

CONSOLIDATED FINANCIAL REPORT

**THE CORPORATION OF THE
TOWN OF ENGLEHART**

DISTRICT OF TIMISKAMING

YEAR ENDED DECEMBER 31, 2019

INDEX

THE CORPORATION OF THE TOWN OF ENGLEHART

	Page Number
Management's Responsibility for the Financial Statements	1
Auditors' Report	2 - 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Change in Net Financial Assets	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 24
Trust Funds	
– Notice to Reader	25
– Statement of Continuity and Statement of Financial Position	26
– Notes to the Financial Statements	27

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of The Corporation of the Town of Englehart are the responsibility of the Corporation 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 is 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 Corporation of 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 Corporation of the Town of Englehart. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Corporation of the Town of Englehart's financial statements.



Treasurer
Malorie Robinson

INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers
of The Corporation of the Town of Englehart:

Opinion

We have audited the consolidated financial statements of The Corporation of the Town of Englehart, which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of The Corporation of the Town of Englehart as at December 31, 2019, and the results of its operations, change in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of The Corporation of the Town of Englehart in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing The Corporation of the Town of Englehart's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate The Corporation of the Town of Englehart or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Corporation of the Town of Englehart's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation of the Town of Englehart's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Corporation of the Town of Englehart's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause The Corporation of the Town of Englehart to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Kemp Elliott & Blair LLP

Kemp Elliott & Blair LLP

Licensed Public Accountants
New Liskeard, Ontario
September 9, 2020

Chartered Professional Accountants

THE CORPORATION OF THE TOWN OF ENGLEHART

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

FINANCIAL ASSETS

	2019	2018
Cash	\$ 2,217,866	\$ 1,166,930
Short-term investments – note 4	651,139	639,424
Taxes receivable	298,719	356,477
Accounts receivable	256,389	299,496
Long-term receivables – note 5	16,000	24,000
	<u>3,440,113</u>	<u>2,486,327</u>

LIABILITIES

Accounts payable and accrued liabilities	397,386	249,385
Deferred revenue – other – note 6	38,954	38,954
Deferred revenue – obligatory reserve funds – note 7	95,486	-
Landfill closure and post-closure liability – note 8	566,000	556,000
Municipal debt – note 9	237,765	328,165
Deficiency in Government Business Partnership – note 10	38,449	18,647
	<u>1,374,040</u>	<u>1,191,151</u>

NET FINANCIAL ASSETS

2,066,073 1,295,176

NON-FINANCIAL ASSETS

Inventories of supplies	14,200	9,000
Tangible capital assets – note 16	17,660,635	17,957,734
	<u>17,674,835</u>	<u>17,966,734</u>


ACCUMULATED SURPLUS – note 11

\$ 19,740,908 \$ 19,261,910


Contingent liabilities and commitments – note 14

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

On behalf of Council:



 Mayor



 Treasurer

THE CORPORATION OF THE TOWN OF ENGLEHART

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019 Budget (Note 12)	2019 Actual	2018 Actual
REVENUES			
Operating revenues			
Municipal taxation	\$ 1,743,745	\$ 1,809,787	\$ 1,662,377
Water, sewer and garbage charges	705,363	718,277	662,816
User charges	134,977	166,712	162,267
Provincial grants	1,195,596	1,196,999	893,450
Federal grants	-	15,004	6,847
Revenue from other municipalities	28,522	29,523	30,365
Investment income	25,500	54,304	27,939
Penalties and interest on taxes	40,000	53,602	45,016
Provincial Offences Act revenues	25,000	20,448	23,712
Loss from Government Business Partnership	-	(19,802)	(18,174)
Other	55,445	75,393	217,632
	<u>3,954,148</u>	<u>4,120,247</u>	<u>3,714,247</u>
Capital revenues			
Provincial grants	98,662	60,125	69,130
Federal grants	186,498	93,822	135,188
Other	-	-	88,745
	<u>285,160</u>	<u>153,947</u>	<u>293,063</u>
Total revenues	<u>4,239,308</u>	<u>4,274,194</u>	<u>4,007,310</u>
EXPENDITURES			
General government	433,395	525,709	404,036
Protection to persons and property	375,693	365,320	372,437
Transportation services	599,400	755,541	589,185
Environmental services	973,495	877,171	932,322
Health services	222,944	168,828	222,850
Social and family services	161,913	162,077	160,335
Recreation and cultural services	889,855	844,465	875,081
Planning and development	122,000	96,085	90,595
Total expenditures	<u>3,778,695</u>	<u>3,795,196</u>	<u>3,646,841</u>
ANNUAL SURPLUS	460,613	478,998	360,469
Transfer out to Fire Department	-	-	(270,930)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	<u>19,261,910</u>	<u>19,261,910</u>	<u>19,172,371</u>
ACCUMULATED SURPLUS, END OF YEAR – note 11	<u>\$ 19,722,523</u>	<u>\$ 19,740,908</u>	<u>\$ 19,261,910</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, 2019

	2019 Budget (Note 12)	2019 Actual	2018 Actual
ANNUAL SURPLUS	\$ 460,613	\$ 478,998	\$ 360,469
Acquisition of tangible capital assets	(622,450)	(335,268)	(948,017)
Amortization of tangible capital assets	631,751	632,367	618,843
Acquisition of inventories of supplies	-	(5,200)	-
Increase in net financial assets	469,914	770,897	31,295
Fire Department	-	-	(47,020)
Net financial assets, beginning of year	1,295,176	1,295,176	1,310,901
NET FINANCIAL ASSETS, END OF YEAR	\$ 1,765,090	\$ 2,066,073	\$ 1,295,176

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, 2019

OPERATIONS	<u>2019</u>	<u>2018</u>
Annual surplus	\$ 478,998	\$ 360,469
Charges not affecting cash –		
Amortization of tangible capital assets	632,367	618,843
Loss from Government Business Partnership	19,802	18,174
Transfer of reserve to Fire Department	-	(47,020)
	<u>1,131,167</u>	<u>950,466</u>
Other sources (uses) of cash -		
Change in taxes receivable	57,758	(81,541)
Change in long-term receivables	8,000	8,000
Change in accounts receivable	43,107	683,452
Change in inventories of supplies	(5,200)	-
Change in accounts payable and accrued liabilities	148,001	(279,861)
Change in deferred revenue – other	-	(35,074)
Change in deferred revenue – obligatory reserve funds	95,486	-
Change in landfill closure and post-closure liabilities	10,000	19,000
Cash provided by operating activities	<u>357,152</u>	<u>313,976</u>
Total cash provided by operations	<u>1,488,319</u>	<u>1,264,442</u>
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	<u>(335,268)</u>	<u>(948,017)</u>
INVESTING TRANSACTIONS		
Redemption (acquisition) of short-term investments	<u>(11,715)</u>	<u>246,785</u>
FINANCING TRANSACTIONS		
Municipal debt repayments	(90,400)	(40,400)
Municipal debt proceeds	-	245,107
Total cash provided by (used for) financing transactions	<u>(90,400)</u>	<u>204,707</u>
INCREASE IN CASH	1,050,936	767,917
Cash, beginning of year	<u>1,166,930</u>	<u>399,013</u>
CASH, END OF YEAR	<u>\$ 2,217,866</u>	<u>\$ 1,166,930</u>
REPRESENTED BY		
Cash	<u>\$ 2,217,866</u>	<u>\$ 1,166,930</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, 2019

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 Historical Museum
 Englehart Cemetery Board
 Englehart Garbage System

The following joint local board is proportionally consolidated:

The Englehart & Area Fire Department

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

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

Temiskaming Municipal Services Association

The Temiskaming Municipal Services Association provides the services of a Chief Building Officer to 21 municipalities. The operations of this organization are not proportionately consolidated into these statements because the Town does not have control. 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 2019 was \$4,251 (2018 - \$3,760).

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, 2019

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.

Deferred revenue – obligatory reserve funds

The municipality receives Federal Gas Tax funding under the authority of the Federal legislation. These funds, by their nature, are restricted in their use and until applied to specific expenses, are recorded as deferred revenue. Amounts applied to qualifying expenses are recorded as revenue in the fiscal period they are expended.

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 CORPORATION OF THE TOWN OF ENGLEHART
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

1. **Accounting policies - continued**
Revenue recognition - continued

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.

2. **Operations of school boards**

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

	2019	2018
	\$ 347,366	\$ 349,937

3. **Contributions to Joint Boards**

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

	2019	2018
Timiskaming Health Unit	\$ 17,509	\$ 61,217
District of Timiskaming Social Services Administration Board	\$ 294,913	\$ 293,290

4. **Short-term investments**

	Market Value 2019	Cost 2019	Cost 2018
Investments held through CIBC Asset Management:			
Imperial Money Market Pool	\$ 72,204	\$ 72,219	\$ 35,932
Imperial Short-term Bond Pool	277,398	286,466	307,876
Imperial Canadian Bond Pool	235,744	234,291	238,722
Imperial International Bond Pool	24,577	23,938	23,454
Guaranteed income certificates – Northern Credit Union	34,225	34,225	33,440
	\$ 644,148	\$ 651,139	\$ 639,424

The GICs held at the Northern Credit Union of \$34,225 (2018 \$33,440) consists of three GICs with varying maturity dates between April, 2021 and January, 2022 and earning interest from 2.5% to 2.7% per annum. These GICs belong to the Englehart Public Library Board.

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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 2018	Funds Received	Revenue Earned	December 31 2019
Provincial government	\$ 38,954	\$ 60,125	\$ 60,125	\$ 38,954

7. **Deferred revenue – obligatory reserve funds**

Deferred revenue – obligatory reserve funds consist of the following:

	December 31 2018	Funds Received	Revenue Earned	December 31 2019
Federal Gas Tax	\$ -	\$ 189,308	\$ 93,822	\$ 95,486

8. **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 51,800 cubic meters, leaving an estimated remaining capacity of 48,200 cubic meters. The estimated life of the landfill site is 32 years and post-closure care is estimated to be required for 25 years from the date of site closure.

The discount factor used is 2.8% net of inflation of 2.2%. The liability as at December 31, 2019 is \$566,000. 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 \$750,899.

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

9. Municipal debt	2019	2018
CIBC loan repayable in monthly payments of \$3,367 plus accrued interest at prime plus 1% (currently 4.95%) and matures in January, 2021. The debt relates to the purchase of a sander truck.	\$ 42,658	\$ 83,058
CIBC loan repayable in monthly payments of \$4,167 plus interest at prime plus 1% (currently 4.95%) and matures in November, 2023. The debt relates to the purchase of a loader.	195,107	245,107
	\$ 237,765	\$ 328,165

This debt is to be paid from general municipal revenues.

Principal payments are due as follows:

2020	\$ 90,400
2021	52,258
2022	50,000
2023	45,107
	\$ 237,765

Total interest paid on this loan in 2019 was \$ 14,617 (2018 \$4,838).

10. **Government Business Partnership**

The Corporation of 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 deficiency in Government Business Partnership consists of the following:

	2019	2018
Purchase of share capital (50 Class B shares)	\$ 50	\$ 50
Town's share of accumulated deficit	(38,499)	(18,697)
	\$ (38,449)	\$ (18,647)

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

10. Government Business Partnership – continued

- (b) The following schedules provide condensed supplementary financial information for the year ended December 31, 2019:

	<u>2019</u>	<u>2018</u>
<u>Financial position</u>		
Current assets	\$ 372,212	\$ 307,652
Capital assets	906,342	966,220
Future income taxes	<u>11,000</u>	<u>5,437</u>
Total assets	<u>\$ 1,289,554</u>	<u>\$ 1,279,509</u>
Current liabilities	\$ 7,838	\$ 10,182
Due to related parties	187,936	75,783
Current portion of long-term debt	62,548	60,160
Long-term debt	<u>1,108,130</u>	<u>1,170,678</u>
Total liabilities	<u>1,366,452</u>	<u>1,316,803</u>
Capital stock	100	100
Accumulated deficit	<u>(76,998)</u>	<u>(37,394)</u>
Total liabilities and accumulated deficits	<u>\$ 1,289,554</u>	<u>\$ 1,279,509</u>
<u>Statement of loss</u>		
Sale of energy	\$ 119,985	\$ 143,855
Cost of sales	(3,247)	(3,086)
Expenses	(161,905)	(182,405)
Future recovery of income taxes	<u>5,563</u>	<u>5,287</u>
Net loss	<u>\$ (39,604)</u>	<u>\$ (36,349)</u>

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

- 1) The Corporation of the Town of Englehart has an accounts payable of \$50 (2018 \$50) for the purchase of their portion of the share capital included in the consolidated statement of financial position.
- 2) The Corporation of the Town of Englehart has guaranteed its share of the equity loan (10%) of the corporation which amounts to \$ 117,068 (2018 \$123,084).

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

11. 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.

	2019	2018
Reserves, surpluses and deficits		
Working capital reserve	\$ 1,621,879	\$ 2,866,182
Museum elevator reserve	43,565	42,763
Library reserve	90,670	102,848
Fire Department reserve	31,945	72,729
Recreation reserve	5,000	5,000
Fire reserve (Englehart only)	75,000	65,000
Office renovations reserve	150,000	120,000
Museum operating reserve	8,052	-
Roads equipment reserve	100,000	60,000
Waterworks system surplus (deficit) – note 18	106,621	(222,054)
Sanitary sewer system surplus (deficit) – note 19	68,140	(980,664)
Garbage services surplus (deficit) – note 20	41,465	(489,766)
Government Business Partnership deficit – note 10	(38,499)	(18,697)
	<u>2,303,838</u>	<u>1,623,541</u>
Amounts to be recovered		
Unfinanced municipal debt	<u>(237,765)</u>	<u>(328,165)</u>
Net financial assets	<u>2,066,073</u>	<u>1,295,176</u>
Non-financial assets		
Inventories of supplies	14,200	9,000
Invested in tangible capital assets	<u>17,660,635</u>	<u>17,957,734</u>
	<u>17,674,835</u>	<u>17,966,734</u>
Accumulated surplus	<u>\$ 19,740,908</u>	<u>\$ 19,261,910</u>

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.

12. 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 5. 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 17. 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, 2019

12.	Budget – continued	<u>2019</u>
	Actual budget surplus for the year – note 17	\$ 379,914
	Add: Budgeted debt principal repayments	90,000
	Investment in tangible capital assets	622,450
	Less: Estimated amortization	<u>(631,751)</u>
	Budget surplus per statement of operations – page 5	<u>\$ 460,613</u>

13. **Trust Funds**

Trust funds administered by the Town amounting to \$186,743 (2018 \$181,283) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

14. **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 2019 were \$57,390 (2018 \$53,555). The plan had an actuarial deficit of \$3.4 billion at the end of 2019.

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, 2019

15. **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, 2019

15. **Segmented information – continued**

Revenues	General Government Services					Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development Services	Total 2019	Total 2018
	General Government Services	Protection Services	Transportation Services	Environmental Services	Health Services						
Operating revenues											
Municipal taxation	\$ 1,809,787	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,809,787	\$ 1,662,377
Water, sewer and garbage charges	-	-	-	718,277	-	-	-	-	-	718,277	662,816
User charges	6,823	17,718	-	-	16,005	-	126,166	-	-	166,712	162,267
Provincial grants	828,500	-	301,800	27,139	-	-	39,560	-	-	1,196,999	893,450
Federal grants	-	-	-	-	-	-	15,004	-	-	15,004	6,847
Revenue from other municipalities	-	-	-	-	-	-	29,523	-	-	29,523	30,365
Investment income	49,302	-	-	-	4,020	-	982	-	-	54,304	27,939
Penalties and interest on taxes	53,602	-	-	-	-	-	-	-	-	53,602	45,016
Provincial Offences Act revenues	-	20,448	-	-	-	-	-	-	-	20,448	23,712
Loss from Government Business Partnership	(19,802)	-	-	-	-	-	-	-	-	(19,802)	(18,174)
Other	13,768	-	3,867	2,308	-	-	55,450	-	-	75,393	217,632
	<u>2,741,980</u>	<u>38,166</u>	<u>305,667</u>	<u>747,724</u>	<u>20,025</u>	<u>-</u>	<u>266,685</u>	<u>-</u>	<u>-</u>	<u>4,120,247</u>	<u>3,714,247</u>
Capital revenues											
Provincial grants	-	-	60,125	-	-	-	-	-	-	60,125	69,130
Federal grants	-	-	59,500	-	-	-	34,322	-	-	93,822	135,188
Other	-	-	-	-	-	-	-	-	-	-	88,745
Total revenues	<u>2,741,980</u>	<u>38,166</u>	<u>425,292</u>	<u>747,724</u>	<u>20,025</u>	<u>-</u>	<u>301,007</u>	<u>-</u>	<u>-</u>	<u>4,274,194</u>	<u>4,007,310</u>
Expenditures											
Wages and benefits	235,022	29,801	395,787	49,607	12,382	-	332,028	71,654	1,126,281	1,140,779	1,140,779
Long-term debt interest	-	-	14,617	-	-	-	-	-	14,617	4,838	4,838
Materials	198,665	40,527	192,644	173,658	5,506	-	340,728	24,431	976,159	768,112	768,112
Contracted services	74,601	281,049	-	294,471	-	-	-	-	650,121	676,256	676,256
Rents and financial expenses	13,517	-	54,310	1,603	-	-	-	-	69,430	69,708	69,708
External transfers	-	-	13,799	-	150,345	-	-	-	326,221	368,305	368,305
Amortization	3,904	13,943	84,384	357,832	595	-	171,709	-	632,367	618,843	618,843
Total expenditures	<u>525,709</u>	<u>365,320</u>	<u>755,541</u>	<u>877,171</u>	<u>168,828</u>	<u>162,077</u>	<u>844,465</u>	<u>96,085</u>	<u>3,795,196</u>	<u>3,646,841</u>	<u>3,646,841</u>
Annual surplus (deficit)	\$ 2,216,271	\$ (327,154)	\$ (330,249)	\$ (129,447)	\$ (148,803)	\$ (162,077)	\$ (543,458)	\$ (96,085)	\$ 478,998	\$ 360,469	\$ 360,469

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

16. Schedule of tangible capital assets

	2019						Net Assets Dec 31, 2019
	Opening Cost Dec 31, 2018	Additions	Ending Cost Dec 31, 2019	Opening Accumulated Amortization Dec 31, 2018	Current Amortization Dec 31, 2019	Ending Accumulated Amortization Dec 31, 2019	
General							
Land	\$ 211,762	\$ -	\$ 211,762	\$ -	\$ -	\$ -	\$ 211,762
Land improvements	94,067	-	94,067	32,631	3,377	36,008	58,059
Buildings	7,625,232	9,160	7,634,392	2,313,269	151,764	2,465,033	5,169,359
Equipment	2,114,249	78,148	2,192,397	1,120,854	114,734	1,235,588	956,809
Heavy equipment	1,030,902	50,577	1,081,479	421,432	31,703	453,135	628,344
Light trucks	323,440	39,612	363,052	187,897	24,247	212,144	150,908
Infrastructure							
Culverts	7,779	-	7,779	468	156	624	7,155
Roads	1,060,684	137,652	1,198,336	499,186	26,337	525,523	672,813
Underground networks	15,151,507	12,161	15,163,668	5,086,151	280,049	5,366,200	9,797,468
Assets under construction	-	7,958	7,958	-	-	-	7,958
Total	\$ 27,619,622	\$ 335,268	\$ 27,954,890	\$ 9,661,888	\$ 632,367	\$ 10,294,255	\$ 17,660,635

THE CORPORATION OF THE TOWN OF ENGLEHART
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

16. Schedule of tangible capital assets – continued

2018

	Opening Cost Dec 31, 2017	Additions Dec 31, 2017	Transfer to Fire Dept Dec 31, 2017	Ending Cost Dec 31, 2018	Opening Accumulated Amortization Dec 31, 2017	Accumulated on transfer to Fire Dept. Dec 31, 2017	Current Amortization Dec 31, 2018	Ending Accumulated Amortization Dec 31, 2018	Net Assets Dec 31, 2018
General									
Land	\$ 211,762	\$ -	\$ -	\$ 211,762	\$ -	\$ -	\$ -	\$ -	\$ 211,762
Land improvements	68,299	25,768	-	94,067	29,254	-	3,377	32,631	61,436
Buildings	7,473,655	151,577	-	7,625,232	2,163,293	-	149,976	2,313,269	5,311,963
Equipment	1,794,623	385,898	66,272	2,114,249	1,050,997	39,841	109,698	1,120,854	993,395
Heavy equipment	1,131,962	220,727	321,787	1,030,902	604,710	215,031	31,753	421,432	609,470
Light trucks	437,796	-	114,356	323,440	189,200	23,631	22,328	187,897	135,543
Infrastructure									
Culverts	7,779	-	-	7,779	312	-	156	468	7,311
Roads	871,522	189,162	-	1,060,684	477,437	-	21,749	499,186	561,498
Underground networks	15,176,622	(25,115)	-	15,151,507	4,806,345	-	279,806	5,086,151	10,065,356
Total	\$ 27,174,020	\$ 948,017	\$ 502,415	\$ 27,619,622	\$ 9,321,548	\$ 278,503	\$ 618,843	\$ 9,661,888	\$ 17,957,734

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

17. Budgeting

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

The consolidated statement of operations on page 5 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 2019 budget.

REVENUES	2019	2019	2018
	Budget	Actual	Actual
Operating revenues			
Municipal taxation	\$ 1,743,745	\$ 1,809,787	\$ 1,662,377
Water, sewer and garbage charges	705,363	718,277	662,816
User charges	134,977	166,712	162,267
Provincial grants	1,195,596	1,196,999	893,450
Federal grants	-	15,004	6,847
Revenue from other municipalities	28,522	29,523	30,365
Investment income	25,500	54,304	27,939
Penalties and interest on taxes	40,000	53,602	45,016
Provincial Offences Act revenues	25,000	20,448	23,712
Loss from Government Business Partnership	-	(19,802)	(18,174)
Other	55,445	75,393	217,632
	<u>3,954,148</u>	<u>4,120,247</u>	<u>3,714,247</u>
Capital revenues			
Provincial grants	98,662	60,125	69,130
Federal grants	186,498	93,822	135,188
Other	-	-	88,745
Proceeds from long-term debt	-	-	245,107
	<u>285,160</u>	<u>153,947</u>	<u>538,170</u>
Total revenues	<u>4,239,308</u>	<u>4,274,194</u>	<u>4,252,417</u>
EXPENDITURES			
Operating expenditures			
General government	429,495	521,805	400,131
Protection to persons and property	361,542	351,377	357,035
Transportation services	522,800	676,357	512,612
Environmental services	613,995	519,339	572,848
Health services	222,344	168,233	222,255
Social and family services	161,913	162,077	160,335
Recreation and cultural services	712,855	672,756	712,187
Planning and development	122,000	96,085	90,595
	<u>3,146,944</u>	<u>3,168,029</u>	<u>3,027,998</u>
Capital expenditures	622,450	335,268	948,017
Long-term debt repayment	90,000	90,400	40,400
	<u>712,450</u>	<u>425,668</u>	<u>988,417</u>
Total expenditures	<u>3,859,394</u>	<u>3,593,697</u>	<u>4,016,415</u>
Surplus – full budget base			
(budgeted to be transferred to reserves)	<u>\$ 379,914</u>	<u>\$ 680,497</u>	<u>\$ 236,002</u>

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

18. **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>2019</u>	<u>2018</u>
Revenues		
Fees and service charges	\$ 386,386	\$ 437,777
Provincial grants – capital	-	19,130
Federal grants – capital	-	38,261
Total revenues	<u>386,386</u>	<u>495,168</u>
Expenditures		
Wages and benefits	36,432	71,646
Materials, utilities, supplies and maintenance	101,090	69,969
Contracted services	139,460	145,245
Capital expenditures	2,783	75,564
Total expenditures	<u>279,765</u>	<u>362,424</u>
Annual surplus	106,621	132,744
Transfer from working capital reserve	222,054	-
Deficit, beginning of year	<u>(222,054)</u>	<u>(354,798)</u>
Surplus (deficit), end of year	<u>\$ 106,621</u>	<u>\$ (222,054)</u>

THE CORPORATION OF THE TOWN OF ENGLEHART
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

19. **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.

	2019	2018
Revenues		
Fees and service charges	\$ 154,133	\$ 146,115
Expenditures		
Wages and benefits	4,015	10,763
Materials, utilities, supplies and maintenance	27,653	23,657
Contracted services	43,344	43,341
Equipment rental	1,603	16,481
Capital expenditures	9,378	52,233
Total expenditures	85,993	146,475
Annual Surplus (deficit)	68,140	(360)
Transfer from working capital reserve	980,664	-
Deficit, beginning of year	(980,664)	(980,304)
Surplus (deficit), end of year	\$ 68,140	\$ (980,664)

THE CORPORATION OF THE TOWN OF ENGLEHART

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

20. **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.

	2019	2018
Revenues		
Fees and service charges	\$ 180,068	\$ 147,210
Provincial grant	27,140	-
Total revenues	<u>207,208</u>	<u>147,210</u>
Expenditures		
Collection wages and benefits	7,355	24,854
Collection contracted services	23,380	17,036
Other collection costs	8,328	7,516
Recycling fees	70,840	66,714
Disposal wages and benefits	1,804	5,370
Disposal materials and supplies	26,586	18,150
Disposal contracted services	17,450	33,107
Dump closure costs	10,000	19,000
Total expenditures	<u>165,743</u>	<u>191,747</u>
Annual Surplus (deficit)	41,465	(44,537)
Transfer from working capital reserve	489,766	-
Deficit, beginning of year	<u>(489,766)</u>	<u>(445,229)</u>
Surplus (deficit), end of year	<u>\$ 41,465</u>	<u>\$ (489,766)</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, 2019 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
September 9, 2020

(Unaudited - See Notice to Reader)

THE CORPORATION OF THE TOWN OF ENGLEHART**TRUST FUNDS****STATEMENT OF CONTINUITY****FOR THE YEAR ENDED DECEMBER 31, 2019**

	Swimming Pool	Ontario Home Renewal Plan	Cemetery Perpetual Care	2019 Total	2018 Total
Fund balance, beginning of the year	\$ 15,600	\$ 21,515	\$ 144,168	\$ 181,283	\$ 179,873
Capital receipts	-	-	5,460	5,460	1,410
Balance, end of the year	\$ 15,600	\$ 21,515	\$ 149,628	\$ 186,743	\$ 181,283

STATEMENT OF FINANCIAL POSITION**AS AT DECEMBER 31, 2019**

FINANCIAL ASSETS	<u>2019</u>	<u>2018</u>
Investments – note 2	\$ 161,227	\$ 157,207
Due from The Corporation of the Town of Englehart	4,001	2,561
Loans receivable – note 4	21,515	21,515
Fund Balance	\$ 186,743	\$ 181,283

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, 2019

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 \$161,227 (2018 \$157,207) are reported at cost and have a market value of \$161,227 (2018 \$157,207) 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, 2019 comprise of repayable loans of \$21,515 (2018 \$21,515) and forgivable loans of \$1,000 (2018 \$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.