Town of Hay River
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2009 Management Discussion and Analysis

The following financial discussion and analysis has been prepared by management and should be read in conjunction with the audited financial statements and their accompanying notes and schedules.

Recent changes from the Public Sector Accounting Board (PSAB) came into effect on December 31, 2009 for tax-based communities. The Town of Hay River implemented the PSAB 3510 required changes in December 2008 for the 2009 fiscal year.

The new standards require local government to record capital assets on the balance sheet and require changes to the format and presentation of audited financial information. The Government of the Northwest Territories has updated the Minister's Guidelines for financial reporting and the auditors have prepared the financial statements accordingly.

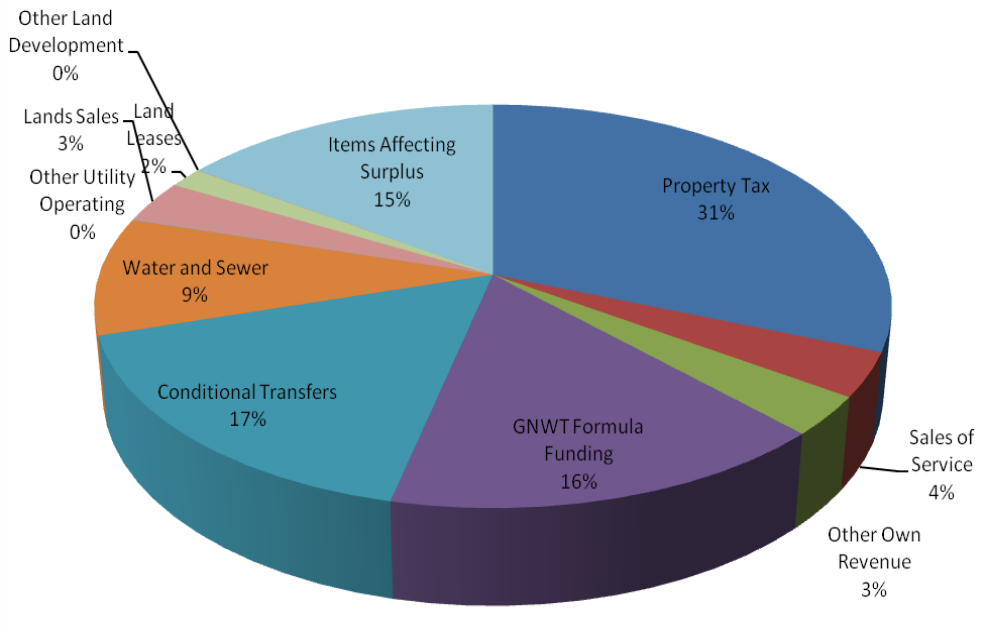
Results from Operations

The Consolidated Statement of Operations reports this municipal government's changes in economic resources and accumulated surplus for 2009, on a comparative basis. As the annual excess of revenues over expenses is positive, it indicates that the municipal government increased its accumulated surplus during the year.

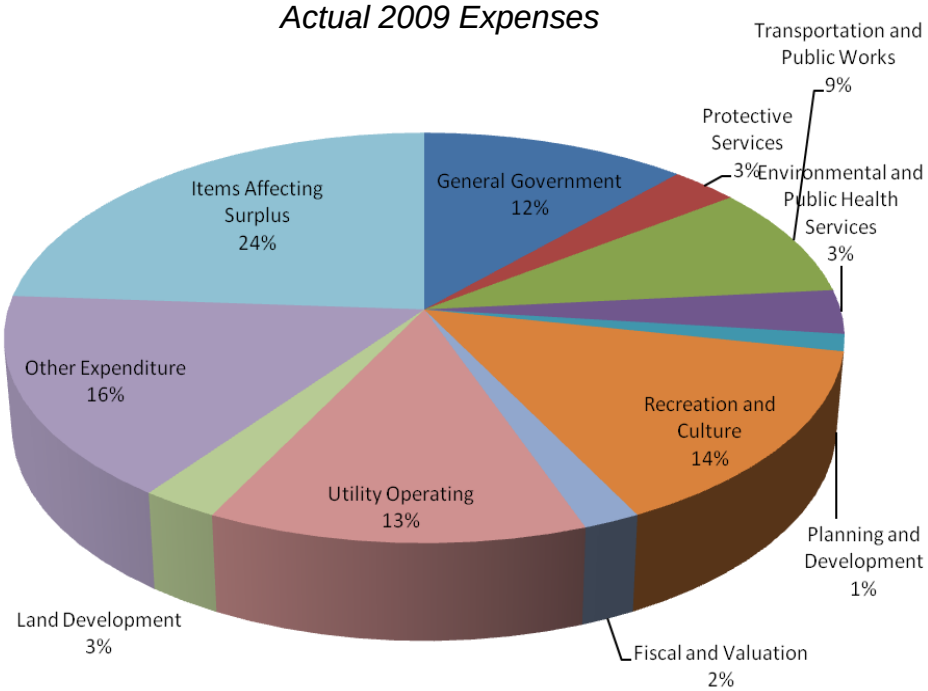
During 2009 this municipal government recorded consolidated revenues of $12.9 million not including transfers from reserve and transfers to investment in tangible assets. Revenues improved by $863,680.00 from 2008 due mainly to an increase in the property tax levy and in conditional government transfers related to the purchase of tangible capital assets.

Consolidated expenses before the purchase of tangible capital assets and appropriations to reserve grew by $309,784.00. The increase generally resulted from increased cost of operating recreation facilities and additional asphalt patching work.

Actual 2009 Revenue



Actual 2009 Expenses

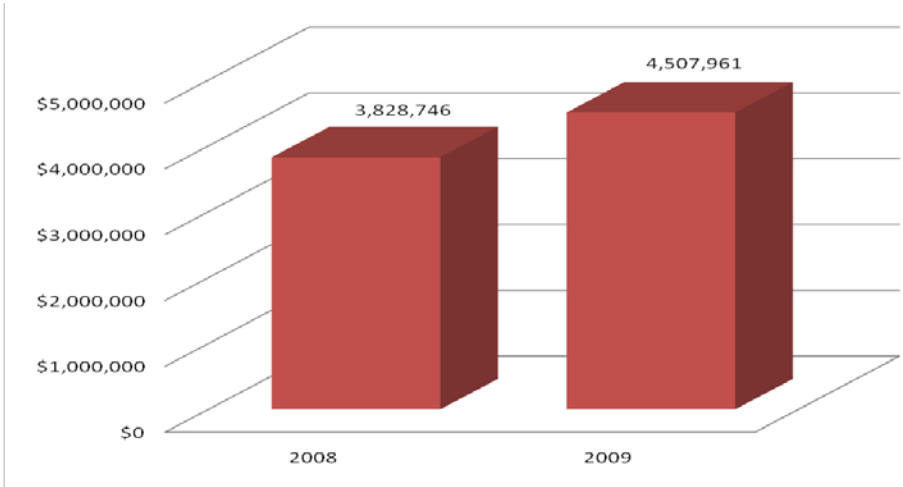


Financial Position

The Consolidation Statement of Financial Position reports this municipal government's financial and non-financial resources, obligations and accumulated surplus as at December 31, 2009 on a comparative basis. This statement is used to evaluate the municipal government's ability to finance its activities and to meet its liabilities and commitments. An important indicator on the Consolidated Statement of Financial Position is the Town's net financial assets.

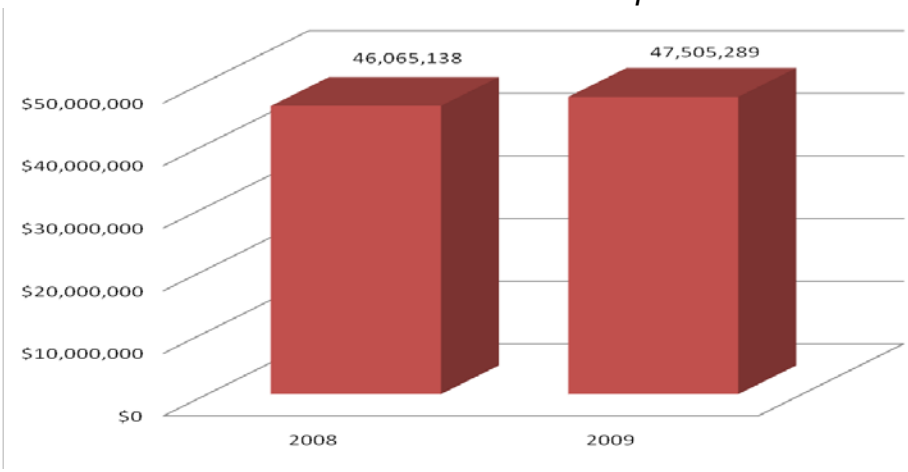
Net financial assets is the difference between financial assets and liabilities which provides an indication of the affordability of additional spending.

Net Financial Assets



Another important indicator on the Consolidated Statement of Financial Position is the accumulated surplus position. Accumulated surplus represents the net assets of the community and the yearly change in the accumulated surplus is equal to the annual excess of revenues over expenses for the year or results of operations.

Accumulated Surplus



Investments

The Council of the Town of Hay River receives recommendations from administration respecting the investment of municipal funds and approval is given by way of resolution of Council. Safety of the principal is the first priority for investment decisions. Consideration is also given to liquidity, risk versus return and diversity of the portfolio.

Debt

The Town of Hay River's debt is in the form of installment debentures that have varying dates of maturity and rates of interest.

Reserves

Reserve balances have decreased by 5.9% in 2009. The decrease is a result of capital purchases including the final completion of Stewart Drive rehabilitation.

Sincerely,

Senior Administrative Officer