

Financial Statements of

TOWN OF HAY RIVER

December 31, 2011

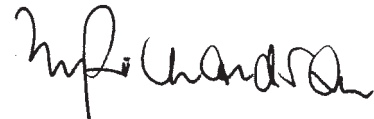
Accepted by Council
July 23, 2012 by
motion # 12-384.

Approved on Behalf of the Council:

Mayor



Senior Administrative Officer



TOWN OF HAY RIVER

Financial Statements

Year Ended December 31, 2011

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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 auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Michael Richardson
Senior Administrative Officer
Town of Hay River

Hay River, NT
July 9, 2012

AUDITORS' REPORT

**Mayor and Council
Town of Hay River
Hay River, NT**

We have audited the consolidated financial statements of the Town of Hay River, which comprise the consolidated statement of financial position as at December 31, 2011, and the consolidated statement of operations and surplus, changes in net financial assets (debt), changes in accumulated surplus and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards required that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Town of Hay River as at December 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



ASHTON
Chartered Accountants
Business Advisors

Hay River, NT
July 9, 2012

TOWN OF HAY RIVER

Consolidated Statement of Financial Position

Statement I

December 31, 2011

	2011	2010 (restated)
Financial Assets		
Cash, Note 2		
General bank account	\$ -	\$ 1,655,928
Reserve and trust accounts	15,808,885	8,288,168
Receivables		
Municipal taxes receivable, Note 3	272,302	766,792
Accounts receivable, Note 4	521,391	1,365,685
Land inventory for resale	2,620,441	2,569,922
Total Financial Assets	19,223,019	14,646,495
Liabilities		
Bank indebtedness		
General bank account	29,033	-
Accounts payable and accrued liabilities, Note 6	1,121,173	909,337
School taxes payable, Note 5	603,404	78,702
Deferred revenue	-	36,887
Deferred contributions, Note 7	10,165,605	6,599,258
Deposits held	138,506	136,500
Landfill closure liability, Note 10	497,023	461,538
Long-term debt, Schedule 21	3,313,923	3,426,464
Total Liabilities	15,868,667	11,648,686
Net Financial Assets (Debt)	\$ 3,354,352	\$ 2,997,809
Contingent Liabilities, Note 15		
Non-Financial Assets		
Prepaid expenditure	\$ 52,387	\$ 48,719
Inventory held for use, Note 11	110,662	150,650
Tangible capital assets, Schedule 20		
General fund	25,840,757	26,687,591
Utility fund	16,050,545	15,997,190
Total Non-Financial Assets	\$ 42,054,351	\$ 42,884,150
Accumulated Surplus	\$ 45,408,703	\$ 45,881,959
Represented by:		
Investment in Tangible Capital Assets		
General fund, per Schedule 3	\$ 22,526,834	\$ 23,261,127
Utility fund, per Schedule 7	16,050,545	15,997,190
	38,577,379	39,258,317
Reserves		
General fund, per Schedule 2	1,733,359	1,844,411
Utility fund, per Schedule 6	2,314,105	2,102,015
	4,047,464	3,946,426
Accumulated Surplus (Deficit)		
General fund, per Schedule 1	(157,621)	(186,019)
Utility fund, per Schedule 5	(442,969)	(310,935)
Land development fund, per Schedule 9	3,384,450	3,174,170
	2,783,860	2,677,216
Total Accumulated Surplus, Statement V	\$ 45,408,703	\$ 45,881,959

TOWN OF HAY RIVER

Consolidated Statement of Operations and Surplus

Statement II

For the year ended December 31, 2011

	Schedule	Budget	2011	*2010 (restated)
Revenue				
Property taxes	10	\$ 4,788,277	\$ 4,784,625	\$ 4,665,131
Sales of services	10	483,688	555,635	538,767
Other revenue from own sources	10	519,970	564,772	512,782
Government transfers for operating	11	2,155,600	2,193,445	2,184,364
Government transfers for water and sewer	11	432,000	432,267	432,267
Water and sewer revenues	5	1,847,332	1,950,752	1,824,251
Land sales, lease and development	9	553,288	574,048	530,063
Total Revenue		10,780,155	11,055,544	10,687,625
Expenditure				
General government	12	1,628,668	2,129,773	1,715,469
Protective services	13	829,606	693,402	615,401
Transportation and public works	14	1,666,276	2,221,509	1,889,705
Environmental and public health services	15	501,564	540,805	642,418
Planning and development	16	265,159	252,487	315,410
Recreational and cultural	17	2,694,968	2,913,229	2,786,874
Fiscal and valuation	18	435,238	539,183	440,279
Water and sewer expenses	5	2,549,517	2,827,130	2,474,117
Land development	9	421,986	363,768	324,189
Total Expenditures		10,992,982	12,481,286	11,203,862
Excess revenues over expenses before the undernoted		(212,827)	(1,425,742)	(516,237)
Other revenue (expenditure)				
Government transfers for capital	11	60,000	984,371	488,557
Gain (loss) on disposal of capital assets		-	(31,885)	(2,500)
		60,000	952,486	486,057
Excess (Deficiency of) revenues over expenses		\$ (152,827)	\$ (473,256)	\$ (30,180)
Other items affecting surplus				
Purchase of tangible capital assets		(4,781,450)	(1,248,529)	(1,397,701)
Repayment of debentures (principal only)		(135,649)	(112,541)	(130,432)
Appropriation to reserves		(1,012,035)	(301,858)	(1,117,694)
Transfer from reserve for current year expenditures		4,781,450	200,820	539,649
Transfer to utility fund		9,739	-	-
Transfer from investment in tangible capital assets		1,442,538	2,042,008	1,552,011
		304,593	579,900	(554,167)
Net revenue (expenditure) after items affecting surplus		151,766	106,644	(584,347)
Accumulated surplus, beginning of year		2,677,216	2,677,216	3,261,563
Accumulated surplus, end of year		\$ 2,828,982	\$ 2,783,860	\$ 2,677,216

* Reclassified for comparative purposes

TOWN OF HAY RIVER

Consolidated Statement of Cash Flows

Statement III

For the year ended December 31, 2011

	2011	*2010 (restated)
Operating Activities		
Net revenue, per Statement II	\$ 106,644	\$ (584,347)
Charges from operations		
(Gain) loss on disposal of capital assets	68,704	2,500
Accretion expense on landfill	35,485	33,248
Amortization of tangible capital assets	1,973,304	1,549,511
Net Investment in tangible capital assets	(793,479)	(154,310)
Long-term debt, principal and interest	317,840	288,169
	1,708,498	1,134,771
Add items not involving cash		
Appropriations to reserve	301,858	1,117,694
Cost of land sold	248,817	214,695
	2,259,173	2,467,160
Working capital-to-cash basis		
Receivables - (increase) decrease	1,338,784	(695,238)
Prepays - (increase) decrease	(3,668)	(5,678)
Inventory held for use - (Increase) decrease	39,986	(17,800)
Payables - increase (decrease)	736,539	(76,278)
Deferred revenue - increase (decrease)	(36,887)	(46,746)
Deferred contributions - increase (decrease)	3,566,347	1,809,525
Deposits held - increase (decrease)	2,006	1,635
Net cash from operations	7,902,280	3,436,580
Financing Activities		
Expenditures paid from reserve	-	(223,618)
Tangible capital assets paid from reserve	(200,820)	(316,032)
Principal repayment of long-term debt	(112,541)	(1,288,982)
Interest on long-term debt	(205,299)	(157,737)
Net cash from financing activities	(518,660)	(1,986,369)
Capital Activities		
Tangible capital assets acquired	(1,248,529)	(1,397,701)
Land development costs	(299,335)	(216,852)
Net cash from investing activities	(1,547,864)	(1,614,553)
Increase (decrease) in cash during the year	5,835,756	(164,342)
Bank accounts, opening	9,944,096	10,108,438
Bank accounts, closing	\$ 15,779,852	\$ 9,944,096
Represented by:		
General operating account	\$ (29,033)	\$ 1,655,928
Reserve and trust accounts	15,808,885	8,288,168
	\$ 15,779,852	\$ 9,944,096

* Reclassified for comparative purposes

TOWN OF HAY RIVER

Consolidated Statement of Changes in Net Financial Assets (Debt)

Statement IV

For the year ended December 31, 2011

	2011	2010 (restated)
Excess revenue (expenditure) for the year	\$ (473,256)	\$ (30,180)
Amortization of tangible capital assets	1,973,304	1,549,511
Acquisition of tangible capital assets	(1,248,529)	(1,397,701)
(Gain) loss on disposal of capital assets	68,704	2,500
Change in prepaid expenses	(3,668)	(5,678)
Change in inventory held for use	39,988	(17,800)
Increase in net financial assets	356,543	100,652
Net financial assets (debt), beginning of year	2,997,809	2,897,157
Net financial assets (debt), end of year	\$ 3,354,352	\$ 2,997,809

TOWN OF HAY RIVER
 Schedule of Changes in Accumulated Surplus

Statement V

December 31, 2011

	General Operating	Utility	Land Development	Reserves	Investment in Tangible Capital Assets	2011	2010 (restated)
Excess (Deficiency of) revenue over expenditures	\$ (220,472)	\$ (463,064)	\$ 210,280	\$ -	\$ -	\$ (473,256)	\$ (30,180)
Net interfund transfers							
Amortization	1,525,092	448,212	-	-	(1,973,304)	-	-
Gain (loss) on disposal of capital assets	33,752	34,952	-	-	(68,704)	-	-
Capital additions - Capital Funding	(526,702)	(457,664)	-	-	984,366	-	-
Capital additions - O&M	(185,308)	(78,855)	-	-	264,163	-	-
Debtenture (repayment)	(112,541)	-	-	-	112,541	-	-
Capital Lease	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Fund Transfer	(629,414)	629,414	-	-	-	-	-
Allocations to Reserves	143,991	(245,029)	-	101,038	-	-	-
Changes in fund balances	28,398	(132,034)	210,280	101,038	(680,938)	(473,256)	(30,180)
Accumulated Surplus, beginning of year	(186,019)	(310,935)	3,174,170	3,946,426	39,258,317	45,881,959	44,882,626
Accumulated Surplus, end of year (calculated)	\$ (157,621)	\$ (442,969)	\$ 3,384,450	\$ 4,047,464	\$ 38,577,379	\$ 45,408,703	\$ 44,852,446
Reserves	2010	Increase	Decrease	2011			
General Operating Fund	\$ 1,844,411	\$ 20,146	(131,198)	\$ 1,733,359			
Utility Operating Fund	2,102,015	281,712	(69,622)	2,314,105			
	\$ 3,946,426	\$ 301,858	(200,820)	\$ 4,047,464			

TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2011

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 Canadian Institute of Chartered Accountants. 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.

Revenue and Expenditure Recognition

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues, and expenditures recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

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.

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

Land Sales Revenue

Land sales revenue is recorded at the date when title has transferred and full proceeds have been received.

TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2011

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

Financial Instruments

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

Land 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 wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

Inventories Held for Use

Inventory held for use is recorded at cost.

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:

<u>Asset</u>	<u>Method</u>	<u>Rate</u>
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.

Accrued Banked Time and Vacation Pay

The Town accrues employee banked time and vacation pay to the extent that it is earned in the current period and can be carried forward for utilization in future periods.

TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2011

Note 1. Significant Accounting Policies (continued)

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.

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.

Reserves

Reserves are established for the purpose of accumulating funds for future operating and capital expenditure. Appropriations to reserve are generally charged to the appropriate operating fund.

Expenditures are charged to the appropriate operating fund; at the same time, an offsetting transfer from reserve is recorded in the operating fund and netted with the current year appropriation (if any).

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.

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 consolidated change in net financial assets (debt) for 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.

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 12 through schedule 18.

TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2011

Note 2. Cash

The General Fund maintains the cash for other funds not fully funded on their own.

If all interfund balances were settled and each fund thereby fully funded, the true cash position of each fund would be as follows:

	2011		2010
General Fund	\$ 13,144,707	\$	7,507,217
Utility Fund	1,871,136		1,832,630
Land Development Fund	764,009		604,249
	\$ 15,779,852	\$	9,944,096

Note 3. Municipal Taxes Receivable

	2011		2010
Current taxes and grant in lieu receivable	\$ 161,681	\$	627,744
Arrears taxes	144,052		153,523
	305,733		781,267
Allowance for doubtful collection	(33,431)		(14,475)
	\$ 272,302	\$	766,792

Note 4. Accounts Receivable

	2011		2010
General accounts receivable	\$ 157,690	\$	1,118,884
Utility system receivable	160,673		175,511
Ambulance receivable	130,331		87,036
Lease fees receivable	95,886		9,874
	544,580		1,391,305
Allowance for doubtful collection	(99,481)		(83,596)
	445,099		1,307,709
Goods and services tax refundable	76,292		57,976
	\$ 521,391	\$	1,365,685

Note 5. School Tax Payable

	2011		2010
Balance consists of:			
2011 levy	\$ 583,865	\$	-
2010 levy	12,026		67,207
2009 levy	5,504		9,362
2008 levy	969		934
2007 levy	566		687
2006 levy	117		155
2005 levy	48		48
2004 levy	114		114
2003 levy	114		114
2002 levy	81		81
	\$ 603,404	\$	78,702

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, 2011

Note 6. Accounts Payable and Accrued Liabilities

	2011	*2010
Trade accounts payable	\$ 1,013,436	\$ 754,556
Due to GNWT (payroll tax)	1,536	-
Accrued vacation pay and banked time	106,201	154,781
	\$ 1,121,173	\$ 909,337

* Reclassified for comparative purposes

Note 7. Deferred Contributions

	2011	*2010
Gas Tax Funding, Schedule 22	\$ 1,101,651	\$ 539,179
Community Public Infrastructure Funding, Schedule 23	5,730,534	4,858,080
Community Capacity Building Funding, Schedule 24	1,057,512	1,057,512
Build Canada Funding, Schedule 25	2,150,533	-
Public Transit Funding, Schedule 26	125,000	125,000
Ground Ambulance	-	15,722
Other Contributions	375	3,765
	\$ 10,165,605	\$ 6,599,258

* Reclassified for comparative purposes

Note 8. 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:

	2011	2010
General Operating Fund:		
Property taxes	\$ 18,956	\$ 2,396
Other	15,884	12,386
	\$ 34,840	\$ 14,782

Note 9. Reserves and Deferred Contributions

Sufficient funds must be deposited to separate bank accounts to correspond with the respective restricted reserve balances and deferred contribution amounts. Interest earned on the account is credited to the appropriate reserve. As at December 31, 2011, the Town had not complied with this requirement, as they are unable to verify the appropriate transfer amounts until after the audit has been complete. It is expected that the appropriate transfers will be made once the finalized audit statements have been received. There was a shortfall as follows:

TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2011

Note 9. **Reserves and Deferred Contributions (continued)**

	Account Balance	Cash Balance	Excess (Shortfall)
Reserves			
Management Training, Schedule 2	\$ 19,386		
Mobile Equipment, Schedule 2	768,570		
Computer System, Schedule 2	1,513		
Recreation Infrastructure, Schedule 2	77,111		
Recreation Center Replacement, Schedule 2	67,086		
Municipal Infrastructure, Schedule 2	646,881		
Landfill, Schedule 2	152,812		
	1,733,359	\$ 3,706,032	\$ 1,972,673
Utility Fund, per Schedule 6	2,314,105	2,229,759	(84,346)
	4,047,464	5,935,791	1,888,327
Deferred Contributions, Note 7			
Gas Tax Funding, Schedule 22	1,101,651	1,555,587	453,936
Community Public Infrastructure Funding, Schedule 23	5,730,534	6,167,788	437,254
Community Capacity Building Funding, Schedule 24	1,057,512	-	(1,057,512)
Build Canada Funding, Schedule 25	2,150,533	2,149,719	(814)
Public Transit Funding, Schedule 26	125,000	-	(125,000)
Other Contributions	375	-	(375)
	10,165,605	9,873,094	(292,511)
	\$ 14,213,069	\$ 15,808,885	\$ 1,595,816

Note 10. **Landfill Closure Liability**

During the year, the town adopted the solid waste landfill closure and post-closure liability accounting policy as set out by the Public Sector Accounting Handbook. As part of these policies, the Town is required to estimate future landfill closure costs and set aside a portion of these costs. Total closure and post-closure costs are estimated to be \$763,900 and the town has included \$497,023 (65%) as part of the site restoration liability. Costs for future environmental assessment and reclamation are estimated at \$266,877. The remaining estimated life of the landfill is 20 years and of the total capacity approximately 35% remains.

Estimates of future landfill closure costs are subject to significant measurement uncertainty. NWT landfill closure standards have not been established. The accuracy of the estimated closure costs is expected to improve when engineers determine standards for closing a section of the landfill.

As a result of the change in accounting policy the following adjustments were made to the financial statements as at December 31, 2011:

	2010
Increase in landfill closure liability	(461,538)
Decrease in opening balance - accumulated surplus	428,290
Increase in provision for landfill closure	33,248
	-

TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2011

Note 11. Inventory held for use

During the year the Town changed its accounting policy for inventory held for use to comply with changes in the Canadian Public Sector Accounting Standards. The Town has restated its financial statements to record inventory held for use as an asset on the balance sheet. Previously, inventory held for use was expensed in financial statements.

As a result of the change in accounting policy the following adjustments were made to the financial statements as at December 31, 2011:

	2010
Increase in inventory held for use	150,650
Increase in opening balance - accumulated surplus	(132,850)
Decrease in materials and supplies	(17,800)
	-

Note 12. Gas Tax Funding

During the year the Town was requested to provide supporting documentation for expenses paid through Gas Tax fund. After review the Town was disallowed claims of \$41,550 for internal wages of full-time staff due to lack of request to apply funding.

As a result of the error the following adjustments were made to the financial statements as at December 31, 2011:

	2010
Increase in deferred contributions for Gas Tax	41,550
Decrease in Government Transfers for Capital	(41,550)
	-

Note 13. Tangible Capital Assets

During the year the Town reviewed the tangible capital assets list in detail. It was noticed that some assets were not disposed of in the past and some additions had not been recorded. The Town has restated its financial statements to correctly record all asset additions and disposals in both the General fund and the Utility Fund.

The correction of these errors has resulted in the following adjustments to the financial statements as at December 31, 2011:

	2010
General Fund	
Decrease in opening balance - tangible capital assets	(98,171)
Decrease in opening balance - investment in tangible capital assets	102,253
Decrease in amortization expense	(4,082)
Utility Fund	
Decrease in opening balance - tangible capital assets	(10,349)
Decrease in opening balance - investment in tangible capital assets	12,944
Decrease in amortization expense	(2,595)
	-

The estimated useful life of linear infrastructure - roads was adjusted down from 50yrs to 25yrs to more accurately reflect the life span of roads in the north. This change in estimate directly impacts the amortization expense incurred in current and future years.

TOWN OF HAY RIVER

Notes to the Financial Statements

December 31, 2011

Note 14. **Operating Leases and Rental Payments**

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 over the next five years are as follows:

For the year ending December 31:

2012	\$	517,007
2013	\$	354,855
2014	\$	325,888
2015	\$	325,888
2016	\$	185,850

Note 15. **Contingencies**

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.

Note 16. **Pension Benefits**

Employees of the Town can participate in the Desjardins Financial Securities pension plan. This program is a defined contribution program providing pension plan benefits. Members, if they choose to be part of the pension plan, are required to make contributions ranging from 5% to 7.5% depending on the position held. The Town of Hay River is required to make matching contributions of this amount. Employees are permitted to make additional voluntary contributions up to the maximum combined amount of 18% of their salary. Total contributions by the Town to the program in 2011 were \$114,099 (2010 - \$94,866), which were expensed as incurred.

Note 17. **Credit Risk**

The Town is subject to financial risk that arises from the creditworthiness of the individuals and entities to which it provides goods and services. Credit risk arises from the possibility that those parties may experience financial difficulty and may not be able to fulfill their obligations to the Town. However, because the Town's customers and ratepayers represent a diverse group, there are no significant concentrations of credit risk. In addition, the Town has recourse to certain legislative remedies which reduce the risk of financial loss through unpaid accounts.

The allowance for doubtful accounts as shown represents management's best estimate of the credit risk exposure at year end.

Note 18. **Reclassification**

Certain prior year's figures have been reclassified for comparative purposes. Specifically, we reclassified the unspent portion of the Ground Ambulance and Public Transit funds, that were coded to repayable contributions in the 2010 audited financial statements, to deferred contributions (Note 7).

Note 19. **Budget**

The budgeted figures are those approved by Council and are unaudited.

TOWN OF HAY RIVER

General Fund
Schedule of Operations and Surplus

Schedule 1

For the year ended December 31, 2011

	Schedule	2011 Budget	2011 Actual	*2010 Actual
Revenue				
Property taxes	10	\$ 4,788,277	\$ 4,784,625	\$ 4,665,131
Sales of services	10	483,688	555,635	538,767
Other revenue from own sources	10	519,970	564,772	512,782
Government transfers for operating	11	2,155,600	2,193,445	2,184,364
Total Revenue		7,947,535	8,098,477	7,901,044
Expenditure				
General government	12	1,628,668	2,129,773	1,715,469
Protective services	13	829,606	693,402	615,401
Transportation and public works	14	1,666,276	2,221,509	1,889,705
Environmental and public health services	15	501,564	540,805	642,418
Planning and development	16	265,159	252,487	315,410
Recreational and cultural	17	2,694,968	2,913,229	2,786,874
Fiscal and valuation	18	435,238	539,183	440,279
Total Expenditure		8,021,479	9,290,388	8,405,556
Excess revenues over expenses before the undernoted		(73,944)	(1,191,911)	(504,512)
Other revenue (expenditure)				
Government transfers for capital	11	60,000	984,371	488,557
Gain (loss) on disposal of capital assets		-	(12,932)	(2,500)
		60,000	971,439	486,057
Excess (Deficiency of) revenues over expenses		\$ (13,944)	\$ (220,472)	\$ (18,455)
Other items affecting surplus				
Purchase of tangible capital assets		(1,961,450)	(712,010)	(864,977)
Repayment of debentures (principal only)		(135,649)	(112,541)	(130,432)
Appropriation to reserves (net of debenture payment)		(739,796)	12,793	(519,052)
Transfer from reserves for current year expenditures		1,961,450	131,198	539,649
Transfer to utility fund		(124,473)	(629,414)	(939,128)
Transfer from investment in tangible capital assets		1,017,101	1,558,844	1,117,335
		17,183	248,870	(796,605)
Net revenue (expenditure) after items affecting surplus		3,239	28,398	(815,060)
Surplus, beginning of year		(186,019)	(186,019)	629,041
Surplus, end of year		\$ (182,780)	\$ (157,621)	\$ (186,019)

* Reclassified for comparative purposes

TOWN OF HAY RIVER

Schedule 2

General Fund
Schedule of Reserves

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
Reserve for Mobile Equipment Replacement			
Balance, beginning of year	\$ 712,030	\$ 712,030	\$ 749,132
Current year appropriation			
- General Fund	94,257	143,643	146,517
- Utility Fund	9,739	19,845	7,402
Proceeds from sale of equipment			
- General Fund	-	-	-
- Utility Fund	-	13,094	-
Transfer from reserve for current year expenditure			
- General Fund	-	(120,042)	(191,021)
- Utility Fund	-	-	-
Balance, end of year	\$ 816,026	\$ 768,570	\$ 712,030
Reserve for Management Training			
Balance, beginning of year	\$ 19,166	\$ 19,166	\$ 19,129
Current year appropriation	-	220	37
Transfer from reserve for current year expenditure	-	-	-
Balance, end of year	\$ 19,166	\$ 19,386	\$ 19,166
Reserve for Recreation Infrastructure			
Balance, beginning of year	\$ 318,298	\$ 318,298	\$ 311,722
Current year appropriation	263,000	76,652	299,382
Less debenture repayments	-	(317,839)	(267,806)
Transfer from reserve for current year expenditure	-	-	(25,000)
Balance, end of year	\$ 581,298	\$ 77,111	\$ 318,298
Reserve for Municipal Infrastructure			
Balance, beginning of year	\$ 627,550	\$ 627,550	\$ 508,957
Current year appropriation	362,800	19,331	316,753
Transfer from reserve for current year expenditure	-	-	(198,160)
Balance, end of year	\$ 990,350	\$ 646,881	\$ 627,550
Reserve for Computer Systems			
Balance, beginning of year	\$ 2,639	\$ 2,639	\$ 8,622
Current year appropriation	10,000	10,030	10,017
Transfer from reserve for current year expenditure	-	(11,156)	(16,000)
Balance, end of year	\$ 12,639	\$ 1,513	\$ 2,639
Reserve for Landfill			
Balance, beginning of year	\$ 151,079	\$ 151,079	\$ 260,044
Current year appropriation	-	1,733	503
Transfer from reserve for current year expenditure	-	-	(109,468)
Balance, end of year	\$ 151,079	\$ 152,812	\$ 151,079
Reserve for Recreation Center Replacement			
Balance, beginning of year	\$ 13,649	\$ 13,649	\$ -
Current year appropriation	-	53,437	13,649
Balance, end of year	\$ 13,649	\$ 67,086	\$ 13,649
Total Reserves			
Balance, beginning of year	\$ 1,844,411	\$ 1,844,411	\$ 1,857,606
Current year appropriation			
- General Fund	730,057	(12,793)	519,052
- Utility Fund	9,739	32,939	7,402
Transfer from reserve for current year expenditure			
- General Fund	-	(131,198)	(539,649)
- Utility Fund	-	-	-
Balance, end of year	\$ 2,584,207	\$ 1,733,359	\$ 1,844,411

* Reclassified for comparative purposes

TOWN OF HAY RIVER

Schedule 3

General Fund
Schedule of Investment in Tangible Capital Assets

For the year ended December 31, 2011

	2011	2010
Opening balance	\$ 23,261,127	\$ 23,383,053
Long-term debt retired		
Debentures	112,541	130,432
Tangible capital assets acquired	712,010	864,977
Amortization of capital assets	(1,525,092)	(1,114,835)
Cost of tangible capital assets disposed of	(88,967)	(2,500)
Adjustments to accumulated amortization on disposals	55,215	-
Closing balance	\$ 22,526,834	\$ 23,261,127

	2011	2010
Tangible capital assets, Schedule 20	\$ 40,173,276	\$ 39,550,233
Accumulated amortization, Schedule 20	(14,332,519)	(12,862,642)
Long-term debt, Schedule 21	(3,313,923)	(3,426,464)
Closing balance	\$ 22,526,834	\$ 23,261,127

TOWN OF HAY RIVER

Schedule 4

General Fund
Schedule of Capital Financing

For the year ended December 31, 2011

	2011	2010
Source of Funds		
Transfers From		
General Fund revenue	\$ 54,110	\$ 562,659
General Fund grant received	510,980	27,836
General Fund deferred contributions	15,722	-
General Fund reserve	131,198	274,482
	\$ 712,010	\$ 864,977

Use of Funds

Tangible Capital Assets		
Linear structures	\$ 97,353	\$ 208,834
Buildings	48,822	124,714
Land	-	-
Machinery and equipment	341,442	468,554
Work in progress	224,393	62,875
	\$ 712,010	\$ 864,977

TOWN OF HAY RIVER

Utility Fund

Schedule of Operations and Surplus

Schedule 5

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
Revenue			
Water and sewer billings	\$ 1,836,203	\$ 1,910,787	\$ 1,809,568
Government transfers for water and sewer operations	432,000	432,267	432,267
Frontage taxation	3,129	3,129	3,129
Interest on reserves	-	19,212	-
Other revenues	3,000	12,017	5,704
Maintenance service	5,000	5,607	5,850
Gain (loss) on disposal of tangible capital assets	-	(18,953)	-
	<u>2,279,332</u>	<u>2,364,066</u>	<u>2,256,518</u>
Expenditure			
Overhead charges from General Fund			
Administration	169,599	187,114	187,540
Public Works	38,455	47,108	44,307
Salaries and benefits	367,584	358,468	333,722
Transmission and distribution	627,650	823,556	558,898
Trucked water delivery service	880,794	930,972	880,794
Trucked sewage subsidy	40,000	31,700	34,180
Amortization of tangible capital assets	425,435	448,212	434,676
	<u>2,549,517</u>	<u>2,827,130</u>	<u>2,474,117</u>
Excess (Deficiency of) revenues over expenses	\$ (270,185)	\$ (463,064)	\$ (217,599)
Other items affecting surplus			
Purchase of tangible capital assets	(2,820,000)	(536,519)	(532,724)
Appropriation to reserve for utility Infrastructure	(262,500)	(281,712)	(591,240)
Transfer from reserve for current year expenditure	2,820,000	69,622	-
Net transfer from (to) reserve for mobile equipment	(9,739)	(32,939)	(7,402)
Transfer from investment in tangible capital assets	425,437	483,164	434,676
Transfer from General Fund	134,212	629,414	939,128
	<u>287,410</u>	<u>331,030</u>	<u>242,438</u>
Net revenue (expenditure) after items affecting surplus	17,225	(132,034)	24,839
Surplus (Deficit), beginning of the year	(310,935)	(310,935)	(335,774)
Surplus (Deficit), end of the year	\$ (293,710)	\$ (442,969)	\$ (310,935)

* Reclassified for comparative purposes

TOWN OF HAY RIVERUtility Fund
Schedule of Reserves

Schedule 6

For the year ended December 31, 2011

	2011 Budget	2011 Actual	2010 Actual
Reserve for Utility Infrastructure			
Balance, beginning of year	\$ 2,102,015	\$ 2,102,015	\$ 1,510,775
Current year appropriation	262,500	281,712	591,240
Transfer from reserve for current year expenditure	(270,000)	(69,622)	-
Balance, end of year	\$ 2,094,515	\$ 2,314,105	\$ 2,102,015

TOWN OF HAY RIVERUtility Fund
Schedule of Investment in Tangible Capital Assets

Schedule 7

For the year ended December 31, 2011

	2011	2010
Opening balance	\$ 15,997,190	\$ 15,899,142
Tangible capital assets acquired	536,519	532,724
Amortization of capital assets	(448,212)	(434,676)
Cost of tangible capital assets disposed of	(209,802)	-
Accumulated amortization of capital assets disposed of	174,850	-
Closing balance	\$ 16,050,545	\$ 15,997,190

	2011	2010
Tangible capital assets, Schedule 20	\$ 22,490,668	\$ 22,163,951
Accumulated amortization, Schedule 20	(6,440,123)	(6,166,761)
Long-term debt, Schedule 21	-	-
Closing balance	\$ 16,050,545	\$ 15,997,190

TOWN OF HAY RIVERUtility Fund
Schedule of Capital Financing

Schedule 8

For the year ended December 31, 2011

	2011	2010
Source of Funds		
Transfers from		
Utility Fund revenue	\$ 9,232	\$ 56,281
Utility Fund reserve	69,623	-
Utility Fund grant received	457,664	476,443
	\$ 536,519	\$ 532,724
Use of Funds		
Tangible Capital Assets		
Infrastructure upgrade	\$ 457,664	\$ 517,993
Buildings	16,110	-
Machinery and equipment	31,545	14,731
Work in progress	31,200	-
	\$ 536,519	\$ 532,724

TOWN OF HAY RIVERLand Development Fund
Schedule of Operations and Surplus

Schedule 9

For the year ended December 31, 2011

	2011 Budget	2011 Actual	2010 Actual
Revenue			
Land sales	\$ 274,150	\$ 238,124	\$ 281,953
Land leases	276,923	322,670	243,193
Legal and transfer fees recovered	1,815	8,554	5,034
Interest and penalties	400	4,700	(117)
Total Revenue	553,288	574,048	530,063
Expenditure			
Cost of land sold	293,451	248,817	214,695
Land leases	35,460	70,662	34,718
Overhead charges from General Fund			
Administration	69,158	29,460	21,967
Public Works	15,097	8,000	15,624
Professional fees	7,420	6,785	15,819
Search fees and sundry	1,400	44	1,003
Debenture interest	-	-	20,363
Total Expenditure	421,986	363,768	324,189
Excess (Deficiency of) revenues over expenses	\$ 131,302	\$ 210,280	\$ 205,874
Surplus, opening	3,174,170	3,174,170	2,968,296
Surplus, closing	\$ 3,305,472	\$ 3,384,450	\$ 3,174,170

TOWN OF HAY RIVER

Schedule 10

General Fund
Schedule of Revenue

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
Property taxes	\$ 4,616,034	\$ 4,629,803	\$ 4,502,638
Grants in Lieu of Taxes			
Federal	152,716	151,554	152,268
Territorial	570,095	570,095	560,550
NWT Power Corporation	50,012	50,861	40,358
Less school taxes	(600,580)	(617,688)	(590,683)
	\$ 4,788,277	\$ 4,784,625	\$ 4,665,131
Sales of Services			
Recreation			
- Pool	\$ 94,700	\$ 83,741	\$ 80,593
- Community center	204,282	178,472	191,601
- Curling club rental	30,006	28,506	26,864
- Ballpark rental	5,900	6,500	7,994
- Other	18,750	78,418	69,971
Collection fee school taxes	5,000	5,000	5,000
Dump tipping fees	18,200	20,975	18,242
Ambulance	96,300	149,523	98,100
Public works costs recovered	2,000	3,000	9,520
Start Your Engines	-	-	25,000
Other	8,550	1,500	5,882
	\$ 483,688	\$ 555,635	\$ 538,767
Other Revenue From Own Sources			
Franchise fee	\$ 265,970	\$ 270,922	\$ 265,970
Licenses and permits	130,000	100,076	114,874
Fines and dog pound fees	2,000	4,005	2,552
Interest and penalties	104,000	141,789	112,097
Insurance proceeds and programs	-	28,349	-
Discounts allowed on school tax	18,000	19,631	17,289
	\$ 519,970	\$ 564,772	\$ 512,782

* Reclassified for comparative purposes

TOWN OF HAY RIVER

General Fund
Schedule of Revenue

Schedule 11

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
Government Transfers			
General - GNWT			
Operating and Maintenance Block Funding	\$ 2,112,000	\$ 2,112,000	\$ 2,112,000
Sport and Recreation (31%)	9,000	9,000	8,000
Ground Ambulance	-	-	33,164
SEED - Community Economic Development	8,100	45,589	-
Other Miscellaneous Grants	-	7,266	-
General - Federal			
Summer Employment	15,000	10,825	15,840
Celebrate Canada	11,500	5,000	19,125
	2,155,600	2,189,680	2,188,129
Transfers (to) from deferred revenues			
Other Miscellaneous Grants	-	3,765	(3,765)
	\$ 2,155,600	\$ 2,193,445	\$ 2,184,364
Utility - GNWT			
Water and Sewer Block Funding	\$ 432,000	\$ 432,267	\$ 432,267
Capital - GNWT			
Community Public Infrastructure Funding	\$ 1,259,640	\$ 1,259,640	\$ 1,259,640
Gas Tax	1,036,607	1,015,622	1,015,622
Build Canada	-	2,127,649	-
Sport and Recreation (69%)	20,000	20,000	21,000
Ground Ambulance	40,000	40,000	6,836
	2,356,247	4,462,911	2,303,098
Interest earned on deferred contributions			
Community Public Infrastructure Funding	-	58,755	6,943
Gas Tax	-	9,558	-
Build Canada	-	22,884	-
	-	91,197	6,943
Transfers (to) from deferred contributions			
Community Public Infrastructure Funding	(1,259,640)	(872,454)	(1,266,583)
Gas Tax	(1,036,607)	(562,472)	(539,179)
Build Canada	-	(2,150,533)	-
Ground Ambulance	-	15,722	(15,722)
	(2,296,247)	(3,569,737)	(1,821,484)
	\$ 60,000	\$ 984,371	\$ 488,557

* Reclassified for comparative purposes

TOWN OF HAY RIVER

General Fund
Schedule of Expenditure

Schedule 12

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
General Government			
Mayor's indemnity	\$ 42,450	\$ 42,604	\$ 41,605
Councilors' indemnity	79,300	75,555	78,003
Boards and agencies indemnities and meeting expenses	5,600	5,008	3,189
Administration - salaries and benefits	982,046	1,439,505	969,564
Administration - other	328,240	314,111	308,358
Vehicle	-	1,749	-
Postage	5,800	2,675	7,064
Xerox	14,200	9,933	14,311
Professional services	59,000	67,873	101,462
Taxation	5,500	4,558	5,865
Insurance	93,550	79,339	102,617
Lease fees	2,540	-	2,490
Town hall operations	73,825	67,911	67,966
Town hall building maintenance	19,493	12,864	34,770
Town hall equipment maintenance	150	18,380	370
Personnel interviews, advertising, memberships and publications	18,600	34,007	44,873
Election expense	-	-	-
Conventions, delegations and public relations	50,000	59,250	69,513
Grants administered by Town	26,000	20,355	5,706
Amortization of tangible capital assets	61,131	90,670	67,250
	1,867,425	2,346,347	1,924,976
Deduct overhead charged to:			
Utility Fund	(169,599)	(187,114)	(187,540)
Land Development Fund	(69,158)	(29,460)	(21,967)
	\$ 1,628,668	\$ 2,129,773	\$ 1,715,469

* Reclassified for comparative purposes

TOWN OF HAY RIVER

General Fund
Schedule of Expenditure

Schedule 13

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
Protective Services			
Insurance	\$ 14,600	\$ 13,294	\$ 13,909
Bylaw enforcement	73,723	69,391	12,318
Bylaw vehicle maintenance	9,000	3,818	27
Fire protection	373,841	337,368	274,112
Fire department vehicle maintenance	20,600	22,164	29,307
Fire department building maintenance	7,683	2,368	10,216
Emergency response training center	26,070	8,306	12,933
Civil emergency	42,389	17,455	18,904
Ambulance	91,400	52,223	71,118
Animal and pest control	65,736	55,935	57,526
Amortization of tangible capital assets	104,564	111,080	115,031
	\$ 829,606	\$ 693,402	\$ 615,401

* Reclassified for comparative purposes

TOWN OF HAY RIVER

General Fund
Schedule of Expenditure

Schedule 14

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
Transportation and Public Works			
Public works			
Administration	\$ 355,365	\$ 363,310	\$ 340,270
Vehicle maintenance	200	8,986	230
Equipment operations administration	2,500	-	80
Vehicle operations maintenance	103,763	119,159	134,486
Town garage			
Yards	97,254	96,767	107,439
Building maintenance	85,136	42,536	26,980
Equipment maintenance	-	-	8
Carpenter shop	68,203	56,559	74,641
Vehicle maintenance	887	156	1,094
Building maintenance	1,000	2,215	1,522
Equipment maintenance	200	-	-
Roads			
General roads	28,600	57,936	60,537
Summer roads	145,912	250,541	312,472
Roads brushing	8,522	20,975	7,707
Sidewalks	18,114	6,629	23,210
Drainage	42,247	42,837	12,916
Winter roads	176,119	199,893	238,464
Street lighting	164,500	155,244	156,377
Parking	-	-	989
Road safety	18,592	14,027	19,821
Marine world	500	-	-
Amortization of tangible capital assets	402,214	838,847	430,393
	1,719,828	2,276,617	1,949,636
Deduct overhead charged to:			
Utility Fund	(38,455)	(47,108)	(44,307)
Land Development Fund	(15,097)	(8,000)	(15,624)
	\$ 1,666,276	\$ 2,221,509	\$ 1,889,705

* Reclassified for comparative purposes

TOWN OF HAY RIVER

Schedule 15

General Fund
Schedule of Expenditure

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
Environmental and Public Health Services			
Sanitation operations	\$ 441,640	\$ 343,098	\$ 334,193
Landfill			
Maintenance	25,372	125,805	251,051
Accretion expense on landfill	-	35,486	33,248
Amortization of tangible capital assets	8,955	6,231	6,231
Annual town clean-up	16,690	5,896	9,188
Cemetery			
Maintenance	3,282	18,281	2,319
Amortization of tangible capital assets	5,625	6,008	6,188
	\$ 501,564	\$ 540,805	\$ 642,418

* Reclassified for comparative purposes

TOWN OF HAY RIVER

Schedule 16

General Fund
Schedule of Expenditure

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
Planning and Development			
Planning and Zoning	\$ 114,082	\$ 119,235	\$ 148,239
Tourism	113,958	121,951	83,692
Building and yard maintenance	17,578	5,726	15,245
Programs	5,000	-	6,608
Amortization of tangible capital assets	5,541	5,575	6,096
Economic development	9,000	-	-
Start Your Engines	-	-	55,530
	\$ 265,159	\$ 252,487	\$ 315,410

* Reclassified for comparative purposes

TOWN OF HAY RIVER

General Fund
Schedule of Expenditure

Schedule 17

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
Recreational and Cultural			
Recreation administration	\$ 412,106	\$ 499,745	\$ 484,985
Insurance	-	-	26,689
Vehicle maintenance	10,445	7,410	12,362
Recreation centre operations	496,529	561,961	534,136
Building maintenance	30,599	80,072	42,023
Mechanical maintenance	19,974	18,960	7,643
Swimming pool operations	595,819	634,502	599,985
Building maintenance	13,045	43,009	23,166
Mechanical maintenance	21,233	28,098	22,383
Curling club operations	96,800	88,027	91,800
Building maintenance	3,785	4,936	9,190
Sports fields	30,515	11,158	28,162
Parkland	134,238	125,621	107,748
Library	169,334	169,334	163,468
Museum	13,000	13,000	-
Community television	72,428	72,428	71,008
Recreation programs	146,047	88,288	78,482
Amortization of tangible capital assets	429,071	466,680	483,644
	\$ 2,694,968	\$ 2,913,229	\$ 2,786,874

* Reclassified for comparative purposes

TOWN OF HAY RIVER

General Fund
Schedule of Expenditure

Schedule 18

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
Fiscal and Valuation			
Discount on taxes	\$ 134,200	\$ 150,989	\$ 133,042
Debenture interest	132,200	205,299	137,374
Bank charges	10,815	10,811	9,344
Senior/disabled tax exemptions	153,023	137,243	145,737
Provision for (recovery of) bad debts, Note 8	5,000	34,841	14,782
	\$ 435,238	\$ 539,183	\$ 440,279

* Reclassified for comparative purposes

TOWN OF HAY RIVER

Schedule of Expenditures by Object

Schedule 19

For the year ended December 31, 2011

	2011 Budget	2011 Actual	*2010 Actual
Salaries, wages and benefits	\$ 3,512,061	\$ 4,014,323	\$ 3,402,297
Mayor, council and other indemnities	410,984	387,957	437,996
Office and administration	208,946	202,871	196,232
Community T.V.	72,428	72,428	71,008
Advertising and promotion	106,877	145,567	85,831
Professional services and training	432,335	527,057	519,119
Insurance	187,950	203,907	192,659
Construction and maintenance supplies	694,737	832,434	765,285
Contracted services	1,232,670	1,301,039	1,359,749
Land, machinery and equipment rent	169,400	180,142	142,001
Utilities - Electricity	641,605	636,540	637,909
Utilities - Sanitation	369,405	370,245	359,993
Utilities - Water/Sewer	64,224	55,723	64,849
Utilities - Heating fuel	502,950	511,843	498,103
Vehicle operations	115,400	137,654	140,919
Equipment and vehicle fuel	74,000	84,402	66,050
Interest and bank charges	10,600	10,822	9,404
Interest on long-term debt	132,200	205,299	157,737
Provision for bad debts	5,000	34,840	14,782
Discount on taxes	134,200	150,989	133,042
Grants	179,023	157,598	151,443
Cost of land sold	293,451	248,817	214,695
Expenditures before the undernoted	9,550,446	10,472,497	9,621,103
Accretion expense on landfill	-	35,485	33,248
Amortization of tangible capital assets	1,442,536	1,973,304	1,549,511
	\$ 10,992,982	\$ 12,481,286	\$ 11,203,862

* Reclassified for comparative purposes

TOWN OF HAY RIVER
 Schedule of Tangible Capital Assets
 December 31, 2011

Schedule 20

General Fund	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
Linear Structures										
Roads, sidewalks, parking lots	\$ 10,185,378	\$ 30,903	\$ -	\$ 10,216,281	\$ 1,945,634	\$ 8,239,744	\$ -	\$ 600,324	\$ 2,545,958	\$ 7,670,323
Recreation facilities	762,711	37,747	-	800,458	187,391	575,320	-	31,497	218,888	581,570
Marine facilities	156,731	-	-	156,731	81,500	75,231	-	6,269	87,769	68,962
Land Bio treatment facility	137,550	-	-	137,550	16,059	121,491	-	2,751	18,810	118,740
Street lighting	-	-	-	-	-	-	-	-	-	-
Drainage	2,540,836	28,703	-	2,569,539	571,381	1,969,455	-	102,782	674,163	1,895,376
Traffic lights	109,098	-	-	109,098	37,288	71,810	-	3,637	40,925	68,173
	13,892,304	97,353	-	13,989,657	2,839,253	11,053,051	-	747,260	3,586,513	10,403,144
Buildings										
Administration	852,200	-	-	852,200	494,276	357,924	-	17,044	511,320	340,880
Fire halls	1,145,000	-	-	1,145,000	428,909	716,091	-	24,078	452,987	692,013
Generator building	116,400	-	-	116,400	32,010	84,390	-	2,910	34,920	81,480
Emergency response training center	240,400	-	-	240,400	54,090	186,310	-	6,010	60,100	180,300
Fire training centers	325,100	-	-	325,100	107,217	217,883	-	9,289	116,506	208,594
Tourist information	176,600	-	-	176,600	75,686	100,914	-	5,046	80,732	95,868
Arena complex	5,940,884	5,309	-	5,946,193	2,681,345	3,259,539	-	125,721	2,807,066	3,139,127
Aquatic facility	7,739,800	27,080	-	7,766,880	580,485	7,159,315	-	194,849	775,334	6,991,546
Golf clubhouse	918,800	-	-	918,800	275,640	643,160	-	22,970	298,610	620,190
Ski chalet	588,200	-	-	588,200	132,345	455,855	-	14,705	147,050	441,150
Public works garages	969,722	-	-	969,722	480,987	488,735	-	24,055	505,042	464,680
Carpentry	175,432	-	-	175,432	99,047	76,385	-	3,959	103,006	72,426
Land fill	69,600	-	-	69,600	62,640	6,960	-	3,480	66,120	3,480
Storage	228,314	16,433	-	244,747	30,620	197,694	-	9,942	40,562	204,185
Staff house	170,000	-	-	170,000	19,566	150,434	-	4,853	24,419	145,581
Dog pound	157,400	-	-	157,400	51,155	106,245	-	3,935	55,090	102,310
Ball parks	157,082	-	32,710	124,372	60,791	96,291	20,561	43,878	80,494	80,494
Other	76,885	-	-	76,885	37,389	39,496	-	2,217	39,606	37,279
	20,047,819	48,822	32,710	20,063,931	5,704,198	14,343,621	20,561	478,711	6,162,348	13,901,583
Machinery and Equipment										
Vehicles	2,990,380	136,042	37,035	3,089,387	2,559,565	430,815	34,654	135,474	2,660,385	429,002
Heavy equipment	96,948	1,000	-	97,948	66,953	29,995	-	4,344	71,297	26,651
Office furniture and equipment	621,329	14,250	-	635,579	439,762	181,567	-	36,545	476,307	159,272
Operating Equipment	1,071,626	134,197	-	1,205,823	763,521	308,105	-	69,894	833,115	372,708
Computer Equipment	181,585	13,753	-	195,338	149,529	32,056	-	28,041	177,570	17,768
IT Infrastructure	389,275	42,200	-	431,475	339,861	49,414	-	25,123	364,984	66,491
	5,351,143	341,442	37,035	5,655,550	4,319,191	1,031,952	34,654	299,121	4,563,658	1,071,892
Work in progress	64,125	224,393	19,222	269,296	-	64,125	-	-	-	269,296
Land	142,624	-	-	142,624	-	142,624	-	-	-	142,624
Art Work	52,218	-	-	52,218	-	52,218	-	-	-	52,218
Tangible Capital Assets - General Fund	\$ 39,550,233	\$ 712,010	\$ 88,967	\$ 40,173,276	\$ 12,862,642	\$ 26,687,591	\$ 55,215	\$ 1,525,092	\$ 14,332,519	\$ 25,840,757
Utility Fund										
Water and Sewer System	\$ 14,304,576	\$ 457,664	\$ 106,821	\$ 14,655,419	\$ 2,605,950	\$ 11,698,626	\$ 74,775	\$ 291,446	\$ 2,822,621	\$ 11,832,798
Buildings	5,881,500	16,110	-	5,897,610	1,677,263	4,204,237	-	120,513	1,797,776	4,099,834
Land	1,000	-	-	1,000	-	1,000	-	-	-	1,000
Vehicles	416,037	-	102,981	313,056	364,025	52,012	100,075	11,785	275,735	37,321
Heavy Equipment	33,741	-	-	33,741	30,055	3,686	-	527	30,582	3,159
Furniture & Equipment	1,527,097	31,545	-	1,558,642	1,489,468	37,629	-	23,941	1,513,409	45,233
Work in progress	-	31,200	-	31,200	-	-	-	-	-	31,200
Tangible Capital Assets - Utility Fund	\$ 22,163,951	\$ 536,519	\$ 209,802	\$ 22,490,668	\$ 6,166,761	\$ 15,997,190	\$ 174,850	\$ 448,212	\$ 6,440,123	\$ 16,050,545
Total Tangible Capital Assets	\$ 61,714,184	\$ 1,248,529	\$ 298,769	\$ 62,663,944	\$ 19,029,403	\$ 42,694,781	\$ 230,065	\$ 1,973,304	\$ 20,772,642	\$ 41,891,302

TOWN OF HAY RIVER

Debentures Issued

Schedule 21

December 31, 2011

No.	Description	Issue Date	Maturity Date	Rate %	Payment	Principal Balance 2011	Principal Balance 2010
105	** Aquatic Facility - CIBC	03/16/05	- - -	3.96	*\$ 22,317	\$ -	\$ 3,426,464
105	** Aquatic Facility - RBC	2/23/11	2/25/16	4.93	*\$ 23,021	3,313,923	-
						\$ 3,313,923	\$ 3,426,464

* Principal and interest included, payable monthly

** Aquatic facility loan balance was transferred from the CIBC to RBC effective Feb 23, 2011

PRINCIPAL AND INTEREST PAYMENTS DUE WITHIN THE NEXT FIVE YEARS

	Principal	Interest	Total
2012	\$ 115,458	\$ 160,791	\$ 276,249
2013	121,280	154,969	276,249
2014	127,396	148,853	276,249
2015	133,821	142,428	276,249
2016	140,570	135,679	276,249
Subsequent	2,675,398	968,976	3,644,374
	\$ 3,313,923	\$ 1,711,696	\$ 5,025,619

Schedule 22

TOWN OF HAY RIVER
 Gas Tax Agreement
 Statement of Revenue, Expenditure and Deferred Contribution

For the year ended December 31, 2011

	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	Cumulative April 21/06 to December 31/11
Funding							
Deferred contribution balance, opening	\$ -	\$ 11,990	\$ -	\$ 344,184	\$ -	\$ 539,179	\$ -
Annual Gas Tax allocation	614,522	411,453	515,645	1,036,607	1,015,622	1,015,622	4,609,471
Interest earned	311	161	-	233	-	9,558	10,263
	614,833	423,604	515,645	1,381,024	1,015,622	1,564,359	4,619,734
Funds Spent							
Stewart Drive Drainage and Restoration	602,843	423,604	31,923	1,381,024	-	5,039	2,444,433
Woodland Drive Water Main Repairs	-	-	139,538	-	517,993	9,750	667,281
Adjustment for ineligible expenses 2010	-	-	-	-	(41,550)	-	(41,550)
Studney/Poplar Water Main Replacement	-	-	-	-	-	447,914	447,914
Bank Charges	-	-	-	-	-	5	5
	602,843	423,604	171,461	1,381,024	476,443	462,708	3,518,083
Deferred contribution balance, closing	\$ 11,990	\$ -	\$ 344,184	\$ -	\$ 539,179	\$ 1,101,651	\$ 1,101,651

Stewart Drive Drainage and Restoration
 Repaired storm damage to Stewart Drive, installed new drainage system to resolve drainage problems, pave street and install new sidewalks.

Woodland Drive Water Main Repairs
 Repair waterline breakage on Woodland Drive, update drainage system and repave street.

Studney/Poplar Water Main Replacement
 Replace waterline on Studney Drive and Poplar Road

Schedule 23

TOWN OF HAY RIVER
Community Public Infrastructure Agreement
Statement of Revenue, Expenditure and Deferred Contribution

For the year ended December 31, 2011

	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	Cumulative April 1/07 to December 31/11
Funding						
Deferred contribution balance, opening	\$ -	\$ 1,037,051	\$ 2,329,836	\$ 3,591,497	\$ 4,858,080	\$ -
Annual CPI allocation	1,016,349	1,259,640	1,259,640	1,259,640	1,259,640	6,054,909
Interest earned	20,702	33,145	2,021	6,943	58,755	121,566
	1,037,051	2,329,836	3,591,497	4,858,080	6,176,475	6,176,475
Funds Spent						
Delancey Estates road chip sealing	-	-	-	-	25,864	25,864
Miron Drive weeping tile	-	-	-	-	28,703	28,703
Trans Canada Trail	-	-	-	-	6,062	6,062
Gord Thompson Park equipment installation	-	-	-	-	3,185	3,185
Don Wright Park drainage	-	-	-	-	8,500	8,500
Aquatic center external stairs	-	-	-	-	27,080	27,080
Recreation center lighting	-	-	-	-	5,309	5,309
Recreation storage garage	-	-	-	-	16,433	16,433
Fire department bunker gear	-	-	-	-	19,237	19,237
IT servers	-	-	-	-	38,200	38,200
Various furniture and equipment	-	-	-	-	42,975	42,975
WIP - golf course road	-	-	-	-	25,819	25,819
WIP - new fire hall plan	-	-	-	-	168,004	168,004
WIP - new town hall plan	-	-	-	-	6,027	6,027
WIP - downtown survey	-	-	-	-	16,900	16,900
WIP -Vale Island culverts	-	-	-	-	7,643	7,643
	-	-	-	-	445,941	445,941
Deferred contribution balance, closing	\$ 1,037,051	\$ 2,329,836	\$ 3,591,497	\$ 4,858,080	\$ 5,730,534	\$ 5,730,534

Schedule 24

TOWN OF HAY RIVER
Community Capacity Building Fund
Statement of Revenue, Expenditure and Deferred Contribution

For the year ended December 31, 2011

	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	Cumulative Jul 31/07 to Dec 31/11
Funding						
Deferred contribution balance, opening	\$ -	\$ 1,057,512	\$ 1,057,512	\$ 1,057,512	\$ 1,057,512	\$ -
Annual allocation	1,614,100	-	-	-	-	1,614,100
Interest earned	-	-	-	-	-	-
	1,614,100	1,057,512	1,057,512	1,057,512	1,057,512	1,614,100
Funds Spent						
Aboriginal Center Improvements	350,000	-	-	-	-	350,000
Playground refurbishment and enhancement	206,588	-	-	-	-	206,588
	556,588	-	-	-	-	556,588
Deferred contribution balance, closing	\$ 1,057,512	\$ 1,057,512	\$ 1,057,512	\$ 1,057,512	\$ 1,057,512	\$ 1,057,512

Schedule 25

TOWN OF HAY RIVER
Build Canada Funding
Statement of Revenue, Expenditure and Deferred Contribution

For the year ended December 31, 2011

	2010 Actual	2011 Actual	Cumulative Sep 29/10 to Dec 31/11
Funding			
Deferred contribution balance, opening	\$ -	\$ -	\$ -
Annual allocation	-	2,127,649	2,127,649
Interest earned	-	22,884	22,884
	-	2,150,533	2,150,533
Funds Spent			
	-	-	-
	-	-	-
Deferred contribution balance, closing	\$ -	\$ 2,150,533	\$ 2,150,533

Schedule 26

TOWN OF HAY RIVER
Public Transit Funding
Statement of Revenue, Expenditure and Deferred Contribution

For the year ended December 31, 2011

	2007	2008 Actual	2009 Actual	2010 Actual	2011 Actual	Cumulative Nov 26/07 to Dec 31/11
Funding						
Deferred contribution balance, opening	\$ -	\$ -	\$ 125,000	\$ 125,000	\$ 125,000	\$ -
Annual allocation	-	190,310	-	-	-	190,310
Interest earned	-	-	-	-	-	-
	-	190,310	125,000	125,000	125,000	190,310
Funds Spent						
Handi bus transportation	-	65,310	-	-	-	65,310
	-	65,310	-	-	-	65,310
Deferred contribution balance, closing	\$ -	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000

TOWN OF HAY RIVER

Schedule of Honoraria and Travel

Schedule 27

For the year ended December 31, 2011

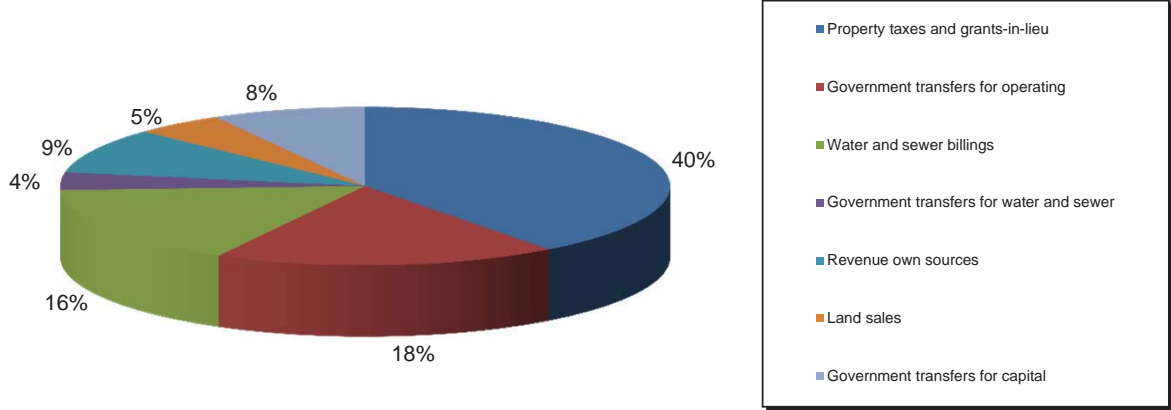
	Salaries		Honoraria		Travel	
Mayor						
Kelly Schofield	\$	-	\$	42,604	\$	2,747
Councilor						
Mike Maher	\$	-	\$	12,059	\$	184
Kevin Wallington		-		9,645		-
Ken Latour		-		9,645		-
Dawna O'Brien		-		9,645		3,732
Bernard Dueck		-		9,645		1,733
Andrew Cassidy		-		9,645		-
Bernard Langille		-		9,645		-
Reiss Kruger		-		5,626		864
	\$	-	\$	75,555	\$	6,513

TOWN OF HAY RIVER

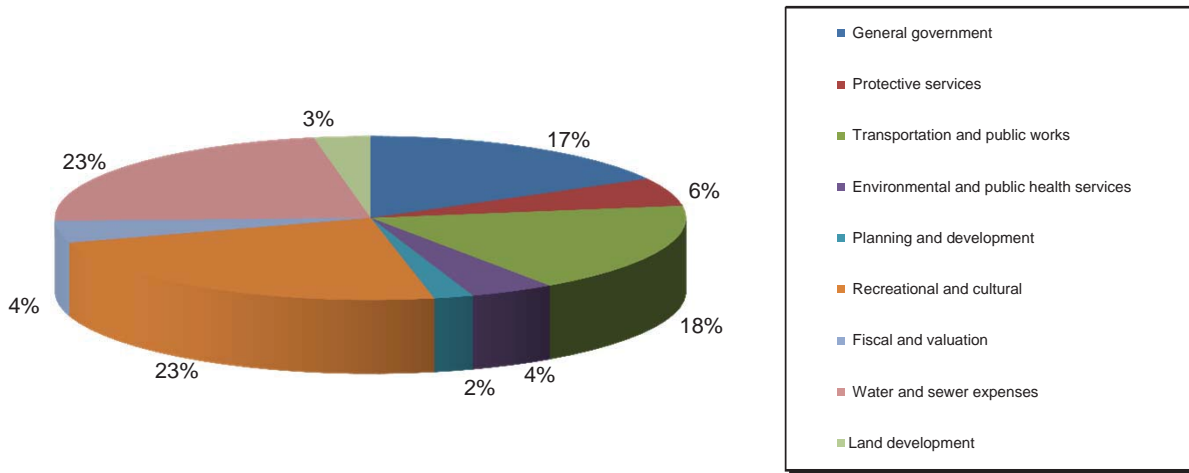
Graphical Representation of Breakdown of Revenue and Expense

For the year ended December 31, 2011

Breakdown of Revenue
2011



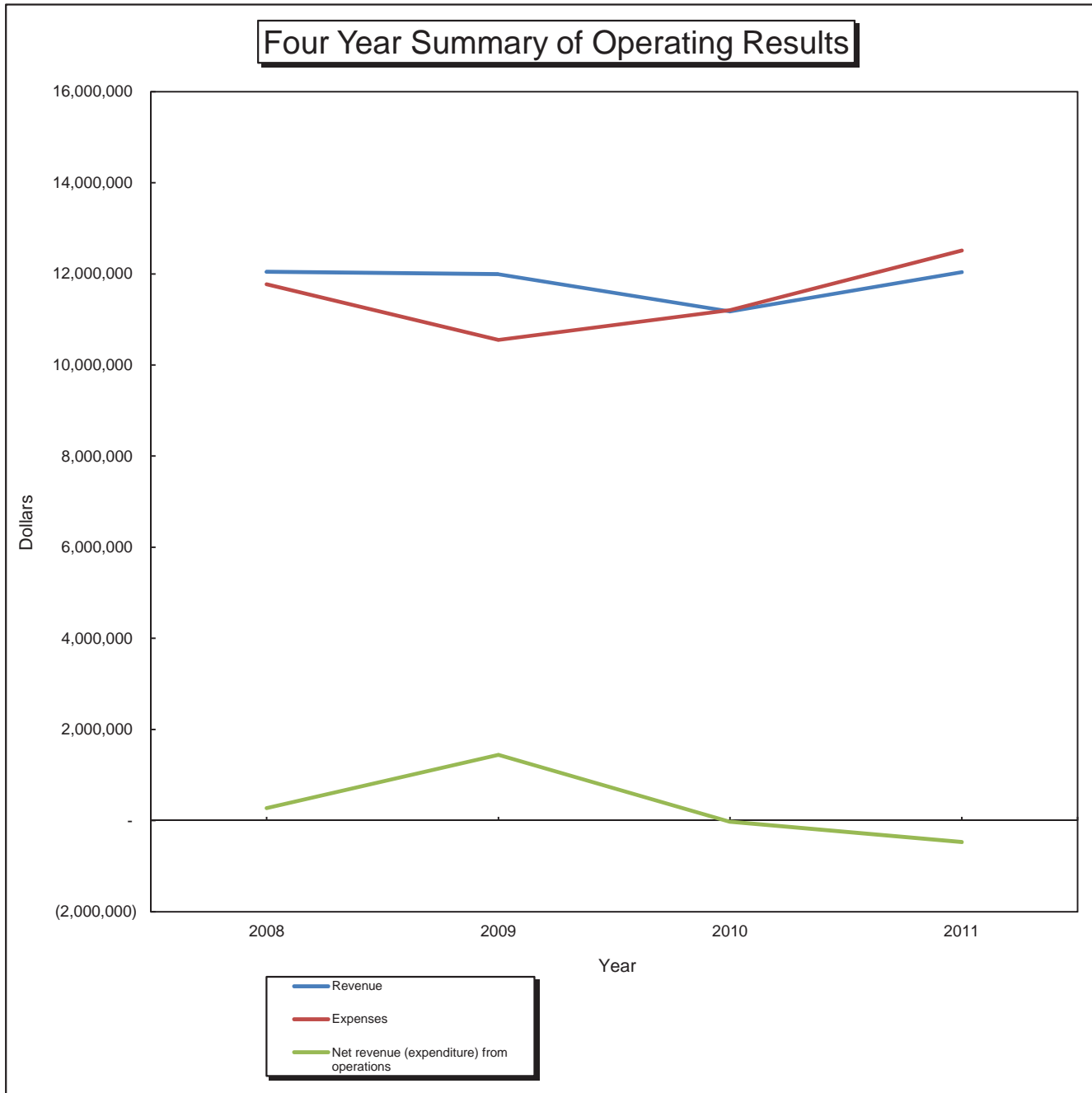
Breakdown of Expense
2011



TOWN OF HAY RIVER

Graphical Representation of Operating Results

For the year ended December 31, 2011



TOWN OF HAY RIVER

Graphical Representation of Ending Financial Position

For the year ended December 31, 2011

