

TOWN OF NORMAN WELLS
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

TOWN OF NORMAN WELLS

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

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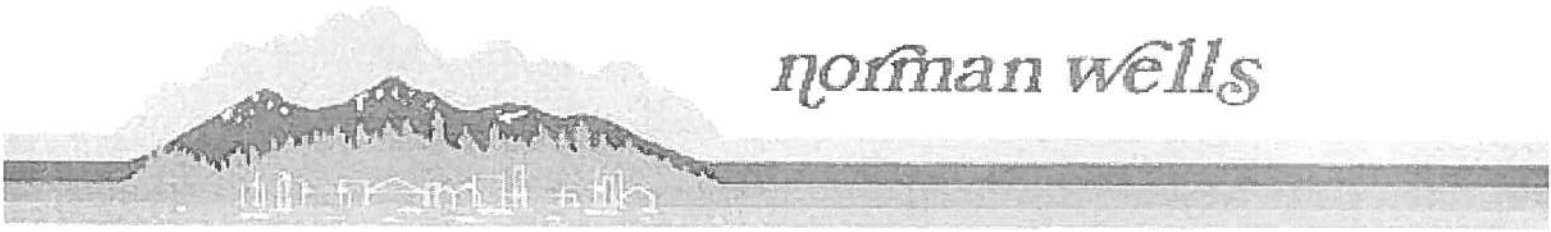
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Management Responsibility for Financial Statements

Town Council, which is responsible for, among other things, the financial statements of the Town of Norman Wells, delegates to Administration the responsibility of the financial statements. Town Council appoints independent auditors to examine and report directly to them on the financial statements. Administration is responsible for preparation of the financial statements. 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 Canadian public sector accounting standards.

Administration is responsible to maintain a system of internal accounting 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. The new Administration is working to improve its systems to provide the appropriate balance in this respect.

The Town Council carries out its responsibility for review of the financial statements primarily through the Audit and Efficiency Committee. This Committee meets regularly with Administration to discuss financial matters, including the results of audit examinations. The Committee reports its findings to Town Council for its consideration in approving the financial statements for issuance.

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

March 12, 2017



Senior Administration Officer

Date

April 30, 2017

Re: 2016 Management Discussion and Analysis

To the Mayor and Members of Council

Management has reviewed and discussed the Audited Financial Statements for the year ending December 31, 2016. As a part of that review and as part of the Audit we also had discussions with the Auditor regarding records and accounting information; from that I would like to present the following Management Discussion and Analysis;

During the fiscal year the Town of Norman Wells office undertook a complete reorganization of our financial record keeping. The goal was to be able to produce better records and improve our ability to have the audit complete with an audit opinion. This reorganization included bringing G L Services in to go through our accounting system and records, cleaning up the bank accounts, producing bank reconciliations and make all documents available and accurate at audit time. This reorganization was very successful and has provided an audit report which is vastly improved over the audit report received in 2015. The Auditor has even commented on how improved the records appeared to be over the previous period.

The Town of Norman Wells office had significant staff turnover and change in 2016 including several finance officers. At first this created some minor issues with our record keeping but over the course of the year staffing became more stable and things turned around quickly. The new staff worked closely with G L Services and it was a good experience for staff; improved record keeping and more accurate record keeping is the result. Moving forward things will certainly improve even further and we all look forward to the results.

During the year we also reorganized all bank and GIC and reserve accounts. All the accounts, not just the operating accounts were balanced and reconciled at year end. This was completed prior to the audit process starting which certainly improved our position over the 2015 year-end. These changes provided a much-improved picture on the current position of the Town of Norman Wells

From our reorganization Management has noted some additional changes that will need to be made. As discussed during the 2015 audit, we are moving to a new accounting system in the 2017 fiscal year. The new system is much more capable than the current system, streamlining several areas of work and making our organization more efficient and more accurate. The new system will also provide better financial management tools for both management and staff. Financial reports for each department will improve as well as preparing departmental reports for future audit work. That should improve both the accuracy of the data and improve the time it takes to complete the audit work.

Our quarterly reporting to MACA for our federal government funds also has improved over the previous year and although this suffered a little during transitioning of new staff, it got on track quickly once our current finance officer took the post. This was also the case with our GST rebate filings, GST was brought up to date with over \$ 300,000 being received in early 2017. Good work to all of those involved.

All of these items above were completed during the year and some are still ongoing, moving forward this will continue to help in reducing the issues noted in the 2015 audit and will improve our record keeping and financial position. The new accounting software will help restructure our financial reporting and will produce more accurate records for department managers and provide them with better financial management tools. The overall financial recordkeeping will paint a much clearer view of the financial position of the Town overall. This is already being seen and is shown in the 2016 audit. Management and Staff, along with assistance from outside consulting, worked hard this year to correct the long-term issues noted in the 2015 audit report. Management is committed to continue this improvement process moving forward. There may be some additional training required and we will work with our finance consultants to make sure our reporting to GNWT MACA is done and will reflect an accurate picture improving upon what has been done in the past. All of these changes and the ongoing improvements should assist the Town in both our abilities and our financial position moving forward.

As stated throughout this discussion letter, all the items noted and all the work put into the required changes are represented in the attached Audited Financial Statements. Management and Staff will continue to do our best moving forward to improve the Town's financial position and will strive to reduce our cost. We are pleased with the progress we made this year and expect to see this improvement continue in the coming fiscal year.

Catherine Mallon
SAO
Town of Norman Wells

Robert
Stewart

Chartered
Accountant/
Management
Consultants

Box 2196
Yellowknife, N.W.T. X1A 2P6
Tel (867) 873-5595
Fax (309) 407-6576
Email: stewartr@peace.ca

INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of Council, Town of Norman Wells:

Report on the Financial Statements

We have audited the accompanying financial statements of the Town of Norman Wells, which comprise the Statement of Financial Position as at December 31, 2016, and the Statement of Operations, Statement of Changes in Net Financial Assets and Statement of 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 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.

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 require 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 of the financial statements, whether due to fraud or error. In making those risk 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 Qualified Opinion

The Town of Norman Wells operates a solid waste landfill site, sewage lagoon and quarry, and there is a contaminated site in the community. As disclosed in note 10, a liability for closure and post-closure care, based on usage of the sites' capacity, has not been estimated for comparison to what is recorded in the financial statements as at and for the years ended December 31, 2016 and 2015, which constitutes a departure from the requirements of Canadian public sector accounting standards. Therefore, we were not able to determine, as at and for the years ended December 31, 2016 and 2015 the impact of this omission on the expenditures and annual surplus reported in the statement of operations, annual surplus reported in the statement of changes in net financial assets (net debt) and liabilities and accumulated surplus reported in the statement of financial position.

Independent Auditor's Report (continued)

The valuation of quarry inventory is based on an estimate.

For the prior year ended December 31, 2015, because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I did not express an opinion on the December 31, 2015 financial statements. Since opening balances of assets and liabilities affect the determination of the results of operations, I was unable to determine whether adjustments to the results of operations and opening retained earnings might be necessary for 2015 or 2016. Accordingly, my audit opinion on the current period's financial statements is also modified because of the possible effect of this matter on the current period's figures.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Town of Norman Wells, as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Report on Other Legal and Regulatory Requirements

We further report that, in our opinion, these financial statements are prepared, in all material respects, in accordance with the policies and standards prescribed for municipalities by the Cities, Town & Villages Act and by the department of Municipal and Community Affairs, Government of the Northwest Territories. As required by the Cities, Town & Villages Act we further report that, in our opinion, proper books of account have been maintained by the Town, the financial statements are in agreement therewith, and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Town. We also report that, in our opinion these principles have been applied on a basis consistent with that of the preceding year.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedules section is presented for purposes of additional analysis pursuant to the funding agreement between the Department of Municipal and Community Affairs and the Town. The schedules have been compiled by the management of the Town from their records. For the purposes of understanding our involvement with these schedules, the schedules have been subjected to the auditing procedures applied to the audit of the financial statements taken as a whole. However, no procedures have been carried out on these schedules in addition to those necessary to form an opinion on the financial statements. During the course of the aforementioned audit, we encountered no discrepancies on these schedules.



CHARTERED ACCOUNTANT

March 12, 2017
Yellowknife, N.W.T.

**Town of Norman Wells
Statement of Financial Position
As at December 31, 2016**

	2016	2015
Financial Assets		
Cash (unrestricted)	\$ 1,482,750	\$ 828,973
Restricted cash for land restoration liability (Note 10)	2,231,337	2,231,340
Restricted cash for deferred revenues (Note 1p)	2,425,778	2,638,119
Restricted cash for reserves (Note 9)	998,447	2,518,183
Receivables		
Trade and other (Note 3)	1,195,502	463,454
Property Taxes (Note 2)	147,196	72,734
Quarry inventory for resale – current (Note 1f)	500,000	500,000
	8,981,010	9,252,803
Liabilities		
Accounts payable and accrued liabilities (Note 4)	643,965	668,554
Deferred revenue (Note 1p)	2,169,609	2,758,927
Land restoration liability (Note 10)	2,231,340	2,231,340
	5,044,935	5,658,821
Net Financial Assets	3,936,075	3,593,982
Non-Financial Assets (Note 1r)		
Tangible capital assets (Note 6 and Schedule 1)	28,955,475	27,014,814
Inventory of supplies – noncurrent (Notes 1f and 8)	-	68,883
Quarry Inventory for resale - noncurrent (Note 1f)	1,436,190	2,203,797
Land held for resale – at nominal value (Note 1f)	1	1
	30,391,666	29,287,495
Accumulated Surplus (Schedule 2)	\$ 34,327,741	\$ 32,881,477

Commitments and contingencies (Notes 10, 11 and 12)
See accompanying notes and schedules to the financial statements.

Approved on behalf of the Town:

Mayor

Senior Administrative Officer

**Town of Norman Wells
Statement of Operations
For the Year ended December 31, 2016**

	2016 Budget	2016 Actual	2015 Actual
	(Note 1,n)		
Revenues (Schedule 3)			
Property taxes	\$ 2,718,811	\$ 2,751,202	\$ 2,726,893
Property taxes – education portion	615,535	631,866	615,535
Grants in lieu of property taxes – GNWT	67,880	60,560	59,679
Grants in lieu of property taxes – Canada	22,570	30,855	29,359
Less: Allowance for doubtful collections	-	-	-
Education requisition	(623,618)	(630,875)	(623,618)
Net municipal property taxes	2,801,178	2,843,608	2,807,848
Government transfers (Schedule 4)	4,968,685	5,213,542	2,478,012
User fees and sales of goods	1,711,654	1,222,421	1,343,568
Development levies, licenses and permits	23,040	36,256	22,499
Fines, penalties and recoveries	1,028	-	1,028
Land revenue	640,000	131,214	259,003
Other	97,000	47,457	83,975
Total Revenues	10,242,585	9,494,498	6,995,933
Expenditures (Schedule 3)			
General government	(1,297,836)	(1,499,096)	(1,752,205)
Protective services	(523,928)	(304,113)	(348,436)
Public works services	(1,434,944)	(1,498,854)	(1,870,035)
Environmental health services	(163,000)	(305,105)	(381,065)
Quarry operations	(605,679)	(618,543)	(562,891)
Recreation and culture	(1,340,666)	(964,048)	(1,294,528)
Land expenditures	(122,900)	(128,906)	(471,185)
Natural gas expenditures	-	-	(28,757)
Water and sewer expenditures	(2,949,370)	(2,729,569)	(2,775,165)
Total operating expenditures	(8,438,323)	(8,048,234)	(9,484,266)
Excess revenues (expenditures)	1,804,262	1,446,264	(2,488,333)
Prior period adjustment (note 13)	-	(2,330,765)	(2,330,765)
Accumulated surplus, beginning of year, as previously stated	35,212,242	35,212,242	37,700,575
Accumulated surplus, end of year, as restated	\$ 37,016,504	\$ 34,327,741	\$ 32,881,477

See accompanying notes and schedules to the financial statements.

**Town of Norman Wells
Statement of Cash Flows
For the Year ended December 31, 2016**

2016

2015

NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:

Operating Transactions

Excess (deficiency) of revenues over expenditures	\$ 1,446,264	\$ (2,488,333)
Non-cash charges to operations:		
Loss on disposal of tangible capital assets	-	-
Amortization of capital assets	895,534	1,738,448
Cash provided by operating transactions	2,341,798	(749,885)

Working capital transactions

Decrease (increase) in accounts receivable	(806,510)	201,346
Decrease (increase) in inventory of supplies	68,883	-
Decrease (increase) in land held for sale	-	354,591
Decrease (increase) in Quarry Inventory	767,607	(757,118)
Increase (decrease) in accounts payable and other liabilities	(24,586)	84,734
Increase (decrease) in Land restoration liability	-	-
Increase (decrease) in Deferred Revenue	(589,297)	723,687
Net cash (used for) from working capital transactions	(583,903)	607,240

Capital transactions

Acquisition of Tangible Capital Assets	(2,836,194)	(463,120)
Net cash (used for) from capital transactions	(2,836,194)	(463,120)

Increase (decrease) in cash and cash equivalents	(1,078,299)	(605,765)
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Net cash and temporary investments

at beginning of year, as restated (Note 13)	8,216,612	8,822,377
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Net cash and temporary investments

at end of year	\$ 7,138,313	\$ 8,216,612
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Comprised of:

Cash in bank (unrestricted)	\$ 1,482,751	\$ 828,973
Restricted Cash held by lawyer in trust (Note 13)	749,457	749,457
Restricted Cash for land liability and reserves	2,480,327	4,000,063
Restricted Cash for deferred revenue	2,425,778	2,638,119
	\$ 7,138,313	\$ 8,216,612

Notes:

Restricted Cash for deferred revenue is comprised as follows:

Gas Tax Fund Deposit (Note 1p)	\$ 593,895	\$ 746,314
Capital Infrastructure (CPI) Deposit (Note 1p)	1,831,883	1,891,805

	\$ 2,425,778	\$ 2,638,119
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Interest paid during the year amounted to \$7,503 (2015 - \$4,858). Interest and penalties received or receivable was \$45,187 (2015 - \$70,175).

See accompanying notes and schedules to the financial statements.

Town of Norman Wells
Statement of Changes in Net Financial Assets
For the Year ended December 31, 2016

	2016 Actual	2015 Actual
Excess (deficiency) of revenues over expenditures	\$ 1,446,264	\$ (2,488,333)
Loss on disposal of tangible capital assets	-	-
Amortization of tangible capital assets	895,534	1,738,447
Acquisition of tangible capital assets	(2,836,194)	(463,122)
Increase (decrease) in net financial assets from operations	(494,396)	(1,213,008)
Change in non-current quarry inventory and prepaid expenses	836,489	(757,119)
Change in Land held for resale - noncurrent	-	514,591
Other	-	-
Increase (decrease) in net financial assets	342,093	(1,455,536)
Prior period adjustment (note 13)	(1,367,884)	(1,367,884)
Net financial assets at beginning of year, as previously stated	4,961,866	6,417,402
Net financial assets at end of year	\$ 3,936,075	\$ 3,593,982

See accompanying notes and schedules to the financial statements.

Town of Norman Wells
Notes to Financial Statements
For the Year ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Norman Wells are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Town of Norman Wells are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances, changes in net debt/financial assets and change in financial position of the reporting entity. This entity is comprised of all of the operations that are owned or controlled by the municipality and are, therefore, accountable to the Council for the administration of their financial affairs and resources. The schedule of taxes levied also includes requisitions for education that are not part of the municipal reporting entity. Interdepartmental transactions and balances are eliminated.

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

c) Fund Accounting

Management funds consist of the operating, utilities, land and reserve funds. Transfers between funds are recorded as adjustments to the appropriate equity account. The purpose of the funds are:

Operating fund – to account for tax and other general revenue, general expenditures other transactions not accounted for in other funds.

Utilities fund – to account for water and sewer charges and expenditures.

Land fund – to account for land sales and land development costs. This fund is being combined with the Operating fund in 2016 and onwards.

Reserve fund – to record reserves established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfer to and or from reserves are reflected as an adjustment to the respective fund.

d) 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 are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are acquired or constructed.

**Town of Norman Wells
Notes to Financial Statements
For the Year ended December 31, 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (cont.)

e) Temporary Investments

Investments are recorded at cost. Investment premiums and discounts are amortized proportionately over the term of the respective investments.

f) Inventories and Land Held for Resale

Inventories (crushed rock and cold mix for road repair) held for consumption are recorded at the lower of cost and replacement cost. Prior to 2016, Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function. Current land held for resale is based on an estimate. Valuation of land is subject to significant measurement uncertainty because of an absence of regular demand for lots, and sales of large parcels of land are subject to Council's approval of proposed developments. Effective in 2016, due to the significant measurement uncertainties, Land held for resale has been restated to a nominal amount on a retroactive basis (reference note 13).

PS1201.055 states "An asset held for sale should be recognized as a financial asset when all of the following criteria are met: ... (f) it is reasonably anticipated that the sale to a purchaser external to the government reporting entity will be completed within one year of the financial statement date." Because the Town has Inventories of Supplies, Quarry Inventory and Land Held For Resale for which sales will not be completed within 2017, that proportion has been classified as noncurrent Non-Financial Assets.

g) 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 as follows:

	<u>YEARS</u>
Land Improvements	15-20
Buildings	25-50
Engineered structures	
Water system	35-65
Wastewater system	35-65
Other engineered structures	15-40
Machinery and equipment	5-20
Vehicles	3-20

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

h) 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.

i) Equity in Tangible Capital Assets

Equity in Tangible capital assets represents the Town of Norman Wells' net investment in its total Tangible capital assets, after deducting work in progress, the portion financed by third parties through debenture, mortgage debts, capital contributions, long term capital borrowings, capitalized leases and other capital liabilities.

j) Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

Town of Norman Wells
Notes to Financial Statements
For the Year ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (cont.)

k) Reserves for Future Expenditures

Reserves are established at the discretion of Council to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the respective fund and not as revenue or expenditures in the statement of operations.

Prior to 2016, the Town maintains the following reserves:

- i) Diversification – to facilitate the retention, development and attraction of businesses to enhance the Town's economic diversity.
- ii) Environmental – to facilitate the rehabilitation, maintenance and improvement of the environment.
- iii) Quarry Restoration – to ensure adequate funds are available to restore the quarry.
- iv) Equipment – to receive and disburse funds that may be necessary for equipment purchases.
- v) Capital – for the eventual replacement or retrofitting of the Town's capital infrastructure, plant and facilities.
- vi) Water and Sewer – to have adequate funds available for unanticipated expenses that may occur in the operation, maintenance or capital expansion of the Water and Sewage system.
- vii) Natural Gas – to have adequate funds available for unanticipated expenses that may occur in the operation, maintenance or capital expansion of the Natural Gas Distribution system.

Effective in 2016, the reserves have been reduced to one General Reserve, and the Environmental and Quarry Restoration reserves have been transferred to the Land Restoration Liability account as a prior period adjustment on a retroactive basis (note 13).

l) Use of Estimates

The preparation of financial statements in conformity with 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.

m) Economic Dependence

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

n) Budget

Budget figures are unaudited and are those approved by Council January 19, 2016.

o) Financial instruments

All significant financial assets, financial liabilities of the Town are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk. For cash, taxes and grant-in-lieu receivables, and accounts payable, the carrying amounts of these financial instruments approximates their fair value due to their short-term maturity or capacity of prompt liquidation.

The Town is exposed to credit risk arising from the possibility that taxpayers may experience financial difficulty and be unable to pay outstanding taxes. Taxes receivable is initially recorded at historical cost and an allowance is made so the carrying value approximates the fair value. The Town regularly monitors the amounts of outstanding taxes and initiates collection procedures to minimize credit risk. Excluding grants-in-lieu of taxes, approximately 75% or \$2,513,000 of the Town's annual tax revenue is from 1 major property owner (Imperial Oil Resources Ltd.).

**Town of Norman Wells
Notes to Financial Statements
For the Year ended December 31, 2016**

1. SIGNIFICANT ACCOUNTING POLICIES (cont.)

p) Deferred Revenue

Deferred revenue is comprised of amounts received but not yet earned as a result of project completion dates extending beyond the fiscal year end, or conditions attached to the use of the funds as follows. The 2016 cash balance is included in the operating bank account.

	Deferred Balance 2016	Cash + A/R Balance 2016	Overage (Shortfall)	Deferred Balance 2015
Gas Tax Fund	\$ 1,250,969	\$ 865,395	\$ (385,574)	\$ 746,314
Building Canada Fund Deposit	-	-	-	282,731
CPI – Capital Infrastructure	915,349	1,831,883	916,534	1,724,243
Other	3,291	-	(3,291)	5,639
	\$ 2,169,609	\$ 2,697,278	\$ 527,669	\$ 2,758,927

q) Employee Benefit Liabilities

Accounts payable and accrued liabilities include employee benefit liabilities which are future obligations of the Town to its employees for benefits earned but not taken as at the end of the fiscal year. The Town and its employees make contributions to a defined pension plan. These contributions represent the total liability of the Town, are recognized in the accounts on a current basis, and there was no significant change during the year affecting the comparability of the costs for the current and prior period. Employees are insured through the Northern Employee Benefits Services. This program is a multi-employer contributory defined benefit program providing pension and disability benefits. Workers are currently required to make contributions of 8% of wages based on a regular work week. The community government is required to make matching contributions. The Town is not liable for any future liabilities of this plan.

r) 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, except for Land Held For Resale, 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. PS1201.055 states "An asset held for sale should be recognized as a financial asset when all of the following criteria are met: ... (f) it is reasonably anticipated that the sale to a purchaser external to the government reporting entity will be completed within one year of the financial statement date." Because the Town has Inventories of Supplies, Quarry Inventory and Land Held For Resale which will not be completed within 2017, that proportion has been classified as noncurrent Non-Financial Assets.

s) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all 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.

t) Segmented Information

Municipal services are provided by departments and their activities are reported in the community's funds as described in Note 1(b). Segmented financial information for certain departments is provided in Schedule 3. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. Revenues not directly attributable to a specific segment are shown in General Government. The segments include:

- General Government which provides internal support to Council and other departments who provide direct services to its citizens. These internal departments include the Town Manager, Financial Services, Information Technology Support, and Human Resources.
- Public Safety and Protective Services which provides services to maintain public order, uphold municipal bylaws and emergency and prevention services related to fire fighting and medical services.

Town of Norman Wells
Notes to Financial Statements
For the Year ended December 31, 2016

1. SIGNIFICANT ACCOUNTING POLICIES (cont.)

- Public Works and Transportation which provides construction and maintenance of community assets and transportation planning.
- Recreation and Community Services provides services through recreation and cultural programs.
- Planning and Land Development creates plans programs and policies required for community planning, zoning and subdivision.
- Environmental which provides refuse removal services and landfill maintenance.
- Water and Sewer Services provides for operations and maintenance related to water distribution and sewage collection.
- Quarry operation provides for the operation of the quarry.

2. TAXES AND GRANTS IN LIEU OF TAXES RECEIVABLES

	2016	2015
Current taxes and grants in lieu of taxes	\$ -	\$ -
Less: allowance for doubtful accounts	(-)	(-)
	-	-
Non-current taxes	137,328	137,328
Non-current grants in lieu of taxes	-	-
Less: allowance for doubtful accounts	(64,594)	(64,594)
	72,734	72,734
	\$ 72,734	\$ 72,734

3. OTHER ACCOUNTS RECEIVABLE

	2016	2015
Sundry	\$ 206,797	\$ 133,584
Imperial Oil Resources Ltd.	303,170	-
Goods & Services Tax	398,257	162,532
Municipal & Community Affairs (GNWT)	275,064	-
Less: allowance for doubtful accounts	(76,394)	(98,045)
	1,106,894	198,071
Land sales, rentals and leases	-	178,700
Less: allowance for doubtful accounts	-	-
	-	178,700
Utility	124,360	122,435
Less: allowance for doubtful accounts	(35,752)	(35,752)
	88,608	86,683
	\$ 1,195,502	\$ 463,454

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015
Trade Accounts Payable and Accrued Liabilities	\$ 384,042	\$ 388,972
Education Property Tax Requisition Liability	43,158	43,158
Deposits	69,598	67,881
Employee removal liability	50,000	50,000
Payroll liabilities	97,166	118,539
	\$ 643,964	\$ 668,550

5. OPERATING LINE OF CREDIT

The Town has arranged an overall credit limit of \$20,000 (Demand Instalment Loan \$Nil, Operating Line \$Nil, and Corporate Credit Cards \$20,000).

Town of Norman Wells
Notes to Financial Statements
For the Year ended December 31, 2016

6. TANGIBLE CAPITAL ASSETS

	2016	2015
	Net book Value	Net book value
Land	\$ 3,727,667	\$ 3,727,667
Buildings	7,513,543	7,314,873
Machinery and Equipment	733,182	655,734
Roads, sidewalks, paving	8,809,113	7,066,859
Water and waste water	7,584,256	7,619,921
Vehicles	587,714	629,760
Assets under construction	-	-
	\$ 28,955,475	\$ 27,014,814

The insured value of physical assets is \$48,100,000. For additional information see Schedule 1.

7. EQUITY IN TANGIBLE CAPITAL ASSETS

	2016	2015
Tangible capital assets (Schedule 1)	\$ 58,310,041	\$ 55,473,846
Accumulated amortization (Schedule 1)	(29,354,566)	(28,459,032)
	28,955,475	27,014,814
Long term debt	-	-
Debt charges recoverable	-	-
Equity in Tangible Capital Assets (Schedule 2)	\$ 28,955,475	\$ 27,014,814

8. INVENTORY OF SUPPLIES

	2016	2015
Pipe leftover from Underground water rehab 2010 (2016: written off)	\$ -	\$ 68,883

9. RESERVE DEPOSITS

	Reserve	Cash	Overage	Reserve
	Balance 2016	alance 2016	(Shortfall)	alance 2015
Reserve fund is comprised of:				
General Reserve	\$ 998,447	\$ 998,447	-	\$ -
Diversification Reserve	-			713,896
Environmental Reserve (transferred below)	-			441,139
Quarry Restoration Reserve (transferred below)	-			726,744
Equipment Reserve	-			803,311
Capital Reserve	-			804,033
Water and Sewer Reserve	-			66,856
Natural Gas Fund Reserve	-			101,118
Total reserves as previously stated				3,657,097
Less prior period adjustment transferring Land restoration reserves to liabilities (note 13)				(1,167,883)
	\$ 998,447	\$ 998,447	-	\$2,489,214

Sufficient funds must be deposited to separate bank accounts to correspond with the respective reserve fund balances. The appropriate reserve is to be credited for interest earned on the account. The Town deposits all reserve funds to one bank account and hence does not break down the cash balance by reserve item. As at December 31, 2016, effectively the Town had complied with these requirements.

**Town of Norman Wells
Notes to Financial Statements
For the Year ended December 31, 2016**

10. LANDFILL, QUARRY AND CONTAMINATED SITES CLOSURE AND POST-CLOSURE LIABILITY

The Town is required to fund the closure of its landfill and quarry sites and provide for post-closure care of the facilities. Closure and post-closure activities for the landfill include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. According to generally accepted accounting principles, the requirement should be provided for over the estimated remaining life of the landfill site (currently estimated at a further 15 years) based on usage, and monitoring will be required indefinitely. Estimates of future landfill closure costs are subject to significant measurement uncertainty. Northwest Territories landfill closure standards have not been established. The Town has a liability to restore the quarry property in accordance with the Norman Wells Granular Material Development and Restoration Plan.

The accrued liability for closure and post-closure care of the Town's landfill and quarry has not been analysed, and is estimated to be significant as at December 31, 2016. A study of the landfill was partially done in 2015, however a final report has not been received at the time of preparation of these financial statements.

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The Town has adopted PSAS Section PS 3260 - Liability for contaminated sites. PS 320 specifies that a liability for a contaminated site must be recognized when, as the financial reporting date, all of the following criteria are met for a site or a portion of a site which is no longer in productive use:

- a) an environment standard exists;
- b) contamination exceeds the environment standard;
- c) the Town is directly responsible or accepts responsibility;
- d) it is expected that the future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at December 31, 2016. At each financial reporting date, management reviews the carrying amounts of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. Management has concluded that there is contamination that exceeds environment standards and as a result there is a liability to recognize as of the financial reporting date.

Tentative estimates indicate that there is a liability for removal of toxic wastes and decommissioning of the Couturier site may be in the order of \$2.5 million more or less. Current plans are in abeyance awaiting clarification of sources of funding for the liability. During 2016, the Environmental Reserve of \$441,139 and the Quarry Restoration Reserve of \$726,744 were transferred to the Land Restoration Liability as a prior period adjustment on a retroactive basis (note 13). A provision for the land restoration liability of \$NIL has been made in 2016 (2015 - \$NIL). Any liability in excess of the amount provided (i.e. \$1,481,883) would be accounted for as a current transaction in the year it is determined.

11. CONTINGENCIES AND SUBSEQUENT EVENTS

a) Insurance

The Town participates in the NWT Association of Communities insurance programs. Under these programs 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.

b) Lawsuit

There is one legal claim outstanding against the Town in litigation. It is not possible to determine the amount of any financial effect on the Town at this time. It is management's view, that there is no requirement to record a liability in the accounts and/or the item is adequately insured.

c) Economic Uncertainty

The Town's economy is very resource-based and it is very reactive to what's going on in the resource industry. Imperial Oil Resources Ltd. is the largest primary employer and payer of property taxes, but their oil field production has been declining since 1992. With many uncertainties, it is not possible to determine the amount of any financial effect on the Town at this time.

**Town of Norman Wells
Notes to Financial Statements
For the Year ended December 31, 2016**

12. COMMITMENTS

a) Service Contracts

In the course of normal operations the Town has entered into various multi-year contracts, as follows:

	Total
2017	\$ 1,300,000
2018	125,000
2019	-
2020	-
2021	-
Thereafter	-
	\$ 1,425,000

b) Capital Contracts

The Town regularly enters into contracts related to capital projects. The amounts below represent the uncompleted portions of these contracts as of December 31, 2016. The expected minimum payments for these contracts are:

	Total
2017	\$ -
2018	-
2019	-
2020	-
2021	-
Thereafter	-
	\$ -

13. PRIOR PERIOD ADJUSTMENTS

As identified in Note 10, the Town has a liability to restore the quarry property in accordance with the Norman Wells Granular Material Development and Restoration Plan. The Town also has a liability to restore the landfill and contaminated properties in the community. During 2016, the Town recognized that the Environmental Reserve of \$441,139 and the Quarry Restoration Reserve of \$726,744 (total \$1,167,883) were misclassified as reserves, and were transferred to the Land Restoration Liability as a prior period adjustment on a retroactive basis.

As identified in Note 1f, valuation of Land Held For Resale is subject to significant measurement uncertainty because of an absence of regular demand for lots. Effective in 2016, due to the significant measurement uncertainties, Land held for resale has been written down by \$1,162,881 to a nominal amount as a prior period adjustment on a retroactive basis. Additionally, the Land fund is being combined with the Operating fund in 2016 and onwards.

During 2016, it became apparent that there were funds of \$749,457 held in Trust by the Town's lawyer on behalf of the Town related to a land sale. The money has been sitting in Trust for some years, was never recorded in the accounts, and is awaiting final transfer of title by MACA. Accordingly, the recording of this cash was made as a prior period adjustment, and the funds earmarked for the Land Restoration Liability.

The prior period adjustments had no effect on the net surplus (deficit), or excess revenues (expenditures), for the year.

**Town of Norman Wells
Schedule of Tangible Capital Assets
for the Year ended December 31, 2016
(Schedule 1)**

	Land and Improvements	Buildings	Vehicles	Other	Roads	Water and Waste Water	Assets under Construction	2016 Total	2015 Total
Cost									
Balance, beginning of year	\$ 3,727,667	\$16,285,152	\$1,515,585	\$1,609,239	\$17,484,517	\$ 14,851,687	\$ -	\$ 55,473,847	\$55,010,724
Add – Additions during year		422,943	7,275	128,450	1,980,212	297,314		2,836,194	463,122
Less – Disposals during year								-	-
Adjustments								-	-
Balance, end of year	<u>3,727,667</u>	<u>16,708,095</u>	<u>1,522,860</u>	<u>1,737,689</u>	<u>19,464,729</u>	<u>15,149,001</u>	<u>-</u>	<u>58,310,041</u>	<u>55,473,846</u>
Accumulated Amortization									
Balance, beginning of year	-	8,970,279	885,825	953,504	10,417,658	7,231,766	-	28,459,032	26,720,586
Add – Additions during year	-	224,273	49,321	51,003	237,958	332,980	-	895,534	1,738,446
Less – Disposals during year								-	-
Adjustments								-	-
Balance, end of year	<u>-</u>	<u>9,194,552</u>	<u>935,146</u>	<u>1,004,507</u>	<u>10,655,616</u>	<u>7,564,746</u>	<u>-</u>	<u>29,354,566</u>	<u>28,459,032</u>
Net Book Value	\$ 3,727,667	\$ 7,513,543	\$ 587,714	\$ 733,182	\$ 8,809,113	\$ 7,584,256	\$ -	\$ 28,955,475	\$ 27,014,814

Town of Norman Wells
Schedule of Changes in Fund Balances & Accumulated Surplus
for the Year ended December 31, 2016
(Schedule 2)

	Operating fund	Water and sewer fund	Land fund	Natural gas fund	Reserve fund	Equity in Tangible Capital Assets	2016 Total	2015 Total
Excess revenues (expenditures)	\$ 2,817,464	-\$ 1,371,200	\$ -	\$ -		\$ -	\$ 1,446,264	-\$ 2,488,333
Net interfund transfers:								
Amortization	515,583	379,951				-895,534	0	0
Loss on disposal of tangible capital assets							0	0
Transfer to (from) fund	1,728,886			-238,118	-1,490,768	0	0	0
Additional capital expenditures	-2,836,194					2,836,194	0	0
	2,225,739	-991,249	0	-238,118	-1,490,768	1,940,660	1,446,264	-2,488,333
Prior period adjustment (note 13)	311,565		-1,474,447		-1,167,883		-2,330,765	-2,330,765
Balance, beginning of year, as previously stated	3,868,561	-1,040,795	1,474,447	238,118	3,657,098	27,014,814	35,212,242	37,700,575
Balance, end of year	\$6,405,865	-\$2,032,044	\$0	\$0	\$998,447	\$28,955,474	\$34,327,741	\$ 32,881,477

Town of Norman Wells
Schedule of Revenue and Expenses, by Service Division
for the Year ended December 31, 2016
(Schedule 3)

	General government services	Public safety and protective services	Public works and transportation	Recreation and culture	Quarry operations	Environment health services	Land development services	Total operating fund	Water and sewer services fund	Total 2016	Total 2015
	(Schedule 3a)	(Schedule 3b)	(Schedule 3c)	(Schedule 3d)	(Schedule 3e)	(Schedule 3f)	(Schedule 3g)	(Schedule 3h)			
Revenues											
Property taxes	\$3,095,034							\$3,095,034		\$3,095,034	\$2,807,848
User fees and sales of goods	38,607			\$ 28,560	\$ 539,167	\$ 86,720		693,054	\$529,367	1,222,421	1,343,568
Government transfers	4,029,212			103,904				4,133,116	829,001	4,962,117	2,478,012
Fines, penalties & interest								0		0	1,028
Development levies, licenses & Land sales/development	36,256							36,256		36,256	22,499
							\$131,214	131,214		131,214	259,003
Other revenue	45,187			2,270				47,457		47,457	83,975
	<u>7,244,295</u>	-	-	<u>134,734</u>	<u>539,167</u>	<u>86,720</u>	<u>131,214</u>	<u>8,136,130</u>	<u>1,358,368</u>	<u>9,494,498</u>	<u>6,995,933</u>
Expenses											
Wages and benefits	661,095	157,389	365,253	348,665	58,249		128,463	1,719,114	400,989	2,120,103	2,669,386
Mayor and council	144,379							144,379		144,379	132,403
Materials and supplies	31,274	14,667	514,629	112,279			168	673,017	69,229	742,246	658,819
Repairs and maintenance	36,124	23,878	174,730	62,218	16,239	122,656		435,845	160,062	595,907	495,544
Contracted services	292,705		76,092			167,296	275	536,367	1,300,091	1,836,457	1,672,732
Management fees	-89,000							-89,000	89,000	0	0
Grants	23,760							23,760		23,760	28,685
Cost of sales					533,478			533,478		533,478	824,390
Provision for allowances								0		0	144,426
Utilities - electricity	14,223	21,504	60,813	124,897	4,591			226,027	176,677	402,704	402,310
Utilities - fuel	23,971	21,513	14,030	106,795	679			166,987	116,837	283,825	352,872
Utilities - water and sewer	3,970	588	2,512	30,107	641			37,817	-28,937	8,879	922
Telephone	41,593	8,009	3,735	10,138				63,475	6,745	70,219	83,450
Vehicle O&M	3,903	3,705	17,663	4,779				30,049	29,141	59,191	64,145
Insurance	86,820							86,820	17,431	104,250	104,371
Interest	7,503							7,503		7,503	4,858
Travel	89,763		3,862	18,810				112,436	11,988	124,425	14,948
Office expenses	46,916			596				47,513	364	47,877	21,449
Contribution agreement & other expenses (recoveries)	40,828		3,220	3,450				47,497		47,497	70,108
	<u>1,459,825</u>	<u>251,253</u>	<u>1,236,538</u>	<u>822,734</u>	<u>613,876</u>	<u>289,951</u>	<u>128,906</u>	<u>4,803,083</u>	<u>2,349,617</u>	<u>7,152,700</u>	<u>7,745,819</u>
Excess (deficiency) of revenue over expenses before amortization	5,784,469	- 251,253	- 1,236,538	- 687,999	- 74,709	- 203,231	2,308	3,333,047	- 991,249	2,341,798	- 749,886
Loss on disposal of tangible capital assets								0		0	0
Amortization	-39,272	-52,860	-262,316	-141,315	-4,667	-15,154		-515,583	-379,951	-895,534	-1,738,447
Excess (deficiency) of revenue over expenses after amortization	\$ 5,745,197	-\$ 304,113	-\$ 1,498,854	-\$ 829,314	-\$ 79,376	-\$ 218,385	\$ 2,308	\$ 2,817,464	-\$ 1,371,200	\$ 1,446,264	-\$ 2,488,333

Town of Norman Wells
Schedule of Revenue and Expenses, General Government Services
for the Year ended December 31, 2016
(Schedule 3a)

	Budget 2016	Actual 2016	Actual 2015
Revenues			
Property taxes	\$2,801,178	\$2,843,608	\$2,807,848
User fees and sales of goods	104,754	38,607	57,298
Government transfers	4,116,500	4,280,638	1,702,372
Fines, penalties & interest	1,028		1,028
Development levies, licenses & permits	23,040	36,256	22,499
Land sales/development			
Other revenue	83,000	45,187	70,175
	<u>7,129,500</u>	<u>7,244,295</u>	<u>4,661,221</u>
Expenses			
Wages and benefits	670,595	661,095	990,292
Mayor and council	135,706	144,379	132,403
Materials and supplies	29,000	31,274	29,116
Repairs and maintenance	35,000	36,124	7,772
Contracted services	187,000	292,705	150,358
Management fees	-89,000	-89,000	
Grants	28,885	23,760	28,685
Cost of sales			
Provision for allowances			142,183
Utilities - electricity	15,000	14,223	14,589
Utilities - fuel	48,000	23,971	45,631
Utilities - water and sewer	4,000	3,970	4,066
Telephone	32,500	41,593	24,915
Vehicle O&M	4,000	3,903	1,476
Insurance	73,000	86,820	72,010
Interest	5,000	7,503	4,858
Travel	3,000	89,763	2,708
Office Expenses	33,900	46,916	20,799
Contribution agreement & other expense	16,000	40,828	12,791
	<u>1,231,586</u>	<u>1,459,825</u>	<u>1,684,651</u>
Excess (deficiency) of revenue over expenses before amortization	5,897,914	5,784,469	2,976,569
Amortization	-66,250	-39,272	-67,554
Excess (deficiency) of revenue over expenses after amortization	\$ 5,964,164	\$ 5,745,197	\$ 2,909,016

Town of Norman Wells
Schedule of Revenue and Expenses, Public Safety & Protective Services
for the Year ended December 31, 2016
(Schedule 3b)

	Budget 2016	Actual 2016	Actual 2015
Revenues			
Property taxes			
User fees and sales of goods			
Government transfers			
Fines, penalties & interest			
Development levies, licenses & permits			
Land sales/development			
Other revenue			
	-	-	-
Expenses			
Wages and benefits	\$ 206,489	\$ 157,389	\$ 121,070
Mayor and council			
Materials and supplies	86,800	14,667	47,608
Repairs and maintenance	60,000	23,878	13,131
Contracted services			
Management fees			
Grants			
Cost of sales			
Provision for allowances			
Utilities - electricity	12,000	21,504	17,793
Utilities - fuel		21,513	19,550
Utilities - water and sewer	1,500	588	485
Telephone	18,000	8,009	27,376
Vehicle O&M	12,000	3,705	7,927
Insurance			
Interest			
Travel			
Office Expenses			
Contribution agreement & other expense			
	396,789	251,253	254,942
Excess (deficiency) of revenue over expenses before amortization	- 396,789	- 251,253	- 254,942
Amortization	-127,139	-52,860	-93,494
Excess (deficiency) of revenue over expenses after amortization	-\$ 523,928	-\$ 304,113	-\$ 348,436

Town of Norman Wells
Schedule of Revenue and Expenses, Public Works & Transportation
for the Year ended December 31, 2016
(Schedule 3c)

	Budget 2016	Actual 2016	Actual 2015
Revenues			
Property taxes			
User fees and sales of goods			
Government transfers			
Fines, penalties & interest			
Development levies, licenses & permits			
Land sales/development			
Other revenue			
	-	-	-
Expenses			
Wages and benefits	\$ 253,144	\$ 365,253	\$ 546,632
Mayor and council			
Materials and supplies	426,000	514,629	455,067
Repairs and maintenance	42,700	174,730	71,671
Contracted services	100,000	76,092	97,140
Management fees			
Grants			
Cost of sales			
Provision for allowances			
Utilities - electricity	73,000	60,813	73,829
Utilities - fuel	15,000	14,030	13,270
Utilities - water and sewer	1,500	2,512	979
Telephone	5,000	3,735	7,197
Vehicle O&M	25,000	17,663	19,160
Insurance			
Interest			
Travel		3,862	
Office Expenses			
Contribution agreement & other expense		3,220	
	941,344	1,236,538	1,284,944
Excess (deficiency) of revenue over expenses before amortization	- 941,344	- 1,236,538	- 1,284,944
Amortization	-493,600	-262,316	-585,092
Excess (deficiency) of revenue over expenses after amortization	-\$ 1,434,944	-\$ 1,498,854	-\$ 1,870,035

Town of Norman Wells
Schedule of Revenue and Expenses, Recreation & Culture
for the Year ended December 31, 2016
(Schedule 3d)

	Budget 2016	Actual 2016	Actual 2015
Revenues			
Property taxes			
User fees and sales of goods	\$ 40,000	\$ 28,560	\$ 36,624
Government transfers	120,185	103,904	43,640
Fines, penalties & interest			
Development levies, licenses & permits			
Land sales/development			
Other revenue	14,000	2,270	13,800
	<u>174,185</u>	<u>134,734</u>	<u>94,064</u>
Expenses			
Wages and benefits	507,583	348,665	489,829
Mayor and council			
Materials and supplies	87,648	112,279	57,608
Repairs and maintenance	134,500	62,218	153,002
Contracted services			
Management fees			
Grants			
Cost of sales			
Provision for allowances			
Utilities - electricity	98,550	124,897	119,306
Utilities - fuel	100,000	106,795	99,676
Utilities - water and sewer	14,900	30,107	16,300
Telephone	19,110	10,138	17,526
Vehicle O&M	9,000	4,779	8,417
Insurance			
Interest			
Travel	19,000	18,810	12,240
Office Expenses	1,000	596	410
Contribution agreement & other expense	26,500	3,450	32,304
	<u>1,017,791</u>	<u>822,734</u>	<u>1,006,619</u>
Excess (deficiency) of revenue over expenses before amortization	- 843,606	- 687,999	- 912,555
Amortization	-322,875	-141,315	-287,909
Excess (deficiency) of revenue over expenses after amortization	-\$ 1,166,481	-\$ 829,314	-\$ 1,200,464

Town of Norman Wells
Schedule of Revenue and Expenses, Quarry Operations
for the Year ended December 31, 2016
(Schedule 3e)

	Budget 2016	Actual 2016	Actual 2015
Revenues			
Property taxes			
User fees and sales of goods	\$ 915,000	\$ 539,167	\$ 600,266
Government transfers			
Fines, penalties & interest			
Development levies, licenses & permits			
Land sales/development			
Other revenue			
	<u>915,000</u>	<u>539,167</u>	<u>600,266</u>
Expenses			
Wages and benefits	74,279	58,249	66,607
Mayor and council			
Materials and supplies			
Repairs and maintenance	13,000	16,239	8,921
Contracted services			
Management fees			
Grants			
Cost of sales	500,100	533,478	469,049
Provision for allowances			
Utilities - electricity	4,000	4,591	4,072
Utilities - fuel	4,800	679	4,148
Utilities - water and sewer		641	445
Telephone	600		513
Vehicle O&M			
Insurance			
Interest			
Travel			
Office Expenses			
Contribution agreement & other expense			
	<u>596,779</u>	<u>613,876</u>	<u>553,755</u>
Excess (deficiency) of revenue over expenses before amortization	318,221 -	74,709	46,511
Amortization	-8,900	-4,667	-9,136
Excess (deficiency) of revenue over expenses after amortization	\$ 309,321	-\$ 79,376	\$ 37,375

Town of Norman Wells
Schedule of Revenue and Expenses, Environmental Services
for the Year ended December 31, 2016
(Schedule 3f)

	Budget 2016	Actual 2016	Actual 2015
Revenues			
Property taxes			
User fees and sales of goods	\$ 86,600	\$ 86,720	\$ 85,779
Government transfers			
Fines, penalties & interest			
Development levies, licenses & permits			
Land sales/development			
Other revenue			
	86,600	86,720	85,779
Expenses			
Wages and benefits			
Mayor and council			
Materials and supplies			
Repairs and maintenance	13,000	122,656	11,458
Contracted services	150,000	167,296	341,687
Management fees			
Grants			
Cost of sales			
Provision for allowances			
Utilities - electricity			
Utilities - fuel			
Utilities - water and sewer			
Telephone			
Vehicle O&M			
Insurance			
Interest			
Travel			
Office Expenses			
Contribution agreement & other expense			
	163,000	289,951	353,145
Excess (deficiency) of revenue over expenses before amortization	- 76,400	- 203,231	- 267,366
Amortization	0	-15,154	-27,920
Excess (deficiency) of revenue over expenses after amortization	-\$ 76,400	-\$ 218,385	-\$ 295,286

Town of Norman Wells
Schedule of Revenue and Expenses, Land Development
for the Year ended December 31, 2016
(Schedule 3g)

	Budget 2016	Actual 2016	Actual 2015
Revenues			
Property taxes			
User fees and sales of goods			
Government transfers			
Fines, penalties & interest			
Development levies, licenses & permits			
Land sales/development	\$ 640,000	\$ 131,214	\$ 259,003
Other revenue			
	<u>640,000</u>	<u>131,214</u>	<u>259,003</u>
Expenses			
Wages and benefits	112,400	128,463	103,606
Mayor and council			
Materials and supplies	500	168	1,047
Repairs and maintenance			
Contracted services	8,000	275	11,192
Management fees			
Grants			
Cost of sales	2,000		355,341
Provision for allowances			
Utilities - electricity			
Utilities - fuel			
Utilities - water and sewer			
Telephone			
Vehicle O&M			
Insurance			
Interest			
Travel			
Office Expenses			
Contribution agreement & other expense			
	<u>122,900</u>	<u>128,906</u>	<u>471,185</u>
Excess (deficiency) of revenue over expenses before amortization	517,100	2,308 -	212,183
Amortization	0	0	0
Excess (deficiency) of revenue over expenses after amortization	\$ 517,100	\$ 2,308 -\$	212,183

Town of Norman Wells
Schedule of Revenue and Expenses, Water & Sewer Services
for the Year ended December 31, 2016
(Schedule 3h)

	Budget 2016	Actual 2016	Actual 2015
Revenues			
Property taxes			
User fees and sales of goods	\$ 565,300	\$ 529,367	\$ 563,601
Government transfers	732,000	829,001	732,000
Fines, penalties & interest			
Development levies, licenses & permits			
Land sales/development			
Other revenue			
	1,297,300	1,358,368	1,295,601
Expenses			
Wages and benefits	443,569	400,989	351,350
Mayor and council			
Materials and supplies	70,000	69,229	68,373
Repairs and maintenance	231,000	160,062	229,589
Contracted services	1,047,000	1,300,091	1,072,355
Management fees	89,000	89,000	
Grants			
Cost of sales			
Provision for allowances	5,000		
Utilities - electricity	173,000	176,677	172,721
Utilities - fuel	175,000	116,837	170,597
Utilities - water and sewer	-21,300	-28,937	-21,353
Telephone	6,500	6,745	5,923
Vehicle O&M	30,000	29,141	27,165
Insurance	30,861	17,431	30,861
Interest			
Travel	10,000	11,988	
Office Expenses	740	364	240
Contribution agreement & other expense			
	2,290,370	2,349,617	2,107,822
Excess (deficiency) of revenue over expenses before amortization	- 993,070	- 991,249	- 812,221
Loss on disposal of tangible capital assets		0	0
Amortization	-659,000	-379,951	-667,343
Excess (deficiency) of revenue over expenses after amortization	-\$ 1,652,070	-\$ 1,371,200	-\$ 1,479,563

**Town of Norman Wells
Schedule of Government Transfers
for the Year ended December 31, 2016
(Schedule 4)**

	Budget	2016	2015
Territorial transfers (Note 1d)			
Municipal & Community Affairs			
Formula based funding	\$ 1,171,000	\$ 1,171,000	\$ 1,171,000
Water sewer subsidy program	732,000	829,001	732,000
Infrastructure (Capital Block Funding)	869,000	869,000	869,000
Canada-NWT Gas Tax Agreement	543,000	543,000	343,000
Small Communities Funding program	1,533,500	1,083,750	-
Other contributions	81,785	69,168	43,640
	4,930,285	4,564,919	3,158,640
GNWT miscellaneous	38,400	61,676	63,300
Transfer from (to) Deferred Revenue	-	586,947	(743,928)
Other agreements and grants	-	-	-
	38,400	648,623	(680,628)
Total government transfers	\$ 4,968,685	\$ 5,213,542	\$ 2,478,012

Town of Norman Wells
Schedule of Salaries, Honoraria and Travel
for the Year ended December 31, 2016
(Schedule 5)

Position	Salary	Honoraria	Travel
MAYOR:			
Mayor Watson	\$ -	\$ 21,000	\$ 9,152
COUNCILLOR:			
Deputy Mayor Melnyk	-	18,000	-
Councillor McGregor	-	15,000	-
Councillor Hodgson	-	15,000	-
Councillor Deschene	-	15,000	-
Councillor Gray	-	15,000	-
Councillor Dolen	-	15,000	-
Various	-	-	20,564
Total	-	114,000	29,716

**Town of Norman Wells
Schedule of Gas Tax Program
for the Year ended December 31, 2016
(Schedule 6)**

For the years ended December 31								Cumulative
	2005 to 2010	2011	2012	2013	2014	2015	2016	Total
Funding								
Opening balance	\$ -	\$ 256,497	\$ 137,135	\$ 160,155	\$ 281,070	\$ 402,739	\$ 746,314	\$ -
Annual allocation	1,191,111	342,873	342,873	342,873	342,873	\$ 343,000	\$ 543,000	3,448,603
Interest earned	22073	4230	1991	1329	2338	575	492	33,028
	<u>1,213,184</u>	<u>603,600</u>	<u>481,999</u>	<u>504,357</u>	<u>626,281</u>	<u>746,314</u>	<u>1,289,806</u>	<u>3,481,631</u>
Eligible project expenses								
Landfill Expansion	397,504							397,504
Water Plant renovation								-
Laboratory Water Plant							38,837	38,837
Phones & auto dialers								-
Chip seal roads								-
Raw Water River Tie-in	201,609		20,078					221,687
Underground Water Rehabilitation	21,659	225,000						246,659
Utilidor Study	41,316							41,316
Sewage Lagoon Aerator Cells	43,945							43,945
Dust Suppression - Roads	250,654	241,465	301,766	223,287	223,542			1,240,714
	<u>956,687</u>	<u>466,465</u>	<u>321,844</u>	<u>223,287</u>	<u>223,542</u>	<u>0</u>	<u>38,837</u>	<u>2,230,662</u>
Excess (deficiency) of revenue over expenses	\$ 256,497	\$ 137,135	\$ 160,155	\$ 281,070	\$ 402,739	\$ 746,314	\$ 1,250,969	\$ 1,250,969

Town of Norman Wells
Schedule of Community Public Infrastructure Program
for the Year ended December 31, 2016
(Schedule 7)

**For the years ended
December 31**

Cumulative

	2007 to 2010	2011	2012	2013	2014	2015	2016	Total
Funding								
Opening balance	\$ -	\$ 1,695,685	\$ 527,917	\$ 685,769	\$ 902,269	\$ 1,301,233	\$ 1,724,243	\$ -
Annual allocation	3,306,295	868,510	869,000	869,000	869,000	869,000	869,000	8,519,805
Interest earned	21,564	31,332	15,502	9,380	12,648	17,132	14,012	121,570
	<u>3,327,859</u>	<u>2,595,527</u>	<u>1,412,419</u>	<u>1,564,149</u>	<u>1,783,917</u>	<u>2,187,365</u>	<u>2,607,255</u>	<u>8,641,375</u>
Eligible project expenses								
Water and Sewage costs for Trucking	202,771	51,400	51,400	51,400				356,971
Sewage Lagoon Desludging						184,618	146,852	331,470
Arena Rehabilitation	357,037		72,305			31,287	13,287	473,916
Fire Department Air Packs/Equipment	127,035	46,098					48,982	222,115
Generator for EMO	127,384							127,384
Sewer Main Replacement/ Rehab.	223,260						130,939	354,199
Fitness Centre Building	20,131	122,158						142,289
Walking Path Bridges	61,283							61,283
Security System for Recreation Facilities	51,234							51,234
Swimming Pool Boiler	88,411							88,411
Water Storage Tank & Control Panel	172,683							172,683
Garbage Bins	26,808				32,332			59,140
Arena Roof Repair & Extension		674,588						674,588
Underground Water		1,138,457						1,138,457
8A & 8B Ptarmigan Duplex			283,000					283,000
13 Marten Ave. reno								0
Fire hall reno							64,796	64,796
Sewage Lagoon Cell Arms			252,811					252,811
Diesel Fuel Tanks				131,183				131,183
Fire Utility Truck				242,091				242,091
Skid Steer				67,688				67,688
Water Storage Tank (Second)					228,056	6,572		234,628
Cemetery				30,850	45,643			76,493
Vehicles				35,788	92,344	51,537		179,669
Chip seal/Roads & Paths				78,230	3,434		896,462	978,126
Parking areas paving							236,243	236,243
Furniture & Equipment	53,164	34,909	21,418		62,675	69,301		241,467
Solid Waste Site	43,867			24,650				68,517
Buildings	48,805		45,716			91,769	48,483	234,773
Boiler Replacement							33,522	33,522
Computer/network upgrades							21,756	21,756
Other Minor	28,301				18,200	28,038	50,584	125,123
	<u>1,632,174</u>	<u>2,067,610</u>	<u>726,650</u>	<u>661,880</u>	<u>482,684</u>	<u>463,122</u>	<u>1,691,906</u>	<u>7,726,026</u>
Excess (deficiency) of revenue over expenses	\$ 1,695,685	\$ 527,917	\$ 685,769	\$ 902,269	\$ 1,301,233	\$ 1,724,243	\$ 915,349	\$ 915,349

Town of Norman Wells
Schedule of Small Communities Fund Program
for the Year ended December 31, 2016
(Schedule 8)

For the years ended December 31	2015	2016	Cumulative Total
Funding			
Opening balance	\$ -	\$ -	\$ -
Annual allocation		1,083,750	1,083,750
Interest earned			0
	0	1,083,750	1,083,750
Eligible project expenses			
Chip seal roads		1,083,750	1,083,750
			0
			0
			0
			0
			0
			0
			0
Other Minor			0
	0	1,083,750	1,083,750
Excess (deficiency) of revenue over expenses			
	\$ -	\$ -	\$ -

Town of Norman Wells
Water and Sewage Reporting Form
for the Year ended December 31, 2016
(Schedule 9)

Water & Sewage Rates:

Economic Rate	\$.0209/L
Residential Rate	\$.0039/L
Commercial Rate	\$.0122/L
Public Sector (including local gov't) Rate	\$.0209/L

Bylaw: 14-06 (August 8, 2015)

Water & Sewage expenditures:

Total Water & Sewage Costs (excl. amortization) For 2016 Per Financial Statements \$ 2,349,617	Total Budgeted Expenditures Used For Calculating Economic Rate (note 1) \$ 2,094,500
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Water & Sewage Revenue:

Total Water and Sewage Revenue (incl. subsidy) For 2016 Per Financial Statements \$ 1,358,368	Revenue - Residential \$ 166,259
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Revenue - Public Sector \$ 134,656	Revenue - Commercial \$ 228,452
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Water & Sewage Consumption (note 1):

Actual Volume Of Water Consumed In 2016 (Billed in litres) 69,290,165	Actual Consumption - Residential (in litres) 36,541,225
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Total Budgeted Consumption For Calculating Economic Rate (in litres) 100,215,000	Actual Consumption - Commercial (in litres) 20,907,508
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Actual Consumption - Public Sector (in litres) 11,841,432

Notes:

1. Budgets are the projections used for calculating Economic Rate and are unaudited. Consumption amounts are unaudited.
2. Town internal water and sewer charges (revenue) have been eliminated for consolidation purposes.