

Town of Norman Wells
Financial Statements
December 31, 2019

Town of Norman Wells
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For the year ended December 31, 2019

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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 21, 2020



Senior Administrative Officer

Independent Auditor's 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, 2019, and the statements of operations and accumulated 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 possible 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, 2019, 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, 2019 and 2018, and accumulated surplus as at January 1 and December 31, 2019 and 2018.

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, 2018 has been restated.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 21, 2020

MNP LLP

Chartered Professional Accountants

Town of Norman Wells
Statement of Financial Position
For the year ended December 31, 2019

	2019	2018 <i>(restated - Note 20)</i>
Financial assets		
Cash and cash equivalents	3,113,950	2,126,597
Restricted deposits (Note 3)	4,892,296	3,213,586
Accounts receivable (Note 4)	2,160,048	2,440,210
Total financial assets	10,166,294	7,780,394
Financial liabilities		
Accounts payable and accrued liabilities (Note 6)	1,141,594	678,077
Deferred revenue (Note 7)	4,218,442	2,262,107
Land restoration liability (Note 8)	2,231,340	2,231,340
Total financial liabilities	7,591,376	5,171,524
Net financial assets	2,574,918	2,608,869
Commitments and contingencies (Note 10)		
Non-financial assets		
Tangible capital assets (Schedule 13)	28,875,711	30,384,720
Prepaid expenses	239,006	24,725
Inventory (Note 5)	612,247	724,184
Total non-financial assets	29,726,964	31,133,629
Accumulated surplus (Note 11) (Schedule 1)	32,301,882	33,742,498

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, 2019

	<i>Schedules</i>	2019	2019	2018
		Budget		<i>(restated - Note 20)</i>
Revenue				
Government transfers (Note 12)		2,394,750	4,796,684	7,092,473
Property taxes	2	2,116,253	3,089,866	2,368,500
Water and sewer customer charges	3	1,107,500	1,175,536	1,181,947
Garbage fees	8	113,100	114,190	112,849
Quarry sales	9	360,000	335,753	328,788
Other revenue	11	401,225	204,780	253,285
Deferred revenue opening (Note 7)		-	2,278,924	2,239,420
Deferred revenue closing (Note 7)		-	(4,218,442)	(2,278,924)
Total revenue		6,492,828	7,777,291	11,298,338
Expenses				
General Government Services	2	1,426,950	1,572,904	2,194,553
Water and Sewage Services	3	1,994,750	3,310,885	2,969,133
Protective Services	4	417,150	389,391	320,636
Transportation and Public Works Services	5	1,163,350	1,728,193	1,610,626
Recreation Services	6	794,658	1,354,739	1,055,682
Land Development and Administration	7	82,500	129,815	80,230
Environmental and Public Health Services	8	344,750	254,502	263,710
Quarry Operations	9	269,000	331,592	591,329
Contract Services	10	-	145,884	98,890
Total expenses	12	6,493,108	9,217,906	9,184,790
Excess (Deficiency) of revenue over expenses before other items		(279)	(1,440,615)	2,113,548
Loss on disposal of tangible capital assets		-	-	(68,742)
Excess (Deficiency) of revenue over expenses		(279)	(1,440,615)	2,044,806
Accumulated surplus, beginning of year as previously stated		33,571,740	33,571,740	32,524,739
Prior period adjustment (Note 20)		-	170,758	(827,047)
Accumulated surplus, restated beginning of year		33,571,740	33,742,498	31,697,692
Accumulated surplus, restated end of year		33,571,461	32,301,882	33,742,498

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, 2019

	2019	2019	2018
	Budget		<i>(restated - Note 20)</i>
Excess (Deficiency) of revenue over expenses	(279)	(1,440,615)	2,044,806
Acquisition of tangible capital assets	-	(375,905)	(4,513,998)
Depreciation of tangible capital assets	-	1,884,914	1,913,442
Proceeds on disposal of tangible capital assets	-	-	1,500
Loss on disposal of tangible capital assets	-	-	68,742
Acquisition of prepaid expenses	-	(239,006)	(24,725)
Use of prepaid expenses	-	24,725	10,000
Change in quarry inventory	-	111,937	1,581,905
	-	1,406,665	(963,133)
Increase in net financial assets	(279)	(33,950)	1,081,673
Net financial assets, beginning of year	2,608,869	2,608,869	1,527,197
Net financial assets, end of year	2,608,590	2,574,918	2,608,869

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, 2019

	2019	2018 <i>(restated - Note 20)</i>
Net inflow (outflow) of cash related to the following activities:		
Operating activities		
Excess of revenue over expenses	(1,440,615)	2,044,806
Amortization of tangible capital assets	1,884,914	1,920,238
Loss on disposal of tangible capital assets	-	68,743
	444,299	4,033,788
Changes in working capital accounts:		
Accounts receivable	280,162	(1,689,801)
Prepaid expenses	(214,282)	(14,725)
Inventory	111,937	754,849
Accounts payable and Accrued Liabilities	463,517	341,153
Deferred revenue	1,956,335	22,687
	3,041,970	3,447,950
Capital activities		
Acquisition of tangible capital assets	(375,905)	(4,740,545)
Proceeds on disposal of capital assets	-	1,500
	(375,905)	(4,739,045)
Increase (decrease) in cash resources	2,666,065	(1,291,095)
Cash resources, beginning of year	5,340,183	6,631,279
Cash resources, end of year	8,006,246	5,340,183
Cash resources are composed of:		
Cash	3,113,950	2,126,597
Restricted deposits	4,892,296	3,213,586
	8,006,246	5,340,183

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 become receivable, other revenue is determined receivable once the services have been performed, the amount to be received can be reasonably estimated and collection can be reasonably assured.

2. Summary of significant accounting policies (continued)

Pension expenses

Contributions for current and past service pension benefits are recorded as expenses in the year in which they become due.

Segments

The Town conducts its business through nine (nine in 2018) 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>2019 Reserves</i>	<i>2019 Deferred Revenue</i>	<i>2019 Restricted Deposit</i>	<i>2019 Receivable</i>	<i>2019 Deposit surplus (deficit)</i>
Federal Gas Tax	-	3,466,728	4,245,892	-	779,164
Community Public Infrastructure	-	733,379	62,360	1,041,000	369,981
Other services	-	18,335	-	-	(18,335)
General Reserve	998,444	-	584,044	-	(414,400)
	998,444	4,218,442	4,892,296	1,041,000	716,410

In 2018 total reserves was \$998,444 , deferred revenue was \$2,262,107, restricted deposits were \$3,213,586, receivables were \$303,000 and the deposit surplus was \$256,034.

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

Restricted deposits bear interest at 2.15% (2018 - 2.15%).

Town of Norman Wells
Notes to the Financial Statements
For the year ended December 31, 2019

4. Accounts receivable

	2019	2018 <i>(restated - Note 20)</i>
Trade and other receivables	278,554	192,163
Allowance for doubtful accounts	(56,326)	(56,944)
	222,228	135,219
Utilities receivables	285,986	250,612
Allowance for doubtful accounts	(85,273)	(111,417)
	200,713	139,195
Property tax receivable	294,833	335,665
Allowance for doubtful accounts	(82,699)	(126,592)
	212,134	209,073
Clean water and wastewater funding receivable	39,128	1,428,463
Community public infrastructure receivable	1,041,000	-
Gas tax funding receivable	-	303,000
Goods and services tax receivable	215,370	221,793
Grants in lieu	99,748	-
Professional development and training funding receivable	-	3,468
Other funding receivable	129,728	-
	2,160,048	2,440,210

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 for sale.

6. Accounts payable and accrued liabilities

	2019	2018 <i>(restated - Note 20)</i>
Trade accounts payable and accruals	927,057	553,471
Wages and benefits payable	214,537	124,607
	1,141,594	678,077

7. Deferred revenue

	2019	2018 <i>(restated - Note 20)</i>
Community public infrastructure	733,379	34,708
Gas tax	3,466,728	2,205,792
Other services	18,335	21,607
	4,218,442	2,262,107

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.

Town of Norman Wells
Notes to the Financial Statements
For the year ended December 31, 2019

9. Equity in tangible capital assets

	2019	<i>2018 (restated - Note 20)</i>
Tangible capital assets (Schedule 13)	64,659,682	64,283,808
Accumulated amortization (Schedule 13)	(35,784,002)	(33,899,088)
	28,875,711	30,384,720

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 animal control services.

Future payments are as follows:

2020	1,441,235
2021	357,154
2022	-
2023	-
2024	-

The Town has entered into agreements with outside contractors for the rental of office equipment, janitorial services, and information technology services. Future payments are as follows:

2020	132,720
2021	94,320
2022	75,120
2023	20,448
2024	-

11. Accumulated surplus

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

	2019	<i>2018 (restated - Note 20)</i>
Unrestricted surplus	5,764,821	5,298,697
Water and Sewage operations	(3,337,056)	(2,939,326)
Equity in tangible capital assets (Note 9)	28,875,711	30,384,720
Reserves	998,437	998,437
	32,301,882	33,742,498

Town of Norman Wells
Notes to the Financial Statements
For the year ended December 31, 2019

12. Government transfers

	2019	2018 <i>(restated - Note 20)</i>
Operating Transfers		
Operating and Maintenance Funding	1,171,000	1,171,000
Water and Sewer Funding (Schedule 3)	944,000	913,000
Search and Rescue Operation	-	10,000
Sports, Recreation and Youth Contributions	84,994	63,314
Tourism and Marketing Program Funding	-	41,700
SCBA Bottle Replacement (Schedule 4)	-	10,000
CANNOR Funding	14,000	148,149
Geotechnical Road Survey Funding	129,728	-
Other	-	7,645
Property tax	137,779	100,235
	2,481,501	2,465,044
Capital Transfers		
Community Public Infrastructure (Schedule 15)	1,041,000	869,000
Community Water and Wastewater Funding (Schedule 17)	62,183	3,152,430
Federal Gas Tax (Schedule 14)	1,212,000	606,000
	2,315,183	4,627,430
	4,796,684	7,092,473

13. Northern employee benefits services

Employees of the Community participate in the Northern Employee Benefits Services. The plan services about 3,202 (2018 - 3,033) people and 147 (2018 - 107) employers. It is financed by employer and employee contributions and investment earnings of the Northern Employee Benefits Services fund.

The Community is required to make current service contributions to the plan of 8% of pensionable earnings up to \$171,368 (2018 - \$166,787), and 0% for the excess.

The current service contributions by the Town of Norman Wells of the Northern Employee Benefits Services in 2019 were \$74,092. Total current service contributions by the employees of the Community in 2019 were \$72,229.

At January 1, 2019 the Plan disclosed an actuarial deficiency of \$25,300,000 (\$24,000,000 in 2018) on a going concern basis and \$128,900,000 (2018 - \$110,840,600) on a solvency valuation basis. The solvency ratio used is 64.0% (2018 - 66.0%).

14. 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 continued financial commitments.

15. 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.

16. Related party transactions

Included in trucked water expense for the year is \$1,251,360 (2018 - \$1,220,538) paid to Northridge Contracting Ltd. a company owned by a council member of the Town.

17. Approval of financial statements

Council and Management have approved these financial statements on April 21, 2020.

18. Approval of budget

The budget prepared by management and disclosed in these financial statements was approved by Council November 20, 2018.

19. Comparative Figures

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

20. Correction of an error

During the 2019 year, it was determined that a number of accounts payable vendor balances were double recorded in 2018. This has caused accounts payable to be overstated in 2018 by \$390,509, expenses to be overstated by \$170,758, and tangible capital assets to be overstated by \$219,750. The correction of this error has resulted in the following adjustments in 2018:

- Accumulated amortization was decreased by \$6,796;
- Expenses were decreased by \$170,758;
- Accounts payable was decreased by \$390,509;
- Tangible capital assets were decreased by \$226,547; and

In 2019 the opening equity was increased by \$170,758.

During the 2019 year, it was determined that council donations towards the completion of the canyon creek road in 2018 were incorrect and that 2018 opening inventory was incorrect. This has caused council donations expense and 2018 opening equity to be overstated by \$827,047. The correction of this error resulted in the following adjustments in 2018:

- Council donations expense was decreased by \$827,047;
- Opening equity was decreased by \$827,047.

In 2019 there was no impact to opening equity from this adjustment.

During the 2019 year, the Government of the Northwest Territories Municipal and Community Affairs noted previously approved expenses were determined to be ineligible to be spent under the community water and wastewater fund and requested the expenses be claimed under the gas tax funding. This has caused accounts receivable and deferred revenue to be overstated by \$204,345 in 2018. The correction of this error has resulted in the following adjustments in 2018:

- Accounts receivable was decreased by \$204,345; and
- Deferred revenue was decreased by \$204,345.

In 2019 there was no impact to opening equity from this adjustment.

21. Subsequent event

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and the economy through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Town as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, we anticipate this outbreak may cause staff shortages, and increased government regulations, all of which may negatively impact the Town's operations and funding from the government.

Town of Norman Wells
Schedule 1 - Schedule of Change in Accumulated Surplus (Deficit)
For the year ended December 31, 2019

	<i>Unrestricted Surplus</i>	<i>Water and Sewage</i>	<i>Land Development</i>	<i>Equity in Tangible Capital Assets</i>	<i>Reserve</i>	2019	2018 <i>(restated - Note 20)</i>
Accumulated surplus (deficit), beginning of year as previously stated	4,908,188	(2,939,326)	-	30,604,470	998,437	33,571,740	32,524,739
Prior period adjustments	390,509	-	-	(219,750)	-	170,758	(827,047)
Accumulated surplus (deficit), restated beginning of year	5,298,697	(2,939,326)	-	30,384,720	998,437	33,742,498	31,697,692
Excess (deficiency) of revenue over expenses	(249,267)	(1,191,348)	-	-	-	(1,440,615)	2,044,806
Purchases of tangible capital assets	(375,905)	-	-	375,905	-	-	-
Amortization expense	1,091,296	793,618	-	(1,884,914)	-	-	-
Proceeds on sale of assets	-	-	-	-	-	-	-
Gain/loss on sale of assets	-	-	-	-	-	-	-
Change in accumulated surplus (deficit)	466,124	(397,730)	-	(1,509,009)	-	(1,440,615)	2,044,806
Accumulated surplus (deficit), end of year	5,764,821	(3,337,056)	-	28,875,711	998,437	32,301,882	33,742,498

Town of Norman Wells
General Government Services
Schedule 2 - Schedule of Revenue and Expenses
For the year ended December 31, 2019

	2019	2019	2018
	<i>Budget</i>		<i>(restated - Note 20)</i>
Revenue			
Property taxes	2,101,253	3,098,735	2,402,719
School taxes	15,000	(8,869)	(34,219)
Government transfers (Note 12)	1,293,750	3,753,690	5,908,665
Other revenue	236,425	106,527	190,926
Deferred revenue - opening	-	2,257,316	2,239,420
Deferred revenue - closing	-	(4,200,106)	(2,257,316)
	3,646,428	5,007,293	8,450,195
Expenses			
Advertising and donation	9,900	4,938	15,022
Bad debts (recovery)	-	(70,655)	104,060
Bank charges and interest	16,000	20,359	15,778
Contract services	125,000	42,501	273,561
Donations	25,000	34,250	424,620
Fuel	2,500	4,688	3,214
Insurance	105,000	106,828	65,682
Mayor and council	138,000	166,340	105,124
Office Expenses	37,350	103,433	37,385
Professional fees	60,000	425,287	96,415
Recruitment	7,500	10,505	64,858
Repairs and maintenance	22,000	11,707	19,113
Salaries and benefits	710,000	504,338	679,600
Supplies	52,250	32,328	64,776
Telephone	27,500	31,734	27,436
Training	8,000	11,089	18,311
Travel	45,000	32,166	70,899
Utilities - Electricity	15,250	14,545	16,385
Utilities - Fuel	13,700	14,129	14,464
Water and sewer	7,000	2,523	5,668
	1,426,950	1,503,031	2,122,371
Excess of revenue over expenses before other items and amortization	2,219,478	3,504,262	6,327,823
Loss on disposal of property, plant and equipment	-	-	(68,742)
Amortization		69,873	72,182
Excess of revenue over expenses	2,219,478	3,434,387	6,186,900

Town of Norman Wells
Water and Sewage Services
Schedule 3 - Schedule of Revenue and Expenses
For the year ended December 31, 2019

	2019	2019	2018
	<i>Budget</i>		<i>(restated - Note 20)</i>
Revenue			
Water and sewer - public sector	210,150	517,399	487,427
Water and sewer - commercial and industrial	574,500	289,526	304,637
Water and sewer - residential	322,850	272,726	305,502
Water and sewer - town	93,500	95,885	82,258
Other revenue	-	-	2,123
Government transfers (Note 12)	836,000	944,000	913,000
	2,037,000	2,119,536	2,094,947
Expenses			
Contract services	13,000	75,206	122,932
Fuel	13,000	14,295	11,996
Office expense	5,500	663	644
Repairs and maintenance	111,000	68,215	83,444
Salaries and benefits	400,000	366,350	291,036
Supplies	23,000	60,191	30,969
Telephone	9,000	8,599	8,805
Training	12,000	78	1,201
Travel	6,500	-	-
Trucked Water	1,060,000	1,446,840	1,216,660
Utilities - Electricity	162,500	155,383	170,529
Utilities - Fuel	124,250	250,718	170,971
Water and sewer	55,000	70,730	44,778
	1,994,750	2,517,267	2,153,965
Deficiency of revenue over expenses before amortization	42,250	(397,731)	(59,018)
Amortization	-	793,618	815,168
Deficiency of revenue over expenses	42,250	(1,191,348)	(874,186)

Town of Norman Wells
Protective Services
Schedule 4 - Schedule of Expenses
For the year ended December 31, 2019

	2019	2019	2018
	Budget		<i>(restated - Note 20)</i>
Revenue			
Other revenue	-	270	100
Government transfers (Note 12)	-	-	10,000
	-	270	10,100
Expenses			
Contract services	3,000	9,297	1,281
Fuel	5,000	2,813	3,035
Honorarium	180,000	110,502	111,398
Repairs and maintenance	66,900	46,001	43,037
Salaries and benefits	18,000	24,959	3,600
Supplies	78,500	10,015	12,554
Telephone	11,750	11,588	11,015
Training	10,000	12,322	3,189
Utilities - Electricity	18,000	16,049	18,260
Utilities - Fuel	21,000	25,161	21,066
Water and sewer	5,000	32,092	1,780
	417,150	300,799	230,215
Deficiency of revenue over expenses before amortization	(417,150)	(300,529)	(220,115)
Amortization	-	88,592	90,421
Deficiency of revenue over expenses	(417,150)	(389,121)	(310,536)

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

For the year ended December 31, 2019

	2019	2019	2018
	<i>Budget</i>		<i>(restated - Note 20)</i>
Expenses			
Contract services	-	140,478	-
Fuel	17,000	23,620	15,832
Insurance			-
Office expense	5,000	-	1,070
Repairs and maintenance	51,000	50,524	33,413
Salaries and benefits	300,000	380,333	313,119
Staff housing	60,000	61,825	57,877
Supplies	700,850	430,178	545,910
Telephone	4,500	3,718	4,130
Training	-	128	-
Travel	-	3,560	-
Utilities - Electricity	8,500	5,622	9,685
Utilities - Fuel	13,000	13,545	12,705
Water and sewer	3,500	3,727	2,823
	1,163,350	1,117,257	996,565
Deficiency of revenue over expenses before amortization	(1,163,350)	(1,117,257)	(996,565)
Amortization	-	610,936	614,061
Deficiency of revenue over expenses	(1,163,350)	(1,728,193)	(1,610,626)

Town of Norman Wells
Recreation Services
Schedule 6 - Schedule of Revenue and Expenses
For the year ended December 31, 2019

	2019	2019	2018
	<i>Budget</i>		<i>(restated - Note 20)</i>
Revenue			
Other revenue	49,800	70,147	40,196
Government transfers (Note 12)	265,000	98,994	260,808
Deferred revenue - opening	-	21,608	-
Deferred revenue - closing	-	(18,336)	(21,608)
	314,800	172,413	279,396
Expenses			
Community events	7,600	45,373	16,796
Fuel	-	3,161	2,956
Office expenses	4,000	1,043	1,275
Repairs and maintenance	47,165	149,929	44,635
Salaries and benefits	399,000	499,170	362,734
Staff housing	275	-	183
Supplies	36,918	69,679	34,877
Telephone	10,350	9,792	9,396
Training	6,400	4,612	3,427
Travel	23,550	25,195	14,318
Utilities - Electricity	122,500	90,550	132,744
Utilities - Fuel	106,500	129,571	115,916
Water and sewer	30,400	41,824	31,872
	794,658	1,069,899	771,128
Deficiency of revenue over expenses before amortization	(479,858)	(897,486)	(491,732)
Amortization	-	284,840	284,555
Deficiency of revenue over expenses	(479,858)	(1,182,326)	(776,286)

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

For the year ended December 31, 2019

	2019	2019	2018
	Budget		<i>(restated - Note 20)</i>
Revenue			
Land sales	100,000	173	-
Other revenue	15,000	27,663	22,063
	115,000	27,836	22,063
Expenses			
Professional fees	2,000	271	14,418
Salaries and benefits	75,000	129,187	64,859
Supplies	1,000	358	954
Training	3,000	-	-
Travel	1,500	-	-
	82,500	129,815	80,230
Deficiency of revenue over expenses	32,500	(101,979)	(58,168)

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

For the year ended December 31, 2019

	2019	2019	2018
	Budget		<i>(restated - Note 20)</i>
Revenue			
Garbage fees	113,100	114,190	112,849
Expenses			
Contracted services	318,250	222,712	204,701
Repairs and maintenance	26,500	3,870	31,090
	344,750	226,582	235,790
Deficiency of revenue over expenses before amortization	(231,650)	(112,392)	(122,940)
Amortization	-	27,920	27,920
Deficiency of revenue over expenses	(231,650)	(140,312)	(150,861)

Town of Norman Wells
Quarry Operations
Schedule 9 - Schedule of Revenue and Expenses

For the year ended December 31, 2019

	2019	2019	2018
	Budget		<i>(restated - Note 20)</i>
Revenue			
Quarry sales	360,000	335,753	328,788
Expenses			
Repairs and maintenance	25,000	187	27,766
Salaries and benefits	44,000	48,372	58,488
Supplies	192,000	263,073	486,617
Utilities - Electricity	4,400	4,317	4,214
Utilities - Fuel	3,000	5,465	4,521
Water and sewage	600	1,043	586
	269,000	322,456	582,193
Excess (deficiency) of revenue over expenses before amortization	91,000	13,297	(253,405)
Amortization	-	9,136	9,136
Excess (deficiency) of revenue over expenses	91,000	4,161	(262,541)

Town of Norman Wells
Contract Services
Schedule 10 - Schedule of Revenue and Expenses
For the year ended December 31, 2019

	Community	Federal	Community	2019	2019	2018
	Water and Wastewater	Gas Tax	Public Infrastructure	Budget		(restated - Note 20)
Revenue						
Government transfers (Note 12)	62,183	1,212,000	1,041,000	-	2,315,183	4,743,517
Other revenue	-	63,951	4,645	-	68,596	62,117
Deferred revenue opening	-	2,222,609	34,708	-	2,257,316	2,237,541
Deferred revenue closing	-	(3,449,912)	(733,377)	-	(4,183,289)	(2,240,498)
	62,183	48,648	346,976	-	457,806	4,802,677
Expenses						
Water and sewage	-	-	-	-	-	98,890
Transportation and public works	-	-	145,884	-	145,884	-
	-	-	145,884	-	145,884	98,890
Excess of revenue over expenses	62,183	48,648	201,092	-	311,922	4,703,787
Additional information:						
Capital expenditures	60,406	31,382	201,090	-	292,878	4,482,625
Total	60,406	31,382	201,090	-	292,878	4,482,625

Town of Norman Wells
Schedule 11 - Schedule of Other Revenue
For the year ended December 31, 2019

	2019	2019	2018
	<i>Budget</i>		
Administration	153,025	60,724	27,928
Arena	800	-	504
Commission	10,000	-	-
Community hall rental	4,500	7,103	6,095
Fitness centre	12,500	17,878	18,125
House rental	20,000	26,574	14,511
Interest income	75,900	72,060	154,004
Leases	15,000	27,836	22,063
Licenses and permits	9,500	11,200	10,055
	301,225	223,374	253,285

Town of Norman Wells
Schedule 12 - Schedule of Expenses by Object
For the year ended December 31, 2019

	2019	2019	2018
	Budget		<i>(restated - Note 20)</i>
Advertising	9,900	4,938	15,022
Amortization	-	1,884,915	1,913,442
Bad debts	-	(70,655)	104,060
Bank charges and interest	16,000	20,359	15,778
Community events	7,600	45,373	16,796
Contract services	459,249	636,078	701,366
Donations	25,000	34,250	424,620
Fuel	37,500	48,577	37,033
Honorarium	180,000	110,502	111,398
Insurance	105,000	106,828	65,682
Mayor and council	138,000	166,340	105,124
Office expense	51,850	105,139	40,374
Professional fees	62,000	425,558	110,833
Recruitment	7,500	10,505	64,858
Repairs and maintenance	349,565	330,433	282,498
Salaries and benefits	1,946,000	1,952,709	1,773,436
Staff housing	60,275	61,825	58,060
Supplies	1,084,518	865,822	1,176,657
Telephone	63,100	65,431	60,782
Training	39,400	28,229	26,129
Trucked Water	1,060,000	1,446,840	1,216,660
Travel	76,550	60,921	85,216
Utilities - Electricity	331,150	286,466	351,817
Utilities - Fuel	281,450	438,589	339,643
Water and sewer	101,499	151,938	87,508
	6,493,108	9,217,906	9,184,790

Town of Norman Wells
Schedule 13 - Schedule of Tangible Capital Assets
For the year ended December 31, 2019

	<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>	2019	<i>2018 (restated - Note 20)</i>
Cost:									
Balance, beginning of year	3,727,667	19,219,067	1,496,306	1,794,387	19,349,228	18,669,270	27,881	64,283,777	59,871,470
Acquisition of tangible capital assets	-	50,079	157,444	63,433	-	-	104,950	375,905	4,513,998
Transfers from Construction-in-progress	-	-	-	-	-	-	-	-	-
Disposal of tangible capital assets	-	-	-	-	-	-	-	-	(101,691)
Balance, end of year	3,727,667	19,269,146	1,653,750	1,857,820	19,349,228	18,669,270	132,831	64,659,682	64,283,777
Accumulated amortization:									
Balance, beginning of year	-	10,435,161	1,107,526	1,261,733	12,128,853	8,965,814	-	33,899,088	32,017,064
Annual amortization	-	526,727	59,726	89,473	573,725	635,264	-	1,884,914	1,913,442
Accumulated amortization on disposals	-	-	-	-	-	-	-	-	(31,418)
Balance, end of year	-	10,961,888	1,167,252	1,351,206	12,702,578	9,601,078	-	35,784,002	33,899,088
Net book value of tangible capital assets	3,727,667	8,307,258	486,498	506,614	6,646,650	9,068,193	132,831	28,875,711	30,384,720
2018 Net book value of tangible capital assets	3,727,667	8,783,906	388,780	532,654	7,220,375	9,703,457	27,881	30,384,720	

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

For the year ended December 31, 2019

	2015	2016	2017	2018	2019	Cumulative
				<i>(restated - Note 20)</i>		
Funding						
Opening balance	402,739	746,314	1,250,969	1,794,407	2,222,609	6,417,038
Interest Income	575	492	438	36,782	63,951	102,238
Government Transfers (Note 12)	343,000	543,000	543,000	606,000	1,212,000	3,247,000
	746,314	1,289,806	1,794,407	2,437,189	3,498,560	9,766,276
Eligible expenditures						
Dust Suppression - Roads	-	-	-	-	-	-
Laboratory Water Plant	-	38,837	-	-	-	38,837
Water plant transformer replacement	-	-	-	10,235	10,537	20,772
Wastewater Lift Station	-	-	-	204,345	21,295	225,640
	-	38,837	-	214,580	31,832	285,249
Accumulated excess of funding over expenditures	746,314	1,250,969	1,794,407	2,222,609	3,466,728	9,481,027

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

For the year ended December 31, 2019

	2015	2016	2017	2018	2019	Cumulative
Funding						
Opening balance	1,301,233	1,724,243	915,349	443,134	34,708	4,418,667
Government Transfers (Note 12)	869,000	869,000	869,000	869,000	1,041,000	4,517,000
Interest earned	17,132	14,012	19,216	25,335	4,645	80,340
	2,187,365	2,607,255	1,803,565	1,337,469	1,080,353	9,016,007
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	-	-	-	-	-	-
Fire Hall Renovations	-	64,796	-	-	-	64,796
Second Water Storage Tank	6,572	-	-	-	-	6,572
Cemetery	-	-	-	-	-	-
Vehicles	51,537	-	-	-	157,300	208,837
Chip Seal/Roads & Paths	-	896,462	840,686	-	-	1,737,148
Parking Areas Paving	-	236,243	-	-	-	236,243
Furniture & Equipment	69,301	-	-	-	-	69,301
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	7,098	618,321
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	28,038	50,584	31,313	8,743	29,007	147,685
Geotech study	-	-	-	-	145,884	145,884
Lagoon upgrades and improvements	-	-	-	-	7,685	7,685
	463,122	1,691,906	1,360,431	1,302,763	346,974	5,165,196
Accumulated excess of funding over expenditures	1,724,243	915,349	443,134	34,708	733,379	3,850,813

Town of Norman Wells
Schedule 16 - Schedule of Small Communities Program Funding
For the year ended December 31, 2019

	<i>2017</i>	<i>2018</i>	<i>2019</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, 2019

	2017	2018 <i>(restated - Note 20)</i>	2019	<i>Cumulative</i>
Funding				
Government Transfers	1,020,540	3,152,430	62,183	4,235,153
Eligible expenditures				
Water & Wastewater Assessment	74,378	19,260	-	93,638
Lift Station Improvements	112,372	1,500,128	-	1,612,500
Sewer Main Replacement	833,790	1,633,042	-	2,466,832
Lagoon Upgrade	-	-	62,183	62,183
	1,020,540	3,152,430	62,183	5,255,693
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, 2019

				2019	2018
Position	<i>Salary</i>	<i>Honoraria</i>	<i>Travel</i>		
Frank Pope - Mayor	-	21,000	19,624	40,624	3,500
Trevor Smith - Councillor	-	15,000	6,511	21,511	2,500
David Weaver - Councillor	-	15,000	6,511	21,511	2,500
Jim Boyle - Councillor	-	15,000	7,173	22,173	2,500
Pascal Audet - Councillor	-	15,000	6,011	21,011	2,500
Jean-Paul Bernard - Councillor	-	15,000	6,511	21,511	2,500
Alexis Peachey - Deputy Mayor	-	18,000	6,511	24,511	3,000
Total Remuneration	-	114,000	58,851	172,851	19,000

Town of Norman Wells
Schedule 19 - Schedule of Water and Sewage Reporting
For the year ended December 31, 2019

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>2019</u>	<u>2018</u>
Total Audited Water and Sewage Costs less Amortization	\$ 2,517,267	\$ 2,153,965

Water and Sewage Revenue (dollars)

Government transfers	\$ 944,000	\$ 913,000
Other revenue	\$ 95,885	\$ 84,381
Revenue - Public Sector	\$ 517,399	\$ 487,427
Revenue - Residential	\$ 272,726	\$ 305,502
Revenue - Commercial	\$ 289,526	\$ 304,637
Total Audited Water & Sewage Revenue	\$ 2,119,536	\$ 2,094,947

Water and Sewage Consumption (in litres)

Actual Consumption - Residential	30,302,927	33,944,683
Actual Consumption - Public Sector	14,253,418	13,427,742
Actual Consumption - Commercial	10,340,228	10,879,908
Actual Volume of Water Consumed/Billed	<u>54,896,573</u>	<u>58,252,333</u>