

Audited Consolidated Financial Statements and Other
Financial Information of

**CORPORATION OF THE
MUNICIPALITY OF PORT HOPE**

Year ended December 31, 2017

Audited Consolidated Financial Statements and Other Financial Information of

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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 "Municipality") are the responsibility of the Municipality's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies is contained in note 1 to the consolidated financial statements. The preparation of consolidated 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 Municipality'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 Municipality. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Municipality's consolidated financial statements.



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Director of Finance



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Port Hope

We have audited the consolidated financial statements of the Corporation of the Municipality of Port Hope, which comprise the consolidated statement of financial position as at December 31, 2017, the consolidated statements of operations and accumulated municipal equity, consolidated change in net debt and consolidated cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation of the Municipality of Port Hope as at December 31, 2017, and its consolidated results of operations and accumulated municipal equity, its consolidated change in net debt and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

July 3, 2018

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
Assets		
Financial assets:		
Cash	\$ 509,932	\$ 254,406
Taxes receivable	1,999,978	3,102,256
Accounts receivable	3,624,916	3,194,505
Investments (note 4)	34,070,438	32,403,474
Land held for resale	1,114,782	1,271,962
	<u>41,320,046</u>	<u>40,226,603</u>
Liabilities and deferred revenue:		
Accounts payable and accrued liabilities	4,792,832	4,350,527
Employee future benefit liabilities (note 6)	3,041,086	2,976,628
Deferred revenue - obligatory reserve funds (note 7)	4,447,663	4,916,939
Deferred revenue - other	1,274,754	1,152,780
Net long-term liabilities (note 8)	34,605,180	36,468,418
	<u>48,161,515</u>	<u>49,865,292</u>
Net debt	(6,841,469)	(9,638,689)
Other non-financial assets:		
Tangible capital assets (note 10)	143,583,838	142,554,862
Inventories of supplies	206,329	198,130
Prepaid expenses	358,101	297,916
	<u>144,148,268</u>	<u>143,050,908</u>
Contingent liabilities (note 11)		
Commitments (note 12)		
Accumulated municipal equity (note 13)	<u>\$ 137,306,799</u>	<u>\$ 133,412,219</u>

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Operations and Accumulated Municipal Equity

Year ended December 31, 2017, with comparative information for 2016

	Reconciled budget 2017 (note 14)	Actual 2017	Actual 2016
Revenue:			
Property taxation	\$ 16,446,054	\$ 17,171,395	\$ 16,444,838
Taxation from other governments	364,500	315,411	351,061
User charges	9,541,088	9,845,134	9,513,834
Government grants	778,437	1,673,974	1,841,611
Grants from other municipalities	123,275	132,256	186,907
Investment income	997,720	700,480	759,894
Penalties and interest on taxes	480,000	436,292	524,498
Donations	24,200	161,864	92,817
Transfers from obligatory reserve funds	1,503,643	9,450	30,212
Other	3,500	594,297	90,615
Total revenue	30,262,417	31,040,553	29,836,287
Expenses (notes 15 and 16):			
General government	3,584,404	4,119,489	3,321,956
Protection to persons and property	8,075,688	7,802,556	7,794,204
Transportation services	6,206,100	5,902,102	5,542,530
Environmental services	9,645,443	9,964,734	9,394,837
Cemetery	233,708	235,619	203,403
Library	879,920	842,582	850,258
Parks, recreation and culture	3,881,994	3,817,414	4,054,876
Planning and development	760,658	814,130	715,249
Total expenses	33,267,915	33,498,626	31,877,313
Annual operating deficit	(3,005,498)	(2,458,073)	(2,041,026)
Revenue related to capital:			
Property taxation	1,234,941	1,114,877	348,000
Government grants	1,286,000	2,119,887	324,624
Transfers from obligatory reserve funds	245,000	354,300	634,500
Contributions from others (tangible capital assets)	–	1,700,687	1,720,803
Donations	15,000	47,812	92,560
Other	15,000	1,015,090	21,408
Total revenue related to capital	2,795,941	6,352,653	3,141,895
Annual surplus (deficit)	(209,557)	3,894,580	1,100,869
Accumulated municipal equity, beginning of year		133,412,219	132,311,350
Accumulated municipal equity, end of year (note 13)		\$ 137,306,799	\$ 133,412,219

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Change in Net Debt

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Annual surplus	\$ 3,894,580	\$ 1,100,869
Acquisition of tangible capital assets	(7,456,997)	(5,197,272)
Net proceeds of disposition of capital assets	68,234	15,391
Loss on disposal of tangible capital assets	639,767	641,150
Amortization of tangible capital assets	5,720,020	5,494,808
	2,865,604	2,054,946
Change in prepaid expenses and inventories of supplies	(68,384)	(63,116)
Change in land held for resale	–	18,000
Reclassification of land held for resale	–	1,271,962
	(68,384)	1,226,846
Change in net debt	2,797,220	3,281,792
Net debt, beginning of year	(9,638,689)	(12,920,481)
Net debt, end of year	\$ (6,841,469)	\$ (9,638,689)

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Consolidated Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Operating transactions:		
Annual surplus	\$ 3,894,580	\$ 1,100,869
Items not involving cash:		
Amortization of tangible capital assets	5,720,020	5,494,808
Loss on disposal of tangible capital assets	639,767	641,150
Change in employee future benefits liabilities	64,458	63,410
Change in non-working capital items:		
Decrease (increase) in taxes receivable	1,102,278	(427,114)
Decrease (increase) in accounts receivable	(430,411)	324,282
Decrease in land held for resale	157,180	18,000
Increase (decrease) in accounts payable and accrued liabilities	442,305	(1,097,489)
Increase (decrease) in deferred revenue - obligatory reserve funds	(469,276)	1,684,917
Increase in deferred revenue - other	121,974	81,634
Increase in inventories of supplies	(8,199)	(11,591)
Increase in prepaid expenses	(60,185)	(51,525)
	7,279,911	6,720,482
Net change in cash from operations	11,174,491	7,821,351
Capital transactions:		
Cash used to acquire tangible capital assets	(7,456,997)	(5,197,272)
Net proceeds of disposition of capital assets	68,234	15,391
	(7,388,763)	(5,181,881)
Investing transactions:		
Net purchase of investments	(1,666,964)	(2,935,213)
Financing transactions:		
Debt principal repayments	(1,863,238)	(1,708,213)
Temporary borrowings	-	(5,500,000)
Issuance of long-term liabilities	-	5,500,000
	(1,863,238)	(1,708,213)
Increase (decrease) in cash	255,526	(2,003,956)
Cash, beginning of year	254,406	2,258,362
Cash, end of year	\$ 509,932	\$ 254,406

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements

Year ended December 31, 2017

1. Accounting policies:

The consolidated financial statements of the Corporation of the Municipality of Port Hope (the "Municipality") are the representation of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Municipality are as follows:

(a) Basis of consolidation:

(i) Consolidated entities:

These consolidated financial 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

(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 consolidated 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 Trust Funds Statement 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.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

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 and Federal 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 general funds and 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 as revenue in the consolidated financial statements when the transfer is authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made except when and to the extent that stipulations by the transferor give rise to an obligation that meets the definition of a liability. Government transfers that meet the definition of a liability are recognized as revenue as the liability is extinguished.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Accounting policies (continued):

(h) Use of estimates:

The preparation of consolidated financial statements 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 consolidated financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

(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 to 40
Buildings and building improvements	20 to 50
Linear assets	20 to 75
Machinery and equipment	5 to 25
Technology and communications	3 to 10
Vehicles	2 to 20

Work-in-progress is 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.

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

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

1. Accounting policies (continued):

(i) Non-financial assets (continued):

(iv) Interest capitalization:

Interest is capitalized whenever debt is used to finance the construction of tangible capital assets up to the period of substantial completion.

(v) Inventories of supplies:

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

(j) Property taxation:

The Municipality recognizes property tax revenue using the approved tax rate and the anticipated assessment. Taxes receivable and tax revenue are recognized when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. The standard requires that property tax revenue be reported net of tax concessions. Tax transfers are reported as an expense and taxes levied on behalf of others in a flow through arrangement are not reported in the consolidated statement of operations and accumulated municipal equity.

2. Operations of School Boards and the County of Northumberland:

Requisitions were made by the School Boards and the County of Northumberland requesting the Municipality to collect property taxes and payments in lieu of property taxes on their behalf. The amounts requisitioned are summarized below:

	School Boards		County of Northumberland	
	2017	2016	2017	2016
Amounts requisitioned	\$ 6,034,972	\$ 6,068,793	\$10,410,676	\$10,075,899

3. Trust funds:

Trust funds administered by the Municipality amounting to \$888,354 (2016 - \$640,878) have not been included in the Consolidated Statement of Financial Position nor have their operations been included in the Consolidated Statement of Operations.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

4. Investments:

	2017		2016	
	Cost	Market value	Cost	Market value
Cash and cash equivalents	\$ 1,715,081	\$ 1,715,690	\$ 1,080,730	\$ 1,081,352
Fixed income securities	32,355,357	32,581,014	31,322,744	32,404,293
	\$ 34,070,438	\$ 34,296,704	\$ 32,403,474	\$ 33,485,645

The fixed income securities yield interest between 1.2% and 4.8% and have maturities ranging from January 2018 to December 2022.

5. Pension agreements:

The Municipality makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 145 members of its staff. As a result, the Municipality does not recognize any share of the OMERS pension surplus or deficit. The last available report for the OMERS plan was December 31, 2017. At that time, the plan reported a \$5.4 billion actuarial deficit (2016 - \$5.7 billion actuarial deficit).

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 2017 was \$916,574 (2016 - \$890,439) and is included as an expense on the Consolidated Statement of Operations and Accumulated Municipal Equity.

6. Employee future benefit liabilities:

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 Uniformed Police Association retirees who had been hired by the Port Hope Police Services Board prior to January 1, 2014; who after the age of 65 receive single coverage benefits for life.

Life insurance benefits: The Municipality does not provide for a retiree life insurance benefit to full-time retirees regardless of age of retirement with the exception a closed group. This group is eligible for a retiree life benefit of two (2) times salary at retirement to eligible full-time non-police members until age 65, provided they retired on or before January 1, 2012. At age 65, the participant may elect to pay the premium and remain insured under this benefit, the sum insured is reduced by 50%.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

6. Employee future benefit liabilities (continued):

Early retirement incentive: The Municipality provides Municipal uniform police with an early retirement incentive if they become eligible for an unreduced OMERS pension before age 60, provided they retire within 30 days of their eligible early retirement date.

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 2017.

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, 2017, the accrued benefit liability was \$3,041,086 (2016 - \$2,976,628).

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

Discount rate	4.00% per annum
Inflation rate	1.75% per annum
Dental benefits escalation	3.75% per annum
Health benefits escalation	Escalate at 5.25% in 2018 vs 2017, reducing by 0.333% per year at 3.75% in 2023 vs 2022 and 3.75% thereafter

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

	2017	2016
Accrued benefit liability, beginning of year	\$ 2,976,628	\$ 2,913,218
Expense recognized for the year	97,132	90,910
Interest cost	132,126	128,468
Benefits paid for the year	(149,893)	(141,061)
Amortization of actuarial gain	(14,907)	(14,907)
Accrued benefit liability, end of year	\$ 3,041,086	\$ 2,976,628

	2017	2016
Accrued benefit obligation at December 31	\$ 3,284,394	\$ 2,807,988
Unamortized actuarial gain (loss)	(243,308)	168,640
Accrued benefit liability at December 31	\$ 3,041,086	\$ 2,976,628

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

7. Deferred revenue - obligatory reserve funds:

A requirement of the CPA Canada Public Sector Accounting Handbook 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:

	2017	2016
Balance, beginning of year	\$ 4,916,939	\$ 3,232,022
Revenue as follows:		
Building inspection surplus	–	136,371
Ontario Community Infrastructure fund	335,471	651,208
Federal grant - gasoline tax	501,684	492,957
Provincial grant - gasoline tax	154,133	154,203
Development contributions	519,113	1,439,778
Investment income	121,094	83,719
Utilization as follows:		
Operating	(318,107)	(198,556)
Capital	(1,577,893)	(383,908)
Debt repayment	(166,324)	(534,839)
Direct payment to developer	(38,447)	(156,016)
Balance, end of year	\$ 4,447,663	\$ 4,916,939
	2017	2016
Analyzed as follows:		
Parkland	\$ 157,610	\$ 202,385
Development charges	1,595,367	1,346,845
Ontario Community Infrastructure fund	274,695	461,717
Gasoline tax:		
Provincial	517,796	499,848
Federal	1,646,103	1,950,850
Building inspection	256,092	455,294
	\$ 4,447,663	\$ 4,916,939

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. 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:

	2017	2016
Infrastructure Ontario Debenture, bears interest at 4.73%, payable in semi-annual payments with a maturity date of January 17, 2051	\$ 25,535,375	\$ 26,297,626
Infrastructure Ontario Debenture, bears interest at 2.5%, payable in semi-annual payments with a maturity date of September 15, 2021	3,040,762	3,754,896
Infrastructure Ontario Debenture, bears interest at 3.06%, payable in semi-annual payments with a maturity date of March 15, 2036	2,775,000	2,925,000
Infrastructure Ontario Debenture, bears interest at 3.06%, payable in semi-annual payments with a maturity date of March 15, 2036	2,312,500	2,437,500
Infrastructure Ontario Debenture, bears interest at 4.7%, payable in semi-annual payments with a maturity date of June 15, 2024	384,800	444,000
Infrastructure Ontario Debenture, bears interest at 3.07%, payable in semi-annual payments with a maturity date of December 17, 2027	250,667	275,733
Infrastructure Ontario Debenture, bears interest at 3.35%, payable in semi-annual payments with a maturity date of May 1, 2027	157,576	174,163
Infrastructure Ontario Debenture, bears interest at 4.42%, payable in semi-annual payments with a maturity date of February 15, 2031	148,500	159,500
	<u>\$ 34,605,180</u>	<u>\$ 36,468,418</u>

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

2018	\$ 1,881,203
2019	1,899,619
2020	1,918,500
2021	1,937,855
2022	1,149,104
Thereafter	25,818,899
	<u>\$ 34,605,180</u>

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

8. Net long-term liabilities (continued):

(c) The long-term liabilities in (a) issued in the name of the Municipality 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.

9. Charges for net long-term liabilities:

Total charges for the year for net long-term liabilities are as follows:

	2017	2016
Principal payments	\$ 1,863,238	\$ 1,708,213
Interest	1,502,805	1,551,517
	\$ 3,366,043	\$ 3,259,730

10. Tangible capital assets:

Cost	Balance at December 31, 2016	Transfers and additions	Transfers, disposals and adjustments	Balance at December 31, 2017
Land	\$ 6,559,244	\$ 977,256	\$ 163,757	\$ 7,372,743
Land improvements	8,340,170	521,937	249,664	8,612,443
Buildings and building improvements	91,999,415	189,387	293,913	91,894,889
Linear assets	105,613,842	3,557,847	683,875	108,487,814
Machinery and equipment	2,028,997	368,183	34,043	2,363,137
Technology and communications	1,736,643	423,244	-	2,159,887
Vehicles	8,559,017	1,215,664	304,575	9,470,106
Work-in-progress	525,070	589,621	454,376	660,315
Total	\$225,362,398	\$ 7,843,139	\$ 2,184,203	\$231,021,334

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

10. Tangible capital assets (continued):

Accumulated amortization	Balance at December 31, 2016	Amortization expense	Transfers, disposals and adjustments	Balance at December 31, 2017
Land improvements	\$ 4,978,570	\$ 280,633	\$ 249,664	\$ 5,009,539
Buildings and building improvements	25,376,329	2,879,562	224,382	28,031,509
Linear assets	44,708,791	1,715,273	295,065	46,128,999
Machinery and equipment	1,153,618	173,175	32,525	1,294,268
Technology and communications	1,091,212	179,067	–	1,270,279
Vehicles	5,499,016	492,310	288,424	5,702,902
Total	\$ 82,807,536	\$ 5,720,020	\$ 1,090,060	\$ 87,437,496

	Net book value December 31, 2016	Net book value December 31, 2017
Land	\$ 6,559,244	\$ 7,372,743
Land improvements	3,361,600	3,602,904
Buildings and building improvements	66,623,086	63,863,380
Linear assets	60,905,051	62,358,815
Machinery and equipment	875,379	1,068,869
Technology and communications	645,431	889,608
Vehicles	3,060,001	3,767,204
Work-in-progress	525,070	660,315
Total	\$142,554,862	\$143,583,838

(a) Work-in-progress:

Assets under construction having a value of \$660,315 (2016 - \$525,070) have not been amortized. Amortization of these assets will commence when the asset is put into service.

(b) Contributed tangible capital assets:

During the year, there were \$1,700,687 (2016 - \$1,720,803) in contributed tangible capital assets.

(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:

There were no write-downs of tangible capital assets.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

11. Contingent liabilities:

(a) 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, 2017, 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 consolidated financial statements.

(b) Liability for contaminated sites:

Since adopting PS3260 Liability for Contaminated Sites in 2015, the Municipality has continued to identify properties not in productive use and determine which may have risk of contamination. At this time, per the 2001 agreement "An Agreement for Clean-up and the Long Term Safe Management of Low Level Radioactive Waste situate in the Town of Port Hope and the Township of Hope", specific sites identified to be contaminated by historic low-level radioactive waste (LLRW) will be a Federal government responsibility, with cleanup work completed under the Port Hope Area Initiative to meet clean up criteria set by the Canadian Nuclear Safety Commission (CNSC). The site characterization and investigation of properties in Port Hope will determine what sites are impacted by the presence of LLRW. The site investigations commenced in 2015 and will continue through to approximately 2020.

There are four industrial sites that are known to have non-LLRW contamination present that are the responsibility of the Government of Canada by the Legal Agreement to be remediated on a risk based approach. The Municipality will be responsible for ongoing risk management measures, monitoring and maintenance at these four sites once the remediation is completed. The estimated post remediation cost for risk management measures for the four (4) industrial sites combined is \$800,000, over the first five (5) year period, and then \$10,000 annually thereafter.

There may be contaminated sites not subject to the clean-up agreement with the Federal government, however until those sites become identified, no reasonable estimate for liability can be determined. Therefore the Municipality has not accrued for any amounts related to clean-up of contaminated sites on the consolidated Statement of Financial Position as at December 31, 2017 and the consolidated Statement of Operations for the year ended December 31, 2017.

12. Commitments:

The Municipality has on-going capital and operating commitments as a regular part of operations. At December 31, 2017, the Municipality had no individual outstanding capital project contractual commitments greater than \$500,000.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

13. Accumulated municipal equity:

	2017	2016	Change
Operating surplus (deficit) breakdown:			
General Operating Fund	\$ 615,951	\$ 1,022,626	\$ (406,675)
Employee Future Benefits Liability	(3,041,086)	(2,976,628)	(64,458)
Heritage Business Improvement Area	15,167	5,600	9,567
Public Library Board	128,122	58,487	69,635
Total operating deficit	(2,281,846)	(1,889,915)	(391,931)
Reserves set aside for specific purposes by Council:			
Working capital	3,791,581	3,973,728	(182,147)
Sick leave	85,297	85,297	–
Insurance	34,391	47,619	(13,228)
Waterfront	814,954	708,568	106,386
Parking Authority	346,326	280,428	65,898
Asset Replacement	1,190,000	350,000	840,000
Employee Future Benefits	1,035,306	–	1,035,306
Other	193,799	305,382	(111,583)
Total reserves	7,491,654	5,751,022	1,740,632
Reserve funds set aside for specific purposes by Council:			
Downtown Beautification	50,000	50,000	–
Water system	(3,471,063)	(3,852,991)	381,928
Wastewater system	433,469	1,600,289	(1,166,820)
Hydro proceeds	4,258,201	4,137,220	120,981
Pumping Station	280,122	274,087	6,035
Low level radioactive waste - urban area	10,711,742	10,682,543	29,199
Low level radioactive waste - rural area	10,248,679	10,213,321	35,358
Other	484,341	357,526	126,815
Total reserve funds	22,995,491	23,461,995	(466,504)
Investment in tangible capital assets:			
Tangible capital assets	143,583,838	142,554,862	1,028,976
Long-term liabilities	(34,605,180)	(36,468,418)	1,863,238
Unfinanced capital expenditures	(52,976)	(155,575)	102,599
Unexpended capital financing	175,818	158,248	17,570
Investment in tangible capital assets	109,101,500	106,089,117	3,012,383
Total accumulated municipal equity	\$ 137,306,799	\$ 133,412,219	\$ 3,894,580

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

14. Budget data:

The unaudited budget data presented in these consolidated financial statements is based upon the 2017 operating and capital budgets approved by Council on February 7, 2017 and reconciled for comparison purposes to the actuals which are presented to comply with Public Sector Accounting Standards. In accordance with Ontario Regulation 284/09, the budget approved by Council excluded amortization and post-employment benefit expense. The budget was prepared on a modified accrual basis, while Public Sector Accounting Board (PSAB) reporting requirements requires a full accrual basis. The budgets established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. The reconciliation of the budget adopted by Council for the purposes of comparison in these financial statements is shown in the following table:

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

14. Budget data (continued):

	2017 Annual budget adopted by Council	LLRW interest usage	Amortization	Loss on disposal of assets	Employee future benefits	Reserve and reserve fund reallocation	Debt repayment reallocation	Capital reallocation	Library operating to capital	Additional expenses approved during 2017	2017 reconciled (PSAB) budget
Revenue:											
Property taxation	\$ 18,130,710	\$ (449,715)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,069,000)	\$ (41,000)	\$ (124,941)	\$ 16,446,054
Taxation from other governments	364,500	-	-	-	-	-	-	-	-	-	364,500
User charges	9,541,088	-	-	-	-	-	-	-	-	-	9,541,088
Government grants	1,642,437	-	-	-	-	-	-	(864,000)	-	-	778,437
Grants from other municipalities	249,275	-	-	-	-	-	-	(126,000)	-	-	123,275
Investment income	997,720	-	-	-	-	-	-	-	-	-	997,720
Penalties and interest on taxes	480,000	-	-	-	-	-	-	-	-	-	480,000
Donations	39,200	-	-	-	-	-	-	(15,000)	-	-	24,200
Other	18,500	-	-	-	-	-	-	(15,000)	-	-	3,500
Transfers from obligatory reserve funds	1,748,643	-	-	-	-	-	-	(235,000)	(10,000)	-	1,503,643
Transfers from reserves/reserve funds	2,572,661	449,715	-	-	-	(1,206,376)	-	(1,816,000)	-	-	-
Total revenue	35,784,734	-	-	-	-	(1,206,376)	-	(4,140,000)	(51,000)	(124,941)	30,262,417
Expenses:											
General government	4,864,430	-	141,932	132,104	64,458	(1,434,520)	-	(184,000)	-	-	3,584,404
Protection to persons and property	8,175,897	-	457,273	13,939	-	(154,567)	(236,854)	(180,000)	-	-	8,075,688
Transportation services	5,549,425	-	1,366,211	422,464	-	(137,000)	-	(995,000)	-	-	6,206,100
Environmental services	11,033,034	-	2,958,462	59,733	-	(1,089,402)	(1,476,384)	(1,840,000)	-	-	9,645,443
Cemetery	217,399	-	16,309	-	-	-	-	-	-	-	233,708
Library	817,765	-	123,155	-	-	-	-	-	(51,000)	-	879,920
Parks, Recreation and Culture	4,266,921	-	642,047	11,526	-	(7,500)	(150,000)	(881,000)	-	-	3,881,994
Planning and Development	869,863	-	14,631	-	-	(63,836)	-	(60,000)	-	-	760,658
Total expenses	35,784,734	-	5,720,020	639,766	64,458	(2,886,825)	(1,863,238)	(4,140,000)	(51,000)	-	33,267,915
Operating surplus (deficit)	-	-	(5,720,020)	(639,766)	(64,458)	1,680,449	1,863,238	-	-	(124,941)	(3,005,498)
Revenue related to capital:											
Property taxation for capital	-	-	-	-	-	-	-	1,069,000	41,000	124,941	1,234,941
Government grants	-	-	-	-	-	-	-	990,000	-	296,000	1,286,000
Transfer from obligatory reserve funds	-	-	-	-	-	-	-	235,000	10,000	-	245,000
Contribution from others	-	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	15,000	-	-	15,000
Other capital revenue	-	-	-	-	-	-	-	15,000	-	-	15,000
Total capital revenue	-	-	-	-	-	-	-	2,324,000	51,000	420,941	2,795,941
Annual surplus (deficit)	-	-	(5,720,020)	(639,766)	(64,458)	1,680,449	1,863,238	2,324,000	51,000	296,000	(209,557)
Plus - Capital transfer from (to) reserve/ reserve fund	-	-	-	-	-	-	-	1,816,000	-	-	1,816,000
Plus - Operating transfer from (to) reserve/ reserve fund	-	-	-	-	-	(1,680,449)	-	-	-	-	(1,680,449)
Less - Capital Expenditures	-	-	-	-	-	-	-	(4,140,000)	(51,000)	(296,000)	(4,487,000)
Less - Debt Repayment	-	-	-	-	-	-	(1,863,238)	-	-	-	(1,863,238)
Total budget	\$ -	\$ -	\$ (5,720,020)	\$ (639,766)	\$ (64,458)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,424,244)

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

15. Supplementary information:

	2017		
	Reconciled budget	2017	2016
Operating expenses by object:			
Salaries, wages and employee benefits	\$ 14,519,139	\$ 14,075,536	\$ 13,667,661
Long-term debt interest	1,502,805	1,502,805	1,551,516
Materials	6,351,908	6,504,725	5,846,464
Contracted services	3,927,383	4,368,876	4,060,133
Rents and financial expenses	687,916	684,655	692,418
External transfers	558,744	642,009	564,313
	27,547,895	27,778,606	26,382,505
Amortization of tangible capital assets	5,720,020	5,720,020	5,494,808
Total	\$ 33,267,915	\$ 33,498,626	\$ 31,877,313

16. 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.

(b) Protection to Persons and Property:

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.

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

16. Segmented information (continued):

(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) Environmental Services:

Includes management and maintenance of water treatment and distribution, waste water plant and sanitary sewer services and storm sewer, waste collection and low level radioactive waste management and administration.

(e) Cemetery:

Includes the management and maintenance of municipal cemeteries.

(f) Library:

Includes allocations for the purpose of providing library services.

(g) 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 centres, parks, recreation fields and the arena.

(h) 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 annual budget. Certain government transfers, transfer from other funds, and other revenue have been apportioned based on segmented 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

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

16. Segmented information (continued):

	General Government	Protection to persons and property	Transportation Services	Environmental Services	Cemetery	Library	Parks, recreation and culture	Planning and Development	Total
Revenue:									
User charges	\$ 181,596	\$ 978,778	\$ 319,763	\$ 7,135,887	\$ 119,996	\$ 23,994	\$ 956,241	\$ 128,879	\$ 9,845,134
Government grants	402,193	100,177	1,931,110	945,570	—	44,070	361,741	9,000	3,793,861
Grants from other municipalities	—	7,500	34,628	84,730	—	—	5,398	—	132,256
Investment income	683,181	—	—	—	17,023	276	—	—	700,480
Penalties and interest on taxes	436,292	—	—	—	—	—	—	—	436,292
Donations	25,000	5,695	8,000	3,556	600	42,329	95,884	28,612	209,676
Transfer from deferred obligatory	—	—	—	—	—	—	—	9,450	9,450
Other	1,451,086	35,259	63,492	—	38,567	2,466	18,517	—	1,609,387
Contributions from others (tangible) capital assets	1,700,687	—	—	—	—	—	—	—	1,700,687
	4,880,035	1,127,409	2,356,993	8,169,743	176,186	113,135	1,437,781	175,941	18,437,223
Expenses:									
Salaries, wages and employee benefits	1,934,973	5,148,387	1,625,451	2,356,987	147,332	517,978	1,872,568	471,880	14,075,536
Long-term debt interest expense	—	113,155	—	1,302,640	—	—	87,010	—	1,502,805
Materials	999,275	788,207	1,670,170	1,965,502	43,512	136,096	861,411	40,552	6,504,725
Contracted services	718,171	1,007,106	811,858	1,313,133	6,391	64,871	188,533	258,813	4,368,876
Rents and financial expenses	148,149	23,429	428,412	64,961	—	482	14,976	4,246	684,655
External transfers	176,989	265,019	—	3,049	22,075	—	150,869	24,008	642,009
Amortization	141,932	457,273	1,366,211	2,958,462	16,309	123,155	642,047	14,631	5,720,020
	4,119,489	7,802,556	5,902,102	9,964,734	235,733	842,582	3,817,414	814,130	33,498,626
Excess of revenue over expenses (expenses over revenue) before taxation									
	\$ 760,546	\$ (6,675,147)	\$ (3,545,109)	\$ (1,794,991)	\$ (59,433)	\$ (729,447)	\$ (2,379,633)	\$ (638,189)	\$ (15,061,403)
Funded through:									
Property taxation	—	—	—	—	—	—	—	—	\$ 18,286,272
Taxation from other governments	—	—	—	—	—	—	—	—	315,411
Transfer from deferred obligatory reserve funds	—	—	—	—	—	—	—	—	354,300
Excess of revenue over expenses	\$ 760,546	\$ (6,675,147)	\$ (3,545,109)	\$ (1,794,991)	\$ (59,433)	\$ (729,447)	\$ (2,379,633)	\$ (638,189)	\$ 3,894,580

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Notes to Consolidated Financial Statements (continued)

Year ended December 31, 2017

17. Comparative information:

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Schedule A: Heritage Business Improvement Area

Statement of Revenue and Expenses and Surplus (Deficit)

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Revenue:		
Net levy	\$ 51,270	\$ 48,829
Contribution from Municipality	4,000	9,350
Other revenue	14,100	15,270
Advertising revenue	4,561	—
	<u>73,931</u>	<u>73,449</u>
Expenses:		
Stationery, supplies and office	3,480	5,173
Improvements	11,900	23,265
Advertising	19,964	9,437
Special events	2,225	2,103
Wages and employee benefits	26,795	26,414
	<u>64,364</u>	<u>66,392</u>
Excess of revenue over expenses	9,567	7,057
Surplus (deficit), beginning of year	5,600	(1,457)
Surplus, end of year	<u>\$ 15,167</u>	<u>\$ 5,600</u>



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INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the Municipality of Port Hope

We have audited the financial statements of the trust funds of the Corporation of the Municipality of Port Hope, which comprise the statement of financial position as at December 31, 2017 and the statement of continuity of trust funds for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation of the Municipality of Port Hope trust funds as at December 31, 2017, and the continuity of trust funds for the year then ended in accordance with Canadian public sector accounting standards.

KPMG LLP

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'.

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

July 3, 2018

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Cemetery Care and Maintenance and Developer Deposits Trust Funds

Statement of Financial Position

Year ended December 31, 2017, with comparative information for 2016

	Cemetery Care and Maintenance Fund	Developer Deposits	Total 2017	Total 2016
Assets				
Cash (market value \$28,722)	\$ 28,722	\$ —	\$ 28,722	\$ 91,102
Accrued interest receivable	3,061	—	3,061	2,045
Investments (market value \$847,913)	859,632	—	859,632	551,683
Due to operating fund	(3,061)	—	(3,061)	(3,952)
	\$ 888,354	\$ —	\$ 888,354	\$ 640,878

Liabilities and Fund Balances

Trust fund:

Balances:

Capital

\$ 767,202 \$ — \$ 767,202 \$ 520,211

Income

121,152 — 121,152 120,667

Subsequent event (note 3)

\$ 888,354 \$ — \$ 888,354 \$ 640,878

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Cemetery Care and Maintenance and Developer Deposits Trust Funds

Statement of Continuity

Year ended December 31, 2017, with comparative information for 2016

	Cemetery Care and Maintenance Fund	Developer Deposits	Total 2017	Total 2016
Funds balances, beginning of year	\$ 572,632	\$ 68,246	\$ 640,878	\$ 628,508
Revenue and Capital Contributions:				
Cemetery care and maintenance	22,075	—	22,075	15,163
Assumption of Cemetery Trust	293,137	—	293,137	—
Interest and dividends earned	15,875	551	16,426	13,775
	331,087	551	331,638	28,938
Expenses:				
Transfer to operating fund	15,365	68,797	84,162	16,568
Funds balances, end of year	\$ 888,354	\$ —	\$ 888,354	\$ 640,878

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Cemetery Care and Maintenance and Developer Deposits Trust Funds

Notes to Financial Statements

Year ended December 31, 2017

1. Significant accounting policies:

The financial statements of the Corporation of the Municipality of Port Hope Trust funds (the "Trusts") are prepared by management in accordance with Canadian public sector accounting standards.

(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 public sector accounting standards 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.

(d) 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.

Interest earned on investments are reported as revenue in the period earned.

2. Statement of cash flows:

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

CORPORATION OF THE MUNICIPALITY OF PORT HOPE

Cemetery Care and Maintenance and Developer Deposits Trust Funds

Notes to Financial Statements

Year ended December 31, 2017

3. Subsequent event:

On January 1, 2018 the Corporation of the Municipality of Port Hope assumed all general operating responsibilities of the Providence Cemetery at the request of its Board. The Municipality is working with the Providence Cemetery Board and the Bereavement Authority of Ontario (BAO), to complete the voluntary transfer of the Providence Cemetery site in 2018. Following completion of reporting by the Providence Cemetery Board, the Providence Cemetery Trust Account will be liquidated in 2018 and become a part of the existing Care & Maintenance account, Port Hope Cemeteries Trust Account. Also to be transferred in 2018 for the ongoing operations of the Providence Cemetery is an Operating Bank Account.