

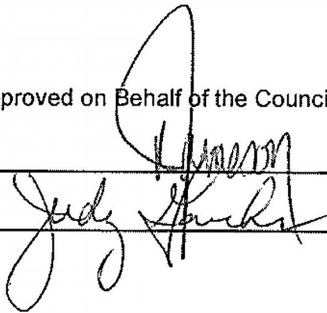
Approved on June 4th, 2019  
Motion #19-181

Financial Statements of

**TOWN OF HAY RIVER**

December 31, 2018

Approved on Behalf of the Council:



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Mayor

Senior Administrative Officer

# TOWN OF HAY RIVER

Financial Statements

Year Ended December 31, 2018

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## Town of Hay River

### Management Discussion & Analysis (MD & A) for the year ended December 31, 2018

#### **Purpose**

The purpose of the MD&A is to provide Management's summary of how the municipality has performed over the past year, its financial condition and its future objectives. This MD&A should be read in conjunction with the Audited Financial Statements as at December 31, 2018.

#### **The Year in Review**

In 2018 the Town of Hay River continued to rebuild capacity in both Operations and Finance. Efforts to improve succession planning included staffing an Assistant Senior Administrative Officer position, funded in part through the Advancing Local Government Administrators Program (ALGAP) with Municipal and Government Affairs. ALGAP is a two-year training program.

The 2018 Arctic Winter Games hosted by the Town of Hay River in partnership with the Town of Fort Smith were very successful, thanks to the efforts of the many volunteers in both communities, the hard work of the Host Committee and the support of both Town Councils.

Highlights of the 2018 capital program include the substantial completion of the new recreation center. The new facility is a two-level structure that houses a regulation size arena with six dressing rooms, curling rink and lounge, community hall, Doug Weideman hall, multi-purpose room, concession and walking track. The new facility offers sporting and convention spaces and will be a cornerstone for healthy lifestyles and community economic development.

As part of the Tourism Plan, the Town continued the Porritt Landing revitalization project and the Visitor Centre was open and serving the public year-round. These two projects along with the downtown beautification project have increased the appeal of Hay River to the tourist industry as demonstrated by our higher visitor statistics.

Other capital highlights include work completed on the Wright Crescent water and sewer replacement and street paving which was seventy five percent funded through the Clean Water and Waste Fund, the water main replacement from Birch Road to Cedar Road and the upgrades to Courtoireille Street. Work began on the water and sewer replacement on the Mansell, Dessy and Morin Crescents.

Toward the end of 2017, the Town initiated the review of the Community Plan Bylaw (formerly General Plan), and the Zoning and Planning by-law. The updated Community Plan bylaw will guide planning development of areas within the Town for residential, commercial and industrial land use. The Community Plan bylaw received first reading prior to the 2018 election. The new Council was briefed on the Community Plan in advance of the consultation process. Consultation with local Indigenous groups, followed by Public consultation will take place in the first half of 2019. Council is aiming to complete all the steps to bring the Community Plan bylaw into effect by the end of the third quarter of 2019.

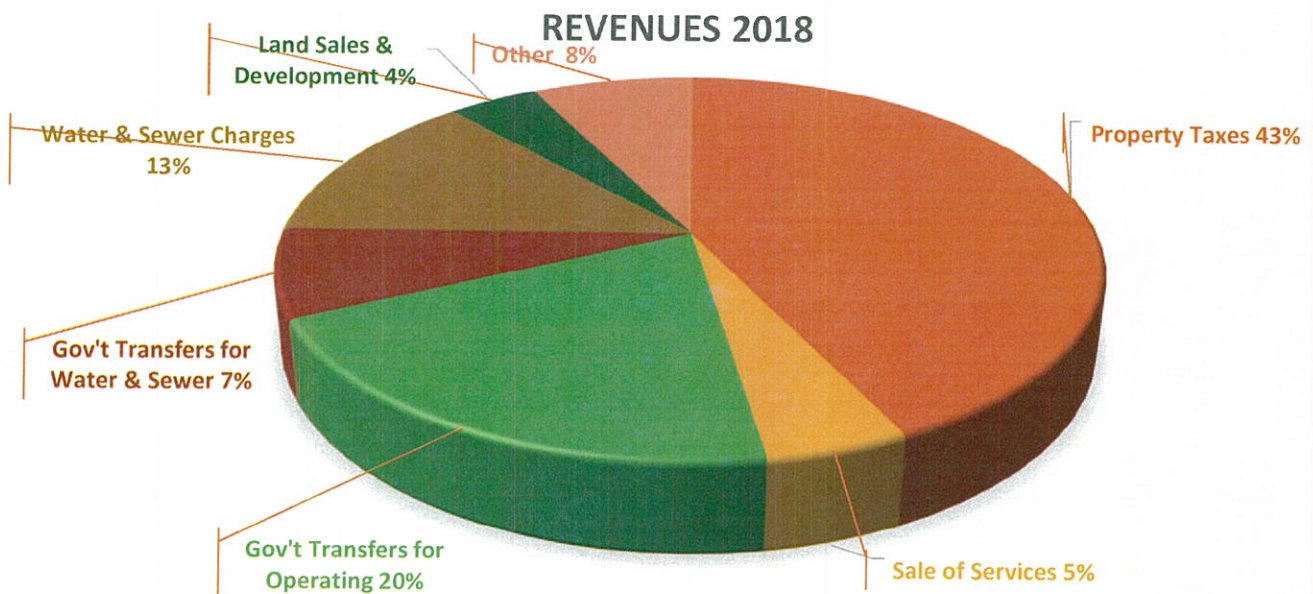
## Results from Operations

In the 2018 fiscal year, the community recorded an operating deficit of \$1,215,448 before net government transfers. Including the net government transfers for capital the community recorded a surplus at the end of 2018 of \$3,320,380.

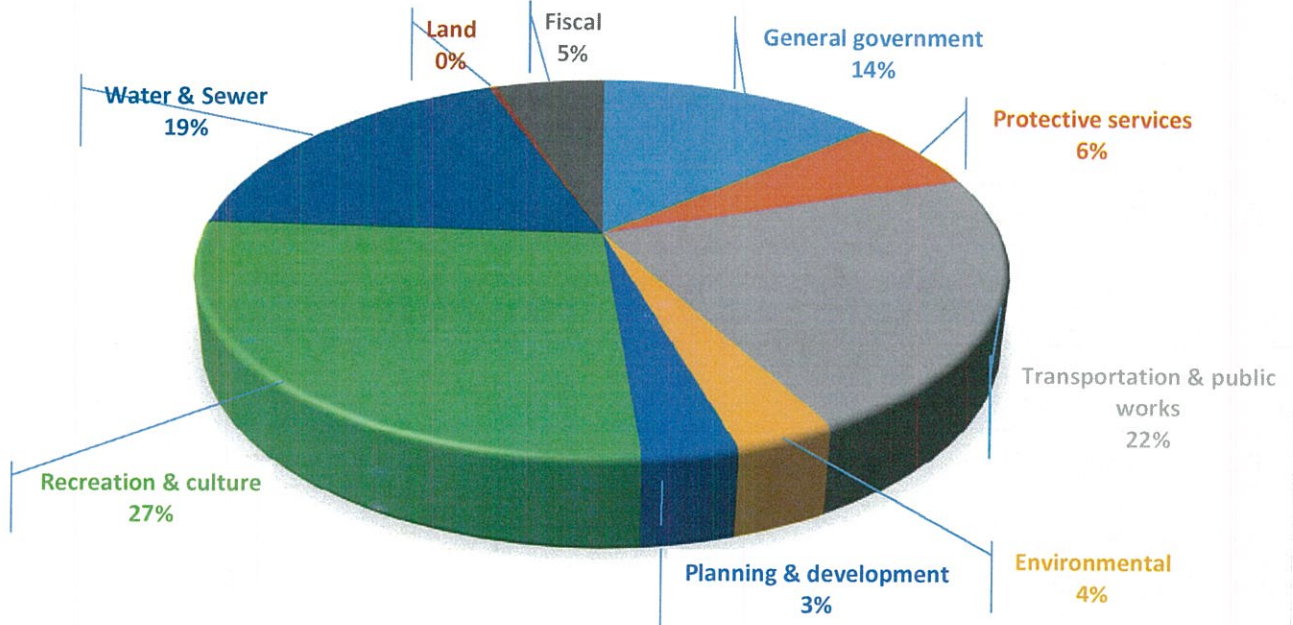
Revenues, excluding capital transfers increased over 2017 by \$318,029 due to recovery of lease fees previously considered uncollectable.

Expenses increased over 2017 due to operating the new recreation facility for a full 9 months, year-round operation of the Visitor Information centre, co-hosting the 2018 Arctic Winter Games; financing for the new recreation facility, and higher than anticipated snow removal expense due to unusually high snowfall. Decreases in spending from 2017 include General Government use of professional services which was significantly lower than 2017 in part due to staffing of senior positions, and timing of the FireSmart program which was planned for 2018 but completed in early 2019.

The breakdown of revenues and expenses are as follows:



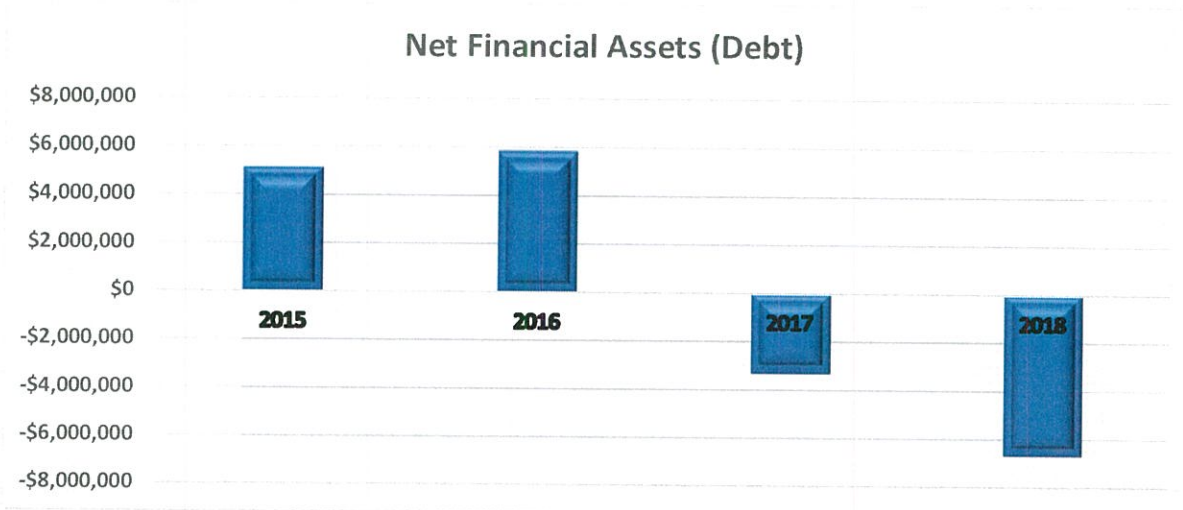
## EXPENSES 2018



## Financial Position

Financial assets were \$3,896,368 higher in 2018 than 2017, in large part due to an increase in accounts receivable and timing of receipt of government transfers. Liabilities increased \$7,293,426 from 2017 due mainly to a \$9,037,505 increase in long term debt to fund the new recreation centre. This increase was partially offset by a \$1,701,286 reduction in accounts payable and accrued liabilities and school tax payable. Net debt increased \$3,397,058 over 2017.

The four-year trend for net financial assets (debt) is as follows:



Accumulated surplus increased from \$68,103,658 to \$70,208,590 due to the annual surplus for the year. The Town also drew down its internally restricted reserves from \$3,426,911 to \$2,339,852 (see note 12) to partially fund its capital program for the year.

## Looking Forward

Council approved Departmental Business Plans through the 2019 O&M Budget process to continue to meet the requirements accountable municipal government.

Some of the measures Council has committed to are:

- Prepare and implement a Strategic Plan
- Complete work on the Community Plan (formerly General Plan) and Zoning Bylaw
- Land development initiatives to meet the growing housing needs within the community
- Succession planning and continuous improvement in human resource management
- Continuous improvement in financial reporting
- Water license renewal
- Review and update of critical bylaws to support strong governance
- Implement Asset Management system for improved lifecycle management of core assets.
- Complete construction of a pavilion at fisherman's wharf



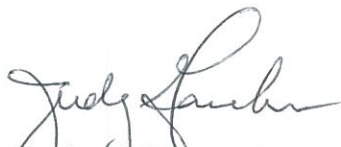
## MANAGEMENT RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Town Council, which is responsible for, among other things, the financial statements of the Town of Hay River, delegates to Administration the responsibility of the financial statements. The Town Council appoints independent auditors to examine and report directly to them on the financial statements. The financial statements were prepared by Administration. Accounting principles have been followed as recommended by the Department of Municipal and Community Affairs, based upon the requirements of the Cities, Towns and Villages Act of the Northwest Territories, and the Public Sector Accounting Board recommendations of the Canadian Institute of Chartered Accountants.

Administration maintains a system of internal controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. There are limits inherent in all systems based on the recognition that the cost of such systems should not exceed the benefits to be derived. Administration believes its system provides the appropriate balance in this respect.

The Town Council carries out its responsibility for review of the financial statements primarily through the Administration. The Administration reports regularly to Council on financial matters, including the results of the audit examination and any other matters necessary for its consideration in approving the financial statement issuance.

The financial statements have been reported on by Ashton Chartered Accountants. The auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

  
Senior Administrative Officer  
Town of Hay River

Hay River, NT  
April 29, 2019

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Council

### Opinion

We have audited the financial statements of the Town of Hay River ("the Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of changes in accumulated surplus, operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, and the results of its operations 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 Financial Statements* section of our report. We are independent of the Organization 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 those 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.

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

Those charged with governance are responsible for overseeing the Organization'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 one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



*Independent Auditor's Report to the Members of the Town of Hay River (continued)*

- 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 Organization'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 Organization'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 Organization 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.



ASHTON  
Chartered Accountants  
Business Advisors

Hay River, NT  
April 29, 2019

**TOWN OF HAY RIVER**

## Statement of Financial Position

Statement I

December 31, 2018

	2018	2017
<b>Financial Assets</b>		
Cash, Note 2	\$ 9,494,676	\$ 6,934,466
Receivables		
Municipal taxes receivable, Note 3	1,878,109	1,807,694
Accounts receivable, Note 4	4,417,895	3,151,652
Land inventory for resale	404,255	404,755
<b>Total Financial Assets</b>	<b>16,194,935</b>	<b>12,298,567</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities, Note 6	4,340,439	5,576,931
School taxes payable, Note 7	917,729	1,382,523
Deferred contributions, Note 8	1,050,915	1,159,003
Deposits held	208,647	198,207
Landfill closure liability, Note 9	1,444,945	1,390,090
Long-term debt, Note 10	14,971,505	5,934,000
<b>Total Liabilities</b>	<b>22,934,180</b>	<b>15,640,754</b>
<b>Net Financial Assets (Debt)</b>	<b>\$ (6,739,245)</b>	<b>\$ (3,342,187)</b>
<b>Non-Financial Assets</b>		
Prepaid expenses	\$ 69,825	\$ 46,439
Inventory held for use	122,852	98,788
Tangible capital assets, Note 11		
General fund	53,647,104	49,612,594
Utility fund	23,108,054	21,688,024
<b>Total Non-Financial Assets</b>	<b>\$ 76,947,835</b>	<b>\$ 71,445,845</b>
<b>Accumulated Surplus, Note 12</b>	<b>\$ 70,208,590</b>	<b>\$ 68,103,658</b>

*Commitments and contingencies, Notes 14 and 15**Subsequent events, Note 16**Trusts under administration, Note 19*

# TOWN OF HAY RIVER

## Statement of Operations and Surplus

Statement II

For the year ended December 31, 2018

	Schedule	Budget (unaudited)	2018	2017
<b>Revenue</b>				
Property taxes	4	\$ 6,305,553	\$ 5,852,056	\$ 5,911,841
Sales of services	4	733,108	658,702	664,145
Other revenue from own sources	4	827,348	1,029,996	1,034,956
Government transfers for operating	5	2,298,105	2,791,287	2,712,442
Government transfers for water and sewer	2	1,021,002	1,021,000	992,000
Water and sewer revenues	2	2,023,899	1,788,953	1,937,356
Land sales, lease and development	3	299,199	574,268	145,493
<b>Total Revenue</b>		<b>13,508,214</b>	<b>13,716,262</b>	<b>13,398,233</b>
<b>Expenses</b>				
General government	6	2,574,596	2,036,958	2,106,484
Protective services	7	1,053,943	922,584	1,028,594
Transportation and public works	8	3,158,200	3,312,024	2,806,093
Environmental and public health services	9	501,820	508,821	781,903
Planning and development	10	539,183	483,564	298,624
Recreational and cultural	11	3,697,397	4,064,925	2,707,717
Fiscal and valuation	12	1,369,484	772,806	634,695
Water and sewer expenses	2	3,374,886	2,777,015	3,125,430
Land development	3	76,697	53,013	94,445
<b>Total Expenditures</b>		<b>16,346,206</b>	<b>14,931,710</b>	<b>13,583,985</b>
<b>Annual surplus (deficit), before the undernoted</b>		<b>(2,837,992)</b>	<b>(1,215,448)</b>	<b>(185,752)</b>
<b>Other revenue (expenditure)</b>				
Net government transfers for capital	5	2,664,001	3,473,840	8,041,963
Gain (loss) on disposal of capital assets		-	(153,460)	(706,549)
		2,664,001	3,320,380	7,335,414
<b>Annual Surplus (Deficit)</b>		<b>\$ (173,991)</b>	<b>\$ 2,104,932</b>	<b>\$ 7,149,662</b>
<b>Accumulated surplus, beginning of year</b>		<b>68,103,658</b>	<b>68,103,658</b>	<b>60,953,996</b>
<b>Accumulated surplus, end of year</b>		<b>\$ 67,929,667</b>	<b>\$ 70,208,590</b>	<b>\$ 68,103,658</b>

**TOWN OF HAY RIVER**

## Statement of Changes in Net Financial Assets (Debt)

Statement III

For the year ended December 31, 2018

	Budget (unaudited)	2018	2017
Annual Surplus (Deficit)	\$ (173,991)	\$ 2,104,932	\$ 7,149,662
Amortization expense	-	3,146,900	2,339,680
Acquisition of tangible capital assets	(2,664,001)	(8,754,899)	(19,514,013)
(Gain) loss on disposal of capital assets	-	153,459	706,549
Proceeds on disposal of tangible capital assets	-	-	-
Change in prepaid expenses	-	(23,386)	80,947
Change in inventory held for use	-	(24,064)	37,107
Increase (decrease) in net financial assets	(2,837,992)	(3,397,058)	(9,200,068)
Net financial assets (debt), beginning of year	(3,342,187)	(3,342,187)	5,857,881
Net financial assets (debt), end of year	\$ (6,180,179)	\$ (6,739,245)	\$ (3,342,187)

**TOWN OF HAY RIVER**

## Statement of Cash Flows

Statement IV

For the year ended December 31, 2018

	2018	2017
<b>Operating Activities</b>		
Annual Surplus (Deficit)	\$ 2,104,932	\$ 7,149,662
Non-cash charges to operations:		
Amortization expense	3,146,900	2,339,680
(Gain) loss on disposal of capital assets	153,459	706,549
Provision for landfill closure	54,855	167,370
	<u>5,460,146</u>	<u>10,363,261</u>
Change in non-cash working capital balances:		
Municipal taxes receivable	(70,415)	(521,780)
Accounts receivable	(1,266,243)	3,972,442
Land inventory for resale	500	(668)
Accounts payable and accrued liabilities	(1,236,492)	122,944
School taxes payable	(464,794)	413,041
Deferred contributions	(108,088)	(3,158,433)
Deposits held	10,440	45,691
Prepaid expenses	(23,386)	80,947
Inventory held for use	(24,064)	37,107
	<u>2,277,604</u>	<u>11,354,552</u>
<b>Financing Activities</b>		
Principal repayment of long-term debt	-	(2,675,814)
Proceeds of long-term debt	9,037,505	5,934,000
	<u>9,037,505</u>	<u>3,258,186</u>
<b>Capital Activities</b>		
Purchase of tangible capital assets	(8,754,899)	(19,514,013)
Proceeds on disposal of tangible capital assets	-	-
	<u>(8,754,899)</u>	<u>(19,514,013)</u>
Increase (decrease) in cash during the year	2,560,210	(4,901,275)
Bank accounts, opening	6,934,466	11,835,741
Bank accounts, closing	\$ 9,494,676	\$ 6,934,466

# TOWN OF HAY RIVER

## Notes to the Financial Statements

December 31, 2018

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### Note 1. Significant Accounting Policies

The financial statements of the Town of Hay River are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Town of Hay River are as follows:

#### Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balance and change in financial position of the reporting entity.

The Town of Hay River receives significant funding from the Government of the Northwest Territories in the form of operating grants and capital grants. Administration is of the opinion that discontinuance of funding would significantly disrupt operations.

#### Fund Accounting

The accounts of the Town are maintained in accordance with fund accounting procedures. The various operations of the Town are segregated into the following funds:

- General Operating Fund
- Utility Operating Fund
- Land Development Fund

#### Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

#### Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in future; or
- expect a direct financial return

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

# TOWN OF HAY RIVER

## Notes to the Financial Statements

December 31, 2018

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### Note 1. Significant Accounting Policies (continued)

#### Government Transfers (continued)

Capital transfers or transfers of tangible capital assets are initially recognized as deferred capital contributions and subsequently recognized as revenue when the related tangible capital assets are purchased, constructed or the eligible expense is incurred.

#### Financial Instruments

Cash and receivables, and current liabilities are recorded at approximate fair market value due to their short term maturities.

#### Inventory for Resale

Land inventory is stated at the lower of cost or net realizable value where cost is determined on an average basis. Cost includes purchase price, survey costs and all development costs but excludes debenture interest. Related development costs incurred to provide infrastructure such as water and waste water services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

#### Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets (debt) for the year.

# TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2018

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## Note 1. Significant Accounting Policies (continued)

### Tangible Capital Assets

Tangible capital assets are recorded at the net book value (cost less accumulated amortization) on the statement of financial position. Cost includes all amounts directly attributable to acquisition, construction, development or betterment of the asset. The assets are amortized over their estimated useful lives at the following rates:

Asset	Method	Rate
Land held for town use	Not amortized	
Works of Art	Not amortized	
Buildings	Straight line	15-50 years
Linear Infrastructure	Straight line	10-75 years
Computer Equipment	Straight line	3 years
IT Infrastructure	Straight line	5 years
Furniture and Fixtures	Straight line	10 years
Operating Equipment	Straight line	10 years
Mobile Equipment	Declining Balance	24%

The full amount of the annual amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

Donated assets are capitalized and recorded at their estimated fair market value upon acquisition. Certain capital assets for which the historical cost information is not available have been recorded at current fair market value discounted by a relevant inflation factor.

### Work-in-Progress

Work-in-progress represents expenditures incurred on projects not complete at the end of the year.

### Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

### Investment in Tangible Capital Assets

Investment in Tangible Capital Assets represents the Town's net investment in its total capital assets, after deducting the portion financed by third parties through debenture, long-term capital borrowings and other capital liabilities.

### School Taxes

School taxes are collected by the Town on behalf of the Government of the Northwest Territories. These taxes are payable to the Government of the Northwest Territories upon collection from taxpayers.



# TOWN OF HAY RIVER

## Notes to the Financial Statements

December 31, 2018

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### Note 1. Significant Accounting Policies (continued)

#### Deferred Revenue

Deferred revenue consists mainly of government transfers for which the events giving rise to the transfer have not yet occurred. The deferred revenue will be recognized in the financial statement as revenue in the period in which the related expenses are incurred.

#### Liability for Landfill Closure and Post-Closure Costs

The Town is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The liability is determined using the estimated total closure costs adjusted for the remaining capacity of the site and the estimated remaining landfill life.

#### Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

#### Segmented Information

The Town of Hay River segments its operations for financial reporting purposes based upon areas of managerial responsibility. This information is provided in schedule 6 through schedule 12.

#### Trusts under administration

Trusts under administration consists of property that has been conveyed or assigned to the Town to be administered as directed by an agreement. These trusts are excluded from the government's financial statements. A description of the trusts along with a summary of the trust balances is disclosed in Note 19.

# TOWN OF HAY RIVER

## Notes to the Financial Statements

December 31, 2018

### Note 2. Cash

	2018	2017
<i>Unrestricted</i>		
Operating account	\$ 2,489,432	\$ 1,428,586
<i>Internally restricted</i>		
General fund reserve account	1,787,860	1,757,931
Utility fund reserve account	1,088,914	1,070,711
<i>Externally restricted</i>		
Gas tax account	1,232,511	2,329,157
Community Public Infrastructure account	2,895,959	348,081
	\$ 9,494,676	\$ 6,934,466

### Note 3. Municipal Taxes Receivable

	2018	2017
Current taxes and grant in lieu receivable	\$ 500,652	\$ 700,944
Arrears taxes	1,582,090	1,313,302
	2,082,742	2,014,246
Allowance for doubtful collection	(204,633)	(206,552)
	\$ 1,878,109	\$ 1,807,694

### Note 4. Accounts Receivable

	Balance	Allowance	2018	2017
<i>Accounts receivable</i>				
General accounts receivable	\$ 919,130	\$ 51,890	\$ 867,240	\$ 725,685
Utility system receivable	222,887	9,258	213,629	285,662
Ambulance receivable	361,085	283,603	77,482	127,713
Lease fees receivable	719,096	161,645	557,451	104,601
<i>Capital funding</i>				
Gas tax	1,397,000	-	1,397,000	-
Community Access Funding	149,359	-	149,359	148,658
CanNor - Community Infrastructure	-	-	-	300,000
Clean Water and Waste Fund	-	-	696,629	1,061,523
<i>Goods and service tax</i>				
Goods and services tax refundable	459,105	-	459,105	397,810
	\$ 4,227,662	\$ 506,396	\$ 4,417,895	\$ 3,151,652

# TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2018

## Note 5. Supplementary Information

Amounts owed to the Town which are considered doubtful of collection have been recorded as bad debts. The provision for (recovery of) bad debts is comprised of:

	2018		2017
General Operating Fund:			
Property taxes	\$ -	\$	7,467
Ambulance	15,333		16,845
General sundry	5,945		27,014
Utility system	-		16,872
Lease fees	-		13,548
	\$ 21,278	\$	81,746

## Note 6. Accounts Payable and Accrued Liabilities

	2018		2017
Trade accounts payable	\$ 4,150,691	\$	5,392,847
Payroll taxes payable	5,126		45,255
Due to GNWT (payroll tax)	40,211		9,298
Accrued vacation pay and banked time	144,411		129,531
	\$ 4,340,439	\$	5,576,931

## Note 7. School Tax Payable

	2018		2017
Balance consists of:			
2018 levy	\$ 723,073	\$	-
2017 levy	7,636		707,814
2016 and prior levy	187,020		674,709
	\$ 917,729	\$	1,382,523

School tax levies are recorded as payable in the year they are assessed and are to be remitted to the GNWT as they are collected.

# TOWN OF HAY RIVER

## Notes to the Financial Statements

December 31, 2018

### Note 8. Deferred Contributions

	2018	2017
Gas Tax Funding, Schedule 17	\$ 517,905	\$ 556,372
Community Public Infrastructure Funding, Schedule 18	485,900	519,199
Community access program	23,110	-
Hay River beach improvements	24,000	-
Community Tourism Infrastructure - Porritt Landing	-	20,200
CanNor - Canada 150 Community Infrastructure Program	-	63,232
	<b>\$ 1,050,915</b>	<b>\$ 1,159,003</b>

### Note 9. Landfill Closure Liability

The Town is required to estimate future closure and post-closure costs for its landfill site. The estimated liability is based on the sum of discounted future cash flows for closure and post-closure activities for 25 years after closure using a discount rate of 5.56% and inflation of 2.06%.

The accrued liability portion is based on the capacity used at year end compared to the estimated total capacity. The remaining estimated life of the landfill is 7 years and of the total capacity approximately 4.85% remains.

	2018	2017
Estimated closure costs	\$ 637,686	\$ 595,287
Estimated post-closure costs	865,620	865,620
Estimated total liability	1,503,306	1,460,907
Estimated capacity used	96.1%	95.2%
Accrued liability	\$ 1,444,945	\$ 1,390,090

### Note 10. Long-Term Debt

Description	Principal Balance 2018	Principal Balance 2017
Loan agreement facility for the Hay River Recreation Centre	14,971,505	5,934,000
	<b>\$ 14,971,505</b>	<b>\$ 5,934,000</b>

# TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2018

## Note 10. Long-Term Debt (continued)

As at December 31, 2018, the Town has a bankers' acceptance ["BA"] facility of \$14,998,000 for the Hay River Recreation Centre bearing interest at the treasury rate plus a BA fee of 1.34% per annum. To reduce the interest rate risk on the facility, the Town entered into an interest rate swap contract that entitled the Town to receive interest at floating rates on the principal amount and obliged it to pay interest at a fixed rate of 2.60% per annum plus the BA fee of 0.40%.

The total estimated principal repayments of long-term debt due are as follows:

	Principal
2019	\$ 278,513
2020	286,984
2021	295,713
2022	304,707
2023	313,972
Subsequent	13,491,616
	<b>\$ 14,971,505</b>

## Note 11. Tangible Capital Assets

	Cost	Accumulated Amortization	Net Book Value	
			2018	2017
<b>General Fund:</b>				
Linear Structures	\$ 21,284,949	\$ 8,547,476	\$ 12,737,473	\$ 10,264,185
Buildings	43,815,134	6,941,170	36,873,964	14,516,455
Machinery and Equipment	7,361,046	6,001,741	1,359,305	972,786
Work in progress	246,780	-	246,780	21,487,458
Land held for town use	2,358,383	-	2,358,383	2,300,676
Works of Art	71,199	-	71,199	71,034
	<b>\$ 75,137,491</b>	<b>\$ 21,490,387</b>	<b>\$ 53,647,104</b>	<b>\$ 49,612,594</b>
<b>Utility Fund:</b>				
Water and Sewer System	\$ 21,905,173	\$ 4,405,785	\$ 17,499,388	\$ 15,864,778
Buildings	7,763,377	2,602,606	5,160,771	5,355,242
Land	1,000	-	1,000	1,000
Vehicles	288,962	274,687	14,275	19,625
Heavy Equipment	11,241	11,241	-	-
Furniture & Equipment	1,842,899	1,548,706	294,193	342,106
Work in progress	138,427	-	138,427	105,273
	<b>\$ 31,951,079</b>	<b>\$ 8,843,025</b>	<b>\$ 23,108,054</b>	<b>\$ 21,688,024</b>
<b>Total</b>	<b>\$ 107,088,570</b>	<b>\$ 30,333,412</b>	<b>\$ 76,755,158</b>	<b>\$ 71,300,618</b>

# TOWN OF HAY RIVER

## Notes to the Financial Statements

December 31, 2018

### Note 12. Accumulated Surplus

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	2018	2017
Accumulated Surplus per Statement of Financial Position	\$ 70,208,590	\$ 68,103,658
<b>Invested in Tangible Capital Assets</b>		
General Fund	38,675,601	43,678,595
Utility Fund	23,108,055	21,688,026
	61,783,656	65,366,621
<b>Internally restricted reserves</b>		
Reserve for Management Training	2,446	21,182
Reserve for Mobile Equipment Replacement	590,949	1,012,765
Reserve for Recreation Infrastructure	40,571	46,738
Reserve for Municipal Infrastructure	205,837	281,371
Reserve for Computer Systems	13,410	13,245
Reserve for Landfill	875,051	866,262
Reserve for Recreation Center Replacement	297,007	160,013
Reserve for Utility Infrastructure	314,581	1,025,335
	2,339,852	3,426,911
<b>Unappropriated surplus (deficit)</b>		
General fund	(1,198,026)	(6,710,353)
Utility fund	2,006,556	1,265,182
Land development fund	5,276,552	4,755,297
	6,085,082	(689,874)
	\$ 70,208,590	\$ 68,103,658

# TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2018

**Note 13. Reserves and Deferred Contributions**

The Financial Administration By-law requires that funds accumulated in reserves are deposited into the General reserve bank account. Interest earned on the account is credited to the appropriate reserve.

	Account Balance	Cash Balance	Receivable	Excess (Shortfall)
<b>Reserves</b>				
Mobile Equipment	\$ 590,949	\$		
Management Training	2,446			
Recreation Infrastructure	40,571			
Municipal Infrastructure	205,837			
Computer System	13,410			
Landfill	875,051			
Recreation Center Replacement	297,007			
	2,025,271	1,787,860	-	(237,411)
Utility Infrastructure	314,581	1,088,914	-	774,333
	\$ 2,339,852	\$ 2,876,774	\$ -	\$ 536,922
<b>Deferred Contributions, Note 8</b>				
Gas Tax Funding	517,905	1,232,511	1,397,000	2,111,606
Community Public Infrastructure	485,900	2,895,959	-	2,410,059
	1,003,805	4,128,470	1,397,000	4,521,665
	\$ 3,343,657	\$ 7,005,244	\$ 1,397,000	\$ 5,058,587

**Note 14. Commitments**

The Town has entered into agreements extending beyond one year for the use of equipment and various service contracts which require periodic payments. The minimum payments under existing agreements are as follows:

For the year ending December 31:

2019	\$ 615,291
2020	\$ 7,301

**Note 15. Contingent Liabilities**

**Insurance**

The Town participates in the Northern Communities Insurance Program. Under this program the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

# TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2018

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## Note 15. Contingent Liabilities

### Legal claims

In the normal course of operations, the Town is subject to various legal claims. At the date of the audit report, it is not possible to determine the outcomes of the claims and the amount of the potential liability cannot be reasonably determined. Management has indicated that it is unlikely there will be a material adverse effect on the financial position of the Town.

## Note 16 Subsequent events

### Landfill Fire

In March of 2019, there was a fire at the Town of Hay River's landfill. As of the date of fieldwork, the costs incurred to extinguish the fire totaled approximately \$608,034. It is not known whether the costs will be covered by insurance. A provision for the costs has not been recorded in these financial statements as the event occurred in the 2019 fiscal year.

## Note 17. Retirement Benefits

Employees of the Town can participate in the RBC Group Advantage retirement savings plan. Union employees make contributions at 5% and management makes contributions at 6.6%. The Town of Hay river makes matching contributions to these amounts. Total contributions by the Town to the program in 2018 were \$90,531 (2017 - \$81,546), which were expensed as incurred.

## Note 18. Financial Instruments

The Town's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the town is not exposed to significant interest or currency risks arising from these financial instruments.

The town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.



# TOWN OF HAY RIVER

## Notes to the Financial Statements

December 31, 2018

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### Note 19. Trusts under administration

#### 2018 Arctic Winter Games

The Town of Hay River and the Arctic Winter Games International Committee "AWGIC" entered into the AWG agreement, with respect to the hosting and staging of the 25th Arctic Winter Games in March 2018. The agreement commences on June 10, 2015 and terminates on December 31, 2018. The GNWT shall pay the contribution to the Town of Hay River in an amount not to exceed \$3,500,000. The Town shall use the contribution for costs directly related to the project, in accordance with the AWG Agreement.

	Balance, Beg. of the year	Receipts & Transfers	Expenses & Transfers	Balance, End of the Year
2018 Arctic Winter Games	\$ 1,500,000	\$ -	(1,500,000)	\$ -
	\$ 1,500,000	\$ -	\$ (1,500,000)	\$ -

### Note 20. Budget

The budgeted figures are those approved by Council on December 19, 2017 and are unaudited.

### Note 21. Reclassification

Certain prior year figures have been reclassified to agree with current year presentation.

**TOWN OF HAY RIVER**

Schedule 1

General Fund  
Schedule of Operations and Surplus

For the year ended December 31, 2018

	Schedule	2018 Budget	2018 Actual	2017 Actual
<b>Revenue</b>				
Property taxes	4	\$ 6,305,553	\$ 5,852,056	\$ 5,911,841
Sales of services	4	733,108	658,702	664,145
Other revenue from own sources	4	827,348	1,029,996	1,034,956
Government transfers for operating	5	2,298,105	2,791,287	2,712,442
<b>Total Revenue</b>		<b>10,164,114</b>	<b>10,332,041</b>	<b>10,323,384</b>
<b>Expenditure</b>				
General government	6	2,574,596	2,036,958	2,106,484
Protective services	7	1,053,943	922,584	1,028,594
Transportation and public works	8	3,158,200	3,312,024	2,806,093
Environmental and public health services	9	501,820	508,821	781,903
Planning and development	10	539,183	483,564	298,624
Recreational and cultural	11	3,697,397	4,064,925	2,707,717
Fiscal and valuation	12	1,369,484	772,806	634,695
<b>Total Expenditure</b>		<b>12,894,623</b>	<b>12,101,682</b>	<b>10,364,110</b>
<b>Excess revenues over expenditures before the undernoted</b>		<b>(2,730,509)</b>	<b>(1,769,641)</b>	<b>(40,726)</b>
<b>Other revenue (expenditure)</b>				
Government transfers for capital	5	2,664,001	3,473,840	8,041,963
Gain (loss) on disposal of capital assets		-	(153,460)	(706,549)
		2,664,001	3,320,380	7,335,414
<b>Excess (Deficiency) of revenues over expenditures</b>		<b>\$ (66,508)</b>	<b>\$ 1,550,739</b>	<b>\$ 7,294,688</b>

# TOWN OF HAY RIVER

Schedule 2

Utility Fund  
Schedule of Operations and Surplus

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
<b>Revenue</b>			
Water and sewer billings	\$ 1,999,999	\$ 1,746,843	\$ 1,886,845
Government transfers for water and sewer operations	1,021,002	1,021,000	992,000
Interest on reserves	2,000	18,203	10,032
Utilities receivable penalties	14,999	20,254	37,157
Maintenance service	6,901	3,653	3,322
Other	-	-	-
	<u>3,044,901</u>	<u>2,809,953</u>	<u>2,929,356</u>
<b>Expenditure</b>			
Administration	328,933	237,891	248,973
Vehicle maintenance	235,000	67,633	226,919
Purification & treatment	60,500	57,392	54,021
Transmission and distribution	1,369,000	1,291,137	1,393,909
Building maintenance	17,001	5,188	14,328
Mechanical maintenance	31,001	30,790	81,258
Distribution maintenance	466,250	320,531	390,872
Hydrant maintenance	403	-	1,150
Sewage system maintenance	71,001	39,814	27,940
Mobile equipment fund	4,997	-	-
	<u>2,584,086</u>	<u>2,050,376</u>	<u>2,439,370</u>
Surplus (deficit), before the undernoted	<u>460,815</u>	<u>759,577</u>	<u>489,986</u>
<b>Other items:</b>			
Amortization of tangible capital assets	790,800	726,639	686,060
<b>Excess (Deficiency) of revenues over expenditures</b>	<b>\$ (329,985)</b>	<b>\$ 32,938</b>	<b>\$ (196,074)</b>

**TOWN OF HAY RIVER**Land Development Fund  
Schedule of Operations and Surplus

Schedule 3

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
<b>Revenue</b>			
Land sales	\$ -	\$ 14,000	\$ 65,000
Land leases	299,199	497,517	72,652
Legal and transfer fees recovered	-	19,740	853
Interest and penalties	-	43,011	6,988
	<u>299,199</u>	<u>574,268</u>	<u>145,493</u>
<b>Expenditures</b>			
Administration	37,696	15,833	17,489
Overhead charge to General Fund	-	-	35,818
Land leases	39,001	36,680	36,980
Cost of land sold	-	500	4,158
	<u>76,697</u>	<u>53,013</u>	<u>94,445</u>
<b>Excess (Deficiency) of revenues over expenditures</b>	<b>\$ 222,502</b>	<b>\$ 521,255</b>	<b>\$ 51,048</b>

# TOWN OF HAY RIVER

General Fund  
Schedule of Revenue

Schedule 4

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
Property taxes	\$ 5,272,829	\$ 4,760,077	\$ 4,642,360
Local improvement charge	17,185	-	228,453
Grants in Lieu of Taxes			
Federal	156,167	156,562	156,946
Territorial	1,518,275	1,587,277	1,497,769
NWT Power Corporation	43,094	43,256	43,190
Less school taxes	(682,000)	(731,946)	(656,877)
Discounts allowed on school tax	(19,997)	36,830	-
	\$ 6,305,553	\$ 5,852,056	\$ 5,911,841
<b>Sales of Services</b>			
Recreation			
- Pool	\$ 96,000	\$ 70,890	\$ 76,660
- Community center	135,005	166,822	8,279
- Curling club rental	-	8,500	-
- Ballpark rental	3,000	14,464	15,211
- Other	-	7,360	2,709
Collection fee school taxes	5,000	5,000	5,000
Dump tipping fees	15,001	16,820	16,575
Landfill other revenue	24,000	-	23,769
Ambulance	358,603	337,048	396,912
Fire calls, inspections, and training	6,000	3,795	4,697
Fire hall rental	5,899	4,356	10,130
Other	84,600	23,647	104,203
	\$ 733,108	\$ 658,702	\$ 664,145
<b>Other Revenue from Own Sources</b>			
Franchise fee	\$ 329,999	\$ 312,580	\$ 315,799
Licenses and permits	101,199	122,657	106,645
Donations to recreation complex	-	23,000	144,417
Aurora Ford - recreation centre donation	100,000	100,000	100,000
Fines and dog pound fees	150	906	180
Interest and penalties	265,000	413,191	268,681
Loss prevention	31,000	57,662	99,234
	\$ 827,348	\$ 1,029,996	\$ 1,034,956

# TOWN OF HAY RIVER

General Fund  
Schedule of Revenue

Schedule 5

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
<b>Government Transfers</b>			
General - GNWT			
Operating and Maintenance Block Funding	\$ 2,179,001	\$ 2,179,000	\$ 2,124,000
Sport and Recreation	29,000	29,000	29,000
Ground Ambulance	31,000	31,000	-
Regional Youth Sport Events	5,500	5,500	-
Children Youth Resiliency	-	13,636	12,857
Fisheries	-	16,000	-
Community Tourism Coordinator	40,000	40,000	-
Tourism and marketing	-	15,000	50,000
Community Economic Development	-	-	25,000
ITI Seed	13,604	24,200	24,442
Fire Smart	-	-	36,804
NWT workers training program	-	154,020	120,994
Community Access Funding	-	50,000	248,658
Summer Employment	-	50,000	-
Other Grants	-	26,584	19,330
General			
Other Non-GNWT Grants	-	73,914	21,357
	2,298,105	2,707,854	2,712,442
Transfers (to) from deferred revenues		83,433	-
	\$ 2,298,105	\$ 2,791,287	\$ 2,712,442
<b>Utility - GNWT</b>			
Water and Sewer Block Funding	\$ 1,021,002	\$ 1,021,000	\$ 992,000
<b>Capital funding</b>			
Community Public Infrastructure Funding	\$ 1,260,000	\$ 1,260,000	\$ 1,260,000
Gas Tax	1,397,000	1,397,000	1,305,000
Canada - NWT Small Communities Fund	-	-	782,536
Clean Water and Waste Fund	-	696,629	1,092,863
CanNor - Canada 150 Comm. Infrastructure Program	-	-	300,000
Tourism infrastructure funding (Porritt Landing)	-	-	101,000
	2,657,000	3,353,629	4,841,399
<b>Interest earned on deferred contributions</b>			
Community Public Infrastructure Funding	4,000	23,912	33,174
Gas Tax	3,001	24,533	8,957
	7,001	48,445	42,131
<b>Transfers (to) from deferred contributions</b>			
Community Public Infrastructure Funding	-	33,299	3,430,557
Gas Tax	-	38,467	(188,692)
Tourism infrastructure funding (Porritt Landing)	-	-	(20,200)
CanNor - Canada 150 Comm. Infrastructure Program	-	-	(63,232)
	-	71,766	3,158,433
	\$ 2,664,001	\$ 3,473,840	\$ 8,041,963

# TOWN OF HAY RIVER

General Fund  
Schedule of Expenditure

Schedule 6

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
<b>General Government</b>			
Mayor's indemnity	\$ 43,584	\$ 44,475	\$ 43,584
Councillors' indemnity	113,704	59,532	75,024
Administration - salaries and benefits	1,168,081	1,031,393	1,080,962
Administration - other	469,930	486,476	465,556
Materials and supplies	19,201	21,824	38,528
Professional services	125,499	116,595	281,207
Insurance	97,000	58,848	90,519
Town hall lease	148,097	158,376	148,096
Town hall operations and maintenance	-	17,675	19,100
Conventions, delegations and public relations	-	22,563	8,239
Overhead charge to Utility Fund	(133,200)	(66,600)	(174,687)
Overhead charge to Land Fund	-	-	(24,818)
Transfer to reserves	430,000	-	-
	2,481,896	1,951,157	2,051,310
<b>Other items:</b>			
Amortization of tangible capital assets	92,700	85,801	55,174
	\$ 2,574,596	\$ 2,036,958	\$ 2,106,484

# TOWN OF HAY RIVER

General Fund  
Schedule of Expenditure

Schedule 7

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
<b>Protective Services</b>			
Insurance	\$ -	\$ 14,513	\$ 17,641
Bylaw enforcement	111,175	3,175	185
Bylaw vehicle maintenance	1,500	4,771	212
Fire protection	427,113	462,724	542,900
Fire department vehicle maintenance	38,800	23,669	17,790
Fire department building maintenance	11,200	4,590	6,208
Emergency response training center	15,535	923	982
Civil emergency	21,720	6,196	8,461
Ambulance	71,250	49,104	55,732
Hay River Animal Shelter Contribution	48,000	46,116	44,203
Animal and pest control	21,650	12,106	26,411
	767,943	627,887	720,725
<b>Other items:</b>			
Amortization of tangible capital assets	286,000	294,697	307,869
	\$ 1,053,943	\$ 922,584	\$ 1,028,594



# TOWN OF HAY RIVER

General Fund  
Schedule of Expenditure

Schedule 8

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
<b>Transportation and Public Works</b>			
Public works			
Administration	\$ 409,795	\$ 476,707	\$ 309,748
Vehicle operations & maintenance	32,500	107,565	109,846
Town garage			
Yards	226,079	157,304	124,362
Building maintenance	11,000	2,289	6,537
Carpenter shop			
Operating costs	91,437	103,808	60,429
Roads			
Roads and sidewalks	36,298	39,790	24,429
Summer roads	827,995	792,605	609,007
Roads brushing	8,901	26,751	105,527
Drainage	46,012	33,038	29,695
Winter roads	309,685	372,708	276,734
Street lighting	227,498	216,796	235,080
Road safety	13,500	10,586	34,039
	2,240,700	2,339,947	1,925,433
Other items:			
Amortization of tangible capital assets	917,500	972,077	931,660
Utility Fund	-	-	(40,000)
Land Development Fund	-	-	(11,000)
	\$ 3,158,200	\$ 3,312,024	\$ 2,806,093

**TOWN OF HAY RIVER**

Schedule 9

General Fund  
Schedule of Expenditure

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
Environmental and Public Health Services			
Sanitation operations	\$ 370,000	\$ 365,345	\$ 365,345
Landfill			
Maintenance	110,220	64,453	229,625
Landfill accretion expense	-	54,858	167,370
Cemetery maintenance	9,000	15,944	10,849
	489,220	500,600	773,189
Other items:			
Amortization of tangible capital assets	12,600	8,221	8,714
	\$ 501,820	\$ 508,821	\$ 781,903

**TOWN OF HAY RIVER**

Schedule 10

General Fund  
Schedule of Expenditure

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
Planning and Development			
Planning and Zoning	\$ 234,740	\$ 238,146	\$ 189,897
Tourism			
Building and yard maintenance	12,006	6,110	3,996
Programs	223,731	220,582	81,215
Amortization of tangible capital assets	10,200	10,698	1,836
Economic development	58,506	8,028	21,680
	\$ 539,183	\$ 483,564	\$ 298,624

# TOWN OF HAY RIVER

General Fund  
Schedule of Expenditure

Schedule 11

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
<b>Recreational and Cultural</b>			
Recreation administration	\$ 349,627	\$ 347,289	\$ 359,841
Insurance	47,680	53,854	18,942
Vehicle maintenance	-	4,385	8,364
Recreation center operations	702,423	877,716	210,541
Building maintenance	28,000	44,114	18,370
Mechanical maintenance	23,500	23,603	178,187
Swimming pool operations	846,213	754,914	693,637
Building maintenance	48,499	68,886	97,647
Mechanical maintenance	-	3,135	13,943
Curling club operations	97,000	61,475	300
Sports fields	20,998	19,702	55,431
Annual town clean-up	26,597	19,845	33,552
Parkland	138,799	129,201	189,980
Library	165,000	165,000	165,000
Community television and other services	59,700	44,400	59,700
Northern Arts and Culture Centre	-	5,000	5,000
Beautification committee	7,000	-	7,000
Other economic community development initiatives	19,997	13,750	15,000
Recreation programs	161,567	379,888	228,916
	\$ 2,742,600	\$ 3,016,157	\$ 2,359,351
Other items:			
Amortization of tangible capital assets	954,797	1,048,768	348,366
	\$ 3,697,397	\$ 4,064,925	\$ 2,707,717

# TOWN OF HAY RIVER

General Fund  
Schedule of Expenditure

Schedule 12

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
<b>Fiscal and Valuation</b>			
Discount on taxes	\$ 130,000	\$ 132,670	\$ 125,855
Debenture interest	430,883	349,879	124,059
Debenture principal	580,003	-	-
Bank charges	3,601	83,496	77,626
Senior/disabled tax exemptions	175,000	185,483	225,409
Provision for (recovery of) bad debts, Note 5	49,997	21,278	81,746
	\$ 1,369,484	\$ 772,806	\$ 634,695

# TOWN OF HAY RIVER

## Schedule of Reserves

Schedule 13

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
<b>Reserve for Mobile Equipment Replacement</b>			
Balance, beginning of year	\$ 1,012,765	\$ 1,012,765	\$ 930,934
Current year appropriation			
- General Fund	-	12,622	149,662
- Utility Fund	-	-	8,000
Proceeds from sale of equipment			
- General Fund	-	-	5,000
- Utility Fund	-	-	-
Transfer from reserve for current year expenditure			
- General Fund	-	(434,438)	(80,831)
- Utility Fund	-	-	-
Balance, end of year	\$ 1,012,765	\$ 590,949	\$ 1,012,765
<b>Reserve for Management Training</b>			
Balance, beginning of year	\$ 21,182	\$ 21,182	\$ 21,009
Current year appropriation	-	264	173
Transfer from reserve for current year expenditure	-	(19,000)	-
Balance, end of year	\$ 21,182	\$ 2,446	\$ 21,182
<b>Reserve for Recreation Infrastructure</b>			
Balance, beginning of year	\$ 46,738	\$ 46,738	\$ 27,548
Current year appropriation	-	583	19,190
Transfer from reserve for current year expenditure	-	(6,750)	-
Balance, end of year	\$ 46,738	\$ 40,571	\$ 46,738
<b>Reserve for Municipal Infrastructure</b>			
Balance, beginning of year	\$ 281,371	\$ 281,371	\$ 713,733
Current year appropriation	-	733,507	567,638
Transfer from reserve for current year expenditure	-	(809,041)	(1,000,000)
Balance, end of year	\$ 281,371	\$ 205,837	\$ 281,371
<b>Reserve for Computer Systems</b>			
Balance, beginning of year	\$ 13,245	\$ 13,245	\$ 7,807
Current year appropriation	-	165	5,438
Transfer from reserve for current year expenditure	-	-	-
Balance, end of year	\$ 13,245	\$ 13,410	\$ 13,245
<b>Reserve for Landfill</b>			
Balance, beginning of year	\$ 866,262	\$ 866,262	\$ 165,841
Current year appropriation	-	10,796	700,421
Transfer from reserve for current year expenditure	-	(2,007)	-
Balance, end of year	\$ 866,262	\$ 875,051	\$ 866,262
<b>Reserve for Recreation Center Replacement</b>			
Balance, beginning of year	\$ 160,013	\$ 160,013	\$ 312,087
Contribution from Aurora Ford		100,000	100,000
Contribution from increase in property taxes		250,000	214,841
Recreation centre fees and donations		36,994	18,085
Current year appropriation	-	-	1,000,000
Transfer from reserve for current year expenditure	-	(250,000)	(1,485,000)
Balance, end of year	\$ 160,013	\$ 297,007	\$ 160,013

**TOWN OF HAY RIVER**

## Schedule of Expenditures by Object

Schedule 14

For the year ended December 31, 2018

	2018 Budget	2018 Actual	2017 Actual
Amortization of tangible capital assets	\$ 3,064,597	\$ 3,146,900	\$ 2,339,679
Interest on long-term debt	1,010,886	349,879	124,059
Bank charges and interest	3,601	83,180	77,462
Contracted and general services	2,107,195	1,924,420	1,765,468
Insurance	230,480	235,919	194,714
Materials and supplies	4,103,341	3,526,115	4,129,680
Mayor and council expenses	156,288	103,657	118,409
Provision for bad debts	49,997	21,278	81,746
Salaries, wages and benefits	4,029,678	3,995,842	3,604,937
Utilities - electricity	952,492	918,594	720,674
Utilities - fuel	637,651	625,926	427,157
	\$ 16,346,206	\$ 14,931,710	\$ 13,583,985

**TOWN OF HAY RIVER**  
 Schedule of Changes in Accumulated Surplus

Schedule 15

December 31, 2018

	General Operating	Utility	Land Development	Reserves	Investment in Tangible Capital Assets	2018	2017
Excess (Deficiency of) revenue over expenditures	\$ 1,550,739	\$ 32,938	\$ 521,255	\$ -	\$ -	\$ 2,104,932	\$ 7,149,662
Net interfund transfers							
Amortization	2,420,261	726,639	-	-	(3,146,900)	-	-
Disposals of tangible capital assets	89,623	63,836	-	-	(153,459)	-	-
Additions to tangible capital assets	(6,544,394)	(2,210,505)	-	-	8,754,699	-	-
Capital funding used for utility infrastructure	(2,146,669)	2,146,669	-	-	-	-	-
Long-term debt (repayment)	9,037,505	-	-	-	(9,037,505)	-	-
Allocations to Reserves	1,105,262	(18,203)	-	(1,087,059)	-	-	-
Changes in fund balances	5,512,327	741,374	521,255	(1,087,059)	(3,582,965)	2,104,932	7,149,662
Accumulated Surplus (Deficit), beginning of year	\$ (6,710,353)	\$ 1,265,182	\$ 4,755,297	\$ 3,426,911	\$ 65,366,621	\$ 68,103,658	\$ 60,953,996
Accumulated Surplus (Deficit), end of year	\$ (1,198,026)	\$ 2,006,556	\$ 5,276,552	\$ 2,339,852	\$ 61,783,656	\$ 70,208,590	\$ 68,103,658

Reserves	2017	Increase	Decrease	2018
General operating fund	\$ 2,401,576	\$ 1,144,931	\$ (1,521,236)	2,025,271
Utility infrastructure reserve	1,025,335	1,388,203	(2,098,957)	314,581
	\$ 3,426,911	\$ 2,533,134	\$ (3,620,193)	\$ 2,339,852

**TOWN OF HAY RIVER**  
 Schedule of Tangible Capital Assets  
 December 31, 2018

Schedule 16

	Opening Balance	Additions	Disposals	Closing Balance	Accumulated Amortization Beginning of Year	Net Carrying Amount Beginning of year	Deletions	Amortization	Accumulated Amortization End of Year	Net Carrying Amount
<b>General Fund</b>										
<b>Linear Structures</b>										
Roads, sidewalks, parking lots	\$ 14,305,569	\$ 3,249,142	\$ 806,900	\$ 16,747,811	\$ 6,405,891	\$ 7,899,676	\$ 717,277	\$ 700,427	\$ 6,389,041	\$ 10,358,770
Recreation facilities	1,150,822	-	-	1,150,822	452,120	698,702	-	49,250	492,370	658,452
Maintenance	189,423	171,280	-	360,703	130,615	58,809	-	24,705	155,320	205,383
Land Bio treatment facility	183,915	-	-	183,915	52,918	130,997	-	6,659	59,575	124,340
Drainage	2,707,731	-	-	2,707,731	1,278,086	1,429,645	-	105,708	1,383,794	1,323,937
Traffic lights	109,099	24,869	-	133,967	62,745	46,353	-	4,631	67,376	66,591
	<u>18,646,558</u>	<u>3,445,291</u>	<u>806,900</u>	<u>21,284,949</u>	<u>8,382,373</u>	<u>10,264,185</u>	<u>717,277</u>	<u>882,380</u>	<u>8,547,476</u>	<u>12,737,473</u>
<b>Buildings</b>										
Recreation Centre	-	23,546,847	-	23,546,847	-	-	-	722,417	722,417	22,824,230
Administration	852,200	-	-	852,200	813,584	238,616	-	17,044	630,828	221,572
New Fire Hall	6,391,795	-	-	6,391,795	507,658	5,884,137	-	126,998	634,526	5,757,169
Fire halls	1,145,000	-	-	1,145,000	597,458	547,542	-	25,305	622,763	522,237
Generator building	116,400	-	-	116,400	52,360	64,020	-	2,910	55,290	61,110
Emergency response training center	240,400	-	-	240,400	96,160	144,240	-	6,010	102,170	138,230
Tourist information	317,238	-	-	317,238	119,336	197,902	-	9,241	128,577	188,661
Aquatic facility	7,766,880	-	-	7,766,880	1,944,429	5,822,451	-	194,849	2,139,278	5,627,602
Golf clubhouse	918,800	-	-	918,800	439,906	478,894	-	22,970	462,876	455,924
Ski chalet	588,200	-	-	588,200	235,280	352,920	-	14,705	249,985	338,215
Public works garages	969,722	-	-	969,722	631,428	338,294	-	11,769	643,197	326,525
Carpentry	175,432	-	-	175,432	126,760	48,672	-	3,959	130,719	44,713
Land fill	69,600	-	-	69,600	69,600	-	-	-	69,600	-
Storage	157,847	2,520	-	160,367	70,265	87,582	-	13,176	83,441	76,926
Staff house	198,638	-	-	198,638	54,632	144,006	-	5,948	60,580	138,058
Dog pound	157,400	-	-	157,400	78,718	78,682	-	3,935	82,653	74,747
Ballparks	103,572	-	-	103,572	50,993	52,579	-	3,053	54,046	49,526
Other	96,943	-	-	96,943	69,925	35,916	-	7,399	68,324	28,519
	<u>20,285,967</u>	<u>23,549,167</u>	<u>-</u>	<u>43,835,134</u>	<u>5,749,512</u>	<u>14,516,455</u>	<u>-</u>	<u>1,191,658</u>	<u>6,941,170</u>	<u>36,873,964</u>
<b>Machinery and Equipment</b>										
Vehicles	3,475,405	90,428	-	3,565,833	3,014,206	461,199	-	132,390	3,146,596	419,237
Heavy equipment	97,948	-	-	97,948	91,790	6,158	-	3,080	94,870	3,078
Office furniture and equipment	696,131	50,683	-	746,814	650,623	45,508	-	18,250	668,873	77,941
Operating Equipment	1,501,204	474,298	-	1,975,502	1,070,288	430,916	-	151,192	1,221,480	754,022
Computer Equipment	284,830	117,333	-	402,163	273,620	11,210	-	31,537	305,157	97,006
IT infrastructure	572,785	-	-	572,786	554,991	17,795	-	9,774	564,765	8,021
	<u>6,628,304</u>	<u>732,742</u>	<u>-</u>	<u>7,361,046</u>	<u>5,655,518</u>	<u>972,786</u>	<u>-</u>	<u>346,223</u>	<u>6,001,741</u>	<u>1,359,305</u>
<b>Work in progress</b>										
	<u>21,487,458</u>	<u>8,664,038</u>	<u>29,904,716</u>	<u>246,780</u>	<u>-</u>	<u>21,487,458</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246,780</u>
<b>Land</b>										
Land	422,625	-	-	422,625	-	422,625	-	-	-	422,625
Land in development	1,878,051	57,707	-	1,935,758	-	1,878,051	-	-	-	1,935,758
	<u>2,300,676</u>	<u>57,707</u>	<u>-</u>	<u>2,358,383</u>	<u>-</u>	<u>2,300,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,358,383</u>
<b>Art Work</b>										
	<u>71,034</u>	<u>165</u>	<u>-</u>	<u>71,199</u>	<u>-</u>	<u>71,034</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,199</u>
<b>Tangible Capital Assets - General Fund</b>	<b>\$ 69,399,997</b>	<b>\$ 36,449,110</b>	<b>\$ 30,711,616</b>	<b>\$ 75,137,491</b>	<b>\$ 19,787,403</b>	<b>\$ 49,612,594</b>	<b>\$ 717,277</b>	<b>\$ 2,420,261</b>	<b>\$ 21,480,387</b>	<b>\$ 53,647,104</b>
<b>Utility Fund</b>										
Water and Sewer System	\$ 20,352,335	\$ 2,177,351	\$ 624,513	\$ 21,905,173	\$ 4,487,557	\$ 15,864,778	\$ 560,877	\$ 478,905	\$ 4,405,785	\$ 17,499,388
Buildings	7,783,377	-	-	7,763,377	2,408,135	5,355,242	-	184,471	2,602,606	5,160,771
Land	1,000	-	-	1,000	-	1,000	-	-	-	1,000
Vehicles	288,962	-	-	288,962	269,337	19,625	-	5,350	274,697	14,275
Heavy Equipment	11,241	-	-	11,241	11,241	-	-	-	11,241	-
Furniture & Equipment	1,842,899	-	-	1,842,899	1,500,793	342,106	-	47,913	1,548,708	294,193
Work in progress	105,273	33,154	-	138,427	-	105,273	-	-	-	138,427
<b>Tangible Capital Assets - Utility Fund</b>	<b>\$ 30,365,087</b>	<b>\$ 2,210,505</b>	<b>\$ 624,513</b>	<b>\$ 31,951,079</b>	<b>\$ 8,677,063</b>	<b>\$ 21,688,024</b>	<b>\$ 560,877</b>	<b>\$ 726,639</b>	<b>\$ 8,843,025</b>	<b>\$ 23,108,054</b>
<b>Total Tangible Capital Assets</b>	<b>\$ 99,765,084</b>	<b>\$ 38,659,615</b>	<b>\$ 31,336,129</b>	<b>\$ 107,088,570</b>	<b>\$ 28,464,466</b>	<b>\$ 71,300,618</b>	<b>\$ 1,277,954</b>	<b>\$ 3,146,900</b>	<b>\$ 30,333,412</b>	<b>\$ 76,755,158</b>

**TOWN OF HAY RIVER**

Gas Tax Agreement  
Statement of Revenue, Expenditure and Deferred Contribution

Schedule 17

For the year ended December 31, 2018

	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	Cumulative to Dec 31/18
<b>Funding</b>						
Deferred contribution balance, opening	\$ 1,554,508	\$ 1,380,007	\$ 1,180,972	\$ 367,680	\$ 556,372	\$ 1,554,508
Annual Gas Tax allocation	1,015,622	1,016,000	1,305,000	1,305,000	1,397,000	6,038,622
Interest earned	35,876	9,955	16,186	8,957	24,533	95,517
	<b>2,606,006</b>	<b>2,405,972</b>	<b>2,502,158</b>	<b>1,681,637</b>	<b>1,977,905</b>	<b>7,688,647</b>
<b>Funds Spent</b>						
Arena front lot paving	-	-	-	-	60,000	60,000
Mansel, Dessy, Morin water and sewer upgrade	-	-	-	-	100,000	100,000
Courtoreille St. water/sewer/streets/sidewalks	-	-	-	-	1,300,000	1,300,000
McRorie Rd Water/Sewer Replacement	-	-	280,000	581,083	-	861,083
Ravine brushing	-	-	-	16,748	-	16,748
Industrial area drainage improvements	-	-	-	5,066	-	5,066
Waterline 553 to Service Road	-	-	-	138,547	-	138,547
2017 Asphalt Patching Program	-	-	-	340,628	-	340,628
Vale Island Drainage works	-	-	-	43,193	-	43,193
McBryan Drive Waterline	-	1,200,000	1,200,000	-	-	2,400,000
McRorie N. Store water main upgrade	-	-	483,734	-	-	483,734
Vale Island Drainage	-	-	49,304	-	-	49,304
Water treatment plant upgrades	-	-	121,440	-	-	121,440
Upgrade Lift Station #1	695,264	-	-	-	-	695,264
Upgrade Lift Station #2	530,735	25,000	-	-	-	555,735
	<b>1,225,999</b>	<b>1,225,000</b>	<b>2,134,478</b>	<b>1,125,265</b>	<b>1,460,000</b>	<b>7,170,742</b>
Deferred contribution balance, closing	\$ 1,380,007	\$ 1,180,972	\$ 367,680	\$ 556,372	\$ 517,905	\$ 517,905



**TOWN OF HAY RIVER**

Community Public Infrastructure Agreement  
Statement of Revenue, Expenditure and Deferred Contribution

Schedule 18

For the year ended December 31, 2018

	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	Cumulative to December 31/18
<b>Funding</b>						
Deferred contribution balance, opening	\$ 4,069,751	\$ 4,598,993	\$ 5,227,167	\$ 3,949,756	\$ 519,199	\$ 4,069,751
Annual CPI allocation	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	6,300,000
Interest earned	58,330	45,571	39,405	33,174	23,912	200,392
	<b>5,388,081</b>	<b>5,904,564</b>	<b>6,526,572</b>	<b>5,242,930</b>	<b>1,803,111</b>	<b>10,570,143</b>
<b>Funds Spent</b>						
Wright Crescent water & sewer upgrades	-	-	-	-	107,393	107,393
New arena facility concession	-	-	-	-	30,714	30,714
Mansel, Dessy, Morin water and sewer upgrade	-	-	-	-	600,000	600,000
Recreation Centre	-	-	-	3,410,946	-	3,410,946
SCBA Upgrades	-	-	-	164,301	-	164,301
Downtown Sewer Relining	-	-	-	317,000	-	317,000
Downtown Beautification	-	-	-	120,000	64,804	184,804
Generator Replacement - WT Plant	-	-	-	105,274	121	105,395
Waterline 553 to Service Road	-	-	-	100,000	-	100,000
Sidewalk Rehabilitation	-	-	-	86,463	-	86,463
Emergency Main Repairs	-	-	-	44,709	-	44,709
Wildfire Protection Plan	-	-	-	25,183	-	25,183
Town House Renovations	-	-	-	7,721	-	7,721
Water Treatment Plant Upgrades	-	-	-	1,020	-	1,020
Debt servicing	276,248	101,889	207,186	-	452,143	1,037,466
Pine Point Ball Park	50,000	25,000	40,336	-	-	115,336
Renovations to town hall	-	26,453	23,000	-	-	49,453
Road/Sidewalk Rehab Program	-	-	5,500	-	-	5,500
Fire hall / Town Hall Demolition	-	-	1,570	4,844	-	6,414
IT annual evergreening	-	-	6,898	76,591	-	83,489
Fire hall AC	-	-	27,914	-	-	27,914
McBryan Waterline Phase II	-	-	1,629,218	-	-	1,629,218
McRorie Rd Water/Sewer Replacement	-	-	635,194	203,691	-	838,885
Portable radios	-	3,133	-	-	-	3,133
Visitor Information Centre upgrade	-	62,000	-	-	-	62,000
Paving project	-	400,000	-	-	-	400,000
Crank up tower	-	36,750	-	-	-	36,750
Vehicle	-	2,608	-	-	-	2,608
Zamboni	43,888	-	-	-	-	43,888
Skate and BMX Park	145,720	-	-	-	-	145,720
Hearse	19,500	-	-	-	-	19,500
Fire Hall	25,820	-	-	-	-	25,820
Porritt Landing Boat Launch	32,692	-	-	55,988	-	88,680
Computer hardware & software	13,044	-	-	-	62,036	75,080
Trans Canada Trail	69,035	8,637	-	-	-	77,672
Recreation center repairs & maintenance	113,141	-	-	-	-	113,141
Fire department equipment	-	10,927	-	-	-	10,927
	<b>789,086</b>	<b>677,397</b>	<b>2,576,816</b>	<b>4,723,731</b>	<b>1,317,211</b>	<b>10,084,243</b>
Deferred contribution balance, closing	\$ 4,598,993	\$ 5,227,167	\$ 3,949,756	\$ 519,199	\$ 485,900	\$ 485,900

**TOWN OF HAY RIVER**  
 Small Communities Fund  
 Statement of Revenue and Expenditure

Schedule 19

For the year ended December 31, 2018

	2016	2017	2018	Cumulative
<b>Revenue</b>				
Small Communities Fund Funding	\$ 3,440,464	\$ 782,536	\$ -	\$ 4,223,000
<b>Eligible expenditures</b>				
Recreation Centre				
Contract evaluation	8,533	-	-	8,533
Schematic & design development	45,375	-	-	45,375
Proposal assistance	34,659	-	-	34,659
Construction contract	3,351,897	782,536	-	4,134,433
	3,440,464	782,536	-	4,223,000
Surplus / deficit	\$ -	\$ -	\$ -	\$ -

**TOWN OF HAY RIVER**  
 Clean Water and Waste Fund  
 Statement of Revenue and Expenditure

Schedule 20

For the year ended December 31, 2018

	2017	2018	Cumulative
<b>Revenue</b>			
Clean Water and Waste Fund	\$ 1,092,863	\$ 696,591	\$ 1,789,454
<b>Eligible expenditures</b>			
Engineering design	29,353	-	29,353
Equipment rental	7,653	-	7,653
Construction and field services	1,055,857	696,591	1,752,448
	1,092,863	696,591	1,789,454
Surplus / deficit	-	\$ -	\$ -

**TOWN OF HAY RIVER**

Schedule of Salaries, Honoraria, and Travel

Schedule 21

For the year ended December 31, 2018

	Salaries	Honoraria	Travel
Mayor			
Brad Mapes	\$ 39,952	\$ -	\$ 1,443
Deputy Mayor			
Donna Lee Jungkind	-	11,308	-
Councillors			
Rodger Candow	-	822	-
Jason Coakwell	-	2,467	-
Keith Dohey	-	9,866	-
Kandis Jameson	-	12,676	-
Vince McKay	-	9,044	-
Steven Anderson	-	9,866	-
Emily Chambers	-	822	-
Linda Duford	-	822	-
Joseph Melanson	-	822	-
Brian Willows	-	822	-
James Groenwegen	-	822	-
Robert Bouchard	-	822	-
	\$ 39,952	\$ 60,981	\$ 1,443