is \$18,215,000 (2008 - \$11,000,000).

8. Investments:

	2009		2008	
	Cost	Market value	Cost	Market value
Cash and cash equivalents	\$ 824,934	\$ 824,934	\$ 5,225,426	\$ 5,225,426
Fixed income securities	31,586,490	32,867,162	27,098,563	29,453,447
	<u>\$ 32,411,424</u>	<u>\$ 33,692,096</u>	<u>\$ 32,323,989</u>	<u>\$ 34,678,873</u>

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

9. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 129 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 2009 was \$618,298 (2008 - \$577,584) and is included as an expense on the "Consolidated Statement of Operations".

10. 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 and Uniformed Police Association retirees who receive benefits for life.

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 most recent valuation of the employee future benefits was completed for 2009 and applied retroactively to January 1, 2009 with an update performed to December 31, 2011.

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, 2009, the accrued benefit obligation was \$2,349,689 (2008 - \$1,675,845).

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

Discount rate	5.0% per annum
Inflation rate	2.0% per annum
Salary escalation	3.0% per annum
Dental benefits escalation	4.0% per annum
Health benefits escalation	Escalate at 0% in 2009, 7.2143% for 2010 vs. 2009, reducing by 3.5714% per year to 4% in 2019 vs. 2018 and 4% thereafter

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

10. Employee future benefit obligations (continued):

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

	2009	2008
Accrued benefit liability, beginning of year	\$ 1,675,845	\$ 1,552,360
Expense recognized for the year	100,348	64,460
Interest cost	107,550	94,025
Benefits paid for the year	(98,143)	(35,000)
Amortization of actuarial gain	(7,504)	—
Plan amendment	571,593	—
Accrued benefit liability, end of year	\$ 2,349,689	\$ 1,675,845

	2009	2008
Accrued future benefit obligations at December 31	\$ 2,259,644	\$ 1,578,295
Unamortized actuarial gain	90,046	97,550
Accrued benefit liability at December 31	\$ 2,349,689	\$ 1,675,845

11. 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:

	2009	2008
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	\$ 9,144,917	\$ 8,871,926

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

11. Net long-term liabilities (continued):

- (b) Principal due on total long-term liabilities from general municipal revenues and user fees is summarized as follows:

2010	\$	659,335
2011		674,433
2012		689,912
2013		705,775
2014		722,041
Thereafter		5,693,421
	\$	9,144,917

- (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, 2009

12. Accumulated municipal equity:

	2009	2008
Operating surplus/deficit breakdown:		
General operating fund	\$ (1,992,607)	\$ (783,691)
Unfunded liability – employee future benefits	(2,349,689)	(1,675,845)
Heritage Business Improvement Area	65,008	23,232
Public Library Board	(72,371)	25,830
Cemetery Board	33,252	31,215
Commissioners of the Port Hope Harbor	254,918	191,908
Total operating surplus/deficit	(4,061,489)	(2,187,351)
Reserves set aside for specific purposes by Council:		
Working capital	5,984,142	5,628,688
Sick leave	70,297	70,297
Insurance	50,119	44,953
Other	415,981	215,196
Total reserves	6,520,539	5,959,134
Reserve funds set aside for specific purposes by Council:		
Fire	14,517	6,268
Police	108,681	78,626
Waterworks system	5,799	52,611
Sanitary sewer	57,217	1,299,516
Hydro proceeds	5,577,720	6,662,405
Roads	190	103,764
Recreational services	90,358	88,733
Other	2,875,237	3,072,914
Total reserve funds	8,729,719	11,364,837
Investment in tangible capital assets:		
Tangible capital assets	143,056,271	127,778,422
Long-term liabilities	(9,144,917)	(8,871,926)
Temporary borrowings	(18,215,000)	(11,000,000)
Unfinanced capital expenses	(15,502,925)	(12,464,544)
Unexpended capital financing	1,820,983	1,708,635
Investment in tangible capital assets	102,014,412	97,150,587
Total accumulated municipal equity	\$ 113,203,181	\$ 112,287,207

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

13. 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:

	2009	2008
Principal payments	\$ 615,009	\$ 571,043
Interest	237,118	228,364
	<u>\$ 852,127</u>	<u>\$ 799,407</u>

14. 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, 2009, management believes that the Municipality has valid defences and appropriate insurance coverages in place. In the event any claims are successful, the amount of any potential liability is not determinable; therefore no amount has been accrued in the financial statements.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

15. 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:

	2009	2008 (Restated)
Balance, beginning of year	\$ 6,848,827	\$ 2,877,354
Investing in Ontario	–	1,338,087
Ontario Potable Water Program	–	2,139,519
Infrastructure Ontario	–	666,109
Federal grant – gasoline tax	507,054	253,528
Provincial grant – gasoline tax	149,527	148,273
Development contributions	183,367	821,108
Investment income	225,567	98,724
Transfers to operations:		
Deferred obligatory reserve fund	(1,079,086)	(484,261)
Government grants	(814,344)	(1,009,614)
Balance, end of year	\$ 6,020,912	\$ 6,848,827
Analyzed as follows:		
Parkland	\$ 205,960	\$ 226,028
Development charges	1,618,167	2,386,243
Gasoline tax:		
Provincial	543,483	440,445
Federal	195,652	–
Ontario potable water program	2,147,072	2,139,519
Investing in Ontario	1,210,249	1,338,087
Infrastructure Ontario	100,329	318,505
	\$ 6,020,912	\$ 6,848,827

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

16. 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 maintain the principal amount of the funds 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 current year interest in the amount of \$31,492, the accumulated balance is \$755,442 (2008 - \$723,950). No provision has been made in the financial statements for costs related to any future remedial action.

17. Supplementary information:

	2009	2008
Current fund expense by object:		
Salaries, wages and employee benefits	\$ 13,548,723	\$ 11,800,625
Long-term debt interest expense	463,561	228,364
Materials	5,369,972	4,348,352
Contracted services	4,625,970	4,085,020
Rents and financial expenses	416,120	467,868
External transfers	624,336	450,960
Amortization	4,173,217	2,916,958
Total	\$ 29,221,899	\$ 24,298,147

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

18. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2009 operating and capital budgets approved by Council on January 20, 2009. Amortization was not contemplated on development of the budget and, as such, has not been included. The approved budget to the budget figures reported in these consolidated financial statements are listed below:

	2009 Budget
Reported on statement of operations:	
Operating revenue	\$ (24,377,250)
Operating expenses	22,908,592
Annual operating surplus	(1,468,658)
Reported on statement of change in net debt:	
Acquisition of tangible capital assets	12,839,000
Total budgeted deficit on statements	\$ 11,370,342
Budget not reported on statements:	
Capital revenue - debentures	\$ (10,363,000)
Capital revenue – reserve and reserve fund transfers	(545,342)
Operating revenue – reserve and reserve fund transfers	(908,700)
Operating expense – transfer to reserves	446,700
Total budgeted surplus not reported on statement	\$ (11,370,342)

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

19. Tangible capital assets:

Cost	Balance at December 31, 2007 (note 2)	Transfers and additions	Transfers, disposals and adjustments	Balance at December 31, 2008
Land	\$ 4,094,201	\$ 181,630	\$ —	\$ 4,275,831
Land improvements	4,455,617	347,523	—	4,803,140
Buildings and building improvements	18,413,729	20,966,984	—	39,380,713
Linear assets	73,150,195	14,178,049	—	87,328,244
Machinery and equipment	1,110,153	289,223	—	1,399,376
Technology and communications	282,672	529,602	—	812,274
Vehicles	5,240,025	754,128	(52,775)	5,941,378
Work-in-progress	39,685,823	14,789,160	(24,000,273)	30,474,710
Total	\$ 146,432,415	\$ 52,036,299	\$ (24,053,048)	\$ 174,415,666

Accumulated amortization	Balance at December 31, 2007 (note 2)	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2008
Land	\$ —	\$ —	\$ —	\$ —
Land improvements	3,218,287	131,563	—	3,349,850
Buildings and building improvements	6,465,751	806,254	—	7,272,005
Linear assets	30,784,311	1,353,205	—	32,137,516
Machinery and equipment	498,569	123,344	—	621,913
Technology and communications	234,541	60,090	—	294,631
Vehicles	2,571,602	442,502	(52,775)	2,961,329
Total	\$ 43,773,061	\$ 2,916,958	\$ (52,775)	\$ 46,637,244

	Net book value December 31, 2007	Net book value December 31, 2008
Land	\$ 4,094,201	\$ 4,275,831
Land improvements	1,237,330	1,453,290
Buildings and building improvements	11,947,978	32,108,708
Linear assets	42,365,884	55,190,728
Machinery and equipment	611,584	777,463
Technology and communications	48,131	517,643
Vehicles	2,668,423	2,980,049
Work-in-progress	39,685,823	30,474,710
Total	\$ 102,659,354	\$ 127,778,422

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

19. Tangible capital assets (continued):

Cost	Balance at December 31, 2008 (note 2)	Transfers and additions	Transfers, disposals and adjustments	Balance at December 31, 2009
Land	\$ 4,275,831	\$ —	\$ —	\$ 4,275,831
Land improvements	4,803,139	397,572	(19,627)	5,181,084
Buildings and building improvements	39,380,713	37,886,825	—	77,267,538
Linear assets	87,328,244	3,494,627	(183,237)	90,639,634
Machinery and equipment	1,399,376	98,086	(52,420)	1,445,042
Technology and communications	812,274	25,889	—	838,163
Vehicles	5,941,378	1,056,094	(321,049)	6,676,423
Work-in-progress	30,474,710	6,062,795	(29,563,293)	6,974,212
Total	\$ 174,415,665	\$ 49,021,888	\$ (30,139,626)	\$ 193,297,927

Accumulated amortization	Balance at December 31, 2008 (note 2)	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2009
Land	\$ —	\$ —	\$ —	\$ —
Land improvements	3,349,849	145,040	(17,664)	3,477,225
Buildings and building improvements	7,272,005	1,801,216	—	9,073,221
Linear assets	32,137,515	1,513,527	(177,672)	33,473,370
Machinery and equipment	621,914	135,100	(52,420)	704,594
Technology and communications	294,631	94,517	—	389,148
Vehicles	2,961,329	483,817	(321,049)	3,124,097
Total	\$ 46,637,243	\$ 4,173,217	\$ (568,805)	\$ 50,241,655

	Net book value December 31, 2008	Net book value December 31, 2009
Land	\$ 4,275,831	\$ 4,275,832
Land improvements	1,453,290	1,703,858
Buildings and building improvements	32,108,709	68,194,317
Linear assets	55,190,729	57,166,264
Machinery and equipment	777,462	740,448
Technology and communications	517,643	449,015
Vehicles	2,980,048	3,552,326
Work-in-progress	30,474,710	6,974,212
Total	\$ 127,778,422	\$ 143,056,272

(a) Work-in-progress:

Assets under construction having a value of \$6,974,212 (2008 - \$30,474,710) have not been amortized. Amortization of these assets will commence when the asset is put into service.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

19. Tangible capital assets (continued):

(b) Contributed tangible capital assets:

Contributed capital assets have been recognized at fair market value at the date of contribution. The value of contributed assets received during the year is \$740,880 (2008 - \$10,561,766) comprised of roads infrastructure in the amount of \$186,261 (2008 - \$4,107,353) and water and wastewater infrastructure in the amount of \$554,619 (2008 - \$6,454,413).

(c) Works of art and historical treasures:

The Municipality manages and controls various works of art and non-operational historical cultural assets including buildings, artifacts, paintings and sculptures located at Municipality sites and public display areas. These assets are not recorded as tangible capital assets and are not amortized.

(d) Write-down of tangible capital assets:

The write-down of tangible capital assets during the year was \$Nil (2008 - \$Nil).

20. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.

21. Segmented information:

The Municipality is a municipal government institution that provides a range of services to its citizens, including police, fire, transportation, recreational and environmental. For management reporting purposes the Municipality's operations and activities are organized and reported by department. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

(a) General government:

Includes administration, corporate services and governance of the Municipality. Administration as a segment includes human resource management, support to Council for policy development, by-law development in compliance with the Municipal Act, tax billing and collection responsibilities, financial management reporting, monitoring and overall budget status as well as frontline reception and customer service.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

21. Segmented information (continued):

(b) Protection Services:

Includes policing, fire protection, conservation authority, protective inspection and control and emergency measures. The mandate of the police services is to ensure the safety of the lives and property of citizens; preserve peace and good order; prevent crimes from occurring; detect offenders; and enforce the law. Fire protection includes inspection, extinguishing and suppression services; emergency medical first response; and prevention education and training programs. Inspection and control includes building inspection, by-law enforcement and dog control services.

(c) Transportation Services:

This department provides the winter and summer maintenance, the repair and the construction of the municipal roads system including bridges and culverts.

(d) Water Services:

Includes management and maintenance of water treatment and distribution.

(e) Sewer Services:

Includes management and maintenance of wastewater plant and sanitary sewer services.

(f) Other Environmental Services:

Includes the management and maintenance of storm sewer, waste collection and low level radioactive waste management and administration.

(g) Cemetery Board:

Includes the management and maintenance of municipal cemeteries.

(h) Parks, Recreation and Culture:

Provides services that contribute to neighbourhood development and sustainability through the provision of recreation and leisure programs and facilities including community halls, libraries, parks, recreation fields and the arena.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2009

21. Segmented information (continued):

(i) Planning and Development:

Manages development for business interests, environmental concerns, heritage matters, local neighbourhoods and community development. It facilitates economic development by providing services for the approval of all land development plans, the application and enforcement of the zoning by-law and official plan, and the provision of geomatics services.

For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. These municipal services are funded primarily by property tax revenue. Taxation and payments-in-lieu of taxes are apportioned to these services based on the net surplus. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on a percentage of budgeted expenses.

The accounting policies used in these segments are consistent with those followed in the preparation of the consolidated financial statements as disclosed in note 1.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Schedule of Segment Information

Year ended December 31, 2009

	General Government	Protection Services	Transportation Services	Water Services	Sewer Services	Other Environmental Services	Cemetery Board	Parks, Recreation and Culture	Planning and Development	Total
Revenue:										
Property taxation	\$ 96,953	\$ 5,075,704	\$ 4,632,089	\$ -	\$ -	\$ -	\$ 47,650	\$ 2,660,905	\$ 770,801	\$ 13,284,102
Taxation from other governments	211,576	-	-	-	-	-	-	-	-	211,576
User charges	111,620	809,268	189,514	2,549,120	1,937,994	24,762	57,288	926,332	42,833	6,648,731
Government grants	779,000	317,400	1,731,415	1,221,749	-	-	15,000	187,695	123,207	4,375,466
Grants from other municipalities	-	182,924	73,426	-	-	76,813	-	-	-	333,163
Investment income	1,280,204	-	-	-	-	-	16,000	3,283	2,152	1,301,639
Penalties and interest on taxes	567,307	-	-	-	-	-	-	-	-	567,307
Donations	7,606	12,102	21,091	207,034	-	-	5,604	139,454	52,491	445,382
Other	663,867	15,960	-	-	-	443,910	-	26,154	650	1,150,541
Transfer from deferred obligatory Contribution from others	44,192	-	99,894	-	900,000	-	-	35,000	-	1,079,086
	-	-	186,261	460,611	94,008	-	-	-	-	740,880
	3,762,325	6,413,358	6,933,690	4,438,514	2,932,002	545,485	141,542	3,978,823	992,134	30,137,873
Expenses:										
Salaries, wages and employee benefits	2,071,828	5,647,386	1,802,610	833,841	420,318	92,305	81,323	2,043,220	555,892	13,548,723
Long-term debt interest	-	22,694	-	317,767	123,100	-	-	-	-	463,561
Materials	235,564	490,221	1,982,956	799,687	924,622	56,014	34,444	672,462	174,002	5,369,972
Contracted services	545,312	806,047	1,729,154	407,525	31,319	427,703	5,145	449,675	224,090	4,625,970
Rents and financial expenses	253,776	62,943	22,752	18,189	1,062	-	-	49,673	7,725	416,120
External transfers	62,153	279,410	-	-	-	-	8,444	249,718	24,611	624,336
Amortization	33,088	200,846	1,236,235	1,207,538	837,377	190,124	10,801	454,554	2,654	4,173,217
	3,201,721	7,509,547	6,773,707	3,584,547	2,337,798	766,146	140,157	3,919,302	988,974	29,221,899
Excess of revenue over expenses (expenses over revenue)	\$ 560,604	\$ (1,096,189)	\$ 159,983	\$ 853,967	\$ 594,204	\$ (220,661)	\$ 1,385	\$ 59,521	\$ 3,160	\$ 915,974

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Heritage Business Improvement Area

Statement of Revenue and Expenses and Surplus

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Net levy	\$ 40,950	\$ 38,588
Contribution from Municipality	20,000	20,000
Other revenue	52,492	925
	<hr/> 113,442	<hr/> 59,513
Expenses:		
Stationery, supplies and office	9,965	3,601
Improvements	38,740	28,169
Advertising	6,749	10,035
Special events	7,233	3,975
Wages and employee benefits	8,979	21,755
	<hr/> 71,666	<hr/> 67,535
Net revenue over expenses (expenses over revenue)	41,776	(8,022)
Transfer from reserve	—	8,000
Surplus, beginning of year	23,232	23,254
Surplus, end of year	<hr/> \$ 65,008	<hr/> \$ 23,232

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Commissioners of the Port Hope Harbor

Statement of Revenue and Expenses and Surplus

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Surplus, beginning of year	\$ 191,908	\$ 138,454
Revenue:		
Lease revenue	114,949	93,741
Interest	1,402	4,713
	<u>116,351</u>	<u>98,454</u>
Expenses:		
Professional fees	7,988	–
Transfers to municipal capital	45,353	45,000
	<u>53,341</u>	<u>45,000</u>
Surplus, end of year	\$ 254,918	\$ 191,908



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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, 2009 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, 2009 and the continuity of trust funds for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and extends to the right, ending under the 'P'.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada
March 24, 2010

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Trust Funds

Statement of Financial Position

Year ended December 31, 2009, with comparative figures for 2008

	Cemetery Care and Maintenance Fund	Developers Deposits	Total 2009	Total 2008
Assets				
Cash	\$ 17,988	\$ 76,590	\$ 94,578	\$ 94,252
Accounts receivable	4,291	–	4,291	4,100
Investments, at cost (market value \$479,163)	466,243	–	466,243	449,871
Due from operating	77	–	77	–
	\$ 488,599	\$ 76,590	\$ 565,189	\$ 548,223
Liabilities and Fund Balances				
Due to operating fund	\$ 10,488	\$ –	\$ 10,488	\$ 3,009
Trust fund:				
Balances:				
Capital	350,348	76,590	426,938	421,006
Income	127,763	–	127,763	124,208
	478,111	76,590	554,701	545,214
	\$ 488,599	\$ 76,590	\$ 565,189	\$ 548,223

The accompanying note is an integral part of this financial statement.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Trust Funds

Statement of Continuity

Year ended December 31, 2009, with comparative figures for 2008

	Cemetery Care and Maintenance Fund	Developers Deposits	Total 2009	Total 2008
Funds balance at the beginning of the year	\$ 466,034	79,180	\$ 545,214	\$ 533,101
Revenue:				
Cemetery care and maintenance	8,522	–	8,522	12,991
Interest and dividends earned	19,555	758	20,313	22,558
	<u>28,077</u>	<u>758</u>	<u>28,835</u>	<u>35,549</u>
Expenses:				
Payments to developers	–	3,348	3,348	6,305
Transfer to operating fund	16,000	–	16,000	17,131
	<u>16,000</u>	<u>3,348</u>	<u>19,348</u>	<u>23,436</u>
Funds balance at the end of the year	\$ 478,111	\$ 76,590	\$ 554,701	\$ 545,214

The accompanying note is an integral part of this financial statement.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Trust Funds

Note to Financial Statements

Year ended December 31, 2009

1. Significant accounting policies:

The financial statements of the Corporation of the Municipality of Port Hope Trust funds are prepared by management 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.

(a) Basis of presentation:

These statements reflect the assets, liabilities, revenue and expenses of the Trusts.

(b) Basis of accounting:

Revenue and expenses are recorded on an accrual basis.

The accrual basis recognizes revenue as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

(c) 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 revenue and expenses during the period. Actual results could differ from those estimates. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

2. Statement of changes in financial position:

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



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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, 2009 and the statements of operations and accumulated surplus and change in net debt 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 revenue, 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 donations revenue 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, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada
March 18, 2010

PORT HOPE PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008 (Restated, note 2)
Financial assets:		
Investments (note 3)	\$ 594	\$ 72,199
Accounts receivable	315	315
Prepaid accounts	–	13,799
GST receivable	–	4,340
	909	90,653
Financial liabilities:		
Bank indebtedness	27	27
Due to the Corporation of the Municipality of Port Hope (note 4):		
Capital	33,166	104,105
Operating	73,253	64,796
	106,446	168,928
Total net debt	(105,537)	(78,275)
Non-financial assets:		
Tangible capital assets (note 11)	336,712	351,279
Accumulated surplus (note 8)	\$ 231,175	\$ 273,004

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

PORT HOPE PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

Year ended December 31, 2009, with comparative figures for 2008

	Budget 2009 (note 18)	Actual 2009	Actual 2008 (Restated, note 2)
Revenue:			
Municipal contributions – operating	\$ 536,900	\$ 536,900	\$ 535,500
Municipal contributions – capital	2,000	59,017	–
Province of Ontario operating grant	31,800	31,828	31,828
Other government funding	9,000	1,887	8,000
Fines and fees	15,500	14,233	14,995
Interest and miscellaneous	1,500	4,912	1,584
Donation account (note 10)	49	30,747	71,299
	<u>596,749</u>	<u>679,524</u>	<u>663,206</u>
Municipal development charges	20,000	5,100	11,437
Transfer from reserves	9,000	810	6,252
Other trust fund revenue	–	–	1,131
	<u>625,749</u>	<u>685,434</u>	<u>682,026</u>
Expenses:			
Salaries and benefits	463,900	461,899	437,510
Periodicals and newspapers	4,700	3,925	20,705
Book services	17,200	17,407	–
Utilities	51,400	40,369	44,117
Maintenance and cleaning	25,200	49,047	24,509
Miscellaneous	3,500	5,659	3,840
Insurance	4,000	4,330	3,871
Conferences and professional development	3,800	4,423	3,857
Office expense	16,000	14,796	19,059
Computer supplies, maintenance and training	25,000	30,434	28,382
Donation account (note 10)	–	13,698	30,182
Total expenses	<u>614,700</u>	<u>645,987</u>	<u>616,032</u>
Annual surplus before amortization	11,049	39,447	65,994
Amortization expense	–	81,276	81,529
Annual deficit	11,049	(41,829)	(15,535)
Accumulated surplus, beginning of year	–	273,004	288,539
Accumulated surplus, end of year	<u>\$ 11,049</u>	<u>\$ 231,175</u>	<u>\$ 273,004</u>

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

PORT HOPE PUBLIC LIBRARY BOARD

Statement of Change in Net Debt

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Annual deficit	\$ (41,829)	\$ (15,535)
Acquisition of tangible capital assets	(66,709)	(73,015)
Amortization of tangible capital assets	81,276	81,529
Change in net debt	(27,262)	(7,021)
Net debt, beginning of year	(78,275)	(71,254)
Net debt, end of year	\$ (105,537)	\$ (78,275)

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

PORT HOPE PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2009

1. Significant accounting policies:

The financial statements of the Library Board are prepared by management 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 ("CICA"). 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 expenses 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) Revenue recognition:

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

(c) Investments:

Investments are recorded at cost plus accrued interest. 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.

(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 revenue and expenses during the period. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

In addition, the Library Board's implementation of the Public Sector Accounting Handbook PS 3150, has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

PORT HOPE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(e) Non-financial assets:

Non financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(f) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life
Books and periodicals	7 years
Furniture and fixtures	15 years
Technology and communications	3 to 5 years

2. Change in accounting policies:

The Library Board has implemented Public Sector Accounting Board ("PSAB") Sections 1200, *Financial Statement Presentation* and 3150, *Tangible Capital Assets*. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Library Board applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset.

PORT HOPE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

2. Change in accounting policies (continued):

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

	2008
Accumulated surplus at January 1, 2008:	
Operating fund balance	\$ 53,797
Capital fund balance	(125,051)
Accumulated surplus, as previously reported	(71,254)
Net book value of tangible capital assets recorded	359,793
Accumulated surplus as of January 1, 2008, as restated	\$ 288,539
Annual surplus for 2008:	
Net revenues, as previously reported	\$ (7,021)
Assets capitalized but previously expensed	73,015
Amortization expense not previously recorded	(81,529)
Annual surplus, as restated	\$ (15,535)

3. Investments:

Investments of \$594 (2008 - \$72,199) reported on the "Statement of Financial Position" were written down to market value as of December 31, 2008 of \$72,199 from actual cost of \$75,679 as these investments were sold in 2008 and permanent impairment of \$3,480 was confirmed.

4. Due to the Corporation of the Municipality of Port Hope:

During the year, the Library Board is provided with financial and payroll services by the Corporation of the Municipality of Port Hope. As at December 31, 2009, the Library Board had an amount due to the Corporation of the Municipality of Port Hope representing the net balance of cash receipts, year end payroll accruals and disbursements processed on behalf of the Library Board in the amount of \$73,253 (2008 - \$64,796) for operating costs and \$33,166 (2008 - \$104,105) for capital expenses.

PORT HOPE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

5. 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. During the year, the Library Board has complied with eligibility requirements for part-time staff to become members of OMERS. As of December 31, 2009, no amount has been recorded in the accrued liabilities as the final balances owing to OMERS for employees and the employer had not yet been determined.

The amount contributed to OMERS for 2009 was \$10,594 (2008 - \$9,959) for current service.

6. Budget figures:

Budget figures are compiled from the 2009 fiscal year operating budget approved by the Board and are not subject to audit. Amortization was not contemplated on development of the budget and, as such, has not been included.

7. Statement of cash flow:

The statement of cash flow is readily apparent from the financial statements and as such would not provide additional information.

8. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2009	2008
		(Restated, note 2)
Surplus		
Invested in tangible capital assets	\$ 336,712	\$ 351,279
Other – operating	(106,169)	(71,859)
Other – capital	(33,166)	(104,105)
Other – donation account	33,798	97,689
Accumulated surplus	\$ 231,175	\$ 273,004

PORT HOPE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

9. Comparative figures:

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

10. Donation account:

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

	2009	2008
Balance, beginning of year	\$ 97,689	\$ 84,935
Donations	30,747	67,936
Interest	3,283	-
	131,719	152,871
Expenses:		
Book rental	5,094	-
Library programs and events	8,119	30,182
Maintenance and cleaning	485	-
Transfer to unfinanced	76,516	-
Transfer to capital (books)	7,707	25,000
	97,921	55,182
Balance, end of year	\$ 33,798	\$ 97,689

11. Tangible capital assets:

Cost	Balance at December 31, 2007	Additions	Balance at December 31, 2008
Books and periodicals	\$ 409,497	\$ 56,518	\$ 466,015
Furniture and fixtures	176,863	-	176,863
Technology and communications	80,262	16,497	96,759
Total	\$ 666,622	\$ 73,015	\$ 739,637

Accumulated amortization	Balance at December 31, 2007	Amortization	Balance at December 31, 2008
Books and periodicals	\$ 176,356	\$ 58,792	\$ 235,148
Furniture and fixtures	65,330	11,792	77,122
Technology and communications	65,143	10,945	76,088
Total	\$ 306,829	\$ 81,529	\$ 388,358

PORT HOPE PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

11. Tangible capital assets (continued):

	Net book value December 31, 2007	Net book value December 31, 2008
Books and periodicals	\$ 233,141	\$ 230,867
Furniture and fixtures	111,533	99,741
Technology and communications	15,119	20,671
	\$ 359,793	\$ 351,279

Cost	Balance at December 31, 2008	Additions	Disposals	Balance at December 31, 2009
Books and periodicals	\$ 466,015	\$ 66,709	\$ (52,420)	\$ 480,304
Furniture and fixtures	176,863	-	-	176,863
Technology and communications	96,759	-	-	96,759
Total	\$ 739,637	\$ 66,709	\$ (52,420)	\$ 753,926

Accumulated amortization	Balance at December 31, 2008	Disposals	Amortization	Balance at December 31, 2009
Books and periodicals	\$ 235,148	\$ (52,420)	\$ 60,950	\$ 243,678
Furniture and fixtures	77,122	-	11,791	88,913
Technology and communications	76,088	-	8,535	84,623
Total	\$ 388,358	\$ (52,420)	\$ 81,276	\$ 417,214

	Net book value December 31, 2008	Net book value December 31, 2009
Books and periodicals	\$ 230,867	\$ 236,625
Furniture and fixtures	99,741	87,951
Technology and communications	20,671	12,136
	\$ 351,279	\$ 336,712



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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 Corporation of the Municipality of Port Hope Cemetery Board as at December 31, 2009 and the statements of operations and accumulated surplus and change in net financial assets 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 Corporation of the Municipality of Port Hope Cemetery Board as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that tapers at both ends, serving as a decorative underline.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada
March 18, 2010

CORPORATION OF THE MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008 (Restated, note 2)
Financial assets:		
Due from the Corporation of the Municipality of Port Hope (note 4)	\$ 22,687	\$ 28,206
Due from Care and Maintenance Trust Fund	10,488	3,009
Due from the Corporation of the Municipality of Port Hope – capital (note 4)	7,253	–
GST receivable	77	–
Total	40,505	31,215
Financial liabilities:		
Due to the Corporation of the Municipality of Port Hope – capital (note 4)	–	2,465
Net financial assets	40,505	28,750
Non-financial assets:		
Tangible capital assets (note 8)	182,761	163,835
Accumulated surplus (note 7)	\$ 223,266	\$ 192,585

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Statement of Operations and Accumulated Surplus

Year ended December 31, 2009, with comparative figures for 2008

	Budget 2009 (Unaudited, note 5)	Actual 2009	Actual 2008 (Restated, note 2)
Revenue:			
Municipal grant	\$ 40,000	\$ 40,000	\$ 4,000
Provided by municipality from tax levy	47,650	47,650	36,400
Sales of plots	29,000	15,060	28,210
Sale of columbarium	11,500	16,650	11,380
Interment charges	18,500	15,835	19,320
Transfer from Care and Maintenance Trust			
Fund Income account	16,000	16,000	16,000
Donations	–	5,604	–
Miscellaneous	10,300	12,442	13,318
Total revenue	172,950	169,241	128,628
Expenses:			
Wages and employee benefits	87,450	81,323	67,774
Office expense	800	749	4,061
Supplies, utilities and maintenance	28,400	26,285	25,746
Interment costs	2,500	2,835	3,635
Columbarium inscriptions	1,200	1,885	1,732
Gate repairs	–	3,580	–
Monument repairs	8,000	2,580	2,465
Transfer to Care and Maintenance Trust			
Fund Income account	12,600	8,522	12,991
Transfer to reserves	–	–	12,861
Amortization expense	–	10,801	6,673
Total expenses	140,950	138,560	137,938
Annual surplus (deficit)	32,000	30,681	(9,310)
Opening accumulated surplus		192,585	201,895
Closing accumulated surplus		\$ 223,266	\$ 192,585

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Statement of Change in Net Financial Assets

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Annual surplus (deficit)	\$ 30,681	\$ (9,310)
Acquisition of tangible capital assets	(29,727)	(18,061)
Amortization of tangible capital assets	10,801	6,673
Change in net financial assets	11,755	(20,698)
Net financial assets, beginning of year	28,750	49,448
Net financial assets, end of year	\$ 40,505	\$ 28,750

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Notes to Financial Statements

Year ended December 31, 2009

1. Significant accounting policies:

The financial statements of the Corporation of the Municipality of Port Hope Cemetery Board are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as prescribed by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. These financial statements reflect the assets, liabilities, revenue and expenses of the Cemetery Board.

(a) 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) Basis of accounting:

Revenues and expenses are recorded on an accrual basis.

The accrual basis recognizes revenues as they are earned and measurable; expenses 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.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Useful Life
Vehicles	5 to 10 years
Land improvement	15 to 40 years
Buildings	20 to 50 years

(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 revenue and expenses during the period. These estimates are reviewed periodically and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

1. Significant accounting policies (continued):

(d) Use of estimates (continued):

In addition, the Cemetery Board's implementation of the Public Sector Accounting Handbook PS 3150 has required management to make estimates of historical cost and useful lives of tangible capital assets. Actual results could differ from those estimates.

2. Changes in accounting policies:

The Cemetery Board has implemented Public Sector Accounting Board ("PSAB") Sections 1200, *Financial Statement Presentation* and 3150, *Tangible Capital Assets*. Section 1200 establishes general reporting principles and standards for the disclosure of information in government financial statements. Section 3150 requires governments to record and amortize their tangible capital assets in their financial statements. In prior years, tangible capital asset additions were expensed in the year of acquisition or construction.

Methods used for determining the cost of each major category of tangible capital assets

The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The Cemetery Board applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, the Consumer Price Index ("CPI") or Non-Residential Building Consumer Price Index ("NRBCPI") was used as a resource for determining appropriate indices in order to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

2. Changes in accounting policies (continued):

This change has been applied retroactively and prior periods have been restated. This change in accounting policy has changed amounts reported in the prior period as follows:

	2008
Accumulated surplus at January 1, 2008:	
Operating fund balance	\$ 26,815
Capital fund balance	22,633
Accumulated surplus, as previously reported	49,448
Net book value of tangible capital assets recorded	152,447
Accumulated surplus on January 1, 2008, as restated	\$ 201,895
Annual surplus (deficit) for 2008:	
Net revenues, as previously reported	\$ (20,698)
Assets capitalized but previously expensed	18,061
Amortization expense not previously recorded	(6,673)
Annual deficit, as restated	\$ (9,310)

3. Trust fund:

The Care and Maintenance Trust Fund, representing accumulated net revenue from the sales of plots dedicated for future care and maintenance of respective cemeteries, administered by the Board, amounting to \$478,111 (2008 - \$466,034) has not been included in the "Statement of Financial Position" nor has its operations been included in the "Statement of Operations and Accumulated Surplus".

4. Due from (to) the Corporation of the Municipality of Port Hope:

During the year, the Cemetery Board is provided with financial and payroll services by the Corporation of the Municipality of Port Hope. As at December 31, 2009, the Cemetery Board had an amount due from (to) the Corporation of the Municipality of Port Hope representing the net balance of cash receipts, year end payroll accruals and disbursements processed on behalf of the Cemetery Board in the amount of \$22,687 (2008 - \$28,206) for current fund operations and \$7,253 (2008 - (\$2,465)) for capital fund operations.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

5. Budget figures:

Budget figures are compiled from the 2009 fiscal year operating budget approved by the Board and are not subject to audit. Amortization was not contemplated on development of the budget, and has not been included.

6. Statement of cash flow:

A statement of cash flow has not been included as it would not provide additional meaningful information.

7. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	2009	2008
		(Restated, note 2)
Surplus		
Invested in tangible capital assets	\$ 182,761	\$ 163,835
Other - operating	33,252	31,215
Other – capital	7,253	(2,465)
	<hr/>	<hr/>
	\$ 223,266	\$ 192,585

CORPORATION OF THE MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

8. Tangible capital assets:

Tangible capital assets disclosed at nominal values:

Cost	Balance at December 31, 2007	Additions	Balance at December 31, 2008
Land	\$ 177	\$ –	\$ 177
Buildings	166,757	–	166,757
Land improvements	43,012	9,772	52,784
Vehicles	–	8,289	8,289
Total	\$ 209,946	\$ 18,061	\$ 228,007

Accumulated amortization	Balance at December 31, 2007	Amortization	Balance at December 31, 2008
Land	\$ –	\$ –	\$ –
Buildings	49,054	2,651	51,705
Land improvements	8,445	3,193	11,638
Vehicles	–	829	829
Total	\$ 57,499	\$ 6,673	\$ 64,172

	Net book value December 31, 2007	Net book value December 31, 2008
Land	\$ 177	\$ 177
Buildings	117,703	115,052
Land improvements	34,567	41,146
Vehicles	–	7,460
	\$ 152,447	\$ 163,835

CORPORATION OF THE MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2009

8. Tangible capital assets (continued):

Cost	Balance at December 31, 2008	Additions	Balance at December 31, 2009
Land	\$ 177	\$ -	\$ 177
Buildings	166,757	-	166,757
Land improvements	52,784	-	52,784
Vehicles	8,289	29,727	38,016
Total	\$ 228,007	\$ 29,727	\$ 257,734

Accumulated amortization	Balance at December 31, 2008	Amortization	Balance at December 31, 2009
Land	\$ -	\$ -	\$ -
Buildings	51,705	2,652	54,357
Land improvements	11,638	3,519	15,157
Vehicles	829	4,630	5,459
Total	\$ 64,172	\$ 10,801	\$ 74,973

	Net book value December 31, 2008	Net book value December 31, 2009
Land	\$ 177	\$ 177
Buildings	115,052	112,400
Land improvements	41,146	37,627
Vehicles	7,460	32,557
	\$ 163,835	\$ 182,761



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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, 2009 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 Corporation of the Municipality of Port Hope Cemetery Board as at December 31, 2009 and the continuity of the Care and Maintenance Trust Fund for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P', serving as a decorative underline.

Chartered Accountants, Licensed Public Accountants

Kingston, Canada
March 18, 2010

CORPORATION OF THE MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Care and Maintenance Trust Fund Statement of Financial Position

December 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	\$ 17,988	\$ 15,072
Accrued interest	4,291	4,100
Due from Operating Fund	77	-
	22,356	19,172
Investments, at cost (note 2)	466,243	449,871
Total assets	\$ 488,599	\$ 469,043

Liabilities and Fund Balance

Due to operating fund	\$ 10,488	\$ 3,009
Capital	350,348	341,826
Income	127,763	124,208
	478,111	466,034
Total liabilities and fund balance	\$ 488,599	\$ 469,043

Care and Maintenance Trust Fund Statement of Continuity

Year ended December 31, 2009, with comparative figures for 2008

	2009	2008
Balance at beginning of year	\$ 466,034	\$ 447,271
Revenue:		
Capital receipts, care and maintenance	8,522	12,991
Interest earned	19,555	21,772
	28,077	34,763
Expense:		
Transfer to Operating Fund	16,000	16,000
Balance at end of year	\$ 478,111	\$ 466,034

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE CEMETERY BOARD

Notes to Care and Maintenance Trust Fund Financial Statements

Year ended December 31, 2009

1. Significant accounting policies:

The financial statements of the Corporation of the Municipality of Port Hope Cemetery Board Care and Maintenance Trust Fund are the representation of management prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(a) Basis of accounting:

These statements reflect the assets, liabilities, revenue and expenses of the Trust.

(b) Revenue recognition:

(i) Receipts and expenses are reported on the accrual basis of accounting.

(ii) The accrual basis of accounting recognizes revenue as they become available and measurable; expenses 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.

(c) Investments:

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

2. Investments:

Total investments of \$466,243 (2008 - \$449,871) reported on the statement of financial position at cost, have a market value of \$479,163 (2008 - \$475,905) at the end of the year.

3. Statement of changes in financial position:

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