

**CORPORATION OF THE TOWN OF HEARST**

**INDEPENDENT AUDITOR'S REPORT AND  
NON-CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

**CORPORATION OF THE TOWN OF HEARST**  
**NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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# **CORPORATION OF THE TOWN OF HEARST**

## **COUNCIL AND OFFICIALS**

**DECEMBER 31, 2019**

### **MUNICIPAL COUNCIL**

**Mayor**

**Roger Sigouin**

**Councillors**

**Conrad Morin**

**Daniel Lemaire**

**Gaetan Baillargeon**

**Joël Lauzon**

**Josée Vachon**

**Marc Ringuette**

### **MUNICIPAL OFFICIALS**

**Chief Administrative Officer**

**Yves Morrissette**

**Clerk**

**Janine Lecours**

**Director of Child Care Services**

**Pascale Tanguay**

**Director of Parks and Recreation**

**Guy Losier**

**Director of Public Works and Engineering Services**

**Luc Léonard**

**Fire Chief**

**Jean-Marc St-Amour**

**Planning Administrator / Chief Building Official**

**Kory Hautcoeur**

**Public Works Foreman**

**Réal Lapointe**

**Senior By-Law Enforcement Officer**

**Tammy Coulombe**

**Treasurer**

**Manon Higgins**


## MANAGEMENT'S REPORT

The accompanying non-consolidated financial statements of the Corporation of the Town of Hearst are the responsibility of the management and have been prepared in compliance with legislation and in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies are described in the notes to the financial statements. The preparation of the non-consolidated financial statements necessarily involves the use of estimates based on management's judgments, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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 non-consolidated financial statements. These systems are monitored and evaluated by management.

The Council meets with management to review the non-consolidated financial statements and discuss any significant financial reporting or internal control matters prior to their approval.

The non-consolidated financial statements have been audited by Baker Tilly HKC, independent external auditors appointed by the Council. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the non-consolidated financial statements.



Yves Morrissette, Chief Administrative Officer  
Hearst, Ontario  
May 26, 2020

**Baker Tilly HKC**  
1021 George Street, PO Box 637  
Hearst, ON  
Canada P0L 1N0

**T:** 705.362.4261  
**F:** 705.362.4641

hearst@bakertilly.ca  
[www.bakertilly.ca](http://www.bakertilly.ca)

## **INDEPENDENT AUDITOR'S REPORT**

To the Council of the Corporation of the Town of Hearst

### *Opinion*

We have audited the non-consolidated financial statements of Corporation of the Town of Hearst (the Corporation), which comprise the non-consolidated statement of financial position as at December 31, 2019, and the non-consolidated statements of operations and accumulated surplus, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Corporation as at December 31, 2019, and results of its non-consolidated statements of operations and accumulated surplus, change in net assets and its 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 Auditor's Responsibilities for the Audit of the non-consolidated financial statements section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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.

## **INDEPENDENT AUDITOR'S REPORT, (CONT'D)**

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

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

In preparing the non-consolidated financial statements, management is responsible for assessing the Corporation'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 or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 non-consolidated 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:

## INDEPENDENT AUDITOR'S REPORT, (CONT'D)

- Identify and assess the risks of material misstatement of the non-consolidated 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'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's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

*Baker Tilly HKC*

Chartered Professional Accountants  
Licenced Public Accountants  
May 26, 2020

**CORPORATION OF THE TOWN OF HEARST**  
**NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

	2019	2018
<b>FINANCIAL ASSETS</b>		
Cash	\$ 7,086,094	\$ 5,389,735
Accounts receivable (Note 4)	2,603,713	1,524,537
Taxes receivable	140,652	198,392
Long-term receivables (Note 5)	2,089,071	2,470,152
Investments (Note 6)	1,318,976	1,290,596
	<u>13,238,506</u>	<u>10,873,412</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 8)	1,808,808	1,544,983
Deferred revenue - obligatory reserve funds (Note 9)	453,787	349,654
Long-term debt (Note 10)	383,187	531,703
	<u>2,645,782</u>	<u>2,426,340</u>
<b>NET ASSETS</b>	<u>10,592,724</u>	<u>8,447,072</u>
<b>NON-FINANCIAL ASSETS</b>		
Inventories of supplies	346,780	366,401
Prepaid expenses	65,222	73,804
Tangible capital assets (Note 11)	40,655,243	40,510,334
	<u>41,067,245</u>	<u>40,950,539</u>
<b>ACCUMULATED SURPLUS (Note 12)</b>	<u>\$ 51,659,969</u>	<u>\$ 49,397,611</u>

**CONTINGENCIES (Note 16)**

**COMMITMENTS (Note 17)**

Approved on behalf of the Council:

\_\_\_\_\_

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



**CORPORATION OF THE TOWN OF HEARST**  
**NON-CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS**  
**YEAR ENDED DECEMBER 31, 2019**

	<b>Budget</b> <b>(Note 21)</b>	<b>2019</b> <b>Actual</b>	<b>2018</b> <b>Actual</b>
<b>REVENUES (pages 33 - 36)</b>			
Taxation	\$ 6,769,300	\$ 6,721,385	\$ 6,356,646
Government transfers - operations	3,556,900	5,234,171	4,334,106
Fees and service charges	3,327,200	3,479,445	3,336,094
Other revenues	1,423,800	1,847,372	1,750,000
	<u>15,077,200</u>	<u>17,282,373</u>	<u>15,776,846</u>
<b>EXPENSES (pages 37 - 44)</b>			
General government services	1,521,600	1,624,615	1,567,835
Protection services	1,552,100	2,418,929	1,941,349
Transportation services	2,895,000	4,301,038	3,949,290
Environmental services	2,546,100	2,597,485	2,492,172
Health services	613,700	587,986	570,983
Social and family services	2,106,300	2,158,616	2,080,217
Recreation and cultural services	1,763,700	2,155,105	2,033,040
Planning and development services	505,200	727,357	872,561
	<u>13,503,700</u>	<u>16,571,131</u>	<u>15,507,447</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	1,573,500	711,242	269,399
<b>GOVERNMENT TRANSFERS - CAPITAL</b>	<u>-</u>	<u>1,551,116</u>	<u>1,263,365</u>
<b>ANNUAL SURPLUS</b>	<u>\$ 1,573,500</u>	2,262,358	1,532,764
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>		<u>\$ 49,397,611</u>	<u>\$ 47,864,847</u>
<b>ACCUMULATED SURPLUS, END OF YEAR (Note 12)</b>		<u>\$ 51,659,969</u>	<u>\$ 49,397,611</u>

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

**CORPORATION OF THE TOWN OF HEARST**  
**NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS**  
**DECEMBER 31, 2019**

	2019	2018
<b>ANNUAL SURPLUS</b>	<u>\$ 2,262,358</u>	<u>\$ 1,532,764</u>
<b>TANGIBLE CAPITAL ASSETS ACTIVITIES</b>		
Acquisition of tangible capital assets	(3,133,486)	(2,382,994)
Amortization of tangible capital assets	2,964,752	2,817,087
Loss (gain) on disposal of tangible capital assets	(6,175)	9,149
Proceed on disposition of tangible capital assets	30,000	-
	<u>(144,909)</u>	<u>443,242</u>
<b>NON-FINANCIAL ASSETS ACTIVITIES</b>		
Change in inventories of supplies	19,621	112,911
Change in prepaid expenses	8,582	(5,451)
	<u>28,203</u>	<u>107,460</u>
<b>INCREASE IN NET ASSETS</b>	2,145,652	2,083,466
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>8,447,072</u>	<u>6,363,606</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 10,592,724</u>	<u>\$ 8,447,072</u>

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

**CORPORATION OF THE TOWN OF HEARST**  
**NON-CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Annual surplus	\$ 2,262,358	\$ 1,532,764
Items non affecting cash:		
Amortization of tangible capital assets	2,964,752	2,817,087
Loss (gain) on disposal of tangible capital assets	(6,175)	9,149
Changes in:		
Accounts receivable	(1,079,176)	2,073,197
Taxes receivable	57,740	(70,648)
Accounts payable and accrued liabilities	263,825	315,389
Deferred revenue - obligatory reserve funds	104,133	47,894
Inventories of supplies	19,621	112,912
Prepaid expenses	8,582	(5,451)
	<u>4,595,660</u>	<u>6,832,293</u>
<b>CAPITAL ACTIVITIES</b>		
Acquisition of tangible capital assets	(3,133,486)	(2,382,993)
Proceed on disposal of tangible capital asset	30,000	-
	<u>(3,103,486)</u>	<u>(2,382,993)</u>
<b>INVESTING ACTIVITIES</b>		
Interest earned in investments	(28,380)	(27,500)
Reimbursements of long-term receivables	381,081	149,608
	<u>352,701</u>	<u>122,108</u>
<b>FINANCING ACTIVITY</b>		
Principal payments on long-term debt	(148,516)	(148,157)
<b>INCREASE IN CASH POSITION</b>	1,696,359	4,423,251
<b>CASH POSITION, BEGINNING OF YEAR</b>	<u>5,389,735</u>	<u>966,484</u>
<b>CASH POSITION, END OF YEAR</b>	<u>\$ 7,086,094</u>	<u>\$ 5,389,735</u>

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

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1. NATURE OF OPERATIONS**

The Corporation is responsible for the following services within city limits:

- (a) Protection to persons and property, including Police, Conservation Authorities, Emergency Planning, Fire Co-ordination and 911 emergency telephone services.
  - (b) Transportation Services, including all Roadways and Traffic Control.
  - (c) Environmental Services, including the Water Supply System, Sanitary Sewer System, Storm Sewer System and Solid Waste Management.
  - (d) Health Services, including Public Health Services and Inspections.
  - (e) Social and Family Services, including Ontario Works, Services for Seniors, and Children's Services.
  - (f) Social Housing Services, including provision of subsidized housing, rent supplement programs and homeless shelters.
  - (g) Planning including official plan administration.
  - (h) Development and promotion.
  - (i) Administration, prosecution and collection of fines under the *Provincial Offences Act* (POA).
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**2. SIGNIFICANT ACCOUNTING POLICIES**

The non-consolidated financial statements of the Corporation are the representation of management and except that these are not consolidated as noted below, they have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Corporation are as follows:

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)**

**REPORTING ENTITIES**

The following local boards, joint local boards and municipal business enterprises are not consolidated. Separate consolidated financial statements are prepared to include those boards requiring consolidation and includes the government business enterprises accounted for using the modified equity method.

*Non-consolidated entities that require consolidation:*

Defined Parking Area Fund  
Foyer Hearst-Mattice Soins de Santé  
Hearst Central Business District Improvement Area Board  
Hearst Development Corporation  
Town of Hearst Non-Profit Housing Corporation  
Public Library Board

*Non-consolidated joint local boards:*

Porcupine Hearst Unit  
Cochrane District Social Services Administration Board (CDSSAB)

*Government Business Enterprises:*

Government business enterprises are not consolidated, nor are they accounted for using the modified equity method in these financial statements. Under the modified equity method of accounting, only the municipality's investment in the government business enterprise and the enterprises' net income or loss and other changes in equity are recorded. No adjustments is made for accounting policies of the enterprise that are different from those of the municipality, except that any other comprehensive income of the business enterprise is accounted for as an adjustment to the accumulated surplus or deficit. Inter-organizational transactions and balances are not eliminated, except for any profit or loss on the sale between entities of assets that remain within the reporting entity.

Hearst Power Distribution Company Limited  
Hearst Power Sales and Service Company Limited  
Hearst Connect Corporation

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)**

REPORTING ENTITIES, (CONT'D)

*Accounting for school board transactions*

The taxation, other revenues, expenses, assets and liabilities with respect to the operations of the school boards are not reflected in the accumulated surplus of these non-consolidated financial statements.

*Trust funds*

Trust funds and their related operations administered by the Corporation are not consolidated but are reported on the Statement of Continuity and Statement of Financial Position of Trust Funds (page 48).

ACCRUAL BASIS OF ACCOUNTING

Revenues and expenses are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable. Revenues from taxation, grants and all other sources are recognized when the amount is fixed or reasonably determinable and collectability is reasonably assured. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and in financial institutions and short-term guaranteed investment certificates.

LONG-TERM RECEIVABLES

Long-term receivables are recorded at cost. Valuation of the receivables are assessed annually by management. Any write down would be recorded in the period in which the change in value occurred.

INVESTMENTS

Investments are recorded at amortized cost less any amounts written off to reflect a permanent decline in value. Investments consist of a corporate bonds mutual fund.

Investment income is reported as revenue in the period earned. Investment income earned on trust funds that are set aside for specific purposes by legislation, regulation or agreement, is added to the fund balance and forms part of the respective deferred revenue balances.

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)**

**DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS**

Grants, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used in the conduct of certain projects or the completion of specific work. In addition, certain fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred or the services are performed.

A requirement of Canadian Public Sector Accounting Standards is that the obligatory reserve funds be reported as deferred revenue. This requirement is in place as provincial legislation and other agreements restrict how these funds be used and under certain circumstances these funds may possible be refunded.

**MULTI-EMPLOYER DEFINED BENEFIT PENSION**

Substantially all of the employees of the Corporation are eligible to be members of the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer, defined benefit, final average earnings, contributory pension plan. Defined contribution plan accounting is applied to OMERS, whereby contributions are expensed when due, as the Corporation has insufficient information to apply defined benefit accounting.

**ACCUMULATED SURPLUS**

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

**NON-FINANCIAL ASSETS**

Non-financial assets are not available to discharge existing liabilities and are held for the provision of services. They may be consumed in the normal course of operations, and have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year combined with the annual surplus (deficit) provides the change in net financial assets (debt) for the year.

*Inventories*

Inventories held for consumption are recorded at the lower of cost and replacement cost with cost being determined by the average cost method.

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)**

*Tangible Capital Assets*

Under Canadian public sector accounting standards guidelines, tangible capital assets are recorded at historical cost which includes all amounts that are directly attributable to acquisition, construction, development or settlement of the asset and amortized over their estimated useful life. Tangible capital assets are defined as non-financial assets with an estimated useful life greater than 1 year, held for use in the production or supply of goods and services, not held for resale, in continuous use, and valued in excess of an established financial threshold. The cost, less residual value, if any, of the tangible capital assets is amortized on a straight-line basis, over the expected useful life of the assets, as follows:

**GENERAL**

Land improvements	20 to 40 years
Building	20 to 40 years
Vehicles, machinery and equipment	10 to 20 years
Furniture and fixtures	5 to 10 years
Computers	5 years

**INFRASTRUCTURE**

Roads	20 to 40 years
Water and sewer system	50 years

Assets under construction are not amortized until the asset is available for productive use.

*Contribution of Tangible Capital Assets*

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

**REVENUE RECOGNITION**

*Taxation Revenue*

Property tax billings are prepared by the Corporation based on assessment rolls issued by the Municipal Property Assessment Corporation (MPAC) and in accordance with the provisions of the Municipal Act 2001. The Municipal Council establishes the tax rates annually and incorporate amounts to be raised for local services and on behalf of the School Boards in respect of education taxes. From time to time property assessments are adjusted by MPAC through the reconsideration process or by the Assessment Review Board through the appeal process. Additional assessments, referred to as supplementary and omitted assessments can also be issued by MPAC in accordance with the Assessment Act. These adjustments and additional assessments are processed by the Corporation upon receipt and recognized in the fiscal year they are determined. All property taxes are secured by the land and pose no collection risk.



**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
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**2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)**

**REVENUE RECOGNITION, (CONT'D)**

*Government Transfers*

Government transfer revenues 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. All other transfers are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that any stipulations give rise to an obligation that meets the definition of a liability for the Corporation. The Corporation also provides transfers to individuals or organizations. These transfers are recognized as expenses once they are authorized and eligibility criteria, if any, are met.

*User Charges*

User charges relate to various programs, and fees imposed on specific activities. Revenue is recognized when the activity is performed or when the services are rendered.

*Other Revenues*

Other revenues, as fines and penalties and others are recognized in the year that the events giving rise to the revenues occur and the revenues are earned.

**MEASUREMENT UNCERTAINTY**

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the balance sheet and the reported amounts of revenues and expenses during the year. Estimates are used when accounting for items and matters such as allowance for uncollectible taxes and other accounts receivable, useful life of tangible capital assets, obsolescence of inventories of supplies, accrued liabilities and contingencies. Actual results could differ from those estimates.

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**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**3. CONTRIBUTION TO NON-CONSOLIDATED ENTITIES**

Further to Note 2 'Non-Consolidated Entities', the following contributions were made by the Corporation to these local boards and joint local boards and are included in expenses on the statement of operations:

	<b>Budget (Note 21)</b>	<b>2019 Actual</b>	<b>2018 Actual</b>
Foyer Hearst-Mattice Soins de Santé	\$ 133,200	\$ 132,641	\$ 131,318
Hearst Central Business District Improvement Area Board	33,300	33,275	33,275
Public Library Board	239,400	238,335	229,856
Porcupine Health Unit	175,000	174,989	173,551
Cochrane District Social Services Administration Board	909,900	909,790	876,994
	<u>\$ 1,490,800</u>	<u>\$ 1,489,030</u>	<u>\$ 1,444,994</u>

**4. ACCOUNTS RECEIVABLE**

	<b>2019</b>	<b>2018</b>
Province of Ontario	\$ 268,254	\$ 386,304
Government of Canada	1,200,972	324,220
Due from related parties	765,431	474,588
Other	369,056	339,425
	<u>\$ 2,603,713</u>	<u>\$ 1,524,537</u>

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
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**5. LONG-TERM RECEIVABLES**

	<b>2019</b>	<b>2018</b>
Due from medical students, no interest, to be repaid at the discretion of the individuals over a course of 5 years, prime + 2 % interest applicable to any unpaid balance at the end of the 5 year term	\$ 86,004	\$ 66,639
Receivable from Hearst Power Distribution Company Limited/Corporation de distribution électrique de Hearst, a wholly owned government business enterprise, interest receivable yearly at a calculated rate, principal to be repaid at the discretion of the debtor	1,000,000	1,250,000
Receivable from Hearst Power Sales and Services Company Limited/Corporation de services et ventes d'énergie de Hearst, a wholly owned government business enterprise, interest receivable monthly at prime, principal to be repaid at the discretion of the debtor	100,000	100,000
Receivable from Hearst Power Sales and Services Company Limited/Corporation de services et ventes d'énergie de Hearst, a wholly owned government business enterprise, 3.04%, payable in semi-annual interest and principal payments of \$70,333, due April 2022	334,746	461,733
Receivable from Hearst Connect Corporation/La Corporation Hearst Connect, a wholly owned government business enterprise, interest receivable yearly at 4.5%, principal to be repaid at the discretion of the debtor	500,000	500,000
Local Improvement loans, due from property owners, interest at prime, to be repaid over 10 years, can be repaid in full anytime, due in 2021, 2024 and 2026	68,321	91,780
	<u>\$ 2,089,071</u>	<u>\$ 2,470,152</u>

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**6. INVESTMENTS**

	<b>2019</b>	<b>2018</b>
One Investment - Corporate bonds mutual fund	<u>\$ 1,318,976</u>	<u>\$ 1,290,596</u>

The bonds are recorded at cost. Over the years, \$1,200,000 were invested. This year, \$28,380 (2018 - \$27,500) of interest income was reinvested. As of December 31, 2019, the fair market value is \$1,260,367 (2018 - \$1,228,281).

**7. BANK INDEBTEDNESS**

The Corporation has an authorized line of credit of \$2,000,000 bearing interest at prime and secured by a general assignment of the Corporation's assets. At year-end, the line of credit wasn't used (2018 - \$0)

**8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	<b>2019</b>	<b>2018</b>
Trade payables and accruals	\$ 843,787	\$ 1,053,696
Payroll related	278,027	268,345
Holdbacks	138,949	66,066
Government remittances	94,571	92,139
Due to other funds and related parties	122,409	64,737
Due to school boards	<u>331,065</u>	<u>-</u>
	<u>\$ 1,808,808</u>	<u>\$ 1,544,983</u>

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**9. DEFERRED REVENUE - OBLIGATORY RESERVE FUNDS**

Revenues received that should be used in the next year and have been set aside for specific purposes by legislation, regulation or agreement, are included in deferred revenue and reported on the Non-Consolidated Statement of Financial Position. These revenues may only be used in the conduct of certain programs or in the completion of specific work.

Details of these deferred revenue and obligatory reserve funds amounts are as follows:

	<b>Balance, beginning</b>	<b>Received</b>	<b>Utilized</b>	<b>Balance, ending</b>
<b>DEFERRED REVENUE</b>				
AMO - Main Street	\$ 13,171	\$ -	\$ -	\$ 13,171
Bicycle paths	15,507	-	-	15,507
Child Care Centre Improvements	3,303	8,687	-	11,990
Cochrane District Social Services Administration Board	163,904	-	57,304	106,600
Economic Development	17,365	4,249	576	21,038
Health and Safety	11,190	-	-	11,190
Ice rental	2,192	-	2,192	-
Monument	3,033	-	-	3,033
Other	8,339	10	35	8,314
Planning Board	5,205	-	-	5,205
Wages and training	13,760	-	-	13,760
Waste Management	31,731	-	-	31,731
Well being clinic	7,500	-	-	7,500
	<u>296,200</u>	<u>12,946</u>	<u>60,107</u>	<u>249,039</u>
<b>OBLIGATORY RESERVE FUNDS</b>				
Derelict motor vehicle	37,511	924	-	38,435
Dedicated gas tax	11,483	-	-	11,483
Federal gas tax	4,460	644,315	493,945	154,830
	<u>53,454</u>	<u>645,239</u>	<u>493,945</u>	<u>204,748</u>
	<u>\$ 349,654</u>	<u>\$ 658,185</u>	<u>\$ 554,052</u>	<u>\$ 453,787</u>

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**10. LONG-TERM DEBT**

	<b>2019</b>	<b>2018</b>
<b>GENERAL GOVERNMENT</b>		
Ontario Infrastructure and Lands Corporation debenture, 3.04%, payable in blended semi annually interest and principal payments of \$70,033, secured by a general assignment of the Corporation's properties, due April 2022	\$ 334,746	\$ 461,733
<b>TRANSPORTATION SERVICES</b>		
Hallé, Piper and Cessna streets local improvement loan, payable to Caisse populaire Alliance Limitée, monthly interest payments at 0.25% under prime, yearly principal payment of \$11,622, secured by a general assignment of the Corporation's properties, due in 2024	23,698	37,378
Hwy 11 East Watermain streets local improvement loan, payable to Caisse populaire Alliance Limitée, monthly interest payments at prime, yearly principal payment of \$2,678, secured by a general assignment of the Corporation's properties, due in 2021	1,908	4,956
Hwy 11 East Watermain-Cécile streets local improvement loan, payable to Caisse populaire Alliance Limitée, monthly interest payments at prime, yearly principal payment of \$4,244, secured by a general assignment of the Corporation's properties, due in 2026	22,835	27,636
	<u>\$ 383,187</u>	<u>\$ 531,703</u>
The long-term liabilities to be recovered from local improvements and power generation revenues within the next five years as follows:		
2020	\$ 148,290	
2021	151,109	
2022	73,684	
2023	4,244	
2024	4,244	
2025 and subsequent	1,616	
	<u>\$ 383,187</u>	

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**10. LONG-TERM DEBT, (CONT'D)**

During the year, the Corporation paid the following long-term debt charges:

	<b>Principal</b>	<b>Interest</b>	<b>2019 Total</b>	<b>2018 Total</b>
<i>General Governement</i>	\$ 126,987	\$ 13,079	\$ 140,066	\$ 140,065
<i>Transporation Services</i>				
Roadways	21,529	2,368	23,897	27,190
	<b>\$ 148,516</b>	<b>\$ 15,447</b>	<b>\$ 163,963</b>	<b>\$ 167,255</b>

The long-term liabilities issued in the name of the Corporation have been approved by by-law. The annual principal and interest payments required to service these liabilities are within the annual debt repayments limit presented by the Ministry of Municipal Affairs and Housing.

**11. TANGIBLE CAPITAL ASSETS**

	<b>2019</b>	<b>2018</b>
<b>General</b>		
Land and vacant land	\$ 1,033,276	\$ 1,033,276
Land improvements	1,233,217	1,410,896
Buildings	8,935,432	8,561,180
Vehicles, machinery and equipment	2,549,105	2,519,866
Furniture and fixtures	455,281	231,283
Computers	107,508	154,913
<b>Infrastructure</b>		
Roads	13,513,578	13,393,759
Water	5,093,203	5,294,225
Storm sewer system	4,389,056	4,420,671
Sanitary sewer system	3,345,587	3,490,265
	<b>\$ 40,655,243</b>	<b>\$ 40,510,334</b>

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**11. TANGIBLE CAPITAL ASSETS, (CONT'D)**

For additional information, see the Schedule of Tangible Capital Assets (page 32)

During the year, \$1,018,454 of tangible capital assets were written down or disposed (2018 - \$434,422).

The distribution by segment is as follows:

	<b>2019</b>	<b>2018</b>
General government	\$ 376,456	\$ 452,309
Protection to persons and property	637,981	605,047
Transportation services	16,888,459	16,694,694
Environmental services	15,205,065	15,729,311
Health services	129,875	90,920
Recreation and cultural services	3,104,613	2,518,072
Social and family services	1,176,325	1,166,661
Planning and development services	3,136,469	3,253,320
	<u>\$ 40,655,243</u>	<u>\$ 40,510,334</u>

**12. ACCUMULATED SURPLUS**

Accumulated surplus consist of the following:

	<b>2019</b>	<b>2018</b>
<b>SPECIFIC PROJECT ALLOCATION</b>		
Administration	\$ 67,361	\$ 57,361
Airport infrastructure	313,515	348,515
Cemeteries	8,883	8,883
Child Care Centre	69,616	69,616
Electrical	1,625,218	1,625,218
General	841,284	513,933
Health services	35,456	35,456
Lifeline	99,670	98,125
Parks and recreation	177,402	177,402
Planning and Economic Development	86,455	86,907
Sanitary sewers	157,855	157,855
Snowmobile	6,354	6,354
Waste management	176,040	111,267
Waterworks	107,515	107,515
	<u>3,772,624</u>	<u>3,404,407</u>

INVESTED IN TANGIBLE CAPITAL ASSETS



**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**12. ACCUMULATED SURPLUS, (CONT'D)**

	<b>2019</b>	<b>2018</b>
Tangible capital assets - net book value	40,655,243	40,510,334
Long-term debt	(383,187)	(531,703)
Local improvement receivable	68,321	91,780
	<u>40,340,377</u>	<u>40,070,411</u>
<b>GENERAL SURPLUS</b>	<u>7,546,968</u>	<u>5,922,793</u>
	<u>\$ 51,659,969</u>	<u>\$ 49,397,611</u>

**13. TRUST FUNDS**

Trust funds administered by the Corporation amounting to \$634,917 (2018 - \$602,280) have not been included in the "Non-Consolidated Statement of Financial Position" nor have their operations been included in the "Non-Consolidated Statement of Operations".

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**14. PENSION AGREEMENTS**

The Corporation makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute jointly to the plan. OMERS provides pension services to more than 450,000 active and retired members and approximately 1,000 employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the Plan) by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2019. The results of this valuation disclosed a total accrued pension obligation of \$106,443 million (2018 - \$99,058 million) in respect of benefits with net assets available for benefits at that date of \$109,380 million (2018 - \$97,439 million) indicating an actuarial deficit of \$3,397 million (2018 - 4,191 million). The primary plan's funded ratio of assets to pension obligation was 97% (2018 - 96%). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Corporation does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Corporation to OMERS in 2019 were \$288,690 (2018 - \$280,846). Employer contributions are included as an expense on the Non-Consolidated Statement of Operations.

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**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**15. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY**

The Corporation owns and manages the municipal landfill site. Canadian Public Sector Accounting Standards require that landfill operators accrue for the future costs of landfill closure and post-closure on an annual basis. Closure and post-closure costs include final covering and landscaping, testing of ground water, environmental monitoring, site inspections and site maintenance. The annual charge should be calculated by dividing the estimated closure and post closure costs by the estimated life of the landfill and charging that amount to operations.

The Corporation is following Ministry guidelines in regards to upkeep of the landfill site and estimates that post closure site costs will be negligible as the site is prepared for closure on an annual basis. Costs for site preparation, maintenance and monitoring were \$61,543 for the current year (2018 - \$49,502). Much of the cover material used for closure originates from road construction excavation without occurrence of direct costs to the landfill site. Yearly, the Corporation set aside an amount in her reserve.

The expected remaining life of the landfill is 15 years.

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**16. CONTINGENCIES**

The Corporation has entered into the following long-term agreements:

- (a) The Corporation is a guarantor on a loan of \$1,852,336 (2018 - \$2,236,696) and a loan of \$1,172,927 (2018 - \$1,186,140) owed by Foyer Hearst-Mattice Soins de Santé. As of December 31, 2019, no covenants on these loans were in default.
  - (b) The Corporation is a guarantor on a loan of \$3,681 (2018 - \$9,304) owed by a medical student. As of December 31, 2019, no covenants on this loan were in default.
  - (c) The Corporation is a guarantor on a loan of \$341,808 (2018 - \$356,000) and on a line of credit of \$10,000 (2018 - \$10,000) owed by the Hearst Community Curling Club. As of December 31, 2019, no covenants on this loan were in default.
  - (d) The Corporation is a guarantor on a line of credit approved for \$2,900,000 owed by Hearst Connect Corporation. As of December 31, 2019 an amount of \$2,200,000 (2018 - \$2,200,000) was utilized and no covenants on this loan were in default. The municipal is also guarantor of a credit card with a limit of \$50,000.
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**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**17. COMMITMENTS**

**Signed agreements**

The Corporation has currently committed the following amounts through various signed agreements:

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
General government	\$ 60,517	\$ 60,517	\$ -	\$ -	\$ -	\$ 121,034
Protection	1,171,654	1,171,654	1,062,197	1,062,197	1,054,886	5,522,588
Transportation	166,125	164,473	100,812	99,967	-	531,377
Environmental	540,670	-	-	-	-	540,670
Social and family	43,200	43,200	43,200	43,200	7,200	180,000
Recreation	38,029	38,029	19,492	-	-	95,550
Planning	15,495	15,495	15,495	15,495	2,583	64,563
	<u>\$ 2,035,690</u>	<u>\$ 1,493,368</u>	<u>\$ 1,241,196</u>	<u>\$ 1,220,859</u>	<u>\$ 1,064,669</u>	<u>\$ 7,055,782</u>

The Corporation entered into an agreement with contractors for capital projects after year-end for a total consideration of \$183,328.

**Benefits for retired employees**

As per an agreement, the Corporation purchases certain benefits for retired employees until they reach 65 years of age. Payments for these benefits will amount to:

2020	\$ 31,809
2021	24,697
2022	20,009
2023	9,674
2024	7,005
	<u>\$ 93,194</u>

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**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**18. RELATED PARTY TRANSACTIONS**

During the year, the Corporation incurred the following transactions with Hearst Power Distribution Company Limited, Hearst Power Sales and Services Company Limited and Hearst Connect Corporation, wholly owned government business enterprises.

Hearst Power Distribution Company Limited	2019	2018
<i>Revenues:</i>		
Clerical and answering services	\$ 64,533	\$ 63,124
Gasoline	\$ 5,589	\$ 5,843
Insurance	\$ 9,613	\$ 8,257
Interest on long-term debt	\$ 84,264	\$ 92,863
Miscellaneous	\$ 2,402	\$ 1,249
Office supplies	\$ 380	\$ 1,018
Rent	\$ 14,398	\$ 14,143
Repair and maintenance	\$ 4,321	\$ 17,403
Telephone	\$ 1,109	\$ 1,706
<i>Expenses:</i>		
Service (utilities)	\$ 702,320	\$ 642,256
<i>Year-end balances are as follows:</i>		
Due from Hearst Power Distribution Company Limited	\$ 544,362	\$ 309,955
Long-term receivables	\$ 1,000,000	\$ 1,250,000
Due to Hearst Power Distribution Company Limited	\$ (80,122)	\$ (56,923)

Hearst Power Sales and Services Company Limited	2019	2018
<i>Interest revenue</i>	\$ 13,079	\$ 16,853
<i>Year-end balances are as follows:</i>		
Due from Hearst Power Sales and Services Company Limited	\$ 42,923	\$ 26,708
Long-term receivables	\$ 434,746	\$ 561,733

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**18. RELATED PARTY TRANSACTIONS, (CONT'D)**

Hearst Connect Corporation	2019	2018
<i>Revenues:</i>		
Clerical	\$ 6,150	\$ 3,500
Equipment rental	\$ 6,384	\$ -
Gasoline	\$ -	\$ 119
Insurance	\$ 443	\$ 951
Interest	\$ 22,500	\$ 22,500
Miscellaneous	\$ 3,127	\$ 1,610
Office supplies	\$ 2,749	\$ -
Rent	\$ 12,473	\$ 12,252
Telephone	\$ 1,819	\$ 1,761
<i>Expenses:</i>		
Service (internet)	\$ 4,843	\$ 3,996
<i>Year-end balances are as follows:</i>		
Due from Hearst Connect Corporation	\$ 156,944	\$ 112,181
Due to Hearst Connect Corporation	\$ -	\$ (2,646)
Long-term receivables	\$ 500,000	\$ 500,000

These transactions are in the normal courses of operations and are measured at the exchange amount received or paid on similar terms as those of unrelated parties.

The Corporation is liable for any accumulated loss of a government business enterprise. As of December 31, 2019, Hearst Power Distribution Company Limited has net equity of \$3,592,494 (2018 - \$3,348,157), Hearst Power Sales and Services Company Limited has net equity of \$370,532 (2018 - \$319,872) and Hearst Connect Corporation has net deficit of (\$921,586) (2018 - (\$654,074)).

At year-end, the balances with the other non-consolidated entities are the following:

	2019	2018
<i>Due from:</i>		
Hearst Central Business District Improvement Area Board	\$ -	\$ 3,093
Public Library Board	\$ 600	\$ -
Foyer Hearst-Mattice Soins de santé	\$ 20,602	\$ 22,651
<i>Due to:</i>		
Hearst Central Business District Improvement Area Board	\$ 7,037	\$ -
Hearst Development Corporation	\$ 35,250	\$ -
Public Library Board	\$ -	\$ 2,238
Perpetual care fund	\$ -	\$ 2,930

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**19. EXPENSES BY OBJECT**

The operating expenses for the year reported of the Non-Consolidated Statement of Operations by object are as follows:

	<b>Budget</b>		<b>2019</b>		<b>2018</b>
	<b>(Note 21)</b>		<b>Actual</b>		<b>Actual</b>
Salary, wages and benefits	\$ 4,800,100	\$	4,603,689	\$	4,561,407
Interest and bank charges	18,900		28,074		26,790
Supplies and services	4,082,000		5,006,705		4,329,813
Contracted services	2,214,500		2,325,442		2,164,387
External transfers	1,704,600		1,648,644		1,598,814
Amortization	683,600		2,964,752		2,817,087
Loss (gain) on disposal of tangible capital assets	-		(6,175)		9,149
	<b>\$ 13,503,700</b>	<b>\$</b>	<b>16,571,131</b>	<b>\$</b>	<b>15,507,447</b>

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**20. SEGMENTED INFORMATION**

The Corporation is a municipal government institution that provides a range of services to its citizens. Municipal services are reported by function and their activities are separately disclosed in the Analysis of Expenses. The nature of the segments and the activities they encompass are as follows:

*General Government services*

General government consists of the activities of the Council and general financial and administrative management of the municipal and its programs and services.

*Protection Services*

Protection services include police services, fire services, protective inspection and control, and building permits and inspection services.

*Transportation Services*

Transportation services include construction and maintenance of the municipal's roads and bridges, winter control, street lighting and airport services.

*Environment Services*

This function is responsible for providing water and sewer services, waste collection, waste disposal and recycling services.

*Health Services*

Health services consists of public health services, other medical services and cemeteries.

*Social and Family Services*

This function provides general assistance for social and family, childcare services and public housing.

*Recreation and Cultural Services*

Recreation and cultural services provide indoor and outdoor recreational facilities and programs, library services and other cultural services.

*Planning and Development Services*

The planning and development services function manages commercial, industrial and residential development within the municipal.

**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**20. SEGMENTED INFORMATION, (CONT'D)**

The accounting policies used in these segments are the same as those described in Note 2. For each reported segment, revenues and expenses represent amounts that are directly attributable to each segment. Tax revenues are reported as part of General Government Services.

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**21. BUDGET**

The budget approved by the Corporation for 2019 is reflected on the non-consolidated statement of operations and the accompanying schedules and was prepared on a cash flow basis. The budget established for capital investment in tangible capital assets are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with current year's actual amounts. The related amortization are not included in the budget approved by the Council except an amount of \$683,600 in the Environment Services. Reclassifications were made for presentation purposes. Budget figures have not been audited.

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**22. RELATED PARTY DISCLOSURES AND INTER-ENTITY TRANSACTIONS**

In the normal course of its transactions, the Corporation has entered in service or purchase agreements with related parties and/or inter-entities.

Transactions carried out by the Corporation with related parties and/or inter-entities are carried out at their fair value. Following the analysis of Standard PS 2200 and PS 3420, no additional disclosure is required.

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**23. SUBSEQUENT EVENTS**

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The potential economic effects within the Corporation's environment and in the global markets, possible disruption in supply chains, and measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines and social distancing) could have a material impact on the organization operations. The extent of the impact of this outbreak and related containment measures on the Corporation operations cannot be reliably estimated at this time.

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**CORPORATION OF THE TOWN OF HEARST**  
**NOTES TO NON-CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**24. FUTURE CHANGES IN ACCOUNTING STANDARDS**

Pronouncements for 2019 are: Financial Statement Presentation, PS 1201, Foreign Currency Translation, PS 2601, Financial Instruments, PS 3450 and Asset retirement obligations, PS 3280. They are effective for fiscal years beginning on or after April 1, 2021. PS 1201 Financial Statement Presentation includes the addition of a new statement outlining re-measurement gains and losses. PS 2601, Foreign Currency Translation includes guidance on deferral and amortization of unrealized gains and losses, hedge accounting and separation of realized and unrealized foreign exchange gains and losses. PS 3280, Asset retirement obligations proposes to enhance comparability of financial statements among public sector entities by establishing uniform criteria for recognition and measurement of asset retirement obligations, including obligations that may not have been previously reported. PS 3450 provides guidance on the recognition, measurement, presentation and disclosure of financial instruments including derivative instruments.

Other pronouncements for 2019 are: Revenue, PS 3400. PS 3400 is effective for fiscal year beginning on or after April 1, 2022, and an early adoption is permitted.

The Corporation has not yet adopted these standards and is currently assessing the impact of these standards on its financial statements.

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**25. COMPARATIVE FIGURES**

The non-consolidated financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

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# CORPORATION OF THE TOWN OF HEARST

## SCHEDULE OF TANGIBLE CAPITAL ASSETS

**DECEMBER 31, 2019**

<b>Cost</b>	<b>Balance 2018</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance 2019</b>
Land and vacant land	\$ 1,033,276	\$ -	\$ -	\$ 1,033,276
Land improvements	4,766,607	-	-	4,766,607
Buildings	20,230,257	1,038,379	-	21,268,636
Vehicles, machinery and equipment	5,827,414	341,085	(375,774)	5,792,725
Furniture and fixtures	1,706,606	331,706	(63,290)	1,975,022
Computers	445,531	22,632	(23,800)	444,363
Roads	34,437,830	1,261,258	(555,590)	35,143,498
Water	10,321,206	-	-	10,321,206
Sewer	15,478,080	138,426	-	15,616,506
	<b>\$ 94,246,807</b>	<b>\$ 3,133,486</b>	<b>\$ (1,018,454)</b>	<b>\$ 96,361,839</b>

<b>Accumulated Amortization</b>	<b>Balance 2018</b>	<b>Amortization expense</b>	<b>Disposals</b>	<b>Balance 2019</b>
Land improvements	\$ 3,355,711	\$ 177,679	\$ -	\$ 3,533,390
Buildings	11,669,077	664,127	-	12,333,204
Vehicles, machinery and equipment	3,307,548	288,503	(352,431)	3,243,620
Furniture and fixtures	1,475,323	107,226	(62,808)	1,519,741
Computers	290,618	70,037	(23,800)	336,855
Roads	21,044,071	1,141,439	(555,590)	21,629,920
Water	5,026,981	201,022	-	5,228,003
Sewer	7,567,144	314,719	-	7,881,863
	<b>\$ 53,736,473</b>	<b>\$ 2,964,752</b>	<b>\$ (994,629)</b>	<b>\$ 55,706,596</b>

<b>Net book value</b>	<b>Balance 2018</b>	<b>Balance 2019</b>
Land and vacant land	\$ 1,033,276	\$ 1,033,276
Land improvements	1,410,896	1,233,217
Buildings	8,561,180	8,935,432
Vehicles, machinery and equipment	2,519,866	2,549,105
Furniture and fixtures	231,283	455,281
Computers	154,913	107,508
Roads	13,393,759	13,513,578
Water	5,294,225	5,093,203
Sewer	7,910,936	7,734,643
	<b>\$ 40,510,334</b>	<b>\$ 40,655,243</b>

# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF REVENUES

**DECEMBER 31, 2019**

	Budget (Note 21)	2019 Actual	2018 Actual
<b>TAXATION</b>			
Municipal	\$ 6,457,000	\$ 6,461,952	\$ 6,071,125
Education	-	1,395,822	1,417,811
Supplementary	129,500	76,944	104,494
Other charges	43,200	43,009	43,025
	6,629,700	7,977,727	7,636,455
Payments in lieu of taxes	139,600	139,480	138,002
<b>TOTAL LEVIED</b>	<b>6,769,300</b>	<b>8,117,207</b>	<b>7,774,457</b>
<b>LEVIED FOR SCHOOL BOARDS</b>	<b>-</b>	<b>(1,395,822)</b>	<b>(1,417,811)</b>
<b>TOTAL MUNICIPAL TAXATION</b>	<b>\$ 6,769,300</b>	<b>\$ 6,721,385</b>	<b>\$ 6,356,646</b>

# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF REVENUES

**DECEMBER 31, 2019**

	Budget (Note 21)	2019 Actual	2018 Actual
<b>GOVERNMENT TRANSFERS - OPERATIONS</b>			
<b>ONTARIO GENERAL</b>			
Ontario Municipal Partnership Funds	\$ 2,500,600	\$ 2,500,600	\$ 2,552,900
Ministry of Municipal Affairs and Housing of Ontario	-	649,000	-
	<u>2,500,600</u>	<u>3,149,600</u>	<u>2,552,900</u>
<b>ONTARIO SPECIFIC</b>			
Child care and related services	967,900	953,610	1,053,888
CSTP program	4,800	9,113	7,353
Dedicated gas tax funds	45,600	45,914	45,733
Long-term care relief	-	126,826	126,826
NEOnet Inc.	-	-	2,899
Ontario Cannabis Legalization Implementation Fund	-	19,148	-
Ontario youth program	3,800	-	3,658
Planning board	25,900	25,894	25,894
	<u>1,048,000</u>	<u>1,180,505</u>	<u>1,266,251</u>
<b>CANADA SPECIFIC</b>			
Canada work program	8,300	9,210	9,047
EM-INAC Evacuees	-	859,856	382,996
FCM Grant	-	-	46,883
Federal Gas Tax	-	-	11,721
FedNor	-	35,000	64,308
	<u>8,300</u>	<u>904,066</u>	<u>514,955</u>
	<u>\$ 3,556,900</u>	<u>\$ 5,234,171</u>	<u>\$ 4,334,106</u>

# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF REVENUES

**DECEMBER 31, 2019**

	Budget (Note 21)	2019 Actual	2018 Actual
<b>GOVERNMENT TRANSFERS - CAPITAL</b>			
<b>ONTARIO SPECIFIC</b>			
Child care and related services	\$ -	\$ 87,407	\$ 52,683
Community Investment Fund (CIF)	-	-	40,637
Clean Water and Waste Water Fund (CWWF)	-	-	280,107
MCSCS Ride	-	7,500	7,694
NOHFC	-	315,561	173,453
Ontario Community Fund Infrastructure (OCIF)	-	330,811	217,728
	-	741,279	772,302
<b>CANADA SPECIFIC</b>			
Association of Municipalities of Ontario	-	-	28,960
Federal Gas tax	-	493,944	320,099
FedNor	-	315,893	142,004
	-	809,837	491,063
	\$ -	\$ 1,551,116	\$ 1,263,365

# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF REVENUES

DECEMBER 31, 2019

	Budget (Note 21)	2019 Actual	2018 Actual
<b>FEES AND SERVICES CHARGES</b>			
Water and sewer services	\$ 1,750,400	\$ 1,752,763	\$ 1,662,830
Meter collections and environmental services	224,000	325,184	248,876
Child care centre fees	305,000	304,594	306,172
Planning and development fees	8,700	8,392	6,776
Recreational services	516,300	536,312	546,471
Cemeteries fees	46,100	59,904	56,695
Fire protection and housing services	31,700	35,662	36,856
Administration fees and services	154,500	150,091	145,745
Air transportation services	290,500	306,543	325,673
	<b>\$ 3,327,200</b>	<b>\$ 3,479,445</b>	<b>\$ 3,336,094</b>
<b>OTHER REVENUES</b>			
Provincial Offences Act	\$ 83,500	\$ 102,635	\$ 86,582
Licenses and permits	59,500	47,939	66,489
Equipment rentals	799,900	855,158	742,346
Fines	20,100	19,929	20,231
Penalty and interest on taxes	39,600	41,072	40,565
Investment income	219,400	366,395	262,420
Sale of materials	9,400	25,594	10,452
Overhead recovered	122,200	130,891	125,339
Donations and local contributions	-	184,999	319,959
Miscellaneous	70,200	72,760	75,617
	<b>\$ 1,423,800</b>	<b>\$ 1,847,372</b>	<b>\$ 1,750,000</b>

# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF EXPENSES

DECEMBER 31, 2019

	Budget (Note 21)	2019 Actual	2018 Actual
<b>GENERAL GOVERNMENT SERVICES</b>			
<b>SALARIES, WAGES AND BENEFITS</b>			
Members of council	\$ 109,500	\$ 101,478	\$ 106,527
Administration	868,300	864,412	818,981
Municipal building operation	1,500	946	1,359
	<u>979,300</u>	<u>966,836</u>	<u>926,867</u>
INTEREST AND BANK CHARGES	<u>14,700</u>	<u>23,868</u>	<u>24,545</u>
<b>SUPPLIES AND SERVICES</b>			
Members of council	103,300	101,159	70,503
Administration	310,900	320,267	339,885
Municipal building operation	34,300	31,696	38,139
	<u>448,500</u>	<u>453,122</u>	<u>448,527</u>
<b>CONTRACTED SERVICES</b>			
Municipal building operation	<u>79,100</u>	<u>79,064</u>	<u>78,321</u>
AMORTIZATION	<u>-</u>	<u>101,725</u>	<u>89,575</u>
	<u>\$ 1,521,600</u>	<u>\$ 1,624,615</u>	<u>\$ 1,567,835</u>

# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF EXPENSES

**DECEMBER 31, 2019**

	Budget (Note 21)	2019 Actual	2018 Actual
<b>PROTECTION SERVICES</b>			
<b>SALARIES, WAGES AND BENEFITS</b>			
Police services	\$ 2,500	\$ 1,500	\$ 1,500
Fire department	108,300	87,994	94,522
Emergency measures	-	8,513	4,430
Protective inspection and control	92,300	93,087	97,132
	<u>203,100</u>	<u>191,094</u>	<u>197,584</u>
<b>SUPPLIES AND SERVICES</b>			
Police services	600	7,500	7,694
Fire department	145,500	185,799	135,771
Emergency measures	7,600	768,774	342,681
Protective inspection and control	41,200	28,805	35,099
	<u>194,900</u>	<u>990,878</u>	<u>521,245</u>
<b>CONTRACTED SERVICES</b>			
Police services	1,026,800	1,026,816	1,032,812
Fire department	40,200	42,487	41,784
Emergency measures	87,100	87,092	85,975
	<u>1,154,100</u>	<u>1,156,395</u>	<u>1,160,571</u>
<b>AMORTIZATION</b>	<u>-</u>	<u>80,562</u>	<u>61,949</u>
	<u>\$ 1,552,100</u>	<u>\$ 2,418,929</u>	<u>\$ 1,941,349</u>



# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF EXPENSES

**DECEMBER 31, 2019**

	Budget (Note 21)	2019 Actual	2018 Actual
<b>TRANSPORTATION SERVICES</b>			
<b>SALARIES, WAGES AND BENEFITS</b>			
Roadways	\$ 720,900	\$ 643,006	\$ 640,276
Winter control	167,500	200,033	152,356
Parking control	212,300	203,071	198,713
Air transportation	11,900	11,002	8,792
	<u>1,112,600</u>	<u>1,057,112</u>	<u>1,000,137</u>
<b>INTEREST AND BANK CHARGES</b>	<u>2,600</u>	<u>2,308</u>	<u>2,245</u>
<b>SUPPLIES AND SERVICES</b>			
Roadways	725,800	726,523	676,271
Winter control	303,000	402,659	289,849
Parking control	20,500	28,384	19,719
Air transportation	228,500	271,966	254,612
Street lighting	228,600	124,614	118,863
	<u>1,506,400</u>	<u>1,554,146</u>	<u>1,359,314</u>
<b>CONTRACTED SERVICES</b>			
Transit - long-term care transportation	142,500	145,526	141,767
Winter control	69,000	77,008	32,890
Air transportation	61,900	62,996	61,838
	<u>273,400</u>	<u>285,530</u>	<u>236,495</u>
<b>LOSS (GAIN) ON DISPOSAL OF TANGIBLE CAPITAL ASSETS</b>	<u>-</u>	<u>(6,657)</u>	<u>9,149</u>
<b>AMORTIZATION</b>	<u>-</u>	<u>1,408,599</u>	<u>1,341,950</u>
	<u>\$ 2,895,000</u>	<u>\$ 4,301,038</u>	<u>\$ 3,949,290</u>

# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF EXPENSES

DECEMBER 31, 2019

	Budget (Note 21)	2019 Actual	2018 Actual
<b>ENVIRONMENTAL SERVICES</b>			
<b>SALARIES, WAGES AND BENEFITS</b>			
Sanitary sewer system	\$ 38,600	\$ 39,658	\$ 53,599
Storm sewer system	31,900	15,836	20,902
Waste collection, disposal and recycling	280,100	225,917	272,430
Water works system	22,400	32,783	16,852
	<u>373,000</u>	<u>314,194</u>	<u>363,783</u>
<b>INTEREST AND BANK CHARGES</b>	<u>1,600</u>	<u>1,897</u>	<u>1,759</u>
<b>SUPPLIES AND SERVICES</b>			
Sanitary sewer system	221,800	251,977	194,683
Storm sewer system	55,700	22,028	32,423
Waste collection, disposal and recycling	347,600	249,720	303,070
Water works system	247,200	253,338	208,794
	<u>872,300</u>	<u>777,063</u>	<u>738,970</u>
<b>CONTRACTED SERVICES</b>			
Water works system	37,900	37,704	37,006
Waste collection, disposal and recycling	-	100,541	-
Lagoon operations system	144,400	144,444	141,339
Water filtration plant	433,300	433,344	424,017
	<u>615,600</u>	<u>716,033</u>	<u>602,362</u>
<b>AMORTIZATION</b>	<u>683,600</u>	<u>788,298</u>	<u>785,298</u>
	<u>\$ 2,546,100</u>	<u>\$ 2,597,485</u>	<u>\$ 2,492,172</u>

# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF EXPENSES

**DECEMBER 31, 2019**

	Budget (Note 21)	2019 Actual	2018 Actual
<b>HEALTH SERVICES</b>			
<b>SALARIES, WAGES AND BENEFITS</b>			
Cemeteries	\$ 12,000	\$ 11,260	\$ 11,167
Hospital	600	451	570
	<u>12,600</u>	<u>11,711</u>	<u>11,737</u>
<b>SUPPLIES AND SERVICES</b>			
Cemeteries	16,900	18,412	16,901
Hospital	1,400	979	989
Other	800	420	630
	<u>19,100</u>	<u>19,811</u>	<u>18,520</u>
<b>EXTERNAL TRANSFERS</b>			
Porcupine Health Unit	175,000	174,989	173,551
Hospital	97,900	57,159	54,963
Ambulance services	304,300	304,325	293,174
	<u>577,200</u>	<u>536,473</u>	<u>521,688</u>
<b>CONTRACTED SERVICES</b>			
Cemeteries	4,800	5,346	7,073
<b>AMORTIZATION</b>			
	-	14,645	11,965
	<u>\$ 613,700</u>	<u>\$ 587,986</u>	<u>\$ 570,983</u>

# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF EXPENSES

**DECEMBER 31, 2019**

	Budget (Note 21)	2019 Actual	2018 Actual
<b>SOCIAL AND FAMILY SERVICES</b>			
<b>SALARIES, WAGES AND BENEFITS</b>			
Day nursery	\$ 748,500	\$ 758,964	\$ 692,592
Resource teacher	72,900	77,825	51,526
Parent resource centre	183,500	157,982	150,982
Familicare agency services	16,300	10,497	53,919
Aged persons	4,000	3,312	3,789
	<u>1,025,200</u>	<u>1,008,580</u>	<u>952,808</u>
<b>SUPPLIES AND SERVICES</b>			
Day nursery	53,000	62,982	67,528
Resource teacher	7,200	2,610	10,764
Parent resource centre	44,800	22,303	30,410
Familicare agency services	89,800	94,765	95,252
Aged persons	28,100	27,686	26,571
	<u>222,900</u>	<u>210,346</u>	<u>230,525</u>
<b>EXTERNAL TRANSFERS</b>			
Day nursery	47,700	47,656	46,016
General assistance	112,200	112,156	107,565
Social housing services	445,700	445,653	430,239
Aged persons	202,800	189,857	184,111
	<u>808,400</u>	<u>795,322</u>	<u>767,931</u>
<b>CONTRACTED SERVICES</b>			
Day nursery	25,600	24,924	28,853
Parent resource centre	19,000	17,585	9,618
Resource teacher	1,100	997	-
Familicare agency services	4,100	3,988	-
	<u>49,800</u>	<u>47,494</u>	<u>38,471</u>
<b>LOSS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS</b>			
	-	482	-
<b>AMORTIZATION</b>			
	-	96,392	90,482
	<u>\$ 2,106,300</u>	<u>\$ 2,158,616</u>	<u>\$ 2,080,217</u>

# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF EXPENSES

**DECEMBER 31, 2019**

	Budget (Note 21)	2019 Actual	2018 Actual
<b>RECREATION AND CULTURAL SERVICES</b>			
<b>SALARIES, WAGES AND BENEFITS</b>			
Parks	\$ 56,200	\$ 61,026	\$ 61,160
Programs	36,400	42,293	34,008
Facilities	678,700	669,023	679,588
	<u>771,300</u>	<u>772,342</u>	<u>774,756</u>
<b>SUPPLIES AND SERVICES</b>			
Parks	38,100	35,034	32,875
Programs	173,200	186,024	180,484
Facilities	476,300	511,585	445,594
	<u>687,600</u>	<u>732,643</u>	<u>658,953</u>
<b>EXTERNAL TRANSFERS</b>			
Conseil des Arts	38,500	36,409	37,355
Ecomusée	7,800	8,830	8,709
Library Board	239,400	238,335	229,856
	<u>285,700</u>	<u>283,574</u>	<u>275,920</u>
<b>CONTRACTED SERVICES</b>			
Programs	1,500	1,106	1,785
Facilities	17,600	17,690	17,333
	<u>19,100</u>	<u>18,796</u>	<u>19,118</u>
<b>AMORTIZATION</b>			
	-	347,750	304,293
	<u>\$ 1,763,700</u>	<u>\$ 2,155,105</u>	<u>\$ 2,033,040</u>

# CORPORATION OF THE TOWN OF HEARST

## ANALYSIS OF EXPENSES

**DECEMBER 31, 2019**

	Budget (Note 21)	2019 Actual	2018 Actual
<b>PLANNING AND DEVELOPMENT SERVICES</b>			
<b>SALARIES, WAGES AND BENEFITS</b>			
Planning and zoning	\$ 46,800	\$ 45,797	\$ 42,829
Commercial and industrial development	276,200	236,022	280,444
	<u>323,000</u>	<u>281,819</u>	<u>323,273</u>
<b>SUPPLIES AND SERVICES</b>			
Planning and zoning	22,300	21,442	19,657
Commercial and industrial development	108,000	247,256	342,805
	<u>130,300</u>	<u>268,698</u>	<u>362,462</u>
<b>EXTERNAL TRANSFERS</b>			
Downtown Business Improvement Area Board	33,300	33,275	33,275
<b>CONTRACTED SERVICES</b>			
Planning and zoning	2,200	1,798	1,866
Commercial and industrial development	16,400	14,986	20,110
	<u>18,600</u>	<u>16,784</u>	<u>21,976</u>
<b>AMORTIZATION</b>	<u>-</u>	<u>126,781</u>	<u>131,575</u>
	<u>\$ 505,200</u>	<u>\$ 727,357</u>	<u>\$ 872,561</u>

**Baker Tilly HKC**  
1021 George Street, PO Box 637  
Hearst, ON  
Canada P0L 1N0

**T:** 705.362.4261  
**F:** 705.362.4641

hearst@bakertilly.ca  
[www.bakertilly.ca](http://www.bakertilly.ca)

## **INDEPENDENT AUDITOR'S REPORT**

To the Council of the Corporation of the Town of Hearst

### *Opinion*

We have audited the financial statements of trust funds of the Corporation of the Town of Hearst (the "Trust"), which comprise the statement of financial position as at December 31, 2019, and the statement of continuity of the trust funds for the year then ended, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2019, and the continuity of the trust funds 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 Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Trust 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.

## **INDEPENDENT AUDITOR'S REPORT, (CONT'D)**

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Disclosed Basis of Accounting, 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 financial statements, management is responsible for assessing the Trust'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 Trust or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Trust's financial reporting process.

### *Auditor's Responsibilities for the Audit of the 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 auditor's 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:



**INDEPENDENT AUDITOR'S REPORT, (CONT'D)**

- 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 Trust'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 Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Trust 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.

*Baker Tilly HKC*

Chartered Professional Accountants  
Licenced Public Accountants  
May 26, 2020

**CORPORATION OF THE TOWN OF HEARST  
TRUST FUNDS**

**STATEMENT OF CONTINUITY OF FUNDS**

**YEAR ENDED DECEMBER 31, 2019**

	Cemetery Care and Maintenance Fund	Educational Assistance Fund	2019 Total	2018 Total
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	\$ 262,590	\$ 339,690	\$ 602,280	\$ 573,758
<b>REVENUES</b>				
Interest and dividends earned	5,353	31,991	37,344	28,240
Perpetual care charge	9,146	-	9,146	8,282
	14,499	31,991	46,490	36,522
<b>EXPENSES</b>				
Cemetery maintenance	5,353	-	5,353	-
Scholarships	-	8,500	8,500	8,000
	5,353	8,500	13,853	8,000
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	\$ 271,736	\$ 363,181	\$ 634,917	\$ 602,280

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2019**

	Cemetery Care and Maintenance Fund	Educational Assistance Fund	2019 Total	2018 Total
<b>FINANCIAL ASSETS</b>				
Cash	\$ 271,736	\$ 253,403	\$ 525,139	\$ 384,835
Invesments	-	109,778	109,778	214,515
Due from municipal	-	-	-	2,930
<b>ACCUMULATED SURPLUS</b>	\$ 271,736	\$ 363,181	\$ 634,917	\$ 602,280

# **CORPORATION OF THE TOWN OF HEARST TRUST FUNDS**

## **NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2019**

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### **1. SIGNIFICANT ACCOUNTING POLICIES**

#### **BASIS OF ACCOUNTING**

Capital receipts and income are reported on the cash basis of accounting except for the interest on the investment which is accrued.

Expenses are reported on the cash basis of accounting with the exception of administrative expenses which are reported on the accrual basis of accounting, which recognizes expenses as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

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### **2. DESCRIPTION OF FUNDS**

#### **CEMETERY CARE AND MAINTENANCE FUND**

This trust fund was created to provide for the long-term maintenance of the cemeteries in the Corporation of the Town of Hearst. A fee is charged on all sale of lots in the cemeteries and deposited in this trust fund. All interests on those funds are kept by the Corporation of the Town of Hearst to pay for the yearly costs of maintenance of the cemeteries.

#### **EDUCATIONAL ASSISTANCE FUND**

Money put in the trust fund by private benefactors for the benefit of school and children in the public schooling system within the Corporation of the Town of Hearst and area. Administered by the Corporation, this money is to be used to fund school activities not regularly covered by the school budget and bursaries.

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