

CORPORATION OF THE TOWN OF HEARST

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

DECEMBER 31, 2020

CORPORATION OF THE TOWN OF HEARST
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

Council and Officials	1
Management's Report	2
Independent Auditor's Report	3 - 5
CONSOLIDATED FINANCIAL STATEMENT	
Consolidated Statement of Financial Position	6
Consolidated Statement of Operations and Accumulated Surplus	7
Consolidated Statement of Changes in Net Assets	8
Consolidated Statement of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 35
Schedule of Tangible Capital Assets	36
Segmented Information	37 - 38
Analysis of Revenues	39 - 42
Analysis of Expenses	43 - 51
Independent Auditor's Report on Trust Funds	52 -54
Trust Funds - Statement of Continuity of Funds and Statement of Financial Position	55
Trust Funds - Notes to Financial Statements	56

CORPORATION OF THE TOWN OF HEARST
COUNCIL AND OFFICIALS
DECEMBER 31, 2020

MUNICIPAL COUNCIL

Mayor

Roger Sigouin

Councillors

Gaëtan Baillargeon

Joël Lauzon

Daniel Lemaire

Conrad Morin

Marc Ringuette

Josée Vachon

MUNICIPAL OFFICIALS

Chief Administrative Officer

Yves Morrissette

Clerk / Division Registrar

Janine Lecours

Director of Child Care Services

Pascale Tanguay

Director of Parks and Recreation

Nathalie Coulombe

Director of Public Works and Engineering Services

Luc Léonard

Fire Chief

Jean-Marc St-Amour

Director of Planning / Chief Building Official

Kory Hautcoeur

Public Works Foreman

Réal Lapointe

Senior By-Law Officer

Daniela Gagnon

Treasurer

Manon Higgins

MANAGEMENT'S REPORT

The accompanying 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 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 consolidated financial statements. These systems are monitored and evaluated by management.

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

The 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 consolidated financial statements.

Yves Morrissette, Chief Administrative Officer
Hearst, Ontario
June 15, 2021



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INDEPENDENT AUDITOR'S REPORT

To the Council of the Corporation of the Town of Hearst

Opinion

We have audited the consolidated financial statements of the Corporation of The Town of Hearst (the Corporation), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statements of operations and accumulated surplus, changes in net assets and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Corporation as at December 31, 2020, and results of its 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 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 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 consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 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 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:

- ♦ Identify and assess the risks of material misstatement of the 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.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

- 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 consolidated financial statements, including the disclosures, and whether the 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
June 15, 2021

CORPORATION OF THE TOWN OF HEARST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	2020	2019
FINANCIAL ASSETS		
Cash and cash equivalents (Note 5)	\$ 10,480,087	\$ 8,350,422
Accounts receivable (Note 6)	1,499,840	2,689,636
Taxes receivable	202,297	140,652
Long-term receivables (Note 7)	2,026,905	2,089,071
Investments (Note 8)	1,358,514	1,318,976
Investment in government business enterprises (Note 9)	3,509,291	3,041,450
	<u>19,076,934</u>	<u>17,630,207</u>
LIABILITIES		
Accounts payable and accrued liabilities	1,622,545	2,455,477
Deferred revenue - obligatory reserve funds (Note 11)	811,919	453,799
Solid waste landfill closure and post-closure (Note 18)	126,000	-
Long-term debt (Note 12)	3,689,286	4,575,396
	<u>6,249,750</u>	<u>7,484,672</u>
NET ASSETS	<u>12,827,184</u>	<u>10,145,535</u>
NON-FINANCIAL ASSETS		
Inventories of supplies	325,177	346,780
Prepaid expenses	182,268	153,990
Tangible capital assets (Note 13)	49,532,952	49,940,816
Intangible assets (Note 14)	751,465	751,465
	<u>50,791,862</u>	<u>51,193,051</u>
ACCUMULATED SURPLUS (Note 15)	<u>\$ 63,619,046</u>	<u>\$ 61,338,586</u>

CONTINGENCIES (Note 19)

COMMITMENTS (Note 20)

Approved on behalf of the Council

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

CORPORATION OF THE TOWN OF HEARST

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

YEAR ENDED DECEMBER 31, 2020

	Budget	2020	2019
	(Note 23)	Actual	Actual
REVENUES			
Taxation	\$ 7,027,955	\$ 6,829,166	\$ 6,566,553
Government transfers - operations	7,880,822	8,830,839	9,502,725
Fees and service charges	5,623,244	5,304,669	5,511,464
Government business enterprises - gain from operations	-	467,841	27,485
Other revenues	1,489,990	1,539,055	1,815,507
	<u>22,022,011</u>	<u>22,971,570</u>	<u>23,423,734</u>
EXPENSES			
General government services	1,523,900	1,453,397	1,567,542
Protection services	1,636,100	1,689,213	2,418,929
Transportation services	2,926,900	4,120,094	4,310,531
Environmental services	2,552,300	2,738,842	2,597,485
Health services	644,000	658,957	587,986
Social and family services	8,524,511	8,622,892	8,260,780
Recreation and cultural services	1,995,900	1,802,462	2,203,173
Planning and development services	569,600	686,688	757,833
	<u>20,373,211</u>	<u>21,772,545</u>	<u>22,704,259</u>
EXCESS OF REVENUES OVER EXPENSES	<u>1,648,800</u>	<u>1,199,025</u>	<u>719,475</u>
GOVERNMENT TRANSFERS - CAPITAL	1,064,700	773,423	1,543,616
LOCAL IMPROVEMENT AND OTHER - CAPITAL	366,600	308,012	140,000
	<u>1,431,300</u>	<u>1,081,435</u>	<u>1,683,616</u>
ANNUAL SURPLUS	<u>\$ 3,080,100</u>	2,280,460	2,403,091
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>\$ 61,338,586</u>	<u>\$ 58,935,495</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 15)		<u>\$ 63,619,046</u>	<u>\$ 61,338,586</u>

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

CORPORATION OF THE TOWN OF HEARST
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
ANNUAL SURPLUS	\$ 3,080,100	\$ 2,280,460	\$ 2,403,091
TANGIBLE CAPITAL ASSETS ACTIVITIES			
Acquisition of tangible capital assets	-	(3,304,954)	(3,174,733)
Amortization of tangible capital assets	-	3,674,395	3,646,936
Loss (gain) on disposal of tangible capital assets	38,423	38,423	(6,128)
Proceed on disposition of tangible capital assets	-	-	30,000
	<u>38,423</u>	<u>407,864</u>	<u>496,075</u>
NON-FINANCIAL ASSETS ACTIVITIES			
Change in inventories of supplies	-	21,603	19,622
Change in prepaid expenses	-	(28,278)	51,451
	<u>-</u>	<u>(6,675)</u>	<u>71,073</u>
INCREASE IN NET ASSETS	3,118,523	2,681,649	2,970,239
NET ASSETS, BEGINNING OF YEAR	<u>10,145,535</u>	<u>10,145,535</u>	<u>7,175,296</u>
NET ASSETS, END OF YEAR	<u>\$ 13,264,058</u>	<u>\$ 12,827,184</u>	<u>\$ 10,145,535</u>

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

CORPORATION OF THE TOWN OF HEARST
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Annual surplus	\$ 2,280,460	\$ 2,403,091
Items non affecting cash:		
Amortization of tangible capital assets	3,674,395	3,646,936
Government business enterprises	(467,841)	(27,485)
Loss (gain) on disposal of tangible capital assets	38,423	(6,128)
Changes in:		
Accounts receivable	1,189,796	(1,072,676)
Taxes receivable	(61,645)	57,740
Accounts payable and accrued liabilities	(832,932)	58,769
Deferred revenue - obligatory reserve funds	358,120	97,873
Solid waste landfill closure and post-closure	126,000	-
Inventories of supplies	21,603	19,621
Prepaid expenses	(28,278)	51,452
	<u>6,298,101</u>	<u>5,229,193</u>
CAPITAL ACTIVITIES		
Acquisition of tangible capital assets	(3,304,954)	(3,174,733)
Proceed on disposal of tangible capital asset	-	30,000
	<u>(3,304,954)</u>	<u>(3,144,733)</u>
INVESTING ACTIVITIES		
Interest earned in investments	(39,538)	(28,380)
Reimbursements of long-term receivables	355,322	381,081
Disbursements of long-term receivables	(293,156)	-
	<u>22,628</u>	<u>352,701</u>
FINANCING ACTIVITY		
Principal payments on long-term debt	(886,110)	(808,223)
INCREASE IN CASH POSITION	2,129,665	1,628,938
CASH POSITION, BEGINNING OF YEAR	<u>8,350,422</u>	<u>6,721,484</u>
CASH POSITION, END OF YEAR (Note 5)	<u>\$ 10,480,087</u>	<u>\$ 8,350,422</u>

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

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

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).
-

2. SIGNIFICANT ACCOUNTING POLICIES

The 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:

REPORTING ENTITIES

Consolidation

These consolidated statements reflect the financial assets, liabilities, revenues and expenses of the Corporation and include the activities of all committees of the Council and the following boards, municipal enterprises and utilities which are under the control of the Council:

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

All interfund assets, liabilities, revenues and expenses have been eliminated.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

REPORTING ENTITIES, (CONT'D)

Non-consolidated entities

The following entities are not consolidated:

District of Cochrane Social Services Administration Board (Joint local board)
 Porcupine Health Unit (Joint local board)
 Hearst Power Distribution Company Limited (Government business enterprise)
 Hearst Power Sales and Service Company Limited (Government business enterprise)
 Hearst Connect Corporation (Government business enterprise)

Government business enterprises are accounted for on a modified equity basis, consistent with the generally accepted accounting treatment for government business enterprises. Under the modified equity basis, the business enterprises' accounting principles are not adjusted to conform with those of the municipal, and inter-organizational transactions and balances are not eliminated.

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 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 55).

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.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

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.

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.

PENSION PLANS

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.

The Foyer Hearst-Mattice Soins de Santé accounts for its participation in the Nursing Home and Related Industries Pension Plan, a multi-employer pension plan, as a defined contribution plan.

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.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

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.

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 one 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
Buildings	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.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

Intangible assets

Intangible assets are recorded at amortized cost. This cost is no longer being amortized as these intangible assets are determined to have an indefinite useful life.

Impairment of an intangible asset is recognized, in an amount equal to the difference between the carrying value and the fair value of the related intangible asset. The Corporation utilizes a direct valuation approach in determining the fair value of intangible assets.

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 minimum collection risk.

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.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES, (CONT'D)

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.

3. OPERATIONS OF SCHOOL BOARDS

Further to note 2, the taxation, other revenues and expenses relating to the school boards are comprised of the following:

	Public	Separate	2020	2019
Revenues raised and transferred to boards:				
Regular tax levy	\$ 625,238	\$ 782,977	\$ 1,408,215	\$ 1,430,316
Write-offs and adjustments	(11,061)	(8,839)	(19,900)	(34,494)
	<u>\$ 614,177</u>	<u>\$ 774,138</u>	<u>\$ 1,388,315</u>	<u>\$ 1,395,822</u>

4. CONTRIBUTIONS TO NON-CONSOLIDATED ENTITIES

The following contributions were made by the Corporation to these non-consolidated boards:

	Budget (Note 23)	2020 Actual	2019 Actual
District of Cochrane Social Services Administration Board	\$ 930,200	\$ 930,228	\$ 909,790
Porcupine Health Unit	175,000	174,989	174,989
	<u>\$ 1,105,200</u>	<u>\$ 1,105,217</u>	<u>\$ 1,084,779</u>

The Corporation is contingently liable for its share of any accumulated deficits for these boards.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

5. CASH AND CASH EQUIVALENTS

	2020	2019
Cash	\$ 10,067,577	\$ 7,965,569
Short-term investments	412,510	384,853
	\$ 10,480,087	\$ 8,350,422

6. ACCOUNTS RECEIVABLE

	2020	2019
Province of Ontario	\$ 236,316	\$ 282,202
Government of Canada	320,560	1,259,100
Other	942,964	1,148,334
	\$ 1,499,840	\$ 2,689,636

7. LONG-TERM RECEIVABLES

	2020	2019
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	\$ 84,577	\$ 86,004
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	800,000	1,000,000

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

7. LONG-TERM RECEIVABLES, (CONT'D)

	<u>2020</u>	<u>2019</u>
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	203,870	334,746
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 2024, 2026 and 2030	338,458	68,321
	<u>\$ 2,026,905</u>	<u>\$ 2,089,071</u>

8. INVESTMENTS

	<u>2020</u>	<u>2019</u>
One Investment - Corporate bonds mutual fund	<u>\$ 1,358,514</u>	<u>\$ 1,318,976</u>

The bonds are recorded at cost. Over the years, \$1,200,000 were invested. This year, \$39,538 (2019 - \$28,380) of interest income was reinvested. As of December 31, 2020, the fair market value is \$1,327,051 (2019 - \$1,260,367).

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The government business enterprises are:

Hearst Power Distribution Company Limited/Corporation de distribution électrique de Hearst (HPDC)

Hearst Power Distribution Company Limited is the incorporation of the former Hearst Public Utilities Commission following the deregulation of the utilities market in 2001-2002. All of the operating assets and liabilities of the Hearst Public Utilities Commission were transferred to HPDC in exchange for 10,000 common shares of HPDC with a book value of \$10,000. The Corporation of the Town of Hearst is the sole shareholder.

Hearst Power Sales and Services Company Limited/Corporation de services et ventes d'énergie de Hearst (HPSS)

The Corporation owns all 10,000 common issued and outstanding shares of HPSS with a book value of \$1, a corporation created at the same time as HPDC for the sale of energy.

Hearst Connect Corporation /La Corporation Hearst Connect (Hearst Connect)

The Corporation owns all 100 common issued and outstanding shares of Hearst Connect with a book value of \$10, a corporation for the sale of telecommunication services.

Continuity of the book value of government business enterprises:

	2020	2019
Investment in government business enterprises		
Balance, beginning of year	\$ 3,041,450	\$ 3,013,965
Income from operations (HPDC)	135,245	244,337
Income from operations (HPSS)	141,791	50,660
Income (loss) from operations (Hearst Connect)	190,805	(267,512)
Balance, end of year	<u>\$ 3,509,291</u>	<u>\$ 3,041,450</u>

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES, (CONT'D)

CONDENSED FINANCIAL RESULTS - HPDC

Financial Position as at December 31	<u>2020</u>	<u>2019</u>
Assets		
Current	\$ 5,514,543	\$ 5,516,463
Capital	1,799,516	1,715,803
Other	238,385	296,219
Liabilities		
Current	<u>(3,824,705)</u>	<u>(3,935,991)</u>
Net Equity	<u>\$ 3,727,739</u>	<u>\$ 3,592,494</u>

Results of operations for the year ending December 31	<u>2020</u>	<u>2019</u>
Revenues	\$ 10,564,746	\$ 10,559,528
Expenses	<u>(10,429,501)</u>	<u>(10,315,191)</u>
Net income	<u>\$ 135,245</u>	<u>\$ 244,337</u>

Related party transactions between the Corporation and HPDC are as follows:

	<u>2020</u>	<u>2019</u>
<i>Revenues:</i>		
Clerical and answering services	\$ 65,730	\$ 64,533
Gasoline	4,105	5,589
Insurance	8,169	9,613
Interest on long-term debt	56,620	84,264
Miscellaneous	923	2,402
Office supplies	466	380
Property taxes	4,923	4,990
Rent	26,372	14,398
Repair and maintenance	4,818	4,321
Telephone	<u>1,747</u>	<u>1,109</u>
	<u>\$ 173,873</u>	<u>\$ 191,599</u>
<i>Expenses:</i>		
Service (utilities)	<u>\$ 643,355</u>	<u>\$ 702,320</u>

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES, (CONT'D)

Year-end balances are as follows:

Due from Hearst Power Distribution Company Limited	\$ 495,071	\$ 544,362
Long-term receivable	\$ 800,000	\$ 1,000,000
Due to Hearst Power Distribution Company Limited	\$ (26,057)	\$ (80,122)

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

Commitments

HPDC has two services agreements for which it will have to pay the following amounts over the next three years :

2021	\$ 212,869
2022	212,869
2023	<u>119,119</u>
	<u>\$ 544,857</u>

Contingency

A legal claim is in progress against HPDC since 2017 for a breach of contract. A determination of the provision required was made and recorded an analysis of this issue. The provision may change in the future due to new developments or changes in approach, such as change in settlement strategy. It is management's position that HPDC has valid defences in place. In the unlikely event this claim is successful, such claim is not expected to have a material effect of HPDC's financial position.

Subsequent event

Subsequent to year-end, HPDC purchased automotive equipment for \$248,300 financed by external financing.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES, (CONT'D)

CONDENSED FINANCIAL RESULTS - HPSS

Financial Position as at December 31	2020	2019
Assets		
Current	\$ 221,229	\$ 101,708
Capital	685,386	746,493
Liabilities		
Current	(394,292)	(477,669)
Net Equity	<u>\$ 512,323</u>	<u>\$ 370,532</u>

Results of operations for the year ending December 31	2020	2019
Revenues	\$ 237,926	\$ 137,354
Expenses	(96,135)	(86,694)
Net income	<u>\$ 141,791</u>	<u>\$ 50,660</u>

Related party transactions between the Corporation and HPSS are as follows:

	2020	2019
<i>Interest revenue</i>	<u>\$ 9,189</u>	<u>\$ 13,079</u>

Year-end balances are as follows:

Due from Hearst Power Sales and Services Company Limited	\$ 58,639	\$ 42,923
Long-term receivable	\$ 303,870	\$ 434,746

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

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES, (CONT'D)

CONDENSED FINANCIAL RESULTS - HEARST CONNECT

Financial Position as at December 31	<u>2020</u>	<u>2019</u>
Assets		
Current	\$ 462,621	\$ 246,818
Capital	3,360,289	2,871,418
Other	377,076	234,506
Liabilities		
Current	<u>(4,930,757)</u>	<u>(4,274,328)</u>
Net deficit	<u>\$ (730,771)</u>	<u>\$ (921,586)</u>

Results of operations for the year ending December 31	<u>2020</u>	<u>2019</u>
Revenues	\$ 1,556,389	\$ 843,644
Expenses	<u>(1,365,584)</u>	<u>(1,111,156)</u>
	<u>\$ 190,805</u>	<u>\$ (267,512)</u>

Related party transactions between the Corporation and Hearst Connect are as follows:

	<u>2020</u>	<u>2019</u>
<i>Revenues:</i>		
Clerical	\$ 6,102	\$ 6,150
Equipment rental	13,079	6,384
Insurance	3,765	443
Interest	22,500	22,500
Miscellaneous	1,552	3,127
Office supplies	-	2,749
Rent	12,685	12,473
Telephone	1,074	1,819
	<u>\$ 60,757</u>	<u>\$ 55,645</u>
<i>Expenses:</i>		
Service (internet)	<u>\$ 6,548</u>	<u>\$ 4,843</u>

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES, (CONT'D)

Year-end balances are as follows:

Due from Hearst Connect Corporation	\$ 67,410	\$ 156,944
Long-term receivable	\$ 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.

Commitments

Hearst Connect has currently committed to various signed agreements for which it will have to pay the following amounts over the next four years :

2021	\$ 409,842
2022	376,658
2023	317,787
2024	<u>114,787</u>
	<u>\$ 1,219,074</u>

Subsequent events

- Subsequent to December 31, 2020, Hearst Connect signed contracts and agreements to purchase property and equipment for a total of \$34,035.
- Subsequent to December 31, 2020, Hearst Connect received financing of \$3,400,000 from the Corporation through the Ontario Infrastructure and Lands Corporation. Financing is available up to \$4,000,000. A portion of the loan was used to repay the operating line of credit.

10. 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.

The Foyer Hearst-Mattice Soins de Santé has an authorized line of credit of \$200,000 bearing interest at prime and secured by a general security agreement.

CORPORATION OF THE TOWN OF HEARST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

11. 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 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:

	Balance, beginning	Received	Utilized	Balance, ending
DEFERRED REVENUE				
Aged persons	\$ 12	\$ 692,159	\$ 471,538	\$ 220,633
AMO - Main Street	13,171	-	11,797	1,374
Bicycle paths	15,507	-	-	15,507
Child Care Centre Improvements	11,990	-	9,269	2,721
Cochrane District Social Services Administration Board	106,600	-	-	106,600
Economic Development	21,038	3,853	1,290	23,601
Health and Safety	11,190	-	-	11,190
Ministry of Municipal Affairs and Housing	-	299,400	151,379	148,021
Monument	3,033	-	-	3,033
MTO	-	23,595	16,762	6,833
Other	8,314	515	234	8,595
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>249,051</u>	<u>1,019,522</u>	<u>694,000</u>	<u>574,573</u>
OBLIGATORY RESERVE FUNDS				
Derelict motor vehicle	38,435	540	-	38,975
Dedicated gas tax	11,483	62,930	62,930	11,483
Federal gas tax	154,830	308,298	276,240	186,888
	<u>204,748</u>	<u>371,768</u>	<u>339,170</u>	<u>237,346</u>
	<u>\$ 453,799</u>	<u>\$ 1,391,290</u>	<u>\$ 1,033,170</u>	<u>\$ 811,919</u>

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

12. LONG-TERM DEBT

	2020	2019
Loan repaid during the year	\$ -	\$ 1,908
GENERAL GOVERNMENT		
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	203,869	334,746
TRANSPORTATION SERVICES		
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	9,367	23,698
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	17,644	22,835
SOCIAL AND FAMILY SERVICES		
Various mortgages with Canada Mortgage and Housing Corporation and Caisse populaire Alliance Limitée, 1.01% to 3.94%, monthly blended interest and principal payments of \$23,169 guaranteed by land and buildings located in the Town of Hearst, with a net book value of \$901,911 due in 2021	901,911	1,166,946
Desjardins Asset Management mortgage, 4.82%, monthly blended interest and principal payments of \$40,224, secured by a general security agreement of Foyer Hearst-Mattice Soins de Santé properties, due in 2024	1,449,482	1,852,336
Caisse populaire Alliance Limitée loan, 3.47%, monthly blended interest and principal payments of \$8,798, secured by a general security agreement of Foyer Hearst-Mattice Soins de Santé, due in 2023	1,107,013	1,172,927
	<u>\$ 3,689,286</u>	<u>\$ 4,575,396</u>

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

12. LONG-TERM DEBT, (CONT'D)

The Corporation and its subsidiaries are in compliance with all covenants related to these loans and mortgages.

The long-term liabilities to be recovered from general rate payers and sponsors within the next five years are as follows:

2021	\$ 906,696
2022	850,528
2023	729,944
2024	291,244
2025	140,768
2026 and subsequent	<u>770,106</u>
	<u>\$ 3,689,286</u>

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

	Principal	Interest	2020 Total	2019 Total
<i>General Government</i>	\$ 130,876	\$ 9,189	\$ 140,065	\$ 140,066
<i>Transportation Services</i>				
Roadways	21,431	1,162	22,593	23,897
<i>Social and Family Services</i>				
Assistance to Aged Person	468,768	114,687	583,455	588,260
Social Housing	<u>265,035</u>	<u>12,986</u>	<u>278,021</u>	<u>278,022</u>
	<u>\$ 886,110</u>	<u>\$ 138,024</u>	<u>\$ 1,024,134</u>	<u>\$ 1,030,245</u>

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.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

13. TANGIBLE CAPITAL ASSETS

	2020	2019
General		
Land and vacant land	\$ 1,304,610	\$ 1,304,610
Land improvements	1,113,364	1,307,170
Buildings	16,733,375	17,380,613
Vehicles, machinery and equipment	2,887,656	3,028,461
Furniture and fixtures	391,352	461,757
Computers	94,074	116,779
Infrastructure		
Roads	13,734,233	13,513,580
Water	4,892,180	5,093,203
Storm sewer system	4,932,053	4,389,056
Sanitary sewer system	3,450,055	3,345,587
	<u>\$ 49,532,952</u>	<u>\$ 49,940,816</u>

During the year, \$693,031 of tangible capital assets were written down or disposed (2019 - \$1,018,454).

The distribution by segment is as follows:

	2020	2019
General government	\$ 319,942	\$ 376,456
Protection to persons and property	587,379	637,981
Transportation services	17,168,941	16,888,459
Environmental services	15,487,281	15,205,065
Health services	115,349	129,875
Recreation and cultural services	3,165,200	3,231,145
Social and family services	9,622,369	10,305,737
Planning and development services	3,066,491	3,166,098
	<u>\$ 49,532,952</u>	<u>\$ 49,940,816</u>

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

14. INTANGIBLE ASSETS

	2020	2019
Long-term care home licence and acquisition costs	\$ 1,106,448	\$ 1,106,448
Accumulated amortization	(354,983)	(354,983)
	<u>\$ 751,465</u>	<u>\$ 751,465</u>

15. ACCUMULATED SURPLUS

Accumulated surplus consist of the following:

	2020	2019
SPECIFIC PROJECT ALLOCATION		
Administration	\$ 77,361	\$ 67,361
Airport infrastructure	313,515	313,515
Cemeteries	8,883	8,883
Child Care Centre	69,616	69,616
Elderly Services	389,564	401,634
Electrical	1,625,218	1,625,218
General	868,284	841,284
Health services	135,069	135,126
Parks and recreation	177,402	177,402
Planning and Economic Development	125,791	86,455
Recycling	111,607	-
Sanitary sewers	157,855	157,855
Social Housing	711,242	602,826
Snowmobile	6,354	6,354
Waste management	240,314	176,040
Waterworks	107,515	107,515
	<u>5,125,590</u>	<u>4,777,084</u>
INVESTED IN INTANGIBLE ASSETS	<u>751,465</u>	<u>751,465</u>

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

15. ACCUMULATED SURPLUS, (CONT'D)

	2020	2019
INVESTED IN TANGIBLE CAPITAL ASSETS		
Tangible capital assets - net book value	49,532,952	49,940,816
Long-term debt	(3,689,286)	(4,575,396)
Local improvement receivable	338,458	68,321
	<u>46,182,124</u>	<u>45,433,741</u>
INVESTED IN GOVERNMENT BUSINESS ENTERPRISES	<u>3,509,291</u>	<u>3,041,450</u>
GENERAL SURPLUS	<u>8,050,576</u>	<u>7,334,846</u>
	<u>\$ 63,619,046</u>	<u>\$ 61,338,586</u>

16. TRUST FUNDS

Trust funds administered by the Corporation amounting to \$672,397 (2019 - \$634,917) have not been included in the "Consolidated Statement of Financial Position" nor have their operations been included in the "Consolidated Statement of Operations".

17. PENSION AGREEMENTS

Consolidated entities excluding Foyer Hearst-Mattice Soins de Santé

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, 2020. The results of this valuation disclosed a total accrued pension obligation of \$111,820 million (2019 - \$106,443 million) in respect of benefits with net assets available for benefits at that date of \$105,575 million (2019 - \$109,380 million) indicating an actuarial deficit of \$3,211 million (2019 - \$3,397 million). The primary plan's funded ratio of assets to pension obligation was 97% (2019 - 97%). 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 2020 were \$296,932 (2019 - \$300,243). Employer contributions are included as an expense on the Consolidated Statement of Operations.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

17. PENSION AGREEMENTS, (CONT'D)

Foyer Hearst-Mattice Soins de Santé

All employees of the organization are eligible to be members of the Nursing Home and Related Industries Pension Plan. This specified Ontario multi-employer pension plan is a national plan registered with the Financial Services Commission of Ontario under the Pension Benefit Act, 1990 and controlled by the trustees.

The plan provides defined pension benefits to employees based on their rates of pay. Employee contribution rate is at 4% of earnings. The organization's contributions equal the employee contributions to the plan. During the year, the organization contributed \$96,108 to the plan (2019 - \$94,538). As this is a multi-employer pension plan, these contributions are the organization's pension benefit expenses. No pension liability for this type of plan is included in the organization's financial statements as the employer has no liability, directly or indirectly, to provide the benefits established by this plan beyond the obligation to make contributions pursuant to the pension plan policies.

18. LANDFILL CLOSURE AND POST-CLOSURE LIABILITY

The Environmental Protection Act sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of solid waste landfill sites. This requirement is to be provided for over the estimated remaining life of the landfill site based on usage.

Landfill closure and post-closure care requirements have been defined in accordance with industry standards and include final covering and landscaping of the landfill, ongoing environmental monitoring, site inspection and maintenance. The reported liability is based on estimates and assumptions with respect to events extending over a twenty-five year period using the best information available to management. Future events may result in significant changes to the estimated total expenses, capacity used or total capacity and the estimated liability, and would be recognized prospectively, as a change in estimate, when applicable.

Estimated total expenses represent the sum of the discounted future cash flows for closure and post-closure care activities discounted at the municipality's average long-term borrowing rate of 3.61%. The estimated total landfill closure and post-closure care expenses are calculated to be \$140,166. The estimated liability for these expenses is recognized in proportion with the increase used of the landfill sites capacities. At December 31, 2020, an amount of \$126,000 (2019 - \$nil) with respect to landfill closure and post-closure liabilities has been accrued.

The expected remaining life of the landfill is 7 years.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

19. CONTINGENCIES

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

- (a) The Corporation is a guarantor on a loan of \$329,958 (2019 - \$341,808) and on a line of credit of \$10,000 (2019 - \$10,000) owed by the Hearst Community Curling Club. As of December 31, 2020, no covenants on this loan were in default.
- (b) The Corporation is a guarantor on a line of credit approved for \$2,900,000 owed by Hearst Connect Corporation. As of December 31, 2020 an amount of \$2,812,646 (2019 - \$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.

20. COMMITMENTS

a) Signed agreements

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

	2021	2022	2023	2024	2025	Total
General government	\$ 60,517	\$ -	\$ -	\$ -	\$ -	\$ 60,517
Protection	1,175,449	1,065,992	1,065,992	1,058,681	3,795	4,369,909
Transportation	164,473	100,812	99,967	-	-	365,252
Environmental	449,150	487,059	535,562	536,966	537,353	2,546,090
Social and family	123,938	43,200	43,200	7,200	-	217,538
Recreation	91,491	73,744	55,043	55,833	-	276,111
Planning	15,495	15,495	15,495	2,583	-	49,068
	\$ 2,080,513	\$ 1,786,302	\$ 1,815,259	\$ 1,661,263	\$ 541,148	\$ 7,884,485

- b) Subsequent to year-end, the Corporation entered into an agreement with contractors for capital projects for a total consideration of \$331,388.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

19. COMMITMENTS, (CONT'D)

c) 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:

2021	\$	24,697
2022		21,677
2023		9,674
2024		7,005
2025		2,001
		<u>2,001</u>
	\$	<u>65,054</u>

21. EXPENSES BY OBJECT

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

	Budget (Note 23)	2020 Actual	2019 Actual
Salary, wages and benefits	\$ 9,289,836	\$ 8,743,371	\$ 8,776,958
Interest and bank charges	135,600	138,021	183,898
Rents and financials	54,750	58,691	45,624
Supplies and services	5,627,882	5,249,494	6,227,127
Contracted services	2,647,720	2,583,618	2,580,810
External transfers	1,306,225	1,286,529	1,249,034
Amortization	1,311,198	3,674,395	3,646,936
Loss (gain) on disposal of tangible capital assets	-	38,423	(6,128)
	<u>\$ 20,373,211</u>	<u>\$ 21,772,542</u>	<u>\$ 22,704,259</u>

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

22. SEGMENTED INFORMATION

The Corporation is a municipal government institution that provides a range of services to its citizens. Municipal services are reported by function. 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 CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

22. 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.

23. BUDGET

The budgets approved by the Corporation and consolidated entities for 2020 is reflected on the 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 budgets approved by the Council except an amount of \$1,311,198. Reclassifications were made for presentation purposes. Budgets figure have not been audited.

24. 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.

25. COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 as a global pandemic which has resulted in governments worldwide enacting emergency measures to reduce the spread of the virus. These measures have caused significant disruptions to businesses, governments and other organizations resulting in an economic slowdown. Governments have responded with significant monetary and fiscal interventions designed to help stabilize the economy.

While COVID-19 has not significantly impacted the municipality's operations and financial condition as of the balance sheet date, there are uncertainties surrounding this virus. At this time, it is unknown what the extent of the impact from the COVID-19 outbreak may have on the municipality as it will depend on future developments that are highly uncertain and that cannot be predicted.

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020

26. SUBSEQUENT EVENT

Subsequent to December 31, 2020, the Corporation received financing of \$3,400,000 from the Ontario Infrastructure and Lands Corporation. Financing is available up to \$4,000,000. The loan was disbursed to the Hearst Connect Corporation.

27. COMPARATIVE FIGURES

The 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.

CORPORATION OF THE TOWN OF HEARST

SCHEDULE OF TANGIBLE CAPITAL ASSETS

DECEMBER 31, 2020

Cost	Balance 2019	Additions	Disposals	Balance 2020
Land and vacant land	\$ 1,304,610	\$ -	\$ -	\$ 1,304,610
Land improvements	4,914,514	-	(4,932)	4,909,582
Buildings	38,972,021	600,382	(432)	39,571,971
Vehicles, machinery and equipment	7,581,557	218,830	(105,394)	7,694,993
Furniture and fixtures	2,015,908	38,951	(199,930)	1,854,929
Computers	468,047	32,915	(68,583)	432,379
Roads	35,143,500	1,396,355	(226,094)	36,313,761
Water	10,321,207	-	-	10,321,207
Sewer	15,616,506	1,017,521	(87,666)	16,546,361
	<u>\$116,337,870</u>	<u>\$ 3,304,954</u>	<u>\$ (693,031)</u>	<u>\$118,949,793</u>

Accumulated Amortization	Balance 2019	Amortization expense	Disposals	Balance 2020
Land improvements	\$ 3,607,344	\$ 188,874	\$ -	\$ 3,796,218
Buildings	21,591,408	1,247,620	(432)	22,838,596
Vehicles, machinery and equipment	4,553,096	358,704	(104,463)	4,807,337
Furniture and fixtures	1,554,151	109,214	(199,788)	1,463,577
Computers	351,268	55,489	(68,452)	338,305
Roads	21,629,920	1,175,702	(226,094)	22,579,528
Water	5,228,004	201,022	-	5,429,026
Sewer	7,881,863	337,770	(55,379)	8,164,254
	<u>\$ 66,397,054</u>	<u>\$ 3,674,395</u>	<u>\$ (654,608)</u>	<u>\$ 69,416,841</u>

Net book value	Balance 2019	Balance 2020
Land and vacant land	\$ 1,304,610	\$ 1,304,610
Land improvements	1,307,170	1,113,364
Buildings	17,380,613	16,733,375
Vehicles, machinery and equipment	3,028,461	2,887,656
Furniture and fixtures	461,757	391,352
Computers	116,779	94,074
Roads	13,513,580	13,734,233
Water	5,093,203	4,892,181
Sewer	7,734,643	8,382,107
	<u>\$ 49,940,816</u>	<u>\$ 49,532,952</u>

CORPORATION OF THE TOWN OF HEARST

SEGMENTED INFORMATION

YEAR ENDED DECEMBER 31, 2020

	General Government Services	Protection Services	Trans- portation Services	Environ- mental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development Services	2020	2019
REVENUES									
Taxation and user charges	\$ 6,829,166	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,829,166	\$ 6,566,553
Government transfers	2,598,925	27,808	62,930	-	6,053,857	16,621	70,698	8,830,839	9,502,725
Fees and services charges	162,034	43,131	241,079	2,150,116	2,321,430	281,385	105,494	5,304,669	5,511,464
Government business enterprises	467,841	-	-	-	-	-	-	467,841	27,485
Other revenues	478,378	-	817,445	9,563	137,623	25,558	70,488	1,539,055	1,815,507
	10,536,344	70,939	1,121,454	2,159,679	8,512,910	323,564	246,680	22,971,570	23,423,734
EXPENSES									
Salaries, wages and benefits	978,878	238,421	973,842	288,339	5,287,746	708,331	267,814	8,743,371	8,776,958
Interest and bank charges	9,189	-	1,162	-	127,673	-	-	138,024	183,898
Rents and financial services	2,573	-	-	1,688	-	53,296	1,134	58,691	45,624
Supplies and services	299,381	193,244	1,418,369	956,448	1,537,311	588,710	256,031	5,249,494	6,227,127
Contracted services	79,487	1,177,296	274,644	693,588	312,308	18,871	27,424	2,583,618	2,580,810
External transfers	-	-	-	-	1,257,770	28,759	-	1,286,529	1,249,034
Amortization	83,889	80,252	1,452,077	766,492	758,899	398,501	134,285	3,674,395	3,646,936
Loss (gain) on disposal	-	-	-	32,287	142	5,994	-	38,423	(6,128)
	1,453,397	1,689,213	4,120,094	2,738,842	9,281,849	1,802,462	686,688	21,772,545	22,704,259

CORPORATION OF THE TOWN OF HEARST

SEGMENTED INFORMATION

YEAR ENDED DECEMBER 31, 2020

	General Government Services	Protection Services	Trans- portation Services	Environ- mental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development Services	2020	2019
REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	9,082,947	(1,618,274)	(2,998,640)	(579,163)	(768,939)	(1,478,898)	(440,008)	1,199,025	719,475
OTHER									
Government transfers for capital Local improvement and other - capital	-	577,839	-	-	12,772	160,596	22,216	773,423	1,543,616
	7,205	-	293,154	4,600	-	3,053	-	308,012	140,000
	7,205	577,839	293,154	4,600	12,772	163,649	22,216	1,081,435	1,683,616
ANNUAL SURPLUS (DEFICIT)	\$ 9,090,152	\$ (1,040,435)	\$ (2,705,486)	\$ (574,563)	\$ (756,167)	\$ (1,315,249)	\$ (417,792)	\$ 2,280,460	\$ 2,403,091

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF REVENUES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
TAXATION			
Municipal	\$ 6,678,155	\$ 6,539,971	\$ 6,307,119
Education	-	1,388,315	1,395,823
Supplementary	160,300	103,444	76,944
Other charges	43,000	41,897	43,009
	6,881,455	8,073,627	7,822,895
Payments in lieu of taxes	146,500	143,854	139,480
TOTAL LEVIED	7,027,955	8,217,481	7,962,375
LEVIED FOR SCHOOL BOARDS	-	(1,388,315)	(1,395,822)
TOTAL MUNICIPAL TAXATION	\$ 7,027,955	\$ 6,829,166	\$ 6,566,553

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF REVENUES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
GOVERNMENT TRANSFERS - OPERATIONS			
ONTARIO GENERAL			
Ontario Municipal Partnership Funds	\$ 2,441,900	\$ 2,441,900	\$ 2,500,600
Ministry of Municipal Affairs and Housing of Ontario	-	151,379	649,000
	<u>2,441,900</u>	<u>2,593,279</u>	<u>3,149,600</u>
ONTARIO SPECIFIC			
Child care and related services	947,300	996,975	953,610
CSTP program	4,000	1,826	9,113
Dedicated gas tax funds	45,600	62,930	45,914
Library	12,700	12,701	12,701
Long-term care relief	3,730,500	4,246,883	3,740,638
NEOnet Inc.	-	-	19,148
MCSCS Ride	-	2,950	7,500
Non-Profit Housing	621,122	774,998	597,651
Ontario youth program	3,800	-	-
Planning board	25,900	25,894	25,894
	<u>5,390,922</u>	<u>6,125,157</u>	<u>5,412,169</u>
CANADA SPECIFIC			
Canada work program	8,300	-	9,210
EM-INAC Evacuees	-	23,032	859,856
Library	4,700	3,920	1,890
FedNor	-	50,451	35,000
	<u>13,000</u>	<u>77,403</u>	<u>905,956</u>
OTHER MUNICIPALITIES			
Assistance to aged persons	35,000	35,000	35,000
	<u>\$ 7,880,822</u>	<u>\$ 8,830,839</u>	<u>\$ 9,502,725</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF REVENUES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
GOVERNMENT TRANSFERS - CAPITAL			
ONTARIO SPECIFIC			
Association of Municipalities of Ontario	\$ -	\$ 11,796	\$ -
Child care and related services	-	12,772	87,407
NOHFC	-	-	315,561
Ontario Community Fund Infrastructure (OCIF)	754,600	323,815	330,811
Ontario Trillium Foundation	-	148,800	-
	<u>754,600</u>	<u>497,183</u>	<u>733,779</u>
CANADA SPECIFIC			
Federal Gas tax	310,100	276,240	493,944
FedNor	-	-	315,893
	<u>310,100</u>	<u>276,240</u>	<u>809,837</u>
	<u>\$ 1,064,700</u>	<u>\$ 773,423</u>	<u>\$ 1,543,616</u>
LOCAL IMPROVEMENT AND OTHER - CAPITAL			
Local improvement	\$ -	\$ 293,154	\$ -
Donations and other	366,600	14,858	140,000
	<u>\$ 366,600</u>	<u>\$ 308,012</u>	<u>\$ 140,000</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF REVENUES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
FEES AND SERVICES CHARGES			
Water and sewer services	\$ 1,752,003	\$ 1,721,908	\$ 1,667,395
Meter collections and environmental services	285,800	473,740	332,294
Child care centre fees	304,800	181,164	304,594
Planning and development fees	10,100	9,156	8,392
Recreational services	526,600	280,018	536,312
Cemeteries fees	64,600	50,815	59,904
Fire protection and housing services	35,200	43,131	35,662
Administration fees and services	153,100	162,034	150,091
Air transportation services	315,900	195,547	306,543
Assistance to aged persons	1,600,000	1,575,767	1,544,943
Non-Profit Housing	505,441	513,684	495,526
Library	6,100	1,367	6,255
Commercial planning and development	63,600	96,338	63,553
	\$ 5,623,244	\$ 5,304,669	\$ 5,511,464
OTHER REVENUES			
Provincial Offences Act	\$ 83,300	\$ 72,146	\$ 102,635
Licenses and permits	71,100	67,417	47,939
Equipment rentals	808,200	792,256	866,776
Fines	20,000	13,022	19,929
Penalty and interest on taxes	40,000	36,210	41,072
Investment income	290,790	287,566	408,649
Sale of materials	9,600	6,440	44,203
Overhead recovered	77,100	125,810	130,891
Donations and local contributions	8,500	66,463	75,484
Miscellaneous	81,400	71,725	77,929
	\$ 1,489,990	\$ 1,539,055	\$ 1,815,507

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
GENERAL GOVERNMENT SERVICES			
SALARIES, WAGES AND BENEFITS			
Members of council	\$ 102,000	\$ 102,867	\$ 101,479
Administration	919,100	873,152	864,412
Municipal building operation	1,500	2,860	946
	<u>1,022,600</u>	<u>978,879</u>	<u>966,837</u>
INTEREST AND BANK CHARGES	<u>11,300</u>	<u>11,762</u>	<u>23,868</u>
SUPPLIES AND SERVICES			
Members of council	89,400	50,270	101,159
Administration	284,500	219,388	263,193
Municipal building operation	36,600	29,723	31,696
	<u>410,500</u>	<u>299,381</u>	<u>396,048</u>
CONTRACTED SERVICES			
Municipal building operation	<u>79,500</u>	<u>79,486</u>	<u>79,064</u>
AMORTIZATION	<u>-</u>	<u>83,889</u>	<u>101,725</u>
	<u>\$ 1,523,900</u>	<u>\$ 1,453,397</u>	<u>\$ 1,567,542</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
PROTECTION SERVICES			
SALARIES, WAGES AND BENEFITS			
Police services	\$ 2,500	\$ 2,000	\$ 1,500
Fire department	108,800	102,814	87,994
Emergency measures	-	31,174	8,513
Protective inspection and control	95,600	102,434	93,087
	<u>206,900</u>	<u>238,422</u>	<u>191,094</u>
SUPPLIES AND SERVICES			
Police services	1,200	2,950	7,500
Fire department	180,300	104,762	185,799
Emergency measures	17,200	61,481	768,774
Protective inspection and control	42,400	24,051	28,805
	<u>241,100</u>	<u>193,244</u>	<u>990,878</u>
CONTRACTED SERVICES			
Police services	1,054,900	1,044,814	1,026,816
Fire department	44,600	43,734	42,487
Emergency measures	88,600	88,747	87,092
	<u>1,188,100</u>	<u>1,177,295</u>	<u>1,156,395</u>
AMORTIZATION	<u>-</u>	<u>80,252</u>	<u>80,562</u>
	<u>\$ 1,636,100</u>	<u>\$ 1,689,213</u>	<u>\$ 2,418,929</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
TRANSPORTATION SERVICES			
SALARIES, WAGES AND BENEFITS			
Roadways	\$ 728,800	\$ 614,968	\$ 643,006
Winter control	184,500	177,885	200,033
Parking control	217,300	170,244	206,171
Air transportation	14,300	10,746	11,002
	<u>1,144,900</u>	<u>973,843</u>	<u>1,060,212</u>
INTEREST AND BANK CHARGES	<u>2,000</u>	<u>1,059</u>	<u>2,308</u>
SUPPLIES AND SERVICES			
Roadways	781,900	712,043	726,523
Winter control	307,500	364,642	402,658
Parking control	31,200	22,232	34,776
Air transportation	264,700	203,299	271,966
Street lighting	133,700	116,256	124,616
	<u>1,519,000</u>	<u>1,418,472</u>	<u>1,560,539</u>
CONTRACTED SERVICES			
Transit - long-term care transportation	147,300	150,971	145,526
Winter control	50,000	60,852	77,008
Air transportation	63,700	62,820	62,996
	<u>261,000</u>	<u>274,643</u>	<u>285,530</u>
LOSS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	<u>-</u>	<u>-</u>	<u>(6,657)</u>
AMORTIZATION	<u>-</u>	<u>1,452,077</u>	<u>1,408,599</u>
	<u>\$ 2,926,900</u>	<u>\$ 4,120,094</u>	<u>\$ 4,310,531</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
ENVIRONMENTAL SERVICES			
SALARIES, WAGES AND BENEFITS			
Sanitary sewer system	\$ 42,800	\$ 33,582	\$ 39,658
Storm sewer system	30,500	19,662	15,836
Waste collection, disposal and recycling	261,000	220,501	225,917
Water works system	22,400	14,595	32,783
	<u>356,700</u>	<u>288,340</u>	<u>314,194</u>
INTEREST AND BANK CHARGES	<u>1,800</u>	<u>1,791</u>	<u>1,897</u>
SUPPLIES AND SERVICES			
Sanitary sewer system	269,000	258,364	251,977
Storm sewer system	50,700	57,583	22,028
Waste collection, disposal and recycling	250,800	358,772	249,720
Water works system	241,800	281,627	253,338
	<u>812,300</u>	<u>956,346</u>	<u>777,063</u>
CONTRACTED SERVICES			
Water works system	38,600	37,057	37,704
Waste collection, disposal and recycling	115,600	68,915	100,541
Lagoon operations system	146,900	146,904	144,444
Water filtration plant	440,700	440,710	433,344
	<u>741,800</u>	<u>693,586</u>	<u>716,033</u>
GAIN ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	-	32,287	-
AMORTIZATION	<u>639,700</u>	<u>766,492</u>	<u>788,298</u>
	<u>639,700</u>	<u>798,779</u>	<u>788,298</u>
	<u>\$ 2,552,300</u>	<u>\$ 2,738,842</u>	<u>\$ 2,597,485</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
HEALTH SERVICES			
SALARIES, WAGES AND BENEFITS			
Cemeteries	\$ 12,200	\$ 24,910	\$ 11,260
Hospital	600	337	451
	<u>12,800</u>	<u>25,247</u>	<u>11,711</u>
SUPPLIES AND SERVICES			
Cemeteries	24,800	29,051	18,411
Hospital	1,400	792	979
Other	800	620	420
	<u>27,000</u>	<u>30,463</u>	<u>19,810</u>
EXTERNAL TRANSFERS			
Porcupine Health Unit	175,000	174,989	174,989
Hospital	98,300	90,941	57,159
Ambulance services	322,300	322,315	304,325
	<u>595,600</u>	<u>588,245</u>	<u>536,473</u>
CONTRACTED SERVICES			
Cemeteries	8,600	477	5,347
AMORTIZATION			
	-	14,525	14,645
	<u>\$ 644,000</u>	<u>\$ 658,957</u>	<u>\$ 587,986</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
SOCIAL AND FAMILY SERVICES			
SALARIES, WAGES AND BENEFITS			
Day nursery	\$ 775,000	\$ 649,480	\$ 758,964
Resource teacher	83,900	81,523	77,825
Parent resource centre	179,700	113,737	157,982
Familicare agency services	12,900	819	10,497
Aged persons	4,094,600	4,292,350	3,878,660
Non-profit housing	82,836	124,594	117,384
	<u>5,228,936</u>	<u>5,262,503</u>	<u>5,001,312</u>
INTEREST AND BANK CHARGES	<u>120,500</u>	<u>127,673</u>	<u>155,824</u>
SUPPLIES AND SERVICES			
Day nursery	61,400	59,574	62,982
Resource teacher	5,900	2,721	2,610
Parent resource centre	30,500	24,562	22,303
Familicare agency services	78,000	51,095	94,765
Aged persons	826,000	784,832	748,060
Non-profit housing	501,857	584,061	471,014
	<u>1,503,657</u>	<u>1,506,845</u>	<u>1,401,734</u>
EXTERNAL TRANSFERS			
Day nursery	42,000	41,993	47,656
General assistance	118,100	118,079	112,156
Non-profit housing	447,800	447,841	445,653
Aged persons	76,400	61,613	61,857
	<u>684,300</u>	<u>669,526</u>	<u>667,322</u>
CONTRACTED SERVICES			
Day nursery	27,200	44,433	24,924
Parent resource centre	19,500	9,511	17,584
Resource teacher	1,100	593	997
Familicare agency services	4,400	2,373	3,988
Aged persons	170,900	169,573	156,911
Non-profit housing	92,520	85,346	86,512
	<u>315,620</u>	<u>311,829</u>	<u>290,916</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
LOSS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	-	142	482
AMORTIZATION	671,498	744,374	743,190
	\$ 8,524,511	\$ 8,622,892	\$ 8,260,780

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
RECREATION AND CULTURAL SERVICES			
SALARIES, WAGES AND BENEFITS			
Parks	\$ 64,300	\$ 47,017	\$ 61,026
Programs	46,300	4,139	42,293
Facilities	697,600	502,851	669,022
Library	186,400	154,324	177,437
	<u>994,600</u>	<u>708,331</u>	<u>949,778</u>
SUPPLIES AND SERVICES			
Parks	54,800	29,964	35,035
Programs	188,800	124,034	186,024
Facilities	555,100	398,798	511,585
Hearst Public Library Board	98,100	35,915	32,152
	<u>896,800</u>	<u>588,711</u>	<u>764,796</u>
EXTERNAL TRANSFERS			
Conseil des Arts De Hearst	18,300	20,891	36,409
Ecomusée De Hearst	8,000	7,868	8,830
	<u>26,300</u>	<u>28,759</u>	<u>45,239</u>
CONTRACTED SERVICES			
Programs	1,400	280	1,106
Facilities	20,000	12,462	17,690
Hearst Public Library Board	3,200	6,128	3,166
	<u>24,600</u>	<u>18,870</u>	<u>21,962</u>
RENTS AND FINANCIALS			
Hearst Public Library Board	53,600	53,296	44,532
LOSS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS			
	-	5,994	46
AMORTIZATION			
	-	398,501	376,820
	<u>\$ 1,995,900</u>	<u>\$ 1,802,462</u>	<u>\$ 2,203,173</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

DECEMBER 31, 2020

	Budget (Note 23)	2020 Actual	2019 Actual
PLANNING AND DEVELOPMENT SERVICES			
SALARIES, WAGES AND BENEFITS			
Commercial and industrial development	\$ 272,700	\$ 215,907	\$ 236,022
Planning and zoning	49,700	51,907	45,797
	<u>322,400</u>	<u>267,814</u>	<u>281,819</u>
SUPPLIES AND SERVICES			
Commercial and industrial development	195,425	235,198	294,815
Planning and zoning	22,100	20,833	21,446
	<u>217,525</u>	<u>256,031</u>	<u>316,261</u>
EXTERNAL TRANSFERS			
Downtown Business Improvement Area Board	25	-	-
CONTRACTED SERVICES			
Commercial and industrial development	26,600	25,736	23,765
Planning and zoning	1,900	1,688	1,798
	<u>28,500</u>	<u>27,424</u>	<u>25,563</u>
RENTS AND FINANCIALS			
Commercial and industrial development	1,150	1,134	1,093
AMORTIZATION			
	-	134,285	133,097
	<u>\$ 569,600</u>	<u>\$ 686,688</u>	<u>\$ 757,833</u>

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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, 2020, 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, 2020, 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.

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.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

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:

- 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.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

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
June 15, 2021

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

STATEMENT OF CONTINUITY OF FUNDS

YEAR ENDED DECEMBER 31, 2020

	Cemetery Care and Maintenance Fund	Educational Assistance Fund	2020 Total	2019 Total
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 271,736	\$ 363,181	\$ 634,917	\$ 602,280
REVENUES				
Interest and dividends earned	13,251	28,729	41,980	37,344
Perpetual care charge	7,899	-	7,899	9,146
	<u>21,150</u>	<u>28,729</u>	<u>49,879</u>	<u>46,490</u>
EXPENSES				
Cemetary maintenance	7,899	-	7,899	5,353
Scholarships	-	4,500	4,500	8,500
	<u>7,899</u>	<u>4,500</u>	<u>12,399</u>	<u>13,853</u>
ACCUMULATED SURPLUS, END OF YEAR	\$ 284,987	\$ 387,410	\$ 672,397	\$ 634,917

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

	Cemetery Care and Maintenance Fund	Educational Assistance Fund	2020 Total	2019 Total
FINANCIAL ASSETS				
Cash	\$ 284,987	\$ 62,410	\$ 347,397	\$ 525,139
Invesments	-	325,000	325,000	109,778
ACCUMULATED SURPLUS	\$ 284,987	\$ 387,410	\$ 672,397	\$ 634,917

CORPORATION OF THE TOWN OF HEARST TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

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.

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.
