

**CORPORATION OF THE
TOWNSHIP OF HOPE
CONSOLIDATED FINANCIAL STATEMENTS
AT DECEMBER 31, 2000**

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TOWNSHIP OF HOPE
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HUMPAGE TAYLOR L.L.P.

Chartered Accountants

R.J. Fisher, F.C.A. • J.T. Taylor, B.A., C.A. • S.E. Porter, B.COMM., C.A. • T.J.F. Nicholls, B.MATH, C.A. • R.S. Steinginga, B.A., C.A. • M.A. Mooney, B.A.S., C.A.

AUDITORS' REPORT

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

We have audited the consolidated statement of financial position of the Corporation of the Township of Hope as at December 31, 2000 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the 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, 2000 and the results of its operations and the changes in its financial position for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements.

Humpage Taylor LLP

Peterborough, Ontario
April 2, 2001

Chartered Accountants

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At December 31, 2000

	2000 \$	1999 \$
ASSETS		
FINANCIAL ASSETS		
Cash and temporary investments	274,652	345,792
Taxes and grants in lieu receivable	955,928	1,126,085
Trade and other receivables	281,388	101,905
Other current assets	29,501	24,131
TOTAL ASSETS	1,541,469	1,597,913
LIABILITIES AND MUNICIPAL POSITION		
LIABILITIES		
Accounts payable	312,218	289,705
Other current liabilities	2,247	11,606
Deferred revenue (Note 4)	243,227	214,264
	557,692	515,575
MUNICIPAL POSITION		
Fund Balances (Note 5)		
Current fund	135,485	104,007
Capital fund	-	2,700
Reserves and Reserve Fund (see Schedule page 11)	848,292	975,631
	983,777	1,082,338
TOTAL LIABILITIES AND MUNICIPAL POSITION	1,541,469	1,597,913

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

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
For The Year Ended December 31, 2000

	Budget 2000 \$	Actual 2000 \$	Actual 1999 \$
REVENUES			
Property taxation	1,273,076	1,299,867	1,161,411
Taxation from other governments	10,000	12,861	149,933
User charges	120,300	110,144	89,096
Government of Canada	-	70,735	72,943
Province of Ontario	330,500	453,091	468,572
Other municipalities	10,000	88,708	86,483
Penalties and interest on taxes	100,000	75,978	106,386
Investment income	20,000	18,764	31,865
Capital contributions	-	-	20,000
Lot levies earned	-	5,492	38,820
Sale of land	-	-	7,894
TOTAL REVENUES	1,863,876	2,135,640	2,233,403
EXPENDITURES			
CURRENT			
General government	344,000	372,333	314,533
Protection to persons and property	644,615	668,213	637,955
Transportation services	434,150	483,721	482,880
Environmental services	8,600	106,260	66,381
Health services	1,850	2,003	1,089
Recreation and cultural services	45,683	46,983	40,948
Planning and development	67,145	55,803	117,803
TOTAL CURRENT EXPENDITURES	1,546,043	1,735,316	1,661,589
CAPITAL			
General government	5,000	5,323	55,788
Protection to persons and property	139,590	135,751	108,013
Transportation services	376,900	357,811	260,902
Recreation and cultural services	22,600	-	3,531
TOTAL CAPITAL EXPENDITURES	544,090	498,885	428,234
TOTAL EXPENDITURES	2,090,133	2,234,201	2,089,823
NET REVENUES/(EXPENDITURES)	(226,257)	(98,561)	143,580
INCREASE (DECREASE) IN FUND BALANCES	(226,257)	(98,561)	143,580

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

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
For The Year Ended December 31, 2000

	2000 \$	1999 \$
OPERATIONS		
Net revenues/(expenditures)	(98,561)	143,580
(Uses) Sources:		
(Increase) decrease in taxes and grants in lieu receivable	170,157	(160,207)
(Increase) decrease in accounts receivable	(179,483)	(39,416)
(Increase) decrease in other assets	(5,370)	(11,424)
Increase (decrease) in accounts payable	22,513	4,218
Increase (decrease) in other liabilities	(9,358)	(1,550)
Increase (decrease) in deferred revenue	28,962	5,676
Net increase (decrease) in cash from operations	(71,140)	(59,123)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(71,140)	(59,123)
OPENING CASH AND CASH EQUIVALENTS	345,792	404,915
CLOSING CASH AND CASH EQUIVALENTS	274,652	345,792

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2000**

1. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been 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. Significant aspects of the accounting policies are as follows:

Reporting Entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures and fund balances of the Township of Hope.

All interfund assets and liabilities and revenues and expenditures are eliminated.

Fund Accounting

Funds within the consolidated financial statements consist of current, capital and reserve funds. Transfers between funds are recorded as adjustments to the appropriate municipal fund balance.

Trust funds and their related operations administered by the Township are not included in these financial statements but are reported on separately on the Trust Funds Statement of Continuity and Statement of Financial Position.

Capital Assets

Expenditures made on capital assets are reported as capital expenditures on the Consolidated Statement of Financial Activities in the period incurred.

Reserves and Reserve Fund

Certain amounts, as approved by Council, are set aside in the reserves and reserve fund for future operating and capital purposes. Transfers to and/or from reserves and reserve funds are an adjustment to the respective fund when approved.

Deferred Revenue

Deferred revenues represent user charges and fees which have been collected but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed.

Government Funding

Government funding is recognized in the financial statements as revenues in the period in which 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2000

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1. SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Use of Estimates

The preparation of financial statements in conformity with 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 expenditures during the period. Actual results could differ from these estimates.

2. CHANGES IN ACCOUNTING POLICIES

Commencing in 2000, the municipality has adopted the local government accounting standards issued by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The comparative figures included in these financial statements have been restated to conform with the accounting standards adopted for the current year. The adoption of these standards has resulted in the following changes to amounts previously reported.

(a) The balances reported for cash and short-term deposits and investments in these financial statements include both funds for current purposes and balances held for reserve funds;

(b) Amounts previously reported as reserve funds arising from development charges and parks contributions amounting to \$243,227 (1999 - \$214,264) are included in deferred revenues – obligatory reserve funds.

3. OPERATIONS OF SCHOOL BOARDS AND THE COUNTY OF NORTHUMBERLAND

During 2000, requisitions were made by the County of Northumberland and School Boards requiring the Township to collect property taxes and payments in lieu of property taxes on their behalf. The amounts collected and remitted are as follows:

	School Boards \$	County \$
Property taxes	1,500,957	1,158,349
Taxation from other governments	-	2,567
Amount requisitioned and remitted	1,500,957	1,160,916

These amounts have not been included in the Consolidated Statement of Financial Activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2000

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4. 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 legislation restricts how these funds may be used and under certain circumstances these funds may possibly be refunded. The balances in the obligatory reserve funds of the municipality are summarized below.

	2000 \$	1999 \$
. development charges	238,503	209,547
. parkland	4,724	4,717
	243,227	214,264

5. MUNICIPAL POSITION AT THE END OF THE YEAR

The municipal position is comprised of the following:

	2000 \$	1999 \$
Current fund		
For general reduction of taxation and user charges		
. Township	135,485	104,007
Capital fund	-	2,700
Reserves	846,576	972,859
Reserve fund	1,716	2,772
	848,292	975,631
Total	983,777	1,082,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2000

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6. PENSION AGREEMENTS

The municipality makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Due to significant surplus, OMERS has declared a temporary contribution holiday for all active employees and participating employers, through to December 31, 2002.

As a result of this contribution holiday, no contributions were required on account of current service in 2000 (1999 - \$Nil).

7. TRUST FUNDS

Trust funds administered by the municipality amounting to \$12,293 (1999 \$12,928) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Financial Activities".

8. BUDGET FIGURES

Budgets established for capital funds, reserves and reserve funds are 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 the current year actual amounts they have been reflected on the Consolidated Statement of Financial Activities. Budget figures are not subject to audit.

9. AMALGAMATION

On March 28, 2000 the Minister of Municipal Affairs and Housing signed an order giving effect to the amalgamation of the Corporation of the Township of Hope and the Town of Port Hope effective January 1, 2001.

CONSOLIDATED SCHEDULE OF CURRENT FUND OPERATIONS
For The Year Ended December 31, 2000

	Budget 2000 \$	Actual 2000 \$	Actual 1999 \$
REVENUES			
Property taxation	1,273,076	1,299,867	1,161,411
Taxation from other governments	10,000	12,861	149,933
User charges	120,300	110,144	89,096
Government of Canada	-	70,735	72,943
Province of Ontario	330,500	453,091	461,972
Other municipalities	10,000	88,708	86,483
Penalties and interest on taxes	100,000	75,978	106,386
Investment income	20,000	18,759	31,809
Sale of land	-	-	7,894
TOTAL REVENUES	1,863,876	2,130,143	2,167,927
EXPENDITURES			
General government	344,000	372,333	314,533
Protection to persons and property	644,615	668,213	637,955
Transportation services	434,150	483,721	482,880
Environmental services	8,600	106,260	66,381
Health services	1,850	2,003	1,089
Recreation and cultural services	45,683	46,983	40,948
Planning and development	67,145	55,803	117,803
TOTAL CURRENT EXPENDITURES	1,546,043	1,735,316	1,661,589
NET REVENUES/(EXPENDITURES)	317,833	394,827	506,338
FINANCING AND TRANSFERS			
Transfer to reserves and reserve fund	(67,000)	(54,982)	(155,530)
Transfer to capital operations	(354,390)	(308,367)	(326,225)
NET FINANCING AND TRANSFERS	(421,390)	(363,349)	(481,755)
CHANGE IN CURRENT FUND BALANCE	(103,557)	31,478	24,583
OPENING CURRENT FUND BALANCE	103,557	104,007	79,424
CLOSING CURRENT FUND BALANCE	-	135,485	104,007

CONSOLIDATED SCHEDULE OF CAPITAL FUND OPERATIONS
For The Year Ended December 31, 2000

	Budget 2000 \$	Actual 2000 \$	Actual 1999 \$
REVENUE			
GRANTS			
Province of Ontario	-	-	6,600
OTHER			
Lot levies earned	-	5,492	38,820
TOTAL REVENUE	-	5,492	45,420
EXPENDITURES			
General government	5,000	5,323	55,788
Protection to persons and property	139,590	135,751	108,013
Transportation services	376,900	357,811	260,902
Recreation and cultural services	22,600	-	3,531
TOTAL EXPENDITURES	544,090	498,885	428,234
NET REVENUES/(EXPENDITURES)	(544,090)	(493,393)	(382,814)
FINANCING AND TRANSFERS			
Transfers from current fund	354,390	308,367	326,225
Transfers from reserves and reserve fund	189,700	182,326	34,459
NET FINANCING AND TRANSFERS	544,090	490,693	360,684
CHANGE IN CAPITAL FUND BALANCE	-	(2,700)	(22,130)
OPENING CAPITAL FUND BALANCE	-	2,700	24,830
CLOSING CAPITAL FUND BALANCE	-	-	2,700

CONSOLIDATED SCHEDULE OF RESERVES AND RESERVE FUND
For The Year Ended December 31, 2000

	Budget 2000 \$	Actual 2000 \$	Actual 1999 \$
REVENUE			
Investment income	-	5	56
Capital contribution	-	-	20,000
	-	5	20,056
NET TRANSFERS FROM (TO) OTHER FUNDS			
Transfer from current fund	67,000	54,982	155,530
Transfer to capital fund	(189,700)	(182,326)	(34,459)
TOTAL NET TRANSFERS	(122,700)	(127,344)	121,071
CHANGE IN FUND BALANCE	(122,700)	(127,339)	141,127
OPENING BALANCE	975,631	975,631	834,504
ENDING BALANCE	852,931	848,292	975,631
ANALYZED AS FOLLOWS:			
Reserves set aside for specific purposes by Council			
. working funds		35,325	-
. sick leave		25,732	24,732
. self insurance		31,447	39,590
. community association		5,000	-
. contingencies		10,000	10,000
. future capital acquisitions		739,072	898,537
TOTAL RESERVES		846,576	972,859
Reserve fund set aside for specific purposes by Council			
. fire purposes		1,716	2,772
TOTAL RESERVES AND RESERVE FUND		848,292	975,631



HUMPAGE TAYLOR L.L.P.

Chartered Accountants

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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 statement of financial position of the Trust Funds of the Corporation of the Township of Hope as at December 31, 2000 and the statement of continuity of the Trust Fund for the year then ended. These financial statements are the responsibility of the Corporation'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 of the Township as at December 31, 2000 and the continuity of the Trust Funds for the year then ended in accordance with accounting principles disclosed in note 1 to the financial statements.

Humpage Taylor LLP

Peterborough, Ontario
April 2, 2001

Chartered Accountants

TRUST FUNDS
STATEMENT OF FINANCIAL POSITION
At December 31, 2000

	Developer Agreement \$	Ontario Home Renewal Program \$	2000 Total \$	1999 Total \$
ASSETS				
Cash	-	1,265	1,265	1,663
Current portion of loans receivable (Note 2)	-	240	240	540
Due from revenue fund	10,563	-	10,563	10,228
	10,563	1,505	12,068	12,431
OTHER				
Long term portion of loans receivable (Note 2)	-	920	920	1,160
	10,563	2,425	12,988	13,591
LIABILITIES AND FUND BALANCES				
CURRENT LIABILITIES				
Due to revenue fund	-	695	695	663
FUND BALANCES				
Capital	10,563	1,730	12,293	12,928
	10,563	2,425	12,988	13,591

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

TRUST FUNDS
STATEMENT OF CONTINUITY
For The Year Ended December 31, 2000

	Developer Agreement \$	Ontario Home Renewal Program \$	2000 Total \$	1999 Total \$
BALANCE AT THE BEGINNING OF THE YEAR	10,228	2,700	12,928	16,011
Revenues				
Interest earned	411	68	479	461
Expenditures				
Transfer to guarantor	76	-	76	2,246
Administration	-	31	31	60
Transfer to Province	-	1,007	1,007	1,066
Transfer to reserve	-	-	-	172
	76	1,038	1,114	3,544
BALANCE AT THE END OF THE YEAR	10,563	1,730	12,293	12,928

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, 2000**

1. ACCOUNTING POLICIES

Expenditures are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenditures 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.

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, 2000 comprise repayable loans of \$1,160 (1999 \$1,700).

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 as collected.