

Minutes
Committee of the Whole #21-05
Wednesday, July 14, 2021 12:00PM
Council Chambers and Teleconference
Call in 1-866-969-8429 ID: 5040455

Present:	Frank Pope	Mayor
	Alexis Peachey	Deputy Mayor
	Pascal Audet	Councillor
	Jean-Paul Bernard	Councillor- phone
	Trevor Smith	Councillor
	David Wever	Councillor
Staff:	Cathy Clarke	Senior Administrative Officer
	Karen Boudreau	Finance Manager- phone
	Cristina Lagare	Recreation Programmer
	Johannie Lapierre	Development Officer
	Gary Mickalyk	Public Works Manager
	Hugo Pabke	Utilities Manager
	Kayla Turner	Governance and Community Engagement Manager
Regrets:	Jim Boyle	Councillor
Guests:	Misty Rayner	
	Lee Sacrey	GL Services Ltd.

- 1. Call to Order 12:00pm**
- 2. Declaration of Conflict of Interest**

None.
- 3. Review and Adoption of Agenda**

All in Favor.

4. Delegation

None.

5. Topics

- a) **Community Plan Roll-out: January 15, 2020 - Completed**
- b) **Gas Tax Allocation: January 29, 2020 - Completed**
- c) **Advocacy Efforts: February 19, 2020 - Completed**
- d) **Landfill and Solid Waste Management: March 4, 2020 - Completed**
- e) **MD& A Review and Spring/Summer 2020 Work Plan Prioritization: April 28, 2020 – Completed**
- f) **Landfill & Forecasting: May 12, 2020 - Completed**
- g) **Emerging Wisely Plan: May 27, 2020 - Completed**
- h) **Water & Sewer By-Law & Gas Tax Allocations: June 10, 2020 – carried over**
- i) **Gas Tax Allocations: Continued June 17th, 2020 – carried over**
- j) **Gas Tax Allocations: Continued/Water & Sewer By-Law June 24th, 2020 – Completed**
- k) **Reserve Fund Dedications: July 8th, 2020 – Completed**
- l) **Water & Sewer By-Law: August 26, 2020 – Part 1 Completed**
- m) **By-Law Review – September 8, 2020 – Ongoing**
- n) **Water & Sewer By-Law/Financial Report Framework/Milestone Report Presentation- Completed**
 - **Payment Plan- Completed**
 - **Access Fees- Completed**
 - **Presentation of new monthly financial report framework- Completed**
 - **Milestone Report – Next steps on Landfill- Completed**
- o) **Town Clean-up/Beautification with Town as Example:**
 - **Clean-up of Courtier lot**
 - **Green spaces**
 - **Roads maintenance standards**

- Thorough ditching
- Utilidor brushing

p) Economic Development:

- Business incubation
- Culture
- Marketing
- Tourism

q) Recreation and Green Spaces:

- Jackfish expansion
- New recreation facilities i.e.: soccer pitch, basketball court, skateboard park
- Park and green space development
- Playground development

r) Community Programming:

- Evaluation of existing programming, costs, capacity, effectiveness
- What role does Council feel the Town should play in community needs?
 - Direct provision
 - Facilitation
 - Fund broker
 - Grants support and/or application
 - Networking
 - Subsidy

s) Water:

- Public education campaign
- Water conservation options/audits/education

t) Bylaw/Policy Updates: Ongoing

- Ongoing

u) Ambulatory Care

- Administrative Report- Completed February 10, 2021

v) Gas Tax Allocations- Updated May 26, 2021

w) Reserve Funding- Updated May 26, 2021

x) Asset Management

6. Adjourn 1:15pm Councillor Smith

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1. Asset Management Continued

Council was provided the following documentation in response to a public concern:

All bank statements from 2016 to 2018 from all 5 bank accounts (operations, restricted gas tax, restricted community public infrastructure, restricted general reserve, and restricted general investment).

The history of all projects claimed under the Community Public Infrastructure Fund and Gas Tax and their closing balances for the years from 2016 to 2021.

A history of all transfers between operations and restricted accounts from 2016 to 2018.

Discussion:

Administration answered Council questions regarding policy and procedure of Town of Norman Wells Reserves.

Administration explained the importance of strategic implementation of projects and the burden placed on communities from the funders of being able to cash flow major infrastructure projects on the front end.

GL Services explained how a surplus is defined in the Town of Norman Wells financial statements, and how it can be taken out of context:

SAO, Mayor and Council

Town of Norman Wells

Regarding: emailed text message of July 7, 2021

To all concerned.

As the General Manager of G L Services Ltd. I am unaware of any document being sent to anyone outside of the Town SAO or staff regard the confirmation of any surplus unless for a council meeting or as a part of the audit prep work we had completed.

That said I will note that at the end of the 2017 Audit (the last audit completed under former town management) that the statement of cash flows provided by the Auditor notes net cash and temporary investments of \$ 6,580,872. That is a number from the audit and at the time of audit completion that number was reported on by G L Services and the Auditor of the day. G L Services would also note the was an approved funded capital project of \$ 2,000,000 of which \$ 1,500,000 was funded and upon completion of the project and after reporting to Government was approved. The above figures are correct (at the time of audit completion) and reported on as required and requested.

Please note the following items that impact those figures.

1. Restricted Cash (Gas Tax and CPI) equals \$ 4,157,198 (as noted on the same Statement of Cash Flows) and although the cash is in Town accounts it is restricted in purpose and not available for operations. Therefore, when factoring available operational cash, the \$ 4,157,198 would be noted as cash but not as unrestricted cash. This would leave \$ 2,423,674.
2. At the end of the 2017 fiscal year and again noted in the Statement of Cash Flows, a further \$ 1,077,462 is internally restricted for land liability and reserves. This further reduce available operational cash to \$ 1,346,212.
3. Note 12 of the 2017 audit report and again noted on the Statement of Cash Flows, is \$ 749,457 which was an amount held in trust for a previously unrecord land sale (from what we believe to be 2008). This amount was, as noted, held in trust and not in available cash. That would reduce available operational cash to \$ 596,457 which is close to the unrestricted cash in bank value noted on the Statement of Cash Flows as a part of the 2017 audit and audit report.

When considering the above it is important to note at the end of the 2017 fiscal year and as noted in the 2017 audit there would have been \$ 6,580,872 in net cash and temporary investments at end of year. It is also, important to note that all but the \$ 596,457 was restricted or unavailable for operations.

The noted \$ 1,500,000 in future capital project funding was approved as of the 2017 fiscal year end. There are two important factors to note.

1. \$ 1,500,000 is 75% of the total approved project (from what we understand was approved) and therefore the Town would have to contribute an additional \$ 500,000 of its available funds to have the project completed. SO, either \$ 500,000 from operational cash or if allowable \$ 500,000 from other restricted funding. This additional \$ 500,000 would have caused a further reduction of the \$ 6,580,872 noted in our comments above.

2. 2. In addition to item one above, the Town would have been required to cash flow the entire \$2,000,000 and report on the capital project in order to obtain the \$ 1,500,000 in approved funding. This would have a large impact on cash flow like the other partial funded capital projects during the 2016 and 2017 fiscal years.

Other items of note.

Please note that during the 2018 fiscal year end audit, the 2016 and 2017 asset amortization was recorded in error. The amortization at those year ends were recorded using double declining balance and the Town policy on amortization is to use straight line amortization. It appears the audit work did not factor the Town policy for those fiscal years. In completing the 2018 audit the new Auditor with assistance from G L Services made a required prior period adjustment of around \$ 2,500,000 to the total accumulated surplus noted in the 2017 audit report.

Also note, the accumulated surplus at the period ending December 31, 2017, was noted in the audit to be \$ 34,525,891. An increase of \$ 198,150 from the 2016 fiscal year end. Included in the noted accumulated surplus is \$ 31,671,630 in tangible capital asset and quarry inventory. That would leave \$ 2,854,261 in net financial assets, again as reported in the December 31, 2017, audit report. These numbers do not include the prior period adjustment made in the 2018 year for the 2016 and 2017 amortization adjustment required.

It is important to note that when consider the financial work being completed on the Town of Norman Wells behalf, that there are different levels on engagement. G L Services would be do work based on what is requested by management and staff. Above that would be the audit your completed by the outside Auditor. The Auditors work would have a higher value when looking at year end financial reporting. Further to that any forensic work completed on the Town of Norman Wells financial records would likely have additional value above what is reported in the audit or in any work completed by G L Services. Each engagement has its own purpose and merit, but it is important to understand the different levels of these pieces of work.

G L Services hopes this helps and is based on the correct information. If the documents in question are note the 2017 audit report and you wish to have further clarification, please feel free to reach out and we will assist where we can.

Thanks

Lee Sacrey

General Manager

G L Services Ltd.

Current Administration has accomplished the following:

- As of mid 2019 the Town o f Norman Wells has been fully staffed.

- As of the start of 2019, the TNW has managed the contracts to include proper over-sight.
- As of the end of 2019, the TNW had increased its service level across departments, but the most note-worthy is Public Works who portrays total expense for Public Works, Environmental Health, and Quarry Operations for the following years.
 - o 2018 = \$1,837,068.00
 - o 2019 = \$1,666,295.00
 - o 2020 = \$1,356,219.00

These numbers include the additional maintenance and operating costs of two major pieces of equipment: the backhoe and dump truck, as well as increased service levels. Additional to above the Town also managed to cash flow the pre-requisite crushing of granular material in the amount of \$1,235,373.00 in the 2020 year, to complete the rest of Mackenzie Drive Road improvements prior to chip-seal application of the remainder of residential area roads in summer 2022 which will also be reimbursed as the material is used from Gas Tax, not to mention the implementation of the drainage plan to maintain the chip-seal which has been ongoing since 2020 and will continue to 2022. Current administration has ensured that the Town is in a position to be ready to cash flow the future projects administration aspires to complete over the next few years.

The Sealant for the chip-seal, which was never included in the initial application, as well as the remainder of the residential area roads in the community is in the process of being addressed by a scope change to the original funding application from the Small Communities Fund (SCF). The scope change applied for from the Federal Government included application of chip-seal to the remainder of the roads covering residential areas, leaving Canol Drive as a by-pass road. Sealant and dust control options for the chip-seal as well as a comprehensive maintenance plan for the chip-seal are a current priority of administration.

As of June 30, 2021 the Town of Norman Wells current cash position is as follows:

- Operations (91-06316) = \$371,926.30
- CPIF (29-73316) = \$1,624,822.42
- Gas Tax (33-77717) = \$3,275,534.44
- General Reserve (29-73413) = \$592,333.54
- General Investments (29-73510) = \$418.55
- Total = \$5,865,035.25**

In addition to this in the 2021 year the Town of Norman Wells will be receiving:

- Property tax payments in the amount of \$4,276,360.37.
- Grant in Lieu currently unfinished, but preliminary \$140,498.54.
- \$250,000.00 Covid expense recovery from GNWT/Federal Govt.
- 1,500,000.00 in ICIP (investing in Community Infrastructure Program) for drainage work.
- 2,400,000.00 in SCF (Small Communities Fund) for remaining chip-seal work.
- \$1,244,000.00 in CPIF (Community Public Infrastructure Fund) = \$1,272,000.00 annual allocation plus \$203,000.00 one time "top-up".
- \$1,226,000.00 in Gas Tax Fund = \$620,000.00 plus one time "top up" of \$606,000.00.
- Total incoming as of June 30, 2021= \$ 11,036,858.91**

Council took a brief break at 12:47pm before going in-camera.

2. In Camera- Legal

Council went in Camera at 12:49pm. Moved by Councillor Wever. Seconded by Councillor Peachey. All in Favor.

Council came out of camera at 1:14pm. Moved by Councillor Peachey. Seconded by Councillor Wever. All in Favor.

Council hereby recommends the following resolution be carried forward to the Regular Council Meeting scheduled for Tuesday, July 20, 2021 or adoption:

‘Be it resolved that the Council of the Town of Norman Wells fully supports all past and ongoing work of our current Senior Administrative Officer (SAO) and her staff. Council will not tolerate harassment and abuse of any Town staff including the SAO. Council is satisfied with the quality of the work that has been done and continues to be done on behalf of the community. Council is fully committed to the course of action we have taken with regards to our legal cases.’ Moved by Councillor Wever. Seconded by Councillor Smith. All in favor.

Adjourn 1:15pm Councillor Smith



Frank Pope, Mayor



Cathy Clarke, SAO