

CORPORATION OF THE TOWN OF HEARST

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

DECEMBER 31, 2022

CORPORATION OF THE TOWN OF HEARST
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 - 34
Schedule of Tangible Capital Assets	35
Segmented Information	36 - 37
Analysis of Revenues	38 - 41
Analysis of Expenses	42 - 49
Independent Auditor's Report on Trust Funds	50 - 52
Trust Funds - Statement of Continuity of Funds and Statement of Financial Position	53
Trust Funds - Notes to Financial Statements	54

CORPORATION OF THE TOWN OF HEARST

COUNCIL AND OFFICIALS

DECEMBER 31, 2022

MUNICIPAL COUNCIL

Mayor

Roger Sigouin

Councillors

Josée Vachon

Gaëtan Baillargeon

Daniel Lemaire

Nicolas Picard

Martin Lanoix

Joël Lauzon

MUNICIPAL OFFICIALS

Chief Administrative Officer

Éric Picard

Clerk / Division Registrar

Janine Lecours

Director of Social Services

Brigitte Bouffard

Director of Parks and Recreation

Nathalie Coulombe

Director of Public Works and Engineering Services

Luc Léonard

Fire Chief

Jean-Michel Chabot

Director of Planning / Chief Building Official

Kory Hautcoeur

Director of the By-Law Department

Myriam Bastarache

Treasurer

Mireille Lemieux

Director of Economic Development

Mélissa Larose

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.

Eric Picard, Chief Administrative Officer
Hearst, Ontario
September 19, 2023

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

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, 2022, 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, 2022, 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.
- ♦ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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
September 19, 2023

CORPORATION OF THE TOWN OF HEARST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

	2022	2021
FINANCIAL ASSETS		
Cash and cash equivalents (Note 5)	\$ 14,096,050	\$ 14,436,996
Accounts receivable (Note 6)	4,825,089	1,843,666
Taxes receivable	366,170	132,644
Long-term receivables (Note 7)	5,191,210	4,932,167
Investments (Note 8)	1,403,667	1,381,432
Investment in government business enterprises (Note 9)	4,537,148	4,091,364
	<u>30,419,334</u>	<u>26,818,269</u>
LIABILITIES		
Accounts payable and accrued liabilities	3,712,740	1,996,863
Deferred revenue - obligatory reserve funds (Note 11)	1,384,910	705,793
Solid waste landfill closure and post-closure (Note 18)	686,000	483,000
Long-term debt (Note 12)	5,364,388	6,230,955
	<u>11,148,038</u>	<u>9,416,611</u>
NET ASSETS	<u>19,271,296</u>	<u>17,401,658</u>
NON-FINANCIAL ASSETS		
Inventories of supplies	381,314	344,635
Prepaid expenses	167,038	182,589
Tangible capital assets (Note 13)	49,742,482	47,644,920
Intangible assets (Note 14)	751,465	751,465
	<u>51,042,299</u>	<u>48,923,609</u>
ACCUMULATED SURPLUS (Note 15)	<u>\$ 70,313,595</u>	<u>\$ 66,325,267</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, 2022

	Budget (Note 24)	2022 Actual	2021 Actual
REVENUES			
Taxation	\$ 7,142,447	\$ 7,254,934	\$ 6,959,896
Government transfers - operations	9,087,575	9,817,726	9,390,604
Fees and service charges	5,729,370	5,944,029	5,507,699
Government business enterprises - gain from operations (Note 9)	-	445,784	582,073
Other revenues	1,435,231	1,934,653	1,662,133
	<u>23,394,623</u>	<u>25,397,126</u>	<u>24,102,405</u>
EXPENSES			
General government services	1,684,600	1,740,331	1,547,403
Protection services	1,686,100	2,141,126	1,818,527
Transportation services	3,254,200	4,788,703	4,236,219
Environmental services	2,635,400	2,957,100	2,942,762
Health services	793,200	724,963	601,348
Social and family services	9,451,428	9,638,621	8,874,455
Recreation and cultural services	1,686,400	1,858,047	1,580,377
Planning and development services	1,172,800	1,021,518	809,416
	<u>22,364,128</u>	<u>24,870,409</u>	<u>22,410,507</u>
EXCESS OF REVENUES OVER EXPENSES	<u>1,030,495</u>	<u>526,717</u>	<u>1,691,898</u>
GOVERNMENT TRANSFERS - CAPITAL	4,940,000	3,102,566	981,619
LOCAL IMPROVEMENT AND OTHER - CAPITAL	<u>325,000</u>	<u>359,045</u>	<u>32,704</u>
	<u>5,265,000</u>	<u>3,461,611</u>	<u>1,014,323</u>
ANNUAL SURPLUS	<u>\$ 6,295,495</u>	3,988,328	2,706,221
ACCUMULATED SURPLUS, BEGINNING OF YEAR		<u>\$ 66,325,267</u>	<u>\$ 63,619,046</u>
ACCUMULATED SURPLUS, END OF YEAR (Note 15)		<u>\$ 70,313,595</u>	<u>\$ 66,325,267</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, 2022

	Budget (Note 24)	2022 Actual	2021 Actual
ANNUAL SURPLUS	\$ 6,295,495	\$ 3,988,328	\$ 2,706,221
TANGIBLE CAPITAL ASSETS ACTIVITIES			
Acquisition of tangible capital assets	-	(5,655,417)	(1,708,332)
Amortization of tangible capital assets	3,557,855	3,557,855	3,592,103
Loss on disposal of tangible capital assets	-	-	4,261
	<u>3,557,855</u>	<u>(2,097,562)</u>	<u>1,888,032</u>
NON-FINANCIAL ASSETS ACTIVITIES			
Change in inventories of supplies	-	(36,679)	(19,458)
Change in prepaid expenses	-	15,551	(321)
	<u>-</u>	<u>(21,128)</u>	<u>(19,779)</u>
INCREASE IN NET ASSETS	9,853,350	1,869,638	4,574,474
NET ASSETS, BEGINNING OF YEAR	<u>-</u>	<u>17,401,658</u>	<u>12,827,184</u>
NET ASSETS, END OF YEAR	\$ 9,853,350	\$ 19,271,296	\$ 17,401,658

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, 2022**

	2022	2021
OPERATING ACTIVITIES		
Annual surplus	\$ 3,988,328	\$ 2,706,221
Items non affecting cash:		
Amortization of tangible capital assets	3,557,855	3,592,103
Government business enterprises	(445,784)	(582,073)
Loss on disposal of tangible capital assets	-	4,261
Changes in:		
Accounts receivable	(2,981,423)	(343,826)
Taxes receivable	(233,526)	69,653
Accounts payable and accrued liabilities	1,715,877	374,318
Deferred revenue - obligatory reserve funds	679,117	(106,126)
Solid waste landfill closure and post-closure	203,000	357,000
Inventories of supplies	(36,679)	(19,458)
Prepaid expenses	15,551	(321)
	<u>6,462,316</u>	<u>6,051,752</u>
CAPITAL ACTIVITY		
Acquisition of tangible capital assets	<u>(5,655,417)</u>	<u>(1,708,332)</u>
INVESTING ACTIVITIES		
Interest earned on investments	(22,235)	(22,918)
Repayment of long-term receivables	100,002	494,738
Advances of long-term receivables	<u>(359,045)</u>	<u>(3,400,000)</u>
	<u>(281,278)</u>	<u>(2,928,180)</u>
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	3,451,518
Principal payments on long-term debt	<u>(866,567)</u>	<u>(909,849)</u>
	<u>(866,567)</u>	<u>2,541,669</u>
INCREASE (DECREASE) IN CASH POSITION	(340,946)	3,956,909
CASH POSITION, BEGINNING OF YEAR	<u>14,436,996</u>	<u>10,480,087</u>
CASH POSITION, END OF YEAR (Note 5)	<u>\$ 14,096,050</u>	<u>\$ 14,436,996</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, 2022

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, 2022

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 53).

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, 2022

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 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, 2022

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, 2022

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 such 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, 2022

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	2022	2021
Revenues raised and transferred to boards:				
Regular tax levy	\$ 603,500	\$ 745,782	\$ 1,349,282	\$ 1,319,364
Write-offs and adjustments	(3,657)	(3,722)	(7,379)	(13,011)
	<u>\$ 599,843</u>	<u>\$ 742,060</u>	<u>\$ 1,341,903</u>	<u>\$ 1,306,353</u>

4. CONTRIBUTIONS TO NON-CONSOLIDATED ENTITIES

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

	2022 Budget	2022 Actual	2021 Actual
District of Cochrane Social Services			
Administration Board	\$ 958,700	\$ 958,654	\$ 870,278
Porcupine Health Unit	175,000	192,504	174,989
	<u>\$ 1,133,700</u>	<u>\$ 1,151,158</u>	<u>\$ 1,045,267</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, 2022

5. CASH AND CASH EQUIVALENTS

	2022	2021
Cash	\$ 13,613,985	\$ 13,978,752
Short-term investments	482,065	458,244
	<u>\$ 14,096,050</u>	<u>\$ 14,436,996</u>

6. ACCOUNTS RECEIVABLE

	2022	2021
Province of Ontario	\$ 1,527,773	\$ 309,724
Government of Canada	2,283,501	564,437
Other	1,013,815	969,505
	<u>\$ 4,825,089</u>	<u>\$ 1,843,666</u>

7. LONG-TERM RECEIVABLES

	2022	2021
Long-term receivable reimbursed during the year	\$ -	\$ 68,984
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	74,050	83,759
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	700,000	700,000

CORPORATION OF THE TOWN OF HEARST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

	2022	2021
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 quarterly at prime - 1%, principal to be repaid at the discretion of the debtor	100,000	100,000
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
Receivable from Hearst Connect Corporation/La Corporation Hearst Connect, a wholly owned government business enterprise, interest receivable monthly at 1.48% during construction phase of the infrastructure, 3.98% interest after construction phase, due in 2035	3,400,000	3,400,000
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, 2030 and 2032	417,160	79,424
	<u>\$ 5,191,210</u>	<u>\$ 4,932,167</u>

8. INVESTMENTS

	2022	2021
One Investment - Corporate bonds mutual fund	<u>\$ 1,403,667</u>	<u>\$ 1,381,432</u>

The bonds are recorded at cost. Over the years, \$1,200,000 was invested. This year, \$22,234 (2021 - \$22,918) of interest income was reinvested. As of December 31, 2022, the fair market value is \$1,256,107 (2021 - \$1,307,889).

CORPORATION OF THE TOWN OF HEARST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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 created for the sale of telecommunication services.

Continuity of the book value of government business enterprises:

	2022	2021
Investment in government business enterprises		
Balance, beginning of year	\$ 4,091,364	\$ 3,509,291
Income from operations (HPDC)	(25,761)	189,714
Income from operations (HPSS)	73,403	72,385
Income from operations (Hearst Connect)	398,142	319,974
Balance, end of year	<u>\$ 4,537,148</u>	<u>\$ 4,091,364</u>

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

CONDENSED FINANCIAL RESULTS - HPDC

Financial Position as at December 31	2022	2021
Assets		
Current	\$ 4,618,513	\$ 5,111,164
Capital	2,316,791	2,088,760
Other	221,186	177,850
Liabilities		
Current	(3,264,798)	(3,460,321)
Net Equity	\$ 3,891,692	\$ 3,917,453
Results of operations for the year ending December 31	2022	2021
Revenues	\$ 9,909,220	\$ 9,443,614
Expenses	(9,934,981)	(9,253,900)
Net income (loss)	\$ (25,761)	\$ 189,714

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

	2022	2021
<i>Revenues</i>		
Advertising	\$ 1,247	\$ 500
Clerical and answering services	67,723	66,106
Gasoline	7,495	4,509
Insurance	10,761	7,030
Interest on long-term debt	22,804	23,901
Miscellaneous	722	534
Office supplies	446	321
Property taxes	5,069	4,861
Rent	15,174	14,804
Repair and maintenance	7,244	5,853
Telephone	-	444
	\$ 138,685	\$ 128,863
<i>Expenses</i>		
Service (utilities)	\$ 633,530	\$ 563,575

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

Year-end balances are as follows:

	2022	2021
Due from Hearst Power Distribution Company Limited	\$ 461,143	\$ 462,144
Long-term receivable	\$ 700,000	\$ 700,000
Due to Hearst Power Distribution Company Limited	\$ (17,357)	\$ (14,002)

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:

2023	\$ 230,209
2024	118,057
2025	19,760
	<u>\$ 368,026</u>

CONDENSED FINANCIAL RESULTS - HPSS

Financial Position as at December 31	2022	2021
Assets		
Current	\$ 82,656	\$ 210,164
Capital	779,483	624,278
Liabilities		
Current	(204,028)	(249,734)
Net Equity	<u>\$ 658,111</u>	<u>\$ 584,708</u>

Results of operations for the year ending December 31	2022	2021
Revenues	\$ 217,804	\$ 156,990
Expenses	(144,401)	(84,605)
Net income	<u>\$ 73,403</u>	<u>\$ 72,385</u>

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

	2022	2021
Interest revenue	<u>\$ 1,049</u>	<u>\$ 5,180</u>

CORPORATION OF THE TOWN OF HEARST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

Year-end balances are as follows:

	<u>2022</u>	<u>2021</u>
Due from Hearst Power Sales and Services Company		
Limited	\$ 92,362	\$ 75,480
Long-term receivable	\$ 100,000	\$ 168,984

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.

CONDENSED FINANCIAL RESULTS - HEARST CONNECT

Financial Position as at December 31	<u>2022</u>	<u>2021</u>
Assets		
Current	\$ 1,427,394	\$ 1,207,880
Capital	4,009,534	3,572,930
Other	216,354	298,802
Liabilities		
Current	(5,665,937)	(5,490,409)
Net deficit	<u>\$ (12,655)</u>	<u>\$ (410,797)</u>

Results of operations for the year ending December 31	<u>2022</u>	<u>2021</u>
Revenues	\$ 2,299,635	\$ 1,969,192
Expenses	(1,901,493)	(1,649,218)
Net income	<u>\$ 398,142</u>	<u>\$ 319,974</u>

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

	<u>2022</u>	<u>2021</u>
<i>Revenues</i>		
Clerical	\$ 6,298	\$ 6,145
Equipment rental	-	6,849
Insurance	5,290	3,327
Interest	75,569	40,056
Miscellaneous	1,654	210
Labour	-	4,749
Property taxes	1,199	-
Rent	13,093	12,773
	<u>\$ 103,103</u>	<u>\$ 74,109</u>

CORPORATION OF THE TOWN OF HEARST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

Expenses

Service (internet)	\$	6,718	\$	10,108
--------------------	----	-------	----	--------

Year-end balances are as follows:

		2022		2021
Due from Hearst Connect Corporation	\$	61,071	\$	67,371
Long-term receivable	\$	3,900,000	\$	3,900,000

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 five years:

2023	\$	376,187
2024		363,187
2025		344,400
2026		316,400
2027		201,600
	\$	<u>1,601,774</u>

Subsequent event

- a) In light of operating in a federally regulated industry, the Corporation is currently in process of adopting policies to comply with the Canada Labour Code as opposed to the provincial Employment Standards Act. The financial impact of such change is yet to be determined.

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, 2022

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	\$ 93,119	\$ 748,253	\$ 497,687	\$ 343,685
Bicycle paths	15,507	-	-	15,507
Economic Development	117,006	56,800	12,269	161,537
Ministry of Municipal Affairs and Housing	39	-	-	39
MTO	14,152	-	-	14,152
Northern Ontario Resource Development Support Fund	-	285,299	-	285,299
Other	9,766	77,113	3,506	83,373
Planning Board	5,205	-	-	5,205
	<u>254,794</u>	<u>1,167,465</u>	<u>513,462</u>	<u>908,797</u>
OBLIGATORY RESERVE FUNDS				
Derelict motor vehicle	39,347	917	-	40,264
Dedicated gas tax	-	46,156	46,156	-
Federal gas tax	411,652	329,393	336,100	404,945
Ontario Community Infrastructure Fund	-	615,419	584,515	30,904
	<u>450,999</u>	<u>991,885</u>	<u>966,771</u>	<u>476,113</u>
	<u>\$ 705,793</u>	<u>\$ 2,159,350</u>	<u>\$ 1,480,233</u>	<u>\$ 1,384,910</u>

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

12. LONG-TERM DEBT

	2022	2021
INVESTED IN TANGIBLE CAPITAL ASSETS		
Loan repaid during the year	\$ -	\$ 68,984
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	6,771	12,046
West street local improvement loan, payable to Caisse populaire Alliance Limitée, yearly interest and principal payments of \$5,802 at 0.25% under prime, secured by a general assignment of the Corporation's properties, due in 2031	37,438	51,518
Various mortgages with Canada Mortgage and Housing Corporation and Caisse populaire Alliance Limitée, 0.52% to 2.39%, monthly blended interest and principal payments of \$15,929 guaranteed by land and buildings located in the Town of Hearst, with a net book value of \$368,642 due in 2024, 2025 and 2026	368,642	632,884
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	583,407	1,026,748
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	968,130	1,038,775

CORPORATION OF THE TOWN OF HEARST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

	2022	2021
GENERAL GOVERNMENT		
Ontario Infrastructure and Lands Corporation debenture, 4.41% interest during construction phase of the infrastructure, 4.27% interest after construction phase, interest payable monthly, secured by a general assignment of the Corporation's properties, due in 2035	3,400,000	3,400,000
	<u>\$ 5,364,388</u>	<u>\$ 6,230,955</u>

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:

2023	\$ 733,308
2024	293,020
2025	147,573
2026	97,649
2027	100,718
2028 and subsequent	<u>3,992,120</u>
	<u>\$ 5,364,388</u>

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

	Principal		Interest		2022 Total	2021 Total
<i>General Government</i>	\$	68,984	\$	67,865	\$ 136,849	\$ 156,968
<i>Transportation Services</i>						
Roadways		19,355		1,923	21,278	14,205
<i>Social and Family Services</i>						
Assistance to Aged Person		513,986		74,274	588,260	586,266
Social Housing		264,242		4,641	268,883	276,359
	\$	866,567	\$	148,703	\$ 1,015,270	\$ 1,033,798

CORPORATION OF THE TOWN OF HEARST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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

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.

13. TANGIBLE CAPITAL ASSETS

	2022	2021
General		
Land and vacant land	\$ 1,336,298	\$ 1,336,298
Land improvements	1,054,927	1,221,154
Buildings	18,360,619	16,286,304
Vehicles, machinery and equipment	2,444,466	2,665,910
Furniture and fixtures	340,705	355,447
Computers	33,222	71,854
Infrastructure		
Roads	13,273,478	12,956,512
Water	4,565,895	4,691,158
Storm sewer system	5,024,297	4,759,881
Sanitary sewer system	3,253,575	3,300,402
	<u>\$ 49,742,482</u>	<u>\$ 47,644,920</u>

During the year, \$160,071 of tangible capital assets were written down or disposed (2021 - \$213,288).

The distribution by segment is as follows:

	2022	2021
General government	\$ 175,935	\$ 246,110
Protection to persons and property	467,186	551,117
Transportation services	16,829,568	16,305,621
Environmental services	14,774,035	14,894,481
Health services	100,758	114,995
Recreation and cultural services	5,931,093	3,349,761
Social and family services	8,619,687	9,202,244
Planning and development services	2,844,220	2,980,591
	<u>\$ 49,742,482</u>	<u>\$ 47,644,920</u>

CORPORATION OF THE TOWN OF HEARST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

14. INTANGIBLE ASSETS

	2022	2021
Long-term care home licence and acquisition costs	\$ 1,106,448	\$ 1,106,448
Accumulated amortization	<u>(354,983)</u>	<u>(354,983)</u>
	\$ 751,465	\$ 751,465

15. ACCUMULATED SURPLUS

Accumulated surplus consist of the following:

	2022	2021
SPECIFIC PROJECT ALLOCATION		
Administration	\$ 92,361	\$ 87,361
Airport infrastructure	313,515	313,515
Cemeteries	8,883	8,883
Child Care Centre	69,616	69,616
Elderly services	371,417	341,366
Electrical	1,625,218	1,625,218
General	498,418	895,284
Health services	287,481	250,547
Parks and recreation	(729,056)	177,402
Planning and Economic Development	125,791	125,791
Recycling	111,607	111,607
Sanitary sewers	157,855	157,855
Social Housing	836,943	786,709
Snowmobile	6,354	6,354
Waste management	383,929	306,593
Waterworks	<u>107,515</u>	<u>107,515</u>
	4,267,847	5,371,616
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, 2022

15. ACCUMULATED SURPLUS, (CONT'D)

	2022	2021
INVESTED IN TANGIBLE CAPITAL ASSETS		
Tangible capital assets - net book value	49,742,482	47,644,920
Long-term debt (Note 12)	(1,964,388)	(2,830,955)
Local improvement receivable	417,160	79,424
	<u>48,195,254</u>	<u>44,893,389</u>
INVESTED IN GOVERNMENT BUSINESS ENTERPRISES	<u>4,537,148</u>	<u>4,091,364</u>
GENERAL SURPLUS	<u>12,561,881</u>	<u>11,217,433</u>
	<u>\$ 70,313,595</u>	<u>\$ 66,325,267</u>

16. TRUST FUNDS

Trust funds administered by the Corporation amounting to \$741,194 (2021 - \$705,666) 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, 2022. The results of this valuation disclosed a total accrued pension obligation of \$128,789 million (2021 - \$119,342 million) in respect of benefits with net assets available for benefits at that date of \$124,382 million (2021 - \$120,919 million) indicating an actuarial deficit of \$6,678 million (2021 - \$3,131 million). The primary plan's funded ratio of assets to pension obligation was 95% (2021 - 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 2022 were \$333,705 (2021 - \$287,468). 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, 2022

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 \$96,792 to the plan (2021 - \$103,653). 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 5.65%. The estimated total landfill closure and post-closure care expenses are calculated to be \$685,741. The estimated liability for these expenses is recognized in proportion with the use of the landfill sites capacities. At December 31, 2022, an amount of \$686,000 (2021 - \$483,000) with respect to landfill closure and post-closure liabilities has been accrued.

The expected remaining life of the landfill is currently being reviewed by the Ministry of the Environment, Conservation and Parks.

CORPORATION OF THE TOWN OF HEARST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

19. CONTINGENCIES

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

- (a) The Corporation is a guarantor on a loan of \$295,113 (2021 - \$313,225) and on a line of credit of \$10,000 (2021 - \$10,000) owed by the Hearst Community Curling Club. As of December 31, 2022, no covenants on this loan were in default.
- (b) The Corporation is a guarantor of a credit card with a limit of \$50,000 for Hearst Connect Corporation.

20. COMMITMENTS

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

	2023	2024	2025	2026	2027	Total
General government	\$ 87,949	\$ 59,643	\$ -	\$ -	\$ -	\$ 147,592
Protection	1,184,193	1,179,837	3,795	-	-	2,367,825
Transportation	122,474	22,507	11,639	8,853	-	165,473
Environmental	718,162	536,966	537,353	-	-	1,792,481
Social and family	504,228	95,928	-	-	-	600,156
Recreation	4,959,650	158,953	38,387	38,387	19,850	5,215,227
Planning	16,942	17,366	17,800	18,245	-	70,353
	<u>\$ 7,593,598</u>	<u>\$ 2,071,200</u>	<u>\$ 608,974</u>	<u>\$ 65,485</u>	<u>\$ 19,850</u>	<u>\$ 10,359,107</u>

Subsequent to year-end, the Corporation entered into an agreement with contractors for capital projects for a total consideration of \$1,590,396.

The Corporation also entered into a financing agreement for a maximum of \$5,500,000 with Ontario Infrastructure and Lands Corporation. The financing will be used for a capital project.

CORPORATION OF THE TOWN OF HEARST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

20. COMMITMENTS, (CONT'D)

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:

2023	\$ 27,578
2024	24,396
2025	18,429
2026	15,645
2027	11,269
	<hr/>
	\$ 97,317

21. EXPENSES BY OBJECT

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

	Budget	2022 Actual	2021 Actual
Salary, wages and benefits	\$ 10,027,019	\$ 9,752,547	\$ 8,846,322
Interest and bank charges	105,700	152,821	129,211
Rents and financials	56,050	58,251	56,014
Supplies and services	6,890,920	7,397,365	6,196,906
Contracted services	2,537,592	2,547,439	2,386,658
External transfers	1,490,025	1,404,131	1,199,032
Amortization	1,256,822	3,557,855	3,592,103
Loss on disposal of tangible capital assets	-	-	4,261
	<hr/>		
	\$ 22,364,128	\$ 24,870,409	\$ 22,410,507

CORPORATION OF THE TOWN OF HEARST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

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 municipality.

CORPORATION OF THE TOWN OF HEARST**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2022**

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. 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.

CORPORATION OF THE TOWN OF HEARST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022

24. BUDGET

The budgets approved by the Corporation and consolidated entities for 2022 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 \$1,256,822. Reclassifications were made for presentation purposes. Budget figures have not been audited.

	Approved 2022 budget	Adjustments	Budget presented in the financial statements
REVENUES			
Municipal taxation	\$ 7,142,447	\$ -	\$ 7,142,447
Government transfers - operations	8,725,675	361,900	9,087,575
Fees and service charges	5,729,370	-	5,729,370
Other revenues	1,406,331	28,900	1,435,231
	<u>23,003,823</u>	<u>390,800</u>	<u>23,394,623</u>
EXPENSES			
General government services	1,620,500	64,100	1,684,600
Protection services	1,648,100	38,000	1,686,100
Transportation services	3,102,600	151,600	3,254,200
Environmental services	2,561,400	74,000	2,635,400
Health Services	793,200	-	793,200
Social and family services	9,451,428	-	9,451,428
Recreation and cultural services	1,631,600	54,800	1,686,400
Planning and development services	677,700	495,100	1,172,800
	<u>\$ 21,486,528</u>	<u>\$ 877,600</u>	<u>\$ 22,364,128</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 1,517,295	\$ (486,800)	\$ 1,030,495
GOVERNMENT TRANSFERS - CAPITAL	5,305,300	(365,300)	4,940,000
LOCAL IMPROVEMENT AND OTHER - CAPITAL	<u>350,500</u>	<u>(25,500)</u>	<u>325,000</u>
ANNUAL SURPLUS	<u>\$ 7,173,095</u>	<u>\$ (877,600)</u>	<u>\$ 6,295,495</u>

CORPORATION OF THE TOWN OF HEARST

SCHEDULE OF TANGIBLE CAPITAL ASSETS

DECEMBER 31, 2022

Cost	Balance 2021	Additions	Disposals	Balance 2022
Land and vacant land	\$ 1,336,298	\$ -	\$ -	\$ 1,336,298
Land improvements	5,213,184	-	-	5,213,184
Buildings	40,263,673	3,232,238	-	43,495,911
Vehicles, machinery and equipment	7,653,882	194,674	-	7,848,556
Furniture and fixtures	1,972,437	91,996	(9,676)	2,054,757
Computers	433,239	-	(14,864)	418,375
Roads	36,691,438	1,501,355	(135,531)	38,057,262
Water	10,321,207	72,608	-	10,393,815
Sewer	16,559,480	562,546	-	17,122,026
	<u>\$120,444,838</u>	<u>\$ 5,655,417</u>	<u>\$ (160,071)</u>	<u>\$125,940,184</u>
Accumulated Amortization				
Land improvements	\$ 3,992,030	\$ 166,227	\$ -	\$ 4,158,257
Buildings	23,977,369	1,157,923	-	25,135,292
Vehicles, machinery and equipment	4,987,972	361,118	-	5,349,090
Furniture and fixtures	1,616,990	106,738	(9,676)	1,714,052
Computers	361,385	38,632	(14,864)	385,153
Roads	23,734,926	1,184,389	(135,531)	24,783,784
Water	5,630,049	197,871	-	5,827,920
Sewer	8,499,197	344,957	-	8,844,154
	<u>\$ 72,799,918</u>	<u>\$ 3,557,855</u>	<u>\$ (160,071)</u>	<u>\$ 76,197,702</u>
Net book value				
Land and vacant land	\$ 1,336,298			\$ 1,336,298
Land improvements	1,221,154			1,054,927
Buildings	16,286,304			18,360,619
Vehicles, machinery and equipment	2,665,910			2,499,466
Furniture and fixtures	355,447			340,705
Computers	71,854			33,222
Roads	12,956,512			13,273,478
Water	4,691,158			4,565,895
Sewer	8,060,283			8,277,872
	<u>\$ 47,644,920</u>			<u>\$ 49,742,482</u>

CORPORATION OF THE TOWN OF HEARST

SEGMENTED INFORMATION

YEAR ENDED DECEMBER 31, 2022

	General Government Services	Protection Services	Trans- portation Services	Environ- mental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development Services	2022	2021
REVENUES									
Taxation and user charges	\$ 7,254,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,254,934	\$ 6,959,896
Government transfers	2,344,864	474,420	157,189	-	6,545,709	20,387	275,157	9,817,726	9,390,604
Fees and services charges	154,153	59,769	307,760	2,448,920	2,522,435	262,543	188,449	5,944,029	5,507,699
Government business enterprises	445,784	-	-	-	-	-	-	445,784	582,073
Other revenues	715,346	63,376	873,039	11,724	173,236	25,909	72,023	1,934,653	1,662,133
	10,915,081	597,565	1,337,988	2,460,644	9,241,380	308,839	535,629	25,397,126	24,102,405
EXPENSES									
Salaries, wages and benefits	1,119,766	275,816	1,154,240	339,185	5,781,624	796,781	285,135	9,752,547	8,846,322
Interest and bank charges	69,750	-	1,925	2,231	78,915	-	-	152,821	129,211
Rents and financial	-	-	-	-	-	57,089	1,162	58,251	56,014
Supplies and services	401,632	621,015	1,920,401	1,256,187	1,957,360	671,150	569,620	7,397,365	6,196,906
Contracted services	79,009	1,160,364	279,852	598,315	396,914	3,755	29,230	2,547,439	2,386,658
External transfers	-	-	-	-	1,370,115	34,016	-	1,404,131	1,199,032
Amortization	70,174	83,931	1,432,285	761,182	778,656	295,256	136,371	3,557,855	3,592,103
Loss on disposal	-	-	-	-	-	-	-	-	4,261
	1,740,331	2,141,126	4,788,703	2,957,100	10,363,584	1,858,047	1,021,518	24,870,409	22,410,507

CORPORATION OF THE TOWN OF HEARST

SEGMENTED INFORMATION

YEAR ENDED DECEMBER 31, 2022

	General Government Services	Protection Services	Trans- portation Services	Environ- mental Services	Health, Social and Family Services	Recreation and Cultural Services	Planning and Development Services	2022	2021
REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	9,174,750	(1,543,561)	(3,450,715)	(496,456)	(1,122,204)	(1,549,208)	(485,889)	526,717	1,691,898
OTHER									
Government transfers for capital	-	-	1,014,725	-	-	2,087,841	-	3,102,566	981,619
Local improvement and other - capital	-	-	359,045	-	-	-	-	359,045	32,704
	-	-	1,373,770	-	-	2,087,841	-	3,461,611	1,014,323
ANNUAL SURPLUS (DEFICIT)	\$ 9,174,750	\$ (1,543,561)	\$ (2,076,945)	\$ (496,456)	\$ (1,122,204)	\$ 538,633	\$ (485,889)	\$ 3,988,328	\$ 2,706,221

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF REVENUES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
TAXATION			
Municipal	\$ 6,883,047	\$ 6,915,848	\$ 6,720,114
Education	-	1,341,903	1,306,353
Supplementary	54,400	133,290	38,738
Other charges	42,700	43,489	41,841
	6,980,147	8,434,530	8,107,046
Payments in lieu of taxes	162,300	162,307	159,203
TOTAL LEVIED	7,142,447	8,596,837	8,266,249
LEVIED FOR SCHOOL BOARDS	-	(1,341,903)	(1,306,353)
TOTAL MUNICIPAL TAXATION	\$ 7,142,447	\$ 7,254,934	\$ 6,959,896

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF REVENUES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
GOVERNMENT TRANSFERS - OPERATIONS			
ONTARIO GENERAL			
Ontario Municipal Partnership Funds	\$ 2,325,000	\$ 2,325,000	\$ 2,384,600
Ministry of Municipal Affairs and Housing of Ontario	25,000	19,864	248,064
	2,350,000	2,344,864	2,632,664
ONTARIO SPECIFIC			
Child care and related services	862,300	1,050,189	942,505
CSTP program	6,400	16,741	6,187
Dedicated gas tax funds	45,900	46,156	57,704
Investing in Canada Infrastructure Program (ICIP)	-	-	20,000
Library	13,000	12,701	12,701
Long-term care relief	4,691,100	4,823,343	4,611,994
MCSCS Ride	6,000	6,775	3,725
Non-Profit Housing	635,475	637,177	670,251
NOHFC	39,100	42,680	74,411
Ontario Community Infrastructure Fund (OCIF)	125,000	111,033	-
Other	12,800	8,543	25,920
PAFO	16,000	16,000	-
Planning board	25,900	25,894	25,894
	6,478,975	6,797,232	6,451,292
CANADA SPECIFIC			
Canada work program	5,200	-	11,846
EM-INAC Evacuees	-	450,904	37,921
FCM Grant	35,100	16,240	-
FedNor	-	-	140,325
Investing in Canada Infrastructure Program (ICIP)	-	-	80,000
Library	7,500	7,686	-
Minister of Canadian Heritage	175,800	165,800	-
Other	-	-	1,556
	223,600	640,630	271,648
OTHER MUNICIPALITIES			
Assistance to aged persons	35,000	35,000	35,000
	\$ 9,087,575	\$ 9,817,726	\$ 9,390,604

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF REVENUES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
GOVERNMENT TRANSFERS - CAPITAL			
ONTARIO SPECIFIC			
Child care and related services	-	-	19,249
Investing in Canada Infrastructure Program (ICIP)	1,730,600	949,019	64,171
NOHFC	205,600	205,144	90,131
Ontario Community Infrastructure Fund (OCIF)	488,300	473,482	323,335
	<u>2,424,500</u>	<u>1,627,645</u>	<u>496,886</u>
CANADA SPECIFIC			
Federal Gas tax	586,100	336,100	407,720
Investing in Canada Infrastructure Program (ICIP)	1,929,400	1,138,821	77,013
	<u>2,515,500</u>	<u>1,474,921</u>	<u>484,733</u>
	<u>\$ 4,940,000</u>	<u>\$ 3,102,566</u>	<u>\$ 981,619</u>
LOCAL IMPROVEMENT AND OTHER - CAPITAL			
Local improvement	\$ 181,000	\$ 359,045	\$ -
Donations and other	144,000	-	32,704
	<u>\$ 325,000</u>	<u>\$ 359,045</u>	<u>\$ 32,704</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF REVENUES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
FEES AND SERVICES CHARGES			
Water and sewer services	\$ 1,820,836	\$ 1,886,090	\$ 1,833,637
Environmental services	364,300	562,831	434,592
Child care centre fees	423,300	333,908	281,278
Planning and development fees	17,000	13,981	8,319
Recreational services	310,100	259,813	120,811
Cemeteries fees	51,700	73,438	53,446
Fire protection and housing services	42,600	59,769	49,774
Administration fees and services	155,200	154,153	161,648
Air transportation services	261,700	307,760	309,992
Assistance to aged persons	1,625,000	1,600,797	1,617,179
Non-Profit Housing	523,234	514,292	502,251
Library	3,400	2,729	969
Commercial planning and development	131,000	174,468	133,803
	<u>\$ 5,729,370</u>	<u>\$ 5,944,029</u>	<u>\$ 5,507,699</u>
OTHER REVENUES			
Provincial Offences Act	\$ 65,500	\$ 24,789	\$ 82,189
Licenses and permits	71,500	62,004	67,854
Equipment rentals	822,941	861,045	768,347
Fines	18,600	16,569	22,595
Penalty and interest on taxes	38,600	21,380	38,637
Investment income	237,390	546,155	231,482
Sale of materials	8,600	6,282	5,816
Overhead recovered	75,900	120,681	102,008
Donations and local contributions	37,700	171,764	141,631
Miscellaneous	58,500	103,984	201,574
	<u>\$ 1,435,231</u>	<u>\$ 1,934,653</u>	<u>\$ 1,662,133</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
GENERAL GOVERNMENT SERVICES			
SALARIES, WAGES AND BENEFITS			
Members of council	\$ 109,900	\$ 115,437	\$ 103,284
Administration	993,700	997,596	915,783
Municipal building operation	5,100	6,733	8,081
	<u>1,108,700</u>	<u>1,119,766</u>	<u>1,027,148</u>
INTEREST AND BANK CHARGES			
	<u>25,800</u>	<u>69,750</u>	<u>23,633</u>
SUPPLIES AND SERVICES			
Members of council	99,000	62,284	40,093
Administration	333,400	301,948	261,240
Municipal building operation	38,700	37,400	35,048
	<u>471,100</u>	<u>401,632</u>	<u>336,381</u>
CONTRACTED SERVICES			
Municipal building operation	<u>79,000</u>	<u>79,009</u>	<u>79,027</u>
AMORTIZATION			
	<u>-</u>	<u>70,174</u>	<u>81,214</u>
	<u>\$ 1,684,600</u>	<u>\$ 1,740,331</u>	<u>\$ 1,547,403</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
PROTECTION SERVICES			
SALARIES, WAGES AND BENEFITS			
Police services	\$ 2,000	\$ 1,500	\$ 1,500
Fire department	136,900	133,853	123,221
Emergency measures	10,800	16,657	48,303
Protective inspection and control	124,000	123,806	144,604
	<u>273,700</u>	<u>275,816</u>	<u>317,628</u>
SUPPLIES AND SERVICES			
Police services	6,000	6,797	3,725
Fire department	190,300	162,118	112,004
Emergency measures	18,000	426,541	85,861
Protective inspection and control	42,200	25,559	33,183
	<u>256,500</u>	<u>621,015</u>	<u>234,773</u>
CONTRACTED SERVICES			
Police services	1,032,300	1,032,336	1,043,809
Fire department	33,400	36,243	44,573
Emergency measures	90,200	91,785	89,546
	<u>1,155,900</u>	<u>1,160,364</u>	<u>1,177,928</u>
AMORTIZATION	<u>-</u>	<u>83,931</u>	<u>88,198</u>
	<u>\$ 1,686,100</u>	<u>\$ 2,141,126</u>	<u>\$ 1,818,527</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
TRANSPORTATION SERVICES			
SALARIES, WAGES AND BENEFITS			
Roadways	\$ 762,600	\$ 751,741	\$ 695,912
Winter control	192,400	209,999	170,197
Parking control	221,300	174,758	179,810
Air transportation	14,500	17,742	12,570
	<u>1,190,800</u>	<u>1,154,240</u>	<u>1,058,489</u>
INTEREST AND BANK CHARGES			
	<u>1,800</u>	<u>1,925</u>	<u>465</u>
SUPPLIES AND SERVICES			
Roadways	1,022,000	1,162,289	782,197
Winter control	355,000	315,641	291,357
Parking control	42,300	36,358	26,716
Air transportation	249,600	302,299	260,547
Street lighting	129,700	103,814	130,987
	<u>1,798,600</u>	<u>1,920,401</u>	<u>1,491,804</u>
CONTRACTED SERVICES			
Transit - long-term care transportation	137,400	148,903	137,917
Winter control	60,000	64,591	39,530
Air transportation	65,600	66,358	65,371
	<u>263,000</u>	<u>279,852</u>	<u>242,818</u>
AMORTIZATION			
	<u>-</u>	<u>1,432,285</u>	<u>1,442,643</u>
	<u>\$ 3,254,200</u>	<u>\$ 4,788,703</u>	<u>\$ 4,236,219</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
ENVIRONMENTAL SERVICES			
SALARIES, WAGES AND BENEFITS			
Sanitary sewer system	\$ 39,900	\$ 30,268	\$ 33,558
Storm sewer system	28,100	17,059	25,215
Waste collection, disposal and recycling	307,000	275,501	248,529
Water works system	21,800	16,357	11,116
	396,800	339,185	318,418
INTEREST AND BANK CHARGES			
	2,100	2,231	2,487
SUPPLIES AND SERVICES			
Sanitary sewer system	273,800	219,464	225,331
Storm sewer system	46,200	40,633	38,016
Waste collection, disposal and recycling	254,800	502,788	629,679
Water works system	459,700	493,302	399,166
	1,034,500	1,256,187	1,292,192
CONTRACTED SERVICES			
Water works system	39,800	40,490	38,764
Waste collection, disposal and recycling	84,600	70,765	79,536
Lagoon operations system	105,200	105,205	97,017
Water filtration plant	381,900	381,855	352,134
	611,500	598,315	567,451
LOSS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS			
	-	-	2,399
AMORTIZATION			
	590,500	761,182	759,815
	590,500	761,182	762,214
	\$ 2,635,400	\$ 2,957,100	\$ 2,942,762

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
HEALTH SERVICES			
SALARIES, WAGES AND BENEFITS			
Cemeteries	\$ 16,600	\$ 26,420	\$ 20,190
Hospital	600	96	223
	<u>17,200</u>	<u>26,516</u>	<u>20,413</u>
SUPPLIES AND SERVICES			
Cemeteries	25,600	25,085	24,613
Hospital	1,200	331	393
Other	800	320	320
	<u>27,600</u>	<u>25,736</u>	<u>25,326</u>
EXTERNAL TRANSFERS			
Porcupine Health Unit	175,000	192,504	174,989
Hospital	250,800	143,068	57,724
Ambulance services	321,500	321,013	306,729
	<u>747,300</u>	<u>656,585</u>	<u>539,442</u>
CONTRACTED SERVICES			
Cemeteries	<u>1,100</u>	<u>1,888</u>	<u>1,745</u>
AMORTIZATION			
	<u>-</u>	<u>14,238</u>	<u>14,422</u>
	<u>\$ 793,200</u>	<u>\$ 724,963</u>	<u>\$ 601,348</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
SOCIAL AND FAMILY SERVICES			
SALARIES, WAGES AND BENEFITS			
Day nursery	\$ 904,700	\$ 1,051,527	\$ 823,925
Parent resource centre	193,000	175,564	158,372
Familicare agency services	-	-	1,903
Aged persons	4,679,200	4,402,685	4,134,940
Non-profit housing	86,719	125,332	123,394
	<u>5,863,619</u>	<u>5,755,108</u>	<u>5,242,534</u>
 INTEREST AND BANK CHARGES	 76,000	 78,915	 102,626
 SUPPLIES AND SERVICES			
Day nursery	72,100	92,951	70,146
Parent resource centre	38,800	34,727	30,825
Familicare agency services	3,000	3,791	4,097
Aged persons	1,109,710	1,343,008	1,301,944
Non-profit housing	521,985	457,147	468,481
	<u>1,745,595</u>	<u>1,931,624</u>	<u>1,875,493</u>
 EXTERNAL TRANSFERS			
Day nursery	47,900	47,873	35,910
General assistance	124,800	124,601	103,315
Non-profit housing	464,500	465,166	424,324
Aged persons	78,200	75,890	61,719
	<u>715,400</u>	<u>713,530</u>	<u>625,268</u>
 CONTRACTED SERVICES			
Day nursery	27,300	26,074	26,156
Parent resource centre	24,200	22,824	22,820
Familicare agency services	-	-	393
Aged persons	237,195	257,312	135,497
Non-profit housing	95,797	88,816	85,523
	<u>384,492</u>	<u>395,026</u>	<u>270,389</u>
 LOSS ON DISPOSAL OF TANGIBLE CAPITAL ASSETS	 -	 -	 1,862
 AMORTIZATION	 666,322	 764,418	 756,283
	<u>\$ 9,451,428</u>	<u>\$ 9,638,621</u>	<u>\$ 8,874,455</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
RECREATION AND CULTURAL SERVICES			
SALARIES, WAGES AND BENEFITS			
Parks	\$ 64,200	\$ 71,377	\$ 54,040
Programs	45,100	29,249	6,015
Facilities	548,600	516,664	387,516
Hearst Public Library Board	182,100	179,491	161,017
	<u>840,000</u>	<u>796,781</u>	<u>608,588</u>
SUPPLIES AND SERVICES			
Parks	77,500	82,759	60,216
Programs	147,100	66,719	36,213
Facilities	487,700	497,475	424,689
Hearst Public Library Board	46,100	24,197	28,701
	<u>758,400</u>	<u>671,150</u>	<u>549,819</u>
EXTERNAL TRANSFERS			
Conseil des Arts De Hearst	18,900	24,997	25,611
Ecomusée De Hearst	8,400	9,019	8,711
	<u>27,300</u>	<u>34,016</u>	<u>34,322</u>
CONTRACTED SERVICES			
Programs	1,200	330	342
Facilities	1,200	-	17,583
Hearst Public Library Board	3,400	3,425	3,326
	<u>5,800</u>	<u>3,755</u>	<u>21,251</u>
RENTS AND FINANCIALS			
Hearst Public Library Board	54,900	57,089	54,892
AMORTIZATION			
	<u>-</u>	<u>295,256</u>	<u>311,505</u>
	<u>\$ 1,686,400</u>	<u>\$ 1,858,047</u>	<u>\$ 1,580,377</u>

CORPORATION OF THE TOWN OF HEARST

ANALYSIS OF EXPENSES

YEAR ENDED DECEMBER 31, 2022

	2022 Budget	2022 Actual	2021 Actual
PLANNING AND DEVELOPMENT SERVICES			
SALARIES, WAGES AND BENEFITS			
Commercial and industrial development	\$ 273,200	\$ 222,458	\$ 195,534
Planning and zoning	63,000	62,677	57,570
	336,200	285,135	253,104
SUPPLIES AND SERVICES			
Commercial and industrial development	766,725	543,323	366,161
Planning and zoning	31,900	26,297	24,957
	798,625	569,620	391,118
EXTERNAL TRANSFERS			
Downtown Business Improvement Area Board	25	-	-
CONTRACTED SERVICES			
Commercial and industrial development	26,600	25,264	24,166
Planning and zoning	10,200	3,966	1,883
	36,800	29,230	26,049
RENTS AND FINANCIALS			
Commercial and industrial development	1,150	1,162	1,122
AMORTIZATION			
	-	136,371	138,023
	\$ 1,172,800	\$ 1,021,518	\$ 809,416

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

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, 2022, 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, 2022, 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 Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT, (CONT'D)

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:

- ♦ 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.

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 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
September 19, 2023

CORPORATION OF THE TOWN OF HEARST TRUST FUNDS

STATEMENT OF CONTINUITY OF FUNDS

YEAR ENDED DECEMBER 31, 2022

	Cemetery Care and Maintenance Fund	Educational Assistance Fund	2022 Total	2021 Total
ACCUMULATED SURPLUS, BEGINNING OF YEAR	\$ 292,157	\$ 413,509	\$ 705,666	\$ 672,397
REVENUES				
Interest and dividends earned	6,858	34,853	41,711	37,769
Perpetual care charge	9,675	-	9,675	7,170
	16,533	34,853	51,386	44,939
EXPENSES				
Cemetery maintenance	6,858	-	6,858	7,170
Scholarships	-	9,000	9,000	4,500
	6,858	9,000	15,858	11,670
ACCUMULATED SURPLUS, END OF YEAR	\$ 301,832	\$ 439,362	\$ 741,194	\$ 705,666

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2022

	Cemetery Care and Maintenance Fund	Educational Assistance Fund	2022 Total	2021 Total
FINANCIAL ASSETS				
Cash	\$ 301,832	\$ 89,362	\$ 391,194	\$ 374,554
Investments	-	350,000	350,000	331,112
ACCUMULATED SURPLUS	\$ 301,832	\$ 439,362	\$ 741,194	\$ 705,666

CORPORATION OF THE TOWN OF HEARST TRUST FUNDS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

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.
