

Town of Norman Wells
Financial Statements
December 31, 2018

Town of Norman Wells

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For the year ended December 31, 2018

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Management's Responsibility

To the Members of Council of the Town of Norman Wells:

The accompanying financial statements of the Town of Norman Wells are the responsibility of management and have been approved by the Mayor and Council.

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian Public Sector Accounting Standards. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting, systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Council is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Council fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Council is also responsible for recommending the appointment of the Town's external auditors.

MNP LLP is appointed by the Council to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Council and management to discuss their audit findings.

April 23, 2019



Senior Administrative Officer

Independent Auditors' Report

To the Members of Council of the Town of Norman Wells:

Qualified Opinion

We have audited the financial statements of Town of Norman Wells (the "Town"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and accumulated operating surplus, 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, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Town as at December 31, 2018, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

As discussed in Note 8 to the financial statements, the Town was not able to provide reasonable estimates on the future reclamation costs associated with solid waste landfills. We were unable to satisfy ourselves concerning those reclamation liabilities by alternative means. Therefore, we were not able to determine whether any adjustments might be necessary to restoration liabilities, total liabilities, net financial assets, expenses, and excess (deficiency) of revenue over expenses for the years-ended December 31, 2018 and 2017, and accumulated surplus as at January 1 and December 31, 2018 and 2017. This issue caused the predecessor auditor to qualify the audit opinion on the financial statements for the year-ended December 31, 2017.

As discussed in Note 5 to the financial statements, inventory consists of crushed gravel. In the prior year the inventory count was not conducted within an acceptable time of the Town's year-end date, and satisfaction concerning the amount of inventory at year-end was not possible by alternative means. Further the auditor was unable to attend the inventory count and satisfactory audit evidence regarding the inventory quantities and valuation were unavailable by alternative means. Therefore, we were not able to determine whether any adjustments might be necessary to inventory, and non-financial assets for the year-ended December 31, 2017, expenses, and excess (deficiency) of revenue over expenses for the years-ended December 31, 2018 and 2017, and accumulated surplus as at January 1, 2018 and 2017, and December 31, 2017.

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 Town in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Restated Comparative Information

We draw attention to Note 20 to the financial statements, which explains that certain comparative information for the year-ended December 31, 2017 has been restated. The financial statements of the Town for the year-ended December 31, 2017 (prior to restatement of the comparative information) were audited by another auditor who expressed a qualified opinion on those financial statements on March 10, 2018 for the reasons described in the Basis for Qualified Opinion paragraphs.

Responsibilities of Management 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 Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Town or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 Town'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 Town 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.

Grande Prairie, Alberta

April 23, 2019

MNP LLP

Chartered Professional Accountants

MNP
LLP

Town of Norman Wells
Statement of Financial Position
For the year ended December 31, 2018

	2018	2017 <i>(restated - Note 20)</i>
Financial assets		
Cash and cash equivalents	2,126,597	1,346,212
Restricted deposits (Note 3)	3,213,586	5,234,661
Accounts receivable (Note 4)	2,661,372	971,572
Total financial assets	8,001,556	7,552,445
Financial liabilities		
Accounts payable and accrued liabilities (Note 6)	1,068,586	727,441
Deferred revenue (Note 7)	2,483,269	2,239,420
Land restoration liability (Note 8)	2,231,340	2,231,340
Total financial liabilities	5,783,195	5,198,201
Net financial assets	2,218,360	2,354,244
Commitments and contingencies (Note 10)		
Non-financial assets		
Tangible capital assets (Schedule 13)	30,604,470	27,854,406
Prepaid expenses	24,725	10,000
Inventory (Note 5)	724,184	2,306,081
Total non-financial assets	31,353,379	30,170,487
Accumulated surplus (Note 11) (Schedule 1)	33,571,739	32,524,740

Approved on behalf of Council

Mayor

Councillor

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

Town of Norman Wells

Statement of Operations and Accumulated Surplus

For the year ended December 31, 2018

	<i>Schedules</i>	2018	2018	2017
		Budget		<i>(restated - Note 20)</i>
Revenue				
Government transfers (Note 12)		2,174,700	7,296,818	4,632,691
Property taxes	2	2,944,384	2,368,500	2,661,078
Water and sewer customer charges	3	990,275	1,099,690	503,215
Garbage fees	8	92,500	112,849	99,986
Quarry sales	9	741,540	328,788	527,103
Other revenue	11	150,500	253,284	183,251
Deferred revenue opening (Note 7)		-	2,239,420	2,168,198
Deferred revenue closing (Note 7)		-	(2,483,269)	(2,239,420)
Total revenue		7,093,899	11,216,080	8,536,103
Expenses				
General Government Services	2	1,662,787	3,055,225	1,687,243
Water and Sewage Services	3	1,921,592	2,991,427	2,773,602
Protective Services	4	338,411	321,173	274,075
Transportation and Public Works Services	5	1,361,042	1,615,572	1,983,717
Recreation and Youth Services	6	934,220	1,065,206	1,204,922
Land Development and Administration	7	106,250	80,230	103,319
Environmental and Public Health Services	8	226,178	281,284	269,449
Quarry Operations	9	588,608	591,329	901,555
Contract Services	10	-	98,890	-
Total expenses	12	7,139,088	10,100,337	9,197,881
Excess (Deficiency) of revenue over expenses before other items		(45,189)	1,115,743	(661,778)
Loss on disposal of tangible capital assets		-	(68,742)	-
Excess (Deficiency) of revenue over expenses		(45,189)	1,047,001	(661,778)
Accumulated surplus, beginning of year as previously stated		34,525,882	34,525,882	34,327,741
Prior period adjustment (Note 20)		-	(2,001,144)	(1,141,215)
Accumulated surplus, restated beginning of year		34,525,882	32,524,739	33,186,526
Accumulated surplus, restated end of year		34,480,693	33,571,739	32,524,739

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

Town of Norman Wells
Statement of Changes in Net Financial Assets

For the year ended December 31, 2018

	<i>2018</i>	<i>2018</i>	<i>2017</i>
	Budget		<i>(restated - Note 20)</i>
Excess (Deficiency) of revenue over expenses	(45,189)	1,047,001	(661,778)
Acquisition of tangible capital assets	-	(4,740,545)	(1,811,429)
Depreciation of tangible capital assets	-	1,920,238	1,771,930
Proceeds on disposal of tangible capital assets	-	1,500	-
Loss on disposal of tangible capital assets	-	68,742	-
Acquisition of prepaid expenses	-	(24,725)	(10,000)
Use of prepaid expenses	-	10,000	-
Change in quarry inventory	-	1,581,905	(370,556)
	-	(1,182,884)	(420,055)
Decrease in net financial assets	(45,189)	(135,883)	(1,081,833)
Net financial assets, beginning of year	2,354,244	2,354,244	3,436,075
Net financial assets, end of year	2,309,055	2,218,360	2,354,244

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

Town of Norman Wells
Statement of Cash Flows
For the year ended December 31, 2018

	2018	2017 <i>(restated - Note 20)</i>
Net inflow (outflow) of cash related to the following activities:		
Operating activities		
Excess of revenue over expenses	1,047,001	(661,778)
Amortization of tangible capital assets	1,920,238	1,771,930
Loss on disposal of tangible capital assets	68,743	-
	3,035,982	1,110,152
Changes in working capital accounts:		
Accounts receivable	(1,689,801)	371,094
Prepaid expenses	(14,725)	-
Inventory	1,581,897	(379,890)
Accounts payable and Accrued Liabilities	341,153	82,821
Deferred revenue	243,849	69,810
	3,498,355	1,253,987
Capital activities		
Acquisition of tangible capital assets	(4,740,545)	(1,811,429)
Proceeds on disposal of capital assets	1,500	-
	(4,739,045)	(1,811,429)
Decrease in cash resources	(1,240,689)	(557,442)
Cash resources, beginning of year	6,580,873	7,138,313
Cash resources, end of year	5,340,183	6,580,873
Cash resources are composed of:		
Cash	2,126,597	1,346,212
Restricted deposits	3,213,586	5,234,661
	5,340,183	6,580,873

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

1. Operations

The Town of Norman Wells ("the Town") is located in the Northwest Territories, and provides various services to its community. The Town of Norman Wells includes the government and all related entities that are controlled by the Town.

2. Summary of significant accounting policies

The financial statements of the Town are prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada, except for the following:

Landfill liability

The Town is required to fund the closure of its landfill and solid waste landfill 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, control and visual inspection. The requirement has not been satisfied as described in Note 8.

The Town has applied the following significant accounting policies in accordance with Canadian Public Sector Accounting Standards.

Reporting entity

The financial statements reflect the assets, liabilities, revenue and expenses, changes in financial position of the reporting entity. This entity is comprised of the municipal operations.

The Town 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.

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.

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian public sector accounting standards 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 expenses during the year.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where necessary. Amortization is based on the estimated useful lives of tangible capital assets.

Cash and cash equivalents

Cash and Cash equivalents include balances with banks and short term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted deposits.

2. Summary of significant accounting policies (continued)

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 revenue over expenses, provides the change in net financial assets for the year.

i. Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life. Assets under construction are not amortized until the asset is available for use.

Amortization rates are as follows:

	<u>YEARS</u>
Land Improvements	15-20
Buildings	25 - 50
Engineered structures	
Water and wastewater system	35-65
Other engineered structures	35-65
Machinery and equipment	5-20
Vehicles	3-20

ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

Impairment of long-lived assets

The Town reviews its long-lived assets for impairment on a regular basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate. No impairment has been identified and, thus, no impairment has been recognized in these financial statements.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of a transaction, are not expected to be repaid in the future, or the result of a direct financial return.

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

Other revenue and contract services

Other revenue and contract services are recognized when received or as they becomes receivable, other revenue is determined receivable once the services have been preformed, the amount to be received can be reasonably estimated and collection can be reason:

2. Summary of significant accounting policies (continued)

Segments

The Town conducts its business through nine (nine in 2017) reportable segments: General Government, Protective Services, Water and Sewage Services, Transportation and Public Works Services, Recreation Services, Contract Services, Environmental and Public Health Services, Land Development, and Quarry Operations. These operating segments are established by senior management to facilitate the achievement of the Town's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

For each reported segment, revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. Administration fees have been apportioned based on a percentage of budgeted revenue, where permitted by the funder.

The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in the *Significant Accounting Policies*.

Financial instruments

The Town initially measures its financial assets and liabilities at fair value. The Town subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets are reviewed at the end of each accounting period to determine whether any impairment has occurred. Any associated impairment losses are reported on the statement of operations.

3. Restricted deposits

	<i>2018 Reserves</i>	<i>2018 Deferred Revenue</i>	<i>2018 Restricted Deposit</i>	<i>2018 Receivable</i>	<i>2018 Deposit surplus (deficit)</i>
Federal Gas Tax	-	2,426,954	2,395,454	303,000	271,500
Community Public Infrastructure	-	34,708	782,053	-	747,345
Other services	-	21,607	-	-	(21,607)
General Reserve	998,444	-	36,079	-	(962,365)
	998,444	2,483,269	3,213,586	303,000	34,872

In 2017 total reserves was \$998,444 , deferred revenue was \$2,237,541, restricted deposits were \$5,234,661, receivables were \$543,000 and the deposit surplus was \$2,541,676.

Sufficient funds must be deposited to a separate bank account to correspond with their respective restricted balances.

Restricted deposits bear interest at 2.15% (2017 - 1.40%).

Town of Norman Wells
Notes to the Financial Statements
For the year ended December 31, 2018

4. Accounts receivable

	2018	2017
Trade and other receivables	192,163	91,552
Allowance for doubtful accounts	(56,944)	(23,500)
	135,219	68,052
Utilities receivables	250,612	146,258
Allowance for doubtful accounts	(111,417)	(75,617)
	139,195	70,641
Property tax receivable	335,665	192,020
Allowance for doubtful accounts	(126,592)	(91,776)
	209,073	100,244
Clean water and wastewater funding receivable	1,649,625	-
Professional development and training funding receivable	3,468	-
Grants in lieu	-	90,281
Gas tax funding receivable	303,000	543,000
Goods and services tax receivable	221,793	99,354
	2,661,372	971,572

5. Inventory held for sale

Inventories held for sale are recorded at the lower of cost and replacement cost. Inventory held for use consists of crushed gravel to be used for either future road upgrades and repairs or sale.

6. Accounts payable and accrued liabilities

	2018	2017
Trade accounts payable and accruals	948,832	567,272
Wages and benefits payable	119,753	160,161
	1,068,586	727,441

7. Deferred revenue

	2018	2017
Community public infrastructure	34,708	443,134
Gas tax	2,426,954	1,794,407
Other services	21,607	1,880
	2,483,269	2,239,420

8. Landfill closure and solid waste landfill liability

The total liability to reclaim the landfill and the solid waste landfills cannot be reasonably estimated at this time due to the uncertainty of future costs. When costs can be reasonably estimated a liability will be accrued to record the future cost.

9. Equity in tangible capital assets

	2018	2017 <i>(restated - Note 20)</i>
Tangible capital assets (Schedule 13)	64,510,354	59,871,470
Accumulated amortization (Schedule 13)	(33,905,885)	(32,017,064)
	30,604,470	27,854,406

Town of Norman Wells
Notes to the Financial Statements
For the year ended December 31, 2018

10. Commitments

The Town has entered into agreements with outside contractors for the provision of garbage collection and disposal services, water delivery and sewage collection and disposal services.

Future payments are as follows:

2019	1,897,987
2020	1,975,042
2021	497,519
2022	-
2023	-

The Town has entered into agreements with outside contractors for the rental of office equipment.

Future payments are as follows:

2019	20,448
2020	20,448
2021	20,448
2022	20,448
2023	20,448

11. Accumulated surplus

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

	2018	<i>2017 (restated - Note 20)</i>
Unrestricted surplus	4,908,188	6,454,449
Water and Sewage operations	(2,939,326)	(2,782,553)
Equity in tangible capital assets (Note 9)	30,604,470	27,854,406
Reserves	998,437	998,438
	33,571,739	32,524,739

12. Government transfers

	2018	2017
Operating Transfers		
Operating and Maintenance Funding (Schedule 2)	1,171,000	1,171,000
Water and Sewer Funding (Schedule 3)	913,000	876,000
Search and Rescue Operation (Schedule 2)	10,000	-
Sports, Recreation and Youth Contributions (Schedule 6)	63,314	25,846
Tourism and Marketing Program Funding (Schedule 6)	41,700	-
SCBA Bottle Replacement (Schedule 4)	10,000	-
CANNOR Funding (Schedule 6)	148,149	-
Other (Schedule 6)	7,645	-
Property tax (Schedule 2)	100,235	90,281
Government of Northwest Territories Miscellaneous (Schedule 2)	-	16,113
	2,465,044	2,179,240
Capital Transfers		
Community Public Infrastructure (Schedule 15)	869,000	869,000
Community Water and Wastewater Funding (Schedule 2 & Schedule 17)	3,356,775	1,020,540
Small communities fund (Schedule 16)	-	20,911
Federal Gas Tax (Schedule 14)	606,000	543,000
	4,831,775	2,453,451
	7,296,818	4,632,691

13. Economic dependence

Town receives a substantial portion of its revenue from the Minister of Municipal and Community Affairs (MACA). The ability of the Town to continue operations is dependent upon the Government of Northwest Territories's continued financial commitments.

14. Financial Instruments

The Town of Norman Wells financial instruments consist of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities, and wages and benefits payable. It is administration's opinion that the Town of Norman Wells is not exposed to significant interest or currency risks arising from these financial statements.

The Town of Norman Wells is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that customers to which the Town of Norman Wells provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of customers minimize the credit risk.

15. Related party transactions

Included in trucked water expense for the year is \$1,220,538 (2017 - \$909,791) paid to Northridge Contracting Ltd. a company owned by a council member of the Town.

16. Donations

Included in current year donations expense is \$1,230,819 of quarry materials contributed by council towards the construction of the Canyon Creek Access Road.

17. Approval of financial statements

Council and Management have approved these financial statements on March 19, 2019.

18. Approval of budget

The budget prepared by management and disclosed in these financial statements was approved by Council December 31, 2017.

19. Comparative Figures

Certain comparative figures have been reclassified to conform with current year presentation.

20. Correction of an error

During the 2018 year, it was determined that the amortization expense was being incorrectly calculated. This has caused amortization to be understated in 2016 by \$891,216, and 2017 by \$859,928. The correction of this error has resulted in the following adjustments in 2017:

- Accumulated amortization was increased by \$1,751,144;
- Amortization expense was increased by \$859,528;
- Opening equity was decreased by \$891,216; and

In 2018 the opening equity was decreased by \$1,751,144.

During the 2018 year, it was determined that the costs of inventory in 2016 were incorrectly capitalized. This has caused cost of materials expense to be understated by \$250,000 and tangible capital assets to be overstated in 2016 and 2017 by \$250,000. The correction of this error has resulted in the following adjustments in 2017:

- Tangible capital assets was decreased by \$250,000; and
- Opening equity was decreased by \$250,000.

In 2018 the opening equity was decreased by \$250,000.

Town of Norman Wells
Schedule 1 - Schedule of Change in Accumulated Surplus (Deficit)
For the year ended December 31, 2018

	<i>Unrestricted Surplus</i>	<i>Water and Sewage</i>	<i>Land Development</i>	<i>Equity in Tangible Capital Assets</i>	<i>Reserve</i>	2018	<i>2017 (restated - Note 20)</i>
Accumulated surplus (deficit), beginning of year as previously stated	6,454,449	(2,782,553)	-	29,855,549	998,438	34,525,882	34,327,741
Prior period adjustments				(2,001,144)		(2,001,144)	(1,141,215)
Accumulated surplus (deficit), restated beginning of year	6,454,449	(2,782,553)	-	27,854,406	998,438	32,524,739	33,186,526
Excess (deficiency) of revenue over expenses	2,025,738	(978,737)	-	-	-	1,047,001	(661,778)
Purchases of tangible capital assets	(4,740,545)	-	-	4,740,545	-	-	-
Amortization expense	1,098,274	821,964	-	(1,920,238)	-	-	-
Proceeds on sale of assets	1,500	-	-	(1,500)	-	-	-
Gain/loss on sale of assets	68,772	-	-	(68,772)	-	-	-
Change in tangible capital asset accounts payable	-	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-	-
Change in accumulated surplus (deficit)	(1,546,261)	(156,773)	-	2,750,034	-	1,047,001	(661,778)
Accumulated surplus (deficit), end of year	4,908,188	(2,939,326)	-	30,604,470	998,437	33,571,739	32,524,739

Town of Norman Wells
General Government Services
Schedule 2 - Schedule of Revenue and Expenses
For the year ended December 31, 2018

	2018	2018	2017
	<i>Budget</i>		<i>(restated - Note 20)</i>
Revenue			
Property taxes	2,978,426	2,402,719	2,647,870
School taxes	(34,042)	(34,219)	13,208
Government transfers (Note 12)	1,268,100	6,113,010	3,730,845
Other revenue	112,000	190,926	134,881
Deferred revenue - opening	-	2,239,420	2,168,198
Deferred revenue - closing	-	(2,461,661)	(2,239,420)
	4,324,484	8,450,195	6,455,581
Expenses			
Advertising and donation	-	15,172	4,109
Bad debts (recovery)	-	104,060	(30,276)
Bank charges and interest	15,108	15,778	13,588
Contract services	326,029	284,301	342,429
Donations (Note 16)	-	1,251,667	29,723
Fuel	2,108	3,214	2,450
Insurance	26,255	65,682	81,361
Mayor and council	76,912	105,124	122,049
Management Fees	-	-	(89,000)
Office Expenses	50,075	39,510	45,110
Professional fees	68,050	101,233	67,609
Recruitment	-	79,858	4,619
Repairs and maintenance	16,704	19,134	15,765
Salaries and benefits	882,856	679,600	802,040
Supplies	66,895	64,866	67,536
Telephone	33,416	27,436	32,832
Training	5,991	18,311	400
Travel	59,108	70,899	56,290
Utilities - Electricity	14,516	16,385	14,412
Utilities - Fuel	18,763	15,146	21,185
Water and sewer	-	5,668	1,288
	1,662,787	2,983,043	1,605,517
Excess of revenue over expenses before other items and amortization	2,661,697	5,467,152	4,850,064
Loss on disposal of property, plant and equipment	-	(68,742)	-
Amortization		72,182	81,726
Excess of revenue over expenses	2,661,697	5,326,228	4,768,339

Town of Norman Wells
Water and Sewage Services
Schedule 3 - Schedule of Revenue and Expenses
For the year ended December 31, 2018

	2018	2018	2017
	<i>Budget</i>		<i>(restated - Note 20)</i>
Revenue			
Water and sewer - public sector	294,600	208,691	150,241
Water and sewer - commercial and industrial	352,636	618,748	165,345
Water and sewer - residential	343,039	272,251	187,629
Government transfers (Note 12)	876,000	913,000	876,000
	1,866,275	2,012,690	1,379,215
Expenses			
Contract services	282,885	126,782	43,027
Fuel	13,641	11,996	12,861
Insurance	20,362	-	20,362
Management Fees	-	-	89,000
Office expense	2,121	644	1,742
Repairs and maintenance	184,205	90,235	164,976
Salaries and benefits	300,000	291,036	433,148
Supplies	70,280	31,948	89,141
Telephone	8,874	8,805	7,892
Training	2,518	1,201	2,716
Travel	4,680	-	3,842
Trucked Water	749,450	1,220,538	909,791
Utilities - Electricity	136,185	170,529	133,284
Utilities - Fuel	146,391	170,971	138,835
Water and sewer	-	44,778	79,107
	1,921,592	2,169,463	2,129,724
Excess of revenue over expenses before amortization	(55,317)	(156,772)	(750,509)
Amortization	-	821,964	643,878
Excess of revenue over expenses	(55,317)	(978,737)	(1,394,386)

Town of Norman Wells
Protective Services
Schedule 4 - Schedule of Expenses

For the year ended December 31, 2018

	2018	2018	2017
	Budget		<i>(restated - Note 20)</i>
Revenue			
Other revenue	1,000	100	-
Government transfers (Note 12)	-	10,000	-
	1,000	10,100	-
Expenses			
Contract services	378	1,280	310
Fuel	3,196	3,035	2,732
Insurance	8,536	-	-
Honorarium	230,000	111,398	53,917
Repairs and maintenance	12,283	43,037	11,382
Salaries and benefits	-	3,600	17,400
Supplies	21,805	12,554	19,537
Telephone	8,798	11,015	8,571
Training	3,499	3,189	8,903
Utilities - Electricity	13,055	18,260	14,099
Utilities - Fuel	24,676	21,604	27,713
Water and sewer	12,186	1,780	10,367
	338,412	230,753	174,931
Excess of revenue over expenses before amortization	(337,412)	(220,653)	(174,931)
Amortization	-	90,421	99,144
Excess of revenue over expenses	(337,412)	(311,073)	(274,075)

Town of Norman Wells
Transportation and Public Works Services
Schedule 5 - Schedule of Revenue and Expenses

For the year ended December 31, 2018

	<i>2018</i>	<i>2018</i>	<i>2017</i>
	<i>Budget</i>		<i>(restated - Note 20)</i>
Expenses			
Fuel	18,108	15,832	16,659
Insurance	13,141	-	902
Office expense	4,425	1,170	3,694
Repairs and maintenance	53,234	33,413	30,487
Salaries and benefits	262,113	313,119	515,340
Staff housing	27,557	59,585	39,498
Supplies	952,682	548,334	729,596
Telephone	9,600	4,130	8,469
Training	1,861	-	1,578
Utilities - Electricity	6,869	9,685	7,837
Utilities - Fuel	11,498	13,419	12,645
Water and sewer	(46)	2,823	1,649
Total expenses	1,361,042	1,001,511	1,368,354
Excess of revenue over expenses before amortization	(1,361,042)	(1,001,511)	(1,368,354)
Amortization	-	614,061	615,362
Excess of revenue over expenses	(1,361,042)	(1,615,572)	(1,983,717)

Town of Norman Wells
Recreation Services
Schedule 6 - Schedule of Revenue and Expenses
For the year ended December 31, 2018

	<i>2018</i>	<i>2018</i>	<i>2017</i>
	<i>Budget</i>		<i>(restated - Note 20)</i>
Revenue			
Other revenue	35,500	40,196	26,791
Government transfers (Note 12)	30,600	260,808	25,846
Deferred revenue - closing	-	(21,608)	-
	66,100	279,396	52,637
Expenses			
Community events	20,800	16,796	18,586
Fuel	2,533	2,956	2,402
Insurance	37,364	-	-
Office expenses	1,572	1,275	2,020
Repairs and maintenance	123,184	44,635	60,576
Salaries and benefits	438,863	362,734	466,439
Staff housing	1,855	183	1,523
Supplies	66,177	34,877	83,304
Telephone	10,614	9,396	9,782
Training	941	3,427	873
Travel	18,624	14,318	13,790
Utilities - Electricity	119,984	132,744	113,936
Utilities - Fuel	91,436	125,440	115,244
Water and sewer	273	31,872	21,665
	934,220	780,652	910,140
Excess of revenue over expenses before amortization	(868,120)	(501,256)	(857,503)
Amortization	-	284,555	294,782
Excess of revenue over expenses	(868,120)	(785,810)	(1,152,285)

Town of Norman Wells
Land Development and Administration
Schedule 7 - Schedule of Revenue and Expenses

For the year ended December 31, 2018

	<i>2018</i>	<i>2018</i>	<i>2017</i>
	<i>Budget</i>		<i>(restated - Note 20)</i>
Revenue			
Other revenue	2,000	22,063	21,581
Expenses			
Salaries and benefits	106,250	64,859	103,315
Professional fees	-	14,418	-
Supplies	-	954	4
	106,250	80,230	103,319
Excess of revenue over expenses	(104,250)	(58,168)	(81,738)

Town of Norman Wells
Environmental and Public Health Services
Schedule 8 - Schedule of Revenue and Expenses

For the year ended December 31, 2018

	<i>2018</i>	<i>2018</i>	<i>2017</i>
	<i>Budget</i>		<i>(restated - Note 20)</i>
Revenue			
Garbage fees	92,500	112,849	99,986
Expenses			
Contracted services	164,915	222,274	191,231
Repairs and maintenance	61,263	31,090	50,298
	226,178	253,364	241,529
Excess of revenue over expenses before amortization	(133,678)	(140,515)	(141,543)
Amortization	-	27,920	27,920
Excess of revenue over expenses	(133,678)	(168,435)	(169,463)

Town of Norman Wells
Quarry Operations
Schedule 9 - Schedule of Revenue and Expenses
For the year ended December 31, 2018

	<i>2018</i>	<i>2018</i>	<i>2017</i>
	<i>Budget</i>		<i>(restated - Note 20)</i>
Revenue			
Quarry sales	741,540	328,788	527,103
Expenses			
Repairs and maintenance	29,840	27,766	19,294
Salaries and benefits	68,750	58,488	73,129
Supplies	483,681	486,617	793,303
Utilities - Electricity	3,268	4,214	2,864
Utilities - Fuel	3,069	4,521	3,563
Water and sewage	-	586	266
	588,608	582,193	892,419
Excess of revenue over expenses before amortization	152,932	(253,405)	(365,315)
Amortization	-	9,136	9,136
Excess of revenue over expenses	152,932	(262,541)	(374,451)

Town of Norman Wells
Contract Services
Schedule 10 - Schedule of Revenue and Expenses
For the year ended December 31, 2018

	Community	Federal	Community	2018	2018	2017
	Water and Wastewater	Gas Tax	Public Infrastructure	Budget		(restated - Note 20)
Revenue						
Government transfers (Note 12)	3,268,517	606,000	869,000	-	4,743,517	2,432,540
Other revenue	-	36,782	25,335	-	62,117	19,654
Deferred revenue opening	-	1,794,408	443,135	-	2,237,541	2,166,319
Deferred revenue closing	-	(2,426,955)	(34,707)	-	(2,461,661)	(2,237,541)
	3,268,517	10,235	1,302,763	-	4,581,514	2,380,973
Expenses						
Water and sewage	-	-	98,890	227,884	98,890	-
			98,890	227,884	98,890	-
Excess (deficiency) of revenue over expenses	3,268,517	10,235	1,203,873	(227,884)	4,482,624	2,380,973
Additional information:						
Loan repayments						
Capital expenditures	3,268,517	10,235	1,203,873	1,530,000	4,482,625	2,380,973
Total	3,268,517	10,235	1,203,873	1,530,000	4,482,625	2,380,973

Town of Norman Wells
Schedule 11 - Schedule of Other Revenue
For the year ended December 31, 2018

	2018	2018	2017
	<i>Budget</i>		<i>(restated - Note 20)</i>
Administration	45,000	27,927	71,970
Arena	-	504	-
Commission	10,000	-	5,000
Community hall rental	12,000	6,095	9,565
Fitness centre	14,500	18,125	13,895
House rental	20,000	14,511	17,725
Interest income	36,000	154,004	35,324
Leases	2,000	22,063	21,581
Licenses and permits	11,000	10,055	8,191
	150,500	253,284	183,251

Town of Norman Wells
Schedule 12 - Schedule of Expenses by Object
For the year ended December 31, 2018

	2018	2018	2017
	Budget		<i>(restated - Note 20)</i>
Advertising	-	15,172	4,109
Amortization	-	1,920,238	1,771,947
Bad debts	-	104,060	(30,276)
Bank charges and interest	15,108	15,778	13,588
Community events	20,800	16,796	18,586
Contract services	609,292	634,638	576,997
Donations (Note 16)	-	1,251,667	29,723
Fuel	39,586	37,033	37,104
Honorarium	230,000	111,398	53,917
Insurance	105,658	65,682	102,625
Mayor and council	76,912	105,124	122,049
Office expense	58,193	42,599	52,566
Professional fees	68,050	115,651	67,609
Recruitment	-	79,858	4,619
Repairs and maintenance	480,713	388,200	352,779
Salaries and benefits	2,058,832	1,773,436	2,410,811
Staff housing	29,412	59,768	41,021
Supplies	1,661,520	1,180,150	1,782,421
Telephone	71,302	60,782	67,546
Training	14,810	26,129	14,470
Trucked Water	749,450	1,220,538	909,791
Travel	82,412	85,216	73,922
Utilities - Electricity	293,877	351,817	286,432
Utilities - Fuel	295,833	351,101	319,185
Water and sewer	761,863	87,508	114,342
	7,723,623	10,100,337	9,197,881

Town of Norman Wells
Schedule 13 - Schedule of Tangible Capital Assets

For the year ended December 31, 2018

	<i>Land Improvements</i>	<i>Buildings</i>	<i>Vehicles</i>	<i>Machinery and Equipment</i>	<i>Roads</i>	<i>Engineering Structures - W&S</i>	<i>Assets Under Construction</i>	2018	<i>2017 (restated - Note 20)</i>
Cost:									
Balance, beginning of year	3,727,667	16,846,286	1,535,579	1,772,148	19,228,909	15,182,723	1,578,188	59,871,470	58,060,041
Acquisition of tangible capital assets	-	2,654,927	-	29,058	120,319	1,936,240	-	4,740,545	1,811,429
Transfers from Construction-in-progress	-	-	-	-	-	1,550,307	(1,550,307)	-	-
Disposal of tangible capital assets	-	(55,599)	(39,273)	(6,818)	-	-	-	(101,691)	-
Balance, end of year	3,727,667	19,445,614	1,496,306	1,794,387	19,349,228	18,669,270	27,881	64,510,354	59,871,470
Accumulated amortization:									
Balance, beginning of year	-	9,909,581	1,066,582	1,172,233	11,552,878	8,315,791	-	32,017,064	30,245,134
Annual amortization	-	532,378	72,362	89,500	575,976	650,023	-	1,920,238	1,771,930
Accumulated amortization on disposals	-	-	(31,418)	-	-	-	-	(31,418)	-
Balance, end of year	-	10,441,958	1,107,526	1,261,733	12,128,853	8,965,814	-	33,905,885	32,017,064
Net book value of tangible capital assets	3,727,667	9,003,656	388,780	532,654	7,220,375	9,703,457	27,881	30,604,470	27,854,406
2017 Net book value of tangible capital assets	3,727,667	6,936,705	468,966	599,914	7,676,032	6,866,933	1,578,188	27,854,406	

Town of Norman Wells
Schedule 14 - Schedule of Gas Tax Expenditure Report

For the year ended December 31, 2018

	2014	2015	2016	2017	2018	Cumulative
Funding						
Opening balance	281,070	402,739	746,314	1,250,969	1,794,407	4,475,499
Interest Income	2,338	575	492	438	36,782	40,625
Government Transfers (Note 12)	342,873	343,000	543,000	543,000	606,000	2,377,873
	626,281	746,314	1,289,806	1,794,407	2,437,189	6,893,997
Eligible expenditures						
Dust Suppression - Roads	223,542	-	-	-	-	223,542
Laboratory Water Plant	-	-	38,837	-	-	38,837
Water plant transformer replacement	-	-	-	-	10,235	10,235
	223,542	-	38,837	-	10,235	272,614
Accumulated excess of funding over expenditures	402,739	746,314	1,250,969	1,794,407	2,426,954	6,621,383

Town of Norman Wells
Schedule 15 - Schedule of Community Public Infrastructure Funding

For the year ended December 31, 2018

	2014	2015	2016	2017	2018	Cumulative
Funding						
Opening balance	902,269	1,301,233	1,724,243	915,349	443,134	5,286,228
Government Transfers (Note 12)	869,000	869,000	869,000	869,000	869,000	4,345,000
Interest earned	12,648	17,132	14,012	19,216	25,335	88,343
	1,783,917	2,187,365	2,607,255	1,803,565	1,337,469	9,719,571
Eligible expenditures						
Sewage Lagoon Desludging	-	184,618	146,852	-	-	331,470
Arena Rehabilitation	-	31,287	13,287	-	-	44,574
Fire Department Air Packs/Equipment	-	-	48,982	-	-	48,982
Sewer Main Replacement/Rehab.	-	-	130,939	322,117	500,535	953,591
Garbage Bins	32,332	-	-	-	-	32,332
Fire Hall Renovations	-	-	64,796	-	-	64,796
Second Water Storage Tank	228,056	6,572	-	-	-	234,628
Cemetery	45,643	-	-	-	-	45,643
Vehicles	92,344	51,537	-	-	-	143,881
Chip Seal/Roads & Paths	3,434	-	896,462	840,686	-	1,740,582
Parking Areas Paving	-	-	236,243	-	-	236,243
Furniture & Equipment	62,675	69,301	-	-	-	131,976
Solid Waste Site	-	-	-	20,357	-	20,357
Buildings	-	91,769	48,483	116,860	-	257,112
Boiler Replacement	-	-	33,522	-	82,588	116,110
Computer & Network Upgrades	-	-	21,756	-	-	21,756
Wastewater Lift Station	-	-	-	29,098	582,125	611,223
Hazardous waste haul	-	-	-	-	98,890	98,890
Water & wastewater infrastructure assessment	-	-	-	-	6,423	6,423
Wet well lid replacement	-	-	-	-	23,459	23,459
Other Minor	18,200	28,038	50,584	31,313	8,743	136,878
	482,684	463,122	1,691,906	1,360,431	1,302,763	5,300,906
Accumulated excess of funding over expenditures	1,301,233	1,724,243	915,349	443,134	34,706	4,418,665

Town of Norman Wells
Schedule 16 - Schedule of Small Communities Program Funding
For the year ended December 31, 2018

	<i>2017</i>	<i>2018</i>	<i>Cumulative</i>
Funding			
Government Transfers	20,911	-	20,911
Eligible expenditures			
Chip Seal Road Project Phase 2	20,911	-	20,911
Accumulated excess of funding over expenditures	-	-	-

Town of Norman Wells
Schedule 17 - Schedule of Community Water and Wastewater Funding

For the year ended December 31, 2018

	<i>2017</i>	<i>2018</i>	<i>Cumulative</i>
Funding			
Government Transfers	1,020,540	3,268,517	4,289,057
Eligible expenditures			
Water & Wastewater Assessment	74,378	19,260	93,638
Lift Station Improvements	112,372	1,746,376	1,858,748
Sewer Main Replacement	833,790	1,502,881	2,336,671
	1,020,540	3,268,517	4,289,057
Accumulated excess of funding over expenditures	-	-	-

Town of Norman Wells
Schedule 18 - Schedule of Salaries, Honoraria, Per-diem and Travel
For the year ended December 31, 2018

				2018	2017
Position	<i>Salary</i>	<i>Honoraria</i>	<i>Travel</i>		
Nathan Watson - Mayor	-	-	-	-	33,450
Tim Melnyk - Deputy Mayor	-	-	-	-	15,860
Harold McGregor - Councillor	-	-	-	-	12,849
Sherry Hodgson - Councillor	-	-	-	-	13,068
Heidi Deschene - Councillor	-	-	-	-	13,068
Pam Gray - Councillor	-	-	-	-	13,068
Lise Dolen - Councillor	-	-	-	-	13,068
Various	-	-	-	-	1,572
Frank Pope - Mayor	-	3,500	-	3,500	-
Trevor Smith - Councillor	-	2,500	-	2,500	-
David Weaver - Councillor	-	2,500	-	2,500	-
Jim Boyle - Councillor	-	2,500	-	2,500	-
Pascal Audet - Councillor	-	2,500	-	2,500	-
Jean-Paul Bernard - Councillor	-	2,500	-	2,500	-
Alexis Peachey - Deputy Mayor	-	3,000	-	3,000	-
Total Remuneration		19,000	-	19,000	116,003

Town of Norman Wells
Schedule 19 - Schedule of Water and Sewage Reporting
For the year ended December 31, 2018

Water and Sewage Rates

Economic Rate	\$0.0363/L
Residential Rate	\$0.0090/L
Commercial Rate	\$0.0280/L
Public Sector Rate	\$0.0363/L

Water and Sewage Costs (dollars)

	<u>2018</u>	<u>2017</u>
Total Audited Water and Sewage Costs less Amortization	\$ 2,251,675	\$ 2,129,724

Water and Sewage Revenue (dollars)

Government transfers	\$ 913,000	\$ 876,000
Other revenue	\$ 55,580	
Revenue - Public Sector	\$ 487,427	\$ 150,241
Revenue - Residential	\$ 305,502	\$ 187,629
Revenue - Commercial	\$ 304,637	\$ 165,345
Total Audited Water & Sewage Revenue	\$ 2,066,146	\$ 1,379,215

Water and Sewage Consumption (in litres)

Actual Consumption - Residential	33,944,683	34,688,381
Actual Consumption - Public Sector	13,427,742	9,221,051
Actual Consumption - Commercial	10,879,908	16,699,523
Actual Volume of Water Consumed/Billed	<u>58,252,333</u>	<u>60,608,955</u>