

**CONSOLIDATED FINANCIAL REPORT**

**THE CORPORATION OF THE  
TOWN OF ENGLEHART**

**DISTRICT OF TIMISKAMING**

**YEAR ENDED DECEMBER 31, 2017**

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## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the Town of Englehart are the responsibility of the Town of Englehart'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 Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in Note 1 to the 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 Town of Englehart'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 financial statements. These systems are monitored and evaluated by Management.

Council meets with Management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Kemp Elliott & Blair LLP, independent external auditors appointed by the Town of Englehart. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Town of Englehart's financial statements.



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Clerk-treasurer  
Shawn LaCarte

## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants  
and Ratepayers of  
THE CORPORATION OF THE TOWN OF ENGLEHART:

We have audited the accompanying consolidated financial statements of THE CORPORATION OF THE TOWN OF ENGLEHART, which comprise the consolidated statement of financial position as at December 31, 2017, and the consolidated statement of operations, consolidated statement of change in net financial assets and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management and Council's Responsibility for the consolidated financial statements

Management and council are 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 and council determine 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 the auditor's 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, the auditor considers 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 financial position of THE CORPORATION OF THE TOWN OF ENGLEHART as at December 31, 2017, and its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Kemp Elliott & Blair LLP

*Kemp Elliott & Blair LLP*

Chartered Professional Accountants

Licensed Public Accountants  
New Liskeard, Ontario  
October 17, 2018

# THE CORPORATION OF THE TOWN OF ENGLEHART

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2017

### FINANCIAL ASSETS

	2017	2016
Cash	\$ 399,013	\$ 501,980
Short-term investments – note 4	886,209	1,772,221
Taxes receivable	274,936	200,867
Accounts receivable	982,948	923,419
Long-term receivables – note 5	32,000	40,000
Investment in Government Business Partnership – note 11	-	5,451
	<u>2,575,106</u>	<u>3,443,938</u>

### LIABILITIES

Accounts payable and accrued liabilities	529,246	487,514
Deferred revenue – other – note 6	74,028	1,133,716
Landfill closure and post-closure liability – note 7	537,000	316,000
Municipal debt – note 8	123,458	163,858
Deficiency in Government Business Partnership – note 11	473	-
	<u>1,264,205</u>	<u>2,101,088</u>

### NET FINANCIAL ASSETS

	<u>1,310,901</u>	<u>1,342,850</u>
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### NON-FINANCIAL ASSETS

Inventories of supplies	9,000	15,000
Tangible capital assets – note 17	17,852,470	15,840,291
	<u>17,861,470</u>	<u>15,855,291</u>

### ACCUMULATED SURPLUS – note 12

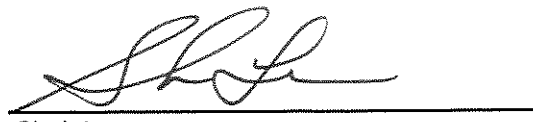
	<u>\$ 19,172,371</u>	<u>\$ 17,198,141</u>
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Contingent liabilities and commitments – note 15

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

On behalf of Council:

  
 \_\_\_\_\_  
 Mayor

  
 \_\_\_\_\_  
 Clerk-treasurer

# THE CORPORATION OF THE TOWN OF ENGLEHART

## CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 Budget (Note 13)	2017 Actual	2016 Actual
<b>REVENUES</b>			
Operating revenues			
Municipal taxation	\$ 1,544,242	\$ 1,570,662	\$ 1,513,712
Water, sewer and garbage charges	617,500	636,673	605,327
User charges	161,550	167,223	157,428
Provincial grants	901,939	908,539	891,578
Federal grants	-	10,011	8,186
Revenue from other municipalities	100,922	103,002	105,958
Investment income	8,500	43,884	63,716
Penalties and interest on taxes	30,000	34,305	30,908
Provincial Offences Act revenues	31,500	23,089	31,665
Loss from Government Business Partnership	-	(5,924)	(6,399)
Other	117,062	151,146	146,796
	<u>3,513,215</u>	<u>3,642,610</u>	<u>3,548,875</u>
Capital revenues			
Provincial grants	2,218,750	2,051,733	1,504,649
Federal grants	92,365	144,273	108,385
Other	-	5,187	8,422
	<u>2,311,115</u>	<u>2,201,193</u>	<u>1,621,456</u>
Total revenues	<u>5,824,330</u>	<u>5,843,803</u>	<u>5,170,331</u>
<b>EXPENDITURES</b>			
General government	405,413	415,187	512,894
Protection to persons and property	454,180	456,966	431,102
Transportation services	530,866	520,059	497,933
Environmental services	876,771	1,151,091	899,568
Health services	239,762	202,336	233,009
Social and family services	171,953	171,963	168,550
Recreation and cultural services	878,473	838,225	867,995
Planning and development	118,950	113,746	135,855
Total expenditures	<u>3,676,368</u>	<u>3,869,573</u>	<u>3,746,906</u>
<b>ANNUAL SURPLUS</b>	2,147,962	1,974,230	1,423,425
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>17,198,141</u>	<u>17,198,141</u>	<u>15,774,716</u>
<b>ACCUMULATED SURPLUS, END OF YEAR – note 12</b>	<u>\$ 19,346,103</u>	<u>\$ 19,172,371</u>	<u>\$ 17,198,141</u>

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

**THE CORPORATION OF THE TOWN OF ENGLEHART**  
**CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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	2017 Budget (Note 13)	2017 Actual	2016 Actual
<b>ANNUAL SURPLUS</b>	\$ 2,147,962	\$ 1,974,230	\$ 1,423,425
Acquisition of tangible capital assets	(2,829,698)	(2,616,746)	(2,154,324)
Amortization of tangible capital assets	557,500	603,551	554,882
Proceeds of disposition of tangible capital assets	-	1,361	15,000
Gain on sale of tangible capital assets	-	(345)	(267)
Acquisition of inventories of supplies	-	6,000	-
Decrease in net financial assets	(124,236)	(31,949)	(161,284)
Net financial assets, beginning of year	1,342,850	1,342,850	1,504,134
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<b>\$ 1,218,614</b>	<b>\$ 1,310,901</b>	<b>\$ 1,342,850</b>

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

# THE CORPORATION OF THE TOWN OF ENGLEHART

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
<b>OPERATIONS</b>		
Annual surplus	\$ 1,974,230	\$ 1,423,425
Charges not affecting cash –		
Amortization of tangible capital assets	603,551	554,882
Gain on sale of tangible capital assets	(345)	(267)
Loss from Government Business Partnership	5,924	6,399
	<u>2,583,360</u>	<u>1,984,439</u>
Other sources (uses) of cash –		
Change in taxes receivable	(782,081)	(67,120)
Change in long-term receivables	8,000	8,000
Change in accounts receivable	648,483	(706,147)
Change in inventories of supplies	6,000	-
Change in accounts payable and accrued liabilities	41,732	23,047
Change in deferred revenue – other	(1,059,688)	172,861
Change in landfill closure and post-closure liabilities	221,000	45,000
	<u>(916,554)</u>	<u>(524,359)</u>
Total cash provided by operations	<u>1,666,806</u>	<u>1,460,080</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	(2,616,746)	(2,154,324)
Proceeds from sale of capital assets	1,361	15,000
Total cash used for capital transactions	<u>(2,615,385)</u>	<u>(2,139,324)</u>
<b>INVESTING TRANSACTIONS</b>		
Redemption of short-term investments	<u>886,012</u>	<u>468,534</u>
<b>FINANCING TRANSACTIONS</b>		
Municipal debt repayments	<u>(40,400)</u>	<u>(154,699)</u>
<b>DECREASE IN CASH</b>	(102,967)	(365,409)
Cash, beginning of year	<u>501,980</u>	<u>867,389</u>
<b>CASH, END OF YEAR</b>	<u>\$ 399,013</u>	<u>\$ 501,980</u>
<b>REPRESENTED BY</b>		
Cash	<u>\$ 399,013</u>	<u>\$ 501,980</u>

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

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2017

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The Corporation of the Town of Englehart is a town in the Province of Ontario, Canada. It conducts its operations guided by the provisions of provincial statutes such as the Municipal Act 2001, Provincial Offences Act and other related legislation.

#### 1. Accounting policies

The consolidated financial statements of The Corporation of the Town of Englehart are the representation of management and council and are prepared in accordance with generally accepted accounting principles for local government as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada as prescribed for Ontario municipalities by the Ministry of Municipal Affairs and Housing.

#### Use of estimates

Management has made estimates and assumptions that affect the amounts reported in preparing these consolidated financial statements. Significant areas requiring the use of management estimates relate to the determination of tangible capital assets historical cost, estimated useful life and related amortization and landfill post-closure liability.

#### Basis of consolidation

The consolidated financial statements reflect financial assets, liabilities, operating revenues and expenditures, reserves and changes in investment in tangible capital assets of the Town and include the activities of all committees of Council which are:

Englehart and Area Public Library Board  
 Englehart Water System  
 Englehart Sewer System  
 Englehart and Area Fire Department

Englehart and Area Historical Museum  
 Englehart Cemetery Board  
 Englehart Garbage System

All interfund assets and liabilities and sources of financing and expenditures have been eliminated.

#### Government Business Partnership

Government Business Partnership comprises of the corporation Englehart Solar Inc. and is accounted for by the modified equity method. Under the modified equity method, the business partnership's accounting principles are not adjusted to conform to those of the Town and inter-organization transactions and balances (if any) are not eliminated.

#### Non-consolidated entities

The following local boards, joint local boards, municipal enterprises and utilities are not consolidated:

*Timiskaming District Health Unit*  
*District of Timiskaming Social Services Administration Board*

Although these are joint local boards they run autonomously to provide those services mandated by the Province. The Town has no control over these programs or their financing. These joint local boards are not proportionately consolidated. The yearly requisitions of these boards are expensed by the Town in its statements.

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2017

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1. **Accounting policies - continued**  
**Non-consolidated entities - continued**

*Timiskaming Municipal Building Association Chief Building Officer*

The Timiskaming Municipal Building Association Chief Building Officer is a joint cost sharing arrangement for 21 municipalities. The operations of this board are not proportionately consolidated into these statements because the Town does not have voting control of the board. Building permit revenues are transferred to this organization.

*Central Timiskaming Planning Board*

This joint local board provides planning services to the municipalities of Englehart, Evanturel, Chamberlain and Charlton & Dack. This joint local board is not proportionally consolidated as the overall impact would not be considered significant to the statements. The yearly requisition as well as the planning fee revenues are transferred to this organization and are expensed by the Town in its financial statements. The Town's share of the accumulated surplus at the end of 2017 was \$2,591 (2016 - \$1,479).

**Accounting for school board transactions**

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

**Trust Funds**

Trust Funds and their related operations administered by the Town are not consolidated, but are reported separately on the "Trust Funds Statement of Continuity" and "Statement of Financial Position".

**Short-term investments**

Short-term investments are recorded at cost. Investment income earned on surplus funds is reported as revenue in the period earned.

**Tangible capital assets**

Tangible capital assets are recorded at cost, which includes all 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:

Land improvements	25 years
Buildings	50 years
Equipment	10 years
Heavy equipment	10 to 25 years
Light trucks	10 years
Culverts	50 years
Roads	7 to 30 years
Underground networks	50 years

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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1. **Accounting policies - continued**

**Tangible capital assets - continued**

A full year of amortization is charged in the year of acquisition and no amortization is charged in the year of disposal. Assets under construction are not amortized until the asset is available for use.

The town has no capitalization threshold for land and building, a capitalization threshold of \$10,000 for infrastructure systems and \$2,500 for all other assets. Individual assets of lesser value may be capitalized if they are pooled, or because, collectively, they have significant value.

**Inventories of supplies**

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

**Deferred revenue – other**

The Town receives certain amounts pursuant to funding agreements that may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recorded as deferred revenue and are recognized as revenue in the fiscal year the eligibility criteria has been met except when stipulations are present and to the extent that the transfer give rise to an obligation that meets the definition of a liability.

**Revenue recognition**

*Government transfers (provincial and federal grants)*

Government transfers are transfers from senior levels of government that are not the result of an exchange transaction and are not expected to be repaid in the future. Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized. A transfer with eligibility criteria is recognized as revenue when the transfer is authorized and all eligibility criteria have been met. A transfer with or without eligibility criteria but with stipulation is recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except where and to the extent that the transfer gives 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.

*Taxation and related revenues*

Property tax billings are prepared by the Town based on assessment rolls issued by the Municipal Property Assessment Corporation ("MPAC"). Tax rates are established annually by Council, incorporating amounts to be raised for local services and amounts the Town is required to collect on behalf of the Province of Ontario in respect of education taxes. A normal part of the assessment process is the issue of supplementary assessment rolls, which provide updated information with respect to changes in property assessment. Once a supplementary assessment roll is received, the Town determines the taxes applicable and renders supplementary tax billings. Taxation revenues are recorded when they meet the definition of an asset, the tax is authorized and the taxable event has occurred. Assessments and the related property taxes are subject to appeal. Tax adjustments as a result of appeals are recorded when the results of the appeal process are known.

The Town is entitled to collect interest and penalties on overdue taxes. These revenues are recorded in the period the interest and penalties are levied.

*Fees, service charges and other revenue*

Fees, service charges and other revenue are recognized when earned.

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

2. **Operations of school boards**

Further to note 1, the taxation levied on behalf of and due to the school boards is:

2017	2016
<u>\$ 344,492</u>	<u>\$ 350,471</u>

3. **Contributions to Joint Boards**

Further to note 1, the following contributions were made by the Town to these boards:

	2017	2016
Timiskaming Health Unit	<u>\$ 45,003</u>	<u>\$ 63,778</u>
District of Timiskaming Social Services Administration Board	<u>\$ 296,520</u>	<u>\$ 298,408</u>

4. **Short-term investments**

Investments held through CIBC Asset Management:

	Market Value 2017	Cost 2017	Cost 2016
Imperial Money Market Pool	\$ 29,631	\$ 29,643	\$ 98,022
Imperial Short-term Bond Pool	415,821	431,982	867,948
Imperial Canadian Bond Pool	351,650	357,171	707,268
Imperial International Bond Pool	34,519	34,340	66,288
Guaranteed income certificates – Northern Credit Union	<u>33,073</u>	<u>33,073</u>	<u>32,695</u>
	<u>\$ 864,694</u>	<u>\$ 886,209</u>	<u>\$ 1,772,221</u>

The GICs held at the Northern Credit Union of \$33,073 (2016 \$32,695) consists of three GICs with varying maturity dates between February, 2018 and April, 2019 and earning interest at 1.5% per annum. These GICs belong to the Englehart Public Library Board.

5. **Long-term receivables**

The District School Board Ontario North East has committed to a donation towards the building of the new arena. This donation of \$120,000 is to be paid at a rate of \$8,000 per year for 15 years starting in 2007. This receivable bears no interest.

6. **Deferred revenue – other**

Deferred revenue – other consists of the following:

	December 31 2016	Funds Received	Revenue Earned	December 31 2017
Provincial government	\$ 1,093,716	\$ 6,419	\$ 1,096,607	\$ 3,528
Donations	<u>40,000</u>	<u>30,500</u>	<u>-</u>	<u>70,500</u>
	<u>\$ 1,133,716</u>	<u>\$ 36,919</u>	<u>\$ 1,096,607</u>	<u>\$ 74,028</u>

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2017

7. **Landfill closure and post-closure liability**

The liability for closure and post-closure of the landfill site has been recognized using the present value of the estimated closure and post-closure costs, based on the usage of the site's capacity. The total capacity of the site is 100,000 cubic meters. The approximate area that has been landfilled is 48,600 cubic meters, leaving an estimated remaining capacity of 51,400 cubic meters. The estimated life of the landfill site is 25 years and post-closure care is estimated to be required for 25 years from the date of site closure.

The discount factor used is 3% net of inflation of 2.46%. The liability as at December 31, 2017 is \$537,000. Estimated expenditures for closure and post-closure care are \$953,174 and \$363,725 respectively, for a total of \$1,316,899. The liability remaining to be recognized is \$779,899.

Since a new study was conducted in 2017, our estimated useful life as well as expected closure and post-closure costs were revised. Since this a change in estimate, we applied this change prospectively and reflected an increase in environmental costs of \$221,000 on the statement of operations and increased the landfill closure and post-closure liability by the same amount on the statement of financial position.

8. **Municipal debt**

CIBC loan repayable in monthly payments of \$3,367 plus accrued interest at prime plus 1% (currently 4.2%) and matures in January, 2021. The debt relates to the purchase of a sander truck.

	<u>2017</u>	<u>2016</u>
	\$ 123,458	\$ 163,858

This debt is to be paid from general municipal revenues.

Principal payments are due as follows:

2018	\$ 40,400
2019	40,400
2020	40,400
2021	<u>2,258</u>
	<u>\$ 123,458</u>

Total interest paid on this loan in 2017 was \$5,601 (2016 \$8,192).

9. **Comparative information**

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year. The changes do not affect the prior annual surplus.

10. **Correction of prior period**

The Town has inventories of supplies which had not previously been reported. This error was discovered in the current year and has been corrected retroactively. As a result, the December 31, 2016 figures, presented for comparative purposes, have been restated from those previously reported as follows:

	<u>As previously reported</u>	<u>Increase (decrease)</u>	<u>As restated</u>
Statement of Financial Position			
Inventories of supplies	\$ -	\$ 15,000	\$ 15,000
Non-financial assets	15,840,291	15,000	15,855,291
Statement of Operations			
Accumulated surplus, beginning of year	15,759,716	15,000	15,774,716

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2017

#### 11. Government Business Partnership

The Town of Englehart is the 50% owner of all of the issued capital of the corporation Englehart Solar Inc. (Énergie Kapuskasing Energy Inc. is the other partner owning 50% of the total issued capital).

Englehart Solar Inc. was incorporated under the Ontario Business Corporations Act on October 29, 2012 pursuant to section 142 of the Electricity Act (Ontario). The corporation's principal activity is the ownership, administration and management of solar power generating projects for the purpose of generating, transmitting, distributing and retailing electricity.

This corporation is accounted for on a modified equity basis in these consolidated financial statements.

- (a) The investment (deficiency) in Government Business Partnership consists of the following:

	2017	2016
Purchase of share capital (50 Class B shares)	\$ 50	\$ 50
Town's share of accumulated surplus (deficit)	(523)	5,401
	<u>\$ (473)</u>	<u>\$ 5,451</u>

- (b) The following schedules provide condensed supplementary financial information for the year ended December 31, 2017:

	2017	2016
<u>Financial position</u>		
Current assets	\$ 567,285	\$ 429,087
Capital assets	1,026,097	1,085,975
Future income taxes	150	-
Total assets	<u>\$ 1,593,532</u>	<u>\$ 1,515,062</u>
Current liabilities – other	\$ 5,882	\$ 2,507
Due to Énergie Kapuskasing Energy Inc.	1,588,595	1,499,744
Future income taxes	-	1,907
Total liabilities	<u>1,594,477</u>	<u>1,504,158</u>
Capital stock	100	100
Retained earnings (accumulated deficits)	(1,045)	10,804
Total liabilities and retained earnings (accumulated deficits)	<u>\$ 1,593,532</u>	<u>\$ 1,515,062</u>
<u>Statement of loss</u>		
Sale of energy	\$ 139,930	\$ 116,542
Cost of sales	(3,086)	(2,716)
Expenses	(150,750)	(129,045)
Future recovery of income taxes	2,057	2,422
Net loss	<u>\$ (11,849)</u>	<u>\$ (12,797)</u>

- (c) Related party transactions between the Town of Englehart and its Government Business Partnership are as follows:

- The Town of Englehart has an accounts payable of \$50 (2016 \$50) for the purchase of their portion of the share capital included in the consolidated statement of financial position.
- The Town of Englehart has guaranteed its share of the equity loan (10%) of the corporation which amounts to \$158,860 (2016 \$149,974).

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2017**

12. **Accumulated surplus**

Reserves represent an appropriation of surplus for a specific purpose, determined by council, are non-statutory and subject to change by council at any time.

	<u>2017</u>	<u>2016</u>
Reserves, surpluses and deficits		
Working capital reserve	\$ 2,667,943	\$ 2,390,357
Museum reserve	22,665	7,438
Library reserve	107,990	105,957
Fire Department reserve	89,097	49,403
Recreation reserve	5,000	5,000
Fire reserve (Englehart only)	55,000	45,000
Office renovations reserve	120,000	90,000
701 Engine restoration reserve	107,519	89,973
Roads equipment reserve	40,000	-
Waterworks system deficit	(354,798)	(247,323)
Sanitary sewer system deficit	(980,304)	(851,079)
Garbage services deficit	(445,229)	(183,419)
Government Business Partnership surplus (deficit)	<u>(523)</u>	<u>5,401</u>
	1,434,360	1,506,708
Amounts to be recovered		
Municipal debt	<u>(123,458)</u>	<u>(163,858)</u>
Net financial assets	<u>1,310,901</u>	<u>1,342,850</u>
Non-financial assets		
Inventories of supplies	9,000	15,000
Invested in tangible capital assets	<u>17,852,470</u>	<u>15,840,291</u>
<b>Accumulated surplus</b>	<b><u>\$ 19,172,371</u></b>	<b><u>\$ 17,198,141</u></b>

**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. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

13. **Budget**

The Budget adopted by Council was not prepared on a basis consistent with that used to report actual result according to Public Sector Accounting Standards used on the Consolidated Statement of Operations on page 4. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The actual budget is reflected in note 18. It expenses all tangible capital expenditures, does not include amortization expense, reflects proceeds of long-term debt as a revenue, principal repayments of long-term debt as an expense and the full proceeds from the sale of tangible capital assets as a revenue. As a result, the budget figures presented in the consolidated statements of operations and change in net financial assets represent the financial plan adopted by Council with adjustments as follows:

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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13.	<b>Budget – continued</b>	<u>2017</u>
	Actual budget deficit for the year – note 18	\$ (162,236)
	Add: Budgeted debt principal repayments	38,000
	Investment in tangible capital assets	2,829,698
	Less: Estimated amortization	<u>(557,500)</u>
	Budget surplus per statement of operations – page 4	<u>\$ 2,147,962</u>

14. **Trust Funds**

Trust funds administered by the Town amounting to \$179,873 (2016 \$175,803) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

15. **Contingent liabilities and commitments**

**Non-consolidated Entities**

The Town is contingently liable for the deficits and long-term debt of the non-consolidated entities.

**Ontario Municipal Employees Retirement Fund**

All permanent, full-time employees of the Town are eligible to be members of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer pension plan. The plan provides defined pension benefits to employees based on their length of service and rates of pay.

As this is a multi-employer pension plan, the contributions by the Town are recognized as an expenditure. No pension liability for this type of plan is recognized in the Town's consolidated financial statements. Contributions made by the Town to OMERS for 2017 were \$52,638 (2016 \$63,865). The plan had an actuarial deficit of \$5.7 billion at the end of 2016.

**Post-employment benefits**

Town employees retiring do not receive any retirement allowance that either vests or accrues over the period of employment. Sick benefits accrue but do not vest. The liability expected for future sick benefits are not significant to these consolidated financial statements. The Town recognizes the expense for sick time when the event obliges the Town to pay. No other post-employment benefits are payable by the Town.

**Funding agreements**

Under the terms of various funding agreements, the Town could have provincial and federal grants become repayable if it is determined that funding was applied towards ineligible costs or if other terms of the agreements were not met. At year end management is of the opinion that all conditions have been met and funding was applied towards eligible costs.

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2017**

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16. **Segmented information**

The Corporation of the Town of Englehart is a diversified municipal government institution that provides a wide range of services to its citizens, including General Government Services, Protection Services, Transportation Services, Environmental Services, Health Services, Social and Family Services, Recreational and Cultural Services and Planning and Development Services. Service areas were created for the purpose of recording specific activities to attain certain objectives in accordance with regulations, restrictions or limitations.

Municipal services are provided by departments and their activities are reported in these service areas. Departments disclosed in the segmented information, along with the services they provide, are as follows:

**General Government Services**

General government services consists of departments that are responsible for adopting bylaws, adopting administrative policy, levying taxes, acquiring, disposing and managing municipal assets, ensuring effective financial management, monitoring performance and ensuring that high quality municipal service standards are met.

**Protection Services**

Protection services consists of departments that are responsible for the enforcement of laws, prevention of crime, and maintenance of peace, order, and security by protecting life, property and the environment through the provision of emergency response, thus ensuring safe homes and safe communities.

**Transportation Services**

Transportation services consists of departments that are responsible for the delivery of municipal public works services related to planning, design, construction, cleaning, repair, snow removal and signage of roadway systems.

**Environmental Services**

Environmental services include water and sewer services as well as garbage and recycling services. Water and sewer services include the operation and distribution of water and networking sewer mains and storm sewers. The garbage and recycling services group are responsible for the delivery of municipal services including garbage collection and recycling.

**Health Services**

The Town funds a range of public health services through the Timiskaming Health Unit and provides ambulance services through the District Social Services Administration Board. The Town also provides cemetery services.

**Social and Family Services**

The Town funds a range of family and social services through the District Social Services Administration Board which includes social housing, childcare and general assistance.

**Recreation and Cultural Services**

Recreation and cultural services consists of departments that are responsible for providing, facilitating the development of, and maintaining high quality parks, recreational facilities, and cultural services.

**Planning and Development Services**

Planning and development services consists of departments that are responsible for preparing land use plans, bylaws and policies for sustainable development of the Town and for reviewing and approving new development.

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2017

16. **Segmented information – continued**

	General Government Services		Protection Services		Transportation Services		Environmental Services		Health Services		Social and Family Services		Recreation and Cultural Services		Planning and Development Services		Total 2017	Total 2016	
Revenues																			
Operating revenues																			
Municipal taxation	\$ 1,570,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,570,662	\$ 1,513,712	
Water, sewer and garbage charges	-	-	-	-	-	-	636,673	-	-	-	-	-	-	-	-	-	636,673	605,327	
User charges	6,490	34,113	-	-	-	-	-	-	12,433	-	-	-	-	114,187	-	-	167,223	157,428	
Provincial grants	815,100	-	-	-	-	-	23,983	-	-	-	-	-	54,686	-	14,770	908,539	891,578		
Federal grants	-	-	-	-	-	-	-	-	-	-	-	-	10,011	-	-	10,011	8,186		
Revenue from other municipalities	-	-	71,752	-	-	-	-	-	-	-	-	-	31,250	-	-	103,002	105,958		
Investment income	38,160	-	-	-	-	-	-	-	5,242	-	-	-	482	-	-	43,884	63,716		
Penalties and interest on taxes	34,305	-	-	-	-	-	-	-	-	-	-	-	-	-	-	34,305	30,908		
Provincial Offences Act revenues	-	-	23,089	-	-	-	-	-	-	-	-	-	-	-	-	23,089	31,665		
Loss from Government Business Partnership	(5,924)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,924)	(6,399)		
Other	66,392	4,292	-	-	-	-	21,440	-	-	-	-	-	55,789	-	-	151,146	146,796		
Capital revenues	2,525,185	133,246	-	-	3,233	-	682,096	-	17,675	-	-	-	266,405	-	14,770	3,642,610	3,548,875		
Provincial grants	-	-	-	-	-	-	2,051,733	-	-	-	-	-	-	-	-	2,051,733	1,504,649		
Federal grants	-	-	-	-	21,015	-	120,604	-	-	-	-	-	2,654	-	-	144,273	108,385		
Other	-	-	-	-	-	-	-	-	-	-	-	-	5,187	-	-	5,187	8,422		
Total revenues	2,525,185	133,246	-	-	24,248	-	2,854,433	-	17,675	-	-	-	274,246	-	14,770	5,843,803	5,170,331		
Expenditures																			
Wages and benefits	199,829	47,087	-	-	231,904	-	95,870	-	24,576	-	-	-	378,269	-	90,282	1,067,817	1,216,065		
Long-term debt interest	-	-	-	-	5,601	-	-	-	-	-	-	-	-	-	-	5,601	8,192		
Materials	134,556	75,375	-	-	173,866	-	366,945	-	7,605	-	-	-	307,538	-	23,464	1,089,349	897,219		
Contracted services	60,185	303,005	-	-	-	-	304,421	-	-	-	-	-	-	-	-	667,611	634,308		
Rents and financial expenses	15,155	-	-	-	35,345	-	29,661	-	-	-	-	-	-	-	-	80,161	60,191		
External transfers	-	-	-	-	13,960	-	-	-	169,560	-	-	-	-	-	-	355,483	376,049		
Amortization	5,462	31,499	-	-	59,383	-	354,194	-	595	-	-	-	152,418	-	-	603,551	554,882		
Total expenditures	415,187	456,966	-	-	520,059	-	1,151,091	-	202,336	-	-	-	838,225	-	113,746	3,869,573	3,746,906		
Annual surplus (deficit)	\$ 2,109,998	\$ (323,720)	\$ (495,811)	\$ 1,703,342	\$ (184,661)	\$ (171,963)	\$ (563,979)	\$ (98,976)	\$ 1,974,230	\$ 1,423,425									

**THE CORPORATION OF THE TOWN OF ENGLEHART**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

17. **Schedule of tangible capital assets**

	2016		2017		2017		2017		2017		Net Assets Dec 31, 2017
	Opening Cost Dec 31, 2016	Additions	Disposals	Ending Cost Dec 31, 2017	Opening Accumulated Amortization Dec 31, 2016	Accumulated Amortization on Disposals	Current Amortization	Ending Accumulated Amortization Dec 31, 2017	Dec 31, 2017		
<b>General</b>											
Land	\$ 211,762	\$ -	\$ -	\$ 211,762	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 211,762	
Land improvements	68,299	-	-	68,299	26,907	-	2,347	29,254	-	39,045	
Buildings	7,450,772	22,883	-	7,473,655	2,013,617	-	149,676	2,163,293	-	5,310,362	
Equipment	1,715,665	91,108	12,150	1,794,623	964,250	11,134	97,882	1,050,998	-	743,625	
Heavy equipment	1,131,962	-	-	1,131,962	575,226	-	29,484	604,710	-	527,252	
Light trucks	438,628	32,510	33,342	437,796	194,288	33,342	28,254	189,200	-	248,596	
<b>Infrastructure</b>											
Culverts	7,779	-	-	7,779	156	-	156	312	-	7,467	
Roads	821,090	50,432	-	871,522	461,993	-	15,444	477,437	-	394,085	
Underground networks	12,756,808	2,419,813	-	15,176,621	4,526,037	-	280,308	4,806,345	-	10,370,276	
<b>Total</b>	<b>\$ 24,602,765</b>	<b>\$ 2,616,746</b>	<b>\$ 45,492</b>	<b>\$ 27,174,019</b>	<b>\$ 8,762,474</b>	<b>\$ 44,476</b>	<b>\$ 603,551</b>	<b>\$ 9,321,549</b>	<b>\$ 17,852,470</b>		

**THE CORPORATION OF THE TOWN OF ENGLEHART**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

17. **Schedule of tangible capital assets -- continued**

General	Opening Cost Dec 31, 2015	Additions	Disposals	2016		Ending Cost Dec 31, 2016	Opening Accumulated Amortization Dec 31, 2015	Disposals	Current Amortization	Ending Accumulated Amortization Dec 31, 2016	Net Assets Dec 31, 2016
				Accumulated Amortization on	Amortization						
Land	\$ 190,874	\$ 20,888	\$ -	\$ 211,762	\$ -	\$ -	\$ -	\$ -	\$ 2,347	\$ 26,907	\$ 211,762
Land improvements	68,299	-	-	68,299	24,560	-	-	-	149,218	2,013,617	41,392
Buildings	7,378,462	72,310	-	7,450,772	1,864,399	-	-	-	98,107	964,250	5,437,155
Equipment	1,594,097	121,568	-	1,715,665	866,143	-	-	-	31,722	575,226	751,415
Heavy equipment	1,190,347	-	58,385	1,131,962	587,156	43,652	-	-	25,950	194,288	556,736
Light trucks	438,628	-	-	438,628	168,338	-	-	-	-	-	244,340
Infrastructure											
Culverts	-	7,779	-	7,779	-	-	-	-	156	156	7,623
Roads	709,154	111,936	-	821,090	446,523	-	-	-	15,470	461,993	359,097
Underground networks	10,936,965	1,819,843	-	12,756,808	4,294,125	-	-	-	231,912	4,526,037	8,230,771
<b>Total</b>	<b>\$ 22,506,826</b>	<b>\$ 2,154,324</b>	<b>\$ 58,385</b>	<b>\$ 24,602,765</b>	<b>\$ 8,251,244</b>	<b>\$ 43,652</b>	<b>\$ 554,882</b>	<b>\$ 8,762,474</b>	<b>\$ 15,840,291</b>		

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2017

#### 18. Budgeting

The Town budgets to determine an appropriate tax rate based on all budgeted revenues and expenditures.

The consolidated statement of operations on page 4 has been modified here to exclude amortization and to include tangible capital asset expenditures and the principal repayments on long-term debt.

This modified statement of operations (budget based) is consistent with the budget format used and is presented here with the 2017 budget.

REVENUES	2017	2017	2016
	Budget	Actual	Actual
Operating revenues			
Municipal taxation	\$ 1,544,242	\$ 1,570,662	\$ 1,513,712
Water, sewer and garbage charges	617,500	636,673	605,327
User charges	161,550	167,223	157,428
Provincial grants	901,939	908,539	891,578
Federal grants	-	10,011	8,186
Revenue from other municipalities	100,922	103,002	105,958
Investment income	8,500	43,884	63,716
Penalties and interest on taxes	30,000	34,305	30,908
Provincial Offences Act revenues	31,500	23,089	31,665
Loss from Government Business Partnership	-	(5,924)	(6,399)
Other	117,062	152,161	161,529
	<u>3,513,215</u>	<u>3,643,625</u>	<u>3,563,608</u>
Capital revenues			
Provincial grants	2,218,750	2,051,733	1,504,649
Federal grants	92,365	144,273	108,385
Other	-	5,187	8,422
	<u>2,311,115</u>	<u>2,201,193</u>	<u>1,621,456</u>
Total revenues	<u>5,824,330</u>	<u>5,844,818</u>	<u>5,185,064</u>
<b>EXPENDITURES</b>			
Operating expenditures			
General government	399,913	409,725	507,430
Protection to persons and property	422,680	425,467	399,601
Transportation services	474,866	454,676	441,782
Environmental services	573,471	796,897	598,664
Health services	239,162	201,741	232,414
Social and family services	171,953	171,963	168,550
Recreation and cultural services	717,873	685,808	707,727
Planning and development	118,950	113,746	135,855
	<u>3,118,868</u>	<u>3,260,023</u>	<u>3,192,023</u>
Capital expenditures	2,829,698	2,616,746	2,154,324
Long-term debt repayment	38,000	40,400	154,699
	<u>2,867,698</u>	<u>2,657,146</u>	<u>2,309,023</u>
Total expenditures	<u>5,986,566</u>	<u>5,917,169</u>	<u>5,501,046</u>
<b>Deficit – full budget base</b>			
(budgeted to be transferred from reserves)	\$ (162,236)	\$ (72,351)	\$ (315,982)

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2017**

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19. **Water system - Schedule of Operations and Continuity of Deficit**

This statement is not prepared according to PSAB. It is operational. It excludes depreciation, includes capital expenses and includes proceeds and repayment of long-term debt.

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Fees and service charges	\$ 352,790	\$ 335,418
Provincial grants – capital	1,236,361	739,824
Federal grants – capital	83,004	-
Total revenues	<u>1,672,155</u>	<u>1,075,242</u>
<b>Expenditures</b>		
Wages and benefits	57,410	67,670
Materials, utilities, supplies and maintenance	94,672	132,464
Contracted services	125,047	78,352
Capital expenditures	1,502,501	943,892
Long-term debt – interest	-	325
– principal repayment	-	24,315
Total expenditures	<u>1,779,630</u>	<u>1,247,018</u>
<b>Annual deficit</b>	(107,475)	(171,776)
Deficit, beginning of year	<u>(247,323)</u>	<u>(75,547)</u>
<b>Deficit, end of year</b>	<u>\$ (354,798)</u>	<u>\$ (247,323)</u>

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEAR ENDED DECEMBER 31, 2017**

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20. **Sewer system - Schedule of Operations and Continuity of Deficit**

This statement is not prepared according to PSAB. It is operational. It excludes depreciation, includes capital revenue and expenses and includes proceeds and repayment of long-term debt.

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Fees and service charges	\$ 138,092	\$ 129,679
Provincial grants – capital	<u>815,372</u>	<u>739,825</u>
Total revenues	<u>953,464</u>	<u>869,504</u>
<b>Expenditures</b>		
Wages and benefits	10,573	17,925
Materials, utilities, supplies and maintenance	22,220	26,992
Contracted services	49,714	52,026
Equipment rental	29,661	12,565
Capital expenditures	970,521	910,513
Long-term debt – interest	-	325
– principal repayment	-	<u>24,315</u>
Total expenditures	<u>1,082,689</u>	<u>1,044,661</u>
<b>Annual deficit</b>	(129,225)	(175,157)
Deficit, beginning of year	<u>(851,079)</u>	<u>(675,922)</u>
<b>Deficit, end of year</b>	<u>\$ (980,304)</u>	<u>\$ (851,079)</u>

# THE CORPORATION OF THE TOWN OF ENGLEHART

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### FOR THE YEAR ENDED DECEMBER 31, 2017

21. **Garbage Services - Schedule of Operations and Continuity of Deficit**

This statement is not prepared according to PSAB. It is operational. It excludes depreciation, includes capital revenue and expenses and includes proceeds and repayment of long-term debt.

	<u>2017</u>	<u>2016</u>
<b>Revenues</b>		
Fees and service charges	\$ 145,792	\$ 142,545
<b>Expenditures</b>		
Collection wages and benefits	22,469	20,517
Collection contracted services	8,230	10,234
Other collection costs	10,570	9,084
Recycling fees	66,789	69,173
Disposal wages and benefits	5,419	5,434
Disposal materials and supplies	18,484	4,729
Disposal contracted services	54,641	45,849
Dump closure costs	<u>221,000</u>	<u>45,000</u>
Total expenditures	<u>407,602</u>	<u>210,020</u>
<b>Annual deficit</b>	(261,810)	(67,475)
Deficit, beginning of year	<u>(183,419)</u>	<u>(115,944)</u>
<b>Deficit, end of year</b>	<u>\$ (445,229)</u>	<u>\$ (183,419)</u>

**NOTICE TO READER**

To the Members of Council, Inhabitants  
and Ratepayers of the  
CORPORATION OF THE TOWN OF ENGLEHART:

On the basis of information provided by management, we have compiled the Statement of Financial Position of the TRUST FUNDS of THE CORPORATION OF THE TOWN OF ENGLEHART as at December 31, 2017 and the Statement of Continuity for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

*Kemp Elliott & Blair LLP*

Chartered Professional Accountants  
Licensed Public Accountants  
New Liskeard, Ontario  
October 17, 2018

(Unaudited - See Notice to Reader)

**THE CORPORATION OF THE TOWN OF ENGLEHART****TRUST FUNDS****STATEMENT OF CONTINUITY****FOR THE YEAR ENDED DECEMBER 31, 2017**

	Swimming Pool	Ontario Home Renewal Plan	Cemetery Perpetual Care	2017 Total	2016 Total
Fund balance, beginning of the year	\$ 15,600	\$ 21,515	\$ 138,688	\$ 175,803	\$ 173,293
Capital receipts	-	-	4,070	4,070	2,510
<b>Balance, end of the year</b>	<b>\$ 15,600</b>	<b>\$ 21,515</b>	<b>\$ 142,758</b>	<b>\$ 179,873</b>	<b>\$ 175,803</b>

**STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2017**

<b>FINANCIAL ASSETS</b>	2017	2016
Investments – note 2	\$ 154,288	\$ 151,733
Due from The Corporation of the Town of Englehart	4,070	2,555
Loans receivable – note 4	21,515	21,515
<b>Fund Balance</b>	<b>\$ 179,873</b>	<b>\$ 175,803</b>

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

(Unaudited - See Notice to Reader)

## THE CORPORATION OF THE TOWN OF ENGLEHART

### TRUST FUNDS

#### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2017

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1. **Accounting Policies**

The activities of the trust funds are reported on the cash basis of accounting with the exception of amounts due to or from the Town and Province.

2. **Investments**

The total investments of \$154,288 (2016 \$151,733) are reported at cost and have a market value of \$154,288 (2016 \$151,733) at the end of the year.

3. **Interest**

Interest earned by the Swimming Pool Trust Fund and Cemetery Perpetual Care Trust Fund are transferred directly to the Town's operations and are not reflected on this statement.

4. **Ontario Home Renewal Program**

The Ontario Home Renewal Program was established by the Ontario Ministry of Housing in 1973 to provide grants for municipalities to make loans to assist owner occupants to repair, rehabilitate and improve their homes to local property standards. The program was discontinued in July 1993. Collection is the only activity of the fund and funds collected are to be returned to the Province in the subsequent year, less a 5% administration fee.

Ontario Home Renewal Program loans receivable at December 31, 2017 comprise of repayable loans of \$21,515 (2016 \$21,515) and forgivable loans of \$1,000 (2016 \$1,000). 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.