

Town of Norman Wells
Financial Statements
December 31, 2022

Town of Norman Wells

Table of Contents

For the year ended December 31, 2022

Page

Management's Responsibility

Independent Auditor's Report

Financial Statements

Statement of Financial Position 1

Statement of Operations and Accumulated Surplus 2

Statement of Changes in Net Financial Assets 3

Statement of Cash Flows 4

Notes to the Financial Statements 5

Schedules:

Schedule 1 - Schedule of Change in Accumulated Surplus (Deficit) 11

Schedule 2 - Schedule of Revenue and Expenses - General Government Services 12

Schedule 3 - Schedule of Revenue and Expenses - Water and Sewage Services 13

Schedule 4 - Schedule of Expenses - Protective Services 14

Schedule 5 - Schedule of Revenue and Expenses - Transportation and Public Works Services 15

Schedule 6 - Schedule of Revenue and Expenses - Recreation Services 16

Schedule 7 - Schedule of Revenue and Expenses - Land Development and Administration 17

Schedule 8 - Schedule of Revenue and Expenses - Environmental and Public Health Services 18

Schedule 9 - Schedule of Revenue and Expenses - Quarry Operations 19

Schedule 10 - Schedule of Revenue and Expenses - Contract Services 20

Schedule 11 - Schedule of Other Revenue 21

Schedule 12 - Schedule of Expenses by Object 22

Schedule 13 - Schedule of Tangible Capital Assets 23

Schedule 14 - Schedule of Gas Tax Expenditure Report 24

Schedule 15 - Schedule of Community Public Infrastructure Funding 25

Schedule 16 - Schedule of Community Water and Wastewater Funding 26

Schedule 17 - Schedule of Investing in Canada Infrastructure Funding 27

Schedule 18 - Schedule of Salaries, Honoraria, Per-diem and Travel 28

Schedule 19 - Schedule of Water and Sewage Reporting 29

Management's Responsibility

To the 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 fulfills 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.

June 22, 2023


Senior Administrative Officer

Independent Auditor's Report

To the Members of 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, 2022, 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, 2022, 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 support for estimates on the future reclamation costs associated with both the solid waste landfill and the quarry. We were unable to satisfy ourselves concerning the reclamation liabilities of \$726,744 (2021 - \$2,231,340) 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, 2022 and 2021, and accumulated surplus as at January 1 and December 31, 2022 and 2021.

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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Town to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Grande Prairie, Alberta

May 16, 2023

MNP LLP

Chartered Professional Accountants

MNP
LLP

Town of Norman Wells
Statement of Financial Position
For the year ended December 31, 2022

	2022	2021
Financial assets		
Cash and cash equivalents	1,723,141	865,357
Restricted deposits (Note 3)	5,559,856	8,051,092
Accounts receivable (Note 4)	4,071,063	1,392,036
Total financial assets	11,354,060	10,308,485
Financial liabilities		
Accounts payable and accrued liabilities (Note 6)	3,961,132	1,711,243
Deferred revenue (Note 7)	3,971,034	3,900,710
Land restoration liability (Note 8)	726,744	2,231,340
Total financial liabilities	8,658,910	7,843,293
Net financial assets	2,695,150	2,465,192
Commitments and contingencies (Note 10)		
Non-financial assets		
Tangible capital assets (Note 9) (Schedule 13)	33,776,884	29,792,882
Prepaid expenses	134,470	429,930
Inventory (Note 5)	3,590,626	1,834,276
Total non-financial assets	37,501,981	32,057,088
Accumulated surplus (Note 11) (Schedule 1)	40,197,131	34,522,280

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, 2022

	<i>Schedules</i>	2022 Budget	2022	2021
Revenue				
Government transfers (Note 12)		2,370,009	6,024,569	5,707,757
Property taxes	2	6,416,310	5,517,175	3,592,980
Water and sewer customer charges	3	1,231,605	1,243,961	1,212,266
Garbage fees	8	169,320	169,000	130,220
Quarry sales	9	500,000	2,621,950	310,863
Other revenue	11	212,973	300,224	291,092
Deferred revenue opening (Note 7)		-	3,900,710	5,149,474
Deferred revenue closing (Note 7)		-	(3,971,034)	(3,900,710)
Total revenue		10,900,217	15,806,555	12,493,942
Expenses				
General Government Services	2	2,798,590	2,280,384	1,883,544
Water and Sewage Services	3	2,437,000	3,694,784	3,231,828
Protective Services	4	519,000	773,781	556,565
Transportation and Public Works Services	5	1,256,930	2,117,395	1,930,186
Recreation Services	6	1,340,000	1,719,676	1,415,857
Land Development and Administration	7	153,500	261,260	178,460
Environmental and Public Health Services	8	312,000	331,381	289,584
Quarry Operations	9	137,600	394,003	235,650
Contract Services	10	-	63,640	280,345
Total expenses	12	8,954,620	11,636,302	10,002,021
Excess of revenue over expenses		1,945,597	4,170,253	2,491,921
Accumulated surplus, beginning of year as previously stated		34,522,281	34,522,281	32,030,362
Landfill liability adjustment (Note 8)		-	1,504,596	-
Accumulated surplus, beginning of year		34,522,281	36,026,877	32,030,360
Accumulated surplus, end of year		36,467,878	40,197,131	34,522,281

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, 2022

	2022 Budget	2022	2021
Excess of revenue over expenses	1,945,597	4,170,253	2,491,921
Acquisition of tangible capital assets	-	(6,214,908)	(2,712,030)
Depreciation of tangible capital assets	-	2,230,905	2,001,552
Acquisition of prepaid expenses	-	(134,470)	(429,930)
Use of prepaid expenses	-	429,930	164,817
Change in quarry inventory	-	(1,756,350)	(735,066)
Landfill liability adjustment	-	1,504,596	-
	-	(3,940,298)	(1,710,656)
Increase in net financial assets	1,945,597	229,955	781,265
Net financial assets, beginning of year	2,465,192	2,465,192	1,683,931
Net financial assets, end of year	4,410,789	2,695,150	2,465,192

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, 2022

	2022	2021
Net inflow (outflow) of cash related to the following activities:		
Operating activities		
Excess of revenue over expenses	4,170,253	2,491,921
Amortization of tangible capital assets	2,230,905	2,001,552
	6,401,158	4,493,473
Changes in working capital accounts:		
Accounts receivable	(2,679,027)	863,007
Prepaid expenses	295,460	(265,113)
Inventory	(1,756,350)	(735,066)
Accounts payable and Accrued Liabilities	2,249,893	233,491
Deferred revenue	70,324	(1,248,764)
	4,581,457	3,341,028
Capital activities		
Acquisition of tangible capital assets	(6,214,908)	(2,712,030)
Increase (decrease) in cash resources	(1,633,452)	628,998
Cash resources, beginning of year	8,916,449	8,287,451
Cash resources, end of year	7,282,997	8,916,449
Cash resources are composed of:		
Cash	1,723,141	865,357
Restricted deposits	5,559,856	8,051,092
	7,282,997	8,916,449

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.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses and municipalities through the restrictions put in place by the Canadian, territorial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Town's operations were impacted by COVID-19 due to closure of operations, added cleaning and supply costs, cancellation of events, and lay-off of staff.

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 closure of operations and increased government regulations, all of which may negatively impact the Town's operations and financial condition.

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. The following significant accounting policies have been applied:

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.

iii. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost. Inventories held for sale are recorded at the lower of cost and net realizable value.

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.

Land restoration liability

The Town is required to fund the closure of its quarry and solid waste landfill and provide for post-closure care of the facilities. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, control and visual inspection.

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.

2. Summary of significant accounting policies (continued)

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.

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 2021) 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

	2022 Reserves	2022 Deferred revenue	2022 Deposit	2022 Receivable	2022 Deposit surplus (deficit)
Federal Gas Tax	-	1,476,609	3,750,651	558,005	2,832,045
Community Public Infrastructure	-	285,475	1,204,503	150,000	1,069,029
Other services	-	128,794	-	-	(128,794)
General Reserve	998,437	-	604,702	-	(393,735)
	998,437	1,890,877	5,559,856	708,005	3,378,546

In 2021 total reserves were \$998,437, deferred revenue was \$3,900,710, restricted deposits were \$8,051,092, receivables were \$405,500 and the deposit surplus was \$3,557,444.

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

Restricted deposits bear interest at 4.15% (2021 - 0.65%).

Town of Norman Wells
Notes to the Financial Statements
For the year ended December 31, 2022

4. Accounts receivable

	2022	2021
Trade and other receivables	2,604,378	373,009
Allowance for doubtful accounts	(66,101)	(42,276)
	2,538,277	330,732
Utilities receivables	441,310	450,672
Allowance for doubtful accounts	(83)	(20,327)
	441,227	430,345
Property tax receivable	118,785	132,359
Allowance for doubtful accounts	(32,903)	(68,796)
	85,881	63,563
Clean water and wastewater funding receivable	-	-
Community public infrastructure receivable	150,000	75,000
Investing in Canada infrastructure program receivable	558,005	330,500
Goods and services tax receivable	111,384	118,260
Other funding receivable	186,288	43,636
	4,071,063	1,392,036

5. Inventory

Inventory consists of crushed gravel to be used for either future road upgrades and repairs or for sale.

6. Accounts payable and accrued liabilities

	2022	2021
Trade accounts payable and accruals	3,526,089	1,340,881
Funding repayable	-	-
Wages and benefits payable	435,043	370,361
	3,961,132	1,711,243

Included in wages and benefits payable is source deductions payable of \$39,094 (2021 - \$35,562).

7. Deferred revenue

	2022	2021
Community public infrastructure	285,475	152,421
Gas tax	1,476,609	3,601,572
Quarry	2,080,156	-
Other services	128,794	146,717
	3,971,034	3,900,710

8. Land restoration liability

Land restoration liability consists of estimated reclamation costs for the solid waste landfills of \$nil (2021 - \$1,504,596) and for the quarry of \$726,744 (2021 - \$726,744). During the year, new information was learned that the Government of Northwest Territories has taken legal responsibility for the reclamation activities of the solid waste landfill and the related liability for these restoration costs has been derecognized. This has been adjusted through net assets in the current period.

9. Equity in tangible capital assets

	2022	2021
Tangible capital assets (Schedule 13)	75,741,013	69,526,105
Accumulated amortization (Schedule 13)	(41,964,158)	(39,733,253)
	33,776,884	29,792,882

Town of Norman Wells
Notes to the Financial Statements
For the year ended December 31, 2022

10. Commitments

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

Future payments are as follows:

2023	336,105
2024	-

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

2023	71,342
2024	967

11. Accumulated surplus

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

	2022	2021
Unrestricted surplus	13,630,048	7,460,847
Water and Sewage operations	(8,208,207)	(3,729,852)
Equity in tangible capital assets (Note 9)	33,776,884	29,792,882
Reserves	998,437	998,437
	40,197,129	34,522,283

12. Government transfers

	2022	2021
Operating Transfers		
Operating and Maintenance Funding (Schedule 2)	1,171,000	1,171,000
Water and Sewer Funding (Schedule 3)	997,000	997,000
Sports, Recreation and Youth Contributions (Schedule 6)	438,664	51,925
COVID-19 Relief Funding (Schedule 2)	-	51,110
Community Tourism Infrastructure (Schedule 2)	40,000	100,000
Community Economic Development (Schedule 2)	-	25,000
Property tax (Schedule 2)	162,430	140,499
Hazardous Waste Removal (Schedule 5)	30,075	38,258
Community Transfer Initiative (Schedule 2)	60,000	60,000
Small Community Employment Support (Schedule 5 & 6)	60,000	60,000
Fire smart funding (Schedule 4)	7,400	10,000
	2,966,569	2,704,792
Capital Transfers		
Community Public Infrastructure (Schedule 2 & 15)	1,272,000	1,475,000
Investing in Canada Infrastructure Program (Schedule 2 & 17)	1,125,000	260,965
Federal Gas Tax (Schedule 2 & 14)	661,000	1,267,000
	3,058,000	3,002,965
	6,024,569	5,707,757

13. Northern employee benefits services

Employees of the Town participate in the Northern Employee Benefits Services. In 2021 the plan serviced about 3,655 (2020 - 3,534) people and 118 (2020 - 117) employers. It is financed by employer and employee contributions and investment earnings of the Northern Employee Benefits Services fund.

The Town is required to make current service contributions to the plan of 8% of pensionable earnings up to \$183,838 in 2021 (2020 - \$175,156), and 0% for the excess.

The current service contributions by the Town of Norman Wells of the Northern Employee Benefits Services in 2022 were \$166,732. Total current service contributions by the employees of the Town in 2022 were \$316,917.

At January 2022 the Plan disclosed an actuarial deficiency in 2021 of \$65,900,000 (\$45,100,000 in 2020) on a going concern basis and \$nil (2020 - \$131,720,000) on a solvency valuation basis. The solvency ratio used is nil (2020 - 66.0%).

The 2022 Northern Employee Benefits Services annual report was not available at the date of these financial statements.

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 expense is \$1,368,900 (2021 - \$1,447,307) for trucked water expense, \$29,699 (2021 - \$472,485) for supplies expense and \$105,019 (2021 - \$102,923) for repairs and maintenance expense paid to Northridge Contracting Ltd., a company owned by a council member of the Town. These transactions were conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

17. Approval of financial statements

Council and Management have approved these financial statements on May 16, 2023.

18. Approval of budget

The budget prepared by management and disclosed in these financial statements was approved by Council December 14, 2021.

Town of Norman Wells
Schedule 1 - Schedule of Change in Accumulated Surplus (Deficit)
For the year ended December 31, 2022

	Unrestricted Surplus	Water and Sewage	Land Development	Equity in Tangible Capital Assets	Reserve	2022	2021
Accumulated surplus (deficit), restated beginning of year	7,460,847	(3,729,852)	-	29,792,882	998,437	34,522,282	32,030,362
Excess (deficiency) of revenue over expenses	5,624,076	(1,453,823)				4,170,253	2,491,921
Landfill liability adjustment	1,504,596					1,504,596	-
Purchases of tangible capital assets	(2,223,840)	(3,991,068)		6,214,908		-	-
Amortization expense	1,264,368	966,536		(2,230,905)		-	-
Change in accumulated surplus (deficit)	6,169,200	(4,478,354)	-	3,984,003	-	5,674,849	2,491,921
Accumulated surplus (deficit), end of year	13,630,048	(8,208,207)	-	33,776,884	998,437	40,197,130	34,522,283

Town of Norman Wells
General Government Services
Schedule 2 - Schedule of Revenue and Expenses
For the year ended December 31, 2022

	2022 <i>Budget</i>	2022	2021
Revenue			
Property taxes	6,416,310	5,517,175	3,592,980
School taxes	-	-	-
Government transfers (Note 12)	1,308,009	4,551,617	4,550,574
Other revenue	405,892	217,171	122,278
Deferred revenue - opening	-	3,809,073	5,138,273
Deferred revenue - closing	-	(1,841,877)	(3,809,073)
	8,130,211	12,253,159	9,595,032
Expenses			
Advertising	5,000	10,621	13,369
Bad debts (recovery)	-	(32,313)	(134,296)
Bank charges and interest	25,000	26,145	22,659
Contract services	200,000	225,996	204,158
Donations	30,000	36,717	25,548
Fuel	6,000	12,135	6,416
Insurance	120,000	122,550	108,345
Mayor and council	117,990	125,923	131,924
Office expenses	264,000	135,769	182,470
Other expenses	768,000	-	-
Professional fees	58,000	175,334	158,608
Repairs and maintenance	7,500	52,086	24,583
Salaries and benefits	980,000	963,231	869,386
Staff housing	20,000	80,352	40,107
Supplies	53,900	156,551	65,441
Telephone	40,000	22,355	39,533
Training	10,000	1,199	2,059
Travel	62,500	42,324	15,734
Utilities - Electricity	15,000	17,958	15,529
Utilities - Fuel	13,700	20,570	14,852
Water and sewer	2,000	11,835	4,073
	2,798,590	2,207,338	1,810,498
Excess of revenue over expenses before amortization	5,331,621	10,045,821	7,784,534
Amortization	-	73,046	73,046
Excess of revenue over expenses	5,331,621	9,972,775	7,711,488

Town of Norman Wells
Water and Sewage Services
Schedule 3 - Schedule of Revenue and Expenses
For the year ended December 31, 2022

	2022	2022	2021
	<i>Budget</i>		
Revenue			
Water and sewer - public sector	236,905	194,993	201,489
Water and sewer - commercial and industrial	489,000	506,459	479,257
Water and sewer - residential	432,500	407,720	434,522
Water and sewer - town	73,200	116,602	81,427
Other revenue	-	18,187	15,571
Government transfers (Note 12)	997,000	997,000	997,000
	2,228,605	2,240,961	2,209,266
Expenses			
Adminstration	100,000	-	-
Contract services	80,000	68,883	70,451
Fuel	18,000	26,266	17,943
Office expense	500	466	447
Repairs and maintenance	26,500	81,498	65,083
Salaries and benefits	440,000	523,815	448,079
Supplies	90,000	91,926	73,313
Telephone	5,000	5,191	4,806
Training	2,000	8,184	805
Trucked Water	1,300,000	1,368,900	1,378,388
Utilities - Electricity	140,000	184,681	154,384
Utilities - Fuel	180,000	272,660	187,110
Water and sewer	55,000	95,777	60,529
	2,437,000	2,728,248	2,461,338
Deficiency of revenue over expenses before amortization	(208,395)	(487,286)	(252,072)
Amortization	-	966,536	770,490
Deficiency of revenue over expenses	(208,395)	(1,453,823)	(1,022,562)

Town of Norman Wells
Protective Services
Schedule 4 - Schedule of Expenses
For the year ended December 31, 2022

	2022	2022	2021
	Budget		
Revenue			
Other revenue		18,298	695
Government transfers (Note 12)	25,000	7,400	10,000
	25,000	25,698	10,695
Expenses			
Advertising	-	-	4,431
Contract services	20,000	19,050	14,720
Fuel	18,000	17,103	14,993
Honorarium	18,000	49,739	46,221
Office expense	1,500	1,336	784
Repairs and maintenance	70,000	85,319	24,509
Salaries and benefits	252,000	290,106	212,274
Staff housing	-	-	8,900
Supplies	57,500	30,672	10,645
Telephone	10,000	15,521	10,502
Training	20,000	20,797	19,224
Travel	-	9,380	-
Utilities - Electricity	19,000	19,931	16,219
Utilities - Fuel	28,000	35,330	22,819
Water and sewer	5,000	3,518	2,327
	519,000	597,802	408,568
Deficiency of revenue over expenses before amortization	(494,000)	(572,104)	(397,874)
Amortization	-	175,979	147,997
Deficiency of revenue over expenses	(494,000)	(748,083)	(545,871)

Town of Norman Wells
Transportation and Public Works Services
Schedule 5 - Schedule of Revenue and Expenses
For the year ended December 31, 2022

	2022	2022	2021
	Budget		
Revenue			
Government transfers (Note 12)	-	30,075	95,798
Deferred revenue - opening	-	38,258	-
Deferred revenue - closing	-	-	(38,258)
	-	68,333	57,540
Expenses			
Advertising	-	-	483
Contract services	-	53,271	6,507
Fuel	60,000	111,101	51,381
Office expense	5,000	1,980	1,107
Repairs and maintenance	60,000	54,640	49,254
Salaries and benefits	540,000	725,648	618,321
Staff housing	-	4,083	3,440
Supplies	548,400	406,215	477,583
Telephone	5,500	6,135	5,229
Training	5,000	2,197	672
Travel	-	24,876	-
Utilities - Electricity	10,730	8,745	7,579
Utilities - Fuel	17,800	26,799	19,024
Water and sewer	4,500	10,499	12,917
	1,256,930	1,436,189	1,253,497
Deficiency of revenue over expenses before amortization	(1,256,930)	(1,367,856)	(1,195,958)
Amortization	-	681,206	676,689
Deficiency of revenue over expenses	(1,256,930)	(2,049,062)	(1,872,647)

Town of Norman Wells
Recreation Services
Schedule 6 - Schedule of Revenue and Expenses
For the year ended December 31, 2022

	2022	2022	2021
	Budget		
Revenue			
Other revenue	72,169	38,280	47,677
Government transfers (Note 12)	40,000	438,477	54,385
Deferred revenue - opening	-	53,379	11,201
Deferred revenue - closing	-	(49,000)	(53,379)
	112,169	481,136	59,884
Expenses			
Advertising	-	-	333
Community events	118,000	83,665	15,422
Contracted services	1,000	1,656	-
Fuel	10,000	17,823	-
Office expenses	5,200	8,560	4,014
Repairs and maintenance	129,000	141,194	113,506
Salaries and benefits	671,000	700,728	649,036
Staff housing	1,000	18,065	13,430
Supplies	96,900	95,978	58,213
Telephone	11,200	11,495	11,074
Training	14,000	5,457	4,645
Travel	10,000	9,658	1,500
Utilities - Electricity	99,500	106,305	82,933
Utilities - Fuel	141,500	150,344	133,032
Water and sewer	31,700	60,868	21,649
	1,340,000	1,411,797	1,108,787
Deficiency of revenue over expenses before amortization	(1,227,831)	(930,661)	(1,048,903)
Amortization	-	307,879	307,070
Deficiency of revenue over expenses	(1,227,831)	(1,238,540)	(1,355,973)

Town of Norman Wells
Land Development and Administration
Schedule 7 - Schedule of Revenue and Expenses
For the year ended December 31, 2022

	2022	2022	2021
	<i>Budget</i>		
Revenue			
Land sales	25,000	19,848	114,523
Government transfers	-	-	-
Other revenue	6,000	6,627	5,919
	31,000	26,475	120,442
Expenses			
Advertising	105,000	61,451	5,235
Planning	30,000	36,069	-
Professional fees	2,000	1,087	629
Repairs & maintenance	3,000	2,791	20,759
Salaries and benefits	-	134,931	125,916
Staff housing	10,000	23,531	20,029
Supplies	2,000	1,400	2,971
Training	1,500	-	-
Travel	-	-	2,921
	153,500	261,260	178,460
Deficiency of revenue over expenses	(122,500)	(234,785)	(58,018)

Town of Norman Wells
Environmental and Public Health Services
Schedule 8 - Schedule of Revenue and Expenses
For the year ended December 31, 2022

	2022	2022	2021
	<i>Budget</i>		
Revenue			
Garbage fees	169,320	169,000	130,220
Expenses			
Contracted services	192,000	143,823	167,612
Repairs and maintenance	115,000	23,478	104,557
Supplies	5,000	139,969	291
Utilities - Electricity	-	4,789	
Utilities - Fuel	-	2,198	
	312,000	314,258	272,460
Deficiency of revenue over expenses before amortization	(142,680)	(145,258)	(142,241)
Amortization	-	17,124	17,124
Deficiency of revenue over expenses	(142,680)	(162,381)	(159,365)

Town of Norman Wells
Quarry Operations
Schedule 9 - Schedule of Revenue and Expenses
For the year ended December 31, 2022

	2022	2022	2021
	Budget		
Revenue			
Quarry sales	500,000	2,621,950	310,863
Deferred revenue - opening		-	-
Deferred revenue - closing		(2,080,156)	-
	500,000	541,794	310,863
Expenses			
Repairs and maintenance	8,000	3,385	5,295
Supplies	120,000	374,500	212,036
Utilities - Electricity	4,000	2,581	2,872
Utilities - Fuel	5,000	3,838	5,625
Water and sewage	600	564	686
	137,600	384,867	226,514
Excess of revenue over expenses before amortization	362,400	156,927	84,349
Amortization	-	9,136	9,136
Excess of revenue over expenses	362,400	147,791	75,213

Town of Norman Wells
Contract Services
Schedule 10 - Schedule of Revenue and Expenses
For the year ended December 31, 2022

	Investing in Canada Infrastructure	Federal Gas Tax	Community Public Infrastructure	2022 Budget	2022	2021
Revenue						
Government transfers (Note 12)	1,125,000	661,000	1,171,000	-	2,957,000	3,002,965
Other revenue	-	76,261	26,061	-	102,322	40,159
Deferred revenue opening	-	3,601,572	152,421	-	3,753,993	5,138,273
Deferred revenue closing	-	(1,475,979)	(184,475)	-	(1,660,454)	(3,753,993)
	1,125,000	2,862,854	1,165,008	-	5,152,862	4,427,403
Expenses						
Water and sewage	-	-	-	-	-	-
Transportation and public works	-	-	-	-	-	18,685
Recreation services	-	-	-	-	-	151,494
Environmental health services	-	63,640	-	-	63,640	110,166
	-	63,640	-	-	63,640	280,345
Excess of revenue over expenses	1,125,000	2,799,214	1,165,008	-	5,089,222	4,147,058
Additional information:						
Capital expenditures	1,125,000	2,799,214	1,165,008	-	5,089,222	2,132,862
Prepaid expenditures	-	-	-	-	-	300,000
Inventory creation	-	-	-	-	-	1,153,214
Total	1,125,000	2,799,214	1,165,008	-	5,089,222	3,586,076

Town of Norman Wells
Schedule 11 - Schedule of Other Revenue
For the year ended December 31, 2022

	2022 Budget	2022	2021
Administration	15,731	9,315	32,808
Arena	1,050	2,067	900
Recreational facility rental	6,450	7,431	3,200
Fitness centre	12,000	20,484	17,579
House rental	40,542	44,225	44,863
Interest income	76,000	165,855	63,630
Leases	29,800	25,529	119,153
Licenses and permits	31,400	25,318	8,959
	212,973	300,224	291,091

Town of Norman Wells
Schedule 12 - Schedule of Expenses by Object
For the year ended December 31, 2022

	2022 Budget	2022	2021
Advertising	110,000	72,072	23,851
Amortization	-	2,230,904	2,001,552
Bad debts (recovery)	-	(32,313)	(134,296)
Bank charges and interest	25,000	26,145	22,659
Community events	118,000	83,665	15,422
Contract services	493,000	576,319	743,792
Donations	30,000	36,717	25,548
Fuel	112,000	189,217	90,733
Honorarium	18,000	49,739	46,222
Insurance	120,000	122,550	108,345
Mayor and council	117,990	125,923	131,925
Office expense	276,200	148,111	188,822
Other expenses	768,000	-	-
Professional fees	58,000	176,421	159,237
Repairs and maintenance	419,000	480,460	407,548
Salaries and benefits	3,015,000	3,338,459	2,923,013
Staff housing	31,000	126,031	85,907
Supplies	973,700	1,297,212	900,492
Telephone	71,700	60,698	71,143
Training	52,500	37,834	27,406
Trucked Water	1,300,000	1,368,900	1,378,388
Travel	72,500	86,237	20,155
Utilities - Electricity	288,230	340,200	279,516
Utilities - Fuel	386,000	511,739	382,462
Water and sewer	98,800	183,061	102,180
	8,954,620	11,636,302	10,002,021

Town of Norman Wells
Schedule 13 - Schedule of Tangible Capital Assets
For the year ended December 31, 2022

	Land Improvements	Buildings	Vehicles	Machinery and Equipment	Roads	Engineering Structures - W&S	Assets Under Construction	2022	2021
Cost:									
Balance, beginning of year	3,758,517	20,740,436	1,865,020	1,551,244	22,189,586	19,203,120	218,200	69,526,105	66,814,075
Acquisition of tangible capital assets	-	82,560	546,454	-	-	3,991,068	1,594,825	6,214,908	2,712,030
Transfers from Construction-in-progress	-	-	-	-	-	-	-	-	-
Balance, end of year	3,758,517	20,822,996	2,411,475	1,551,244	22,189,586	23,194,189	1,813,025	75,741,013	69,526,105
Accumulated amortization:									
Balance, beginning of year	-	12,406,291	1,249,875	1,179,515	13,944,049	10,953,523	-	39,733,253	37,731,701
Annual amortization	-	568,311	88,643	121,144	633,746	819,060	-	2,230,905	2,001,552
Balance, end of year	-	12,974,603	1,338,518	1,300,659	14,577,796	11,772,583	-	41,964,158	39,733,253
Net book value of tangible capital assets	3,758,517	7,848,394	1,072,957	250,586	7,611,791	11,421,605	1,813,025	33,776,884	29,792,882
2021 Net book value of tangible capital assets	3,758,517	8,334,145	615,146	371,729	8,245,537	8,249,598	218,200	29,792,881	

Town of Norman Wells
Schedule 14 - Schedule of Gas Tax Expenditure Report
For the year ended December 31, 2022

	2018	2019	2020	2021	2022	Cumulative
Funding						
Opening balance	1,794,407	2,222,609	3,466,728	3,508,155	3,601,572	1,794,407
Government Transfers (Note 12)	606,000	1,212,000	606,000	1,267,000	661,000	4,352,000
Interest Income	36,782	63,951	44,247	25,544	76,261	246,785
	2,437,189	3,498,560	4,116,975	4,800,699	4,338,833	6,393,192
Eligible expenditures						
Projects prior to 2017	-	-	-	-	-	-
Water plant transformer replacement	10,235	10,537	-	-	-	20,772
Wastewater Lift Station	204,345	21,295	-	-	-	225,640
Filter Underdrain Retrofit	-	-	137,075	-	-	137,075
Jackfish Community Trail	-	-	66,855	84,534	-	151,389
Ptarmigan Baseball Field	-	-	18,980	-	-	18,980
Brownfield Redevelopment - Public Park	-	-	194,520	435,642	241,130	871,292
Landfill Project	-	-	34,090	110,166	92,701	236,957
Equipment	-	-	157,300	-	-	157,300
Recreation building condition assessments	-	-	-	124,094	-	124,094
Playground improvements	-	-	-	240,740	-	240,740
Recreation master plan	-	-	-	27,400	-	27,400
Mobile skate park	-	-	-	133,447	-	133,447
Parks overhaul project	-	-	-	43,104	-	43,104
Southside drainage project	-	-	-	-	1,032,453	1,032,453
Forestry Road drainage project	-	-	-	-	337,662	337,662
Landfill expansion	-	-	-	-	472,324	472,324
Pool upgrades	-	-	-	-	686,584	686,584
	214,580	31,832	608,820	1,199,127	2,862,854	4,917,213
Accumulated excess of funding over expenditures	2,222,609	3,466,728	3,508,155	3,601,572	1,475,979	1,475,979

Town of Norman Wells
Schedule 15 - Schedule of Community Public Infrastructure Funding
For the year ended December 31, 2022

	2018	2019	2020	2021	2022	Cumulative
Funding						
Opening balance	443,134	34,708	733,379	1,630,118	152,421	443,134
Government Transfers (Note 12)	869,000	1,041,000	1,272,000	1,475,000	1,171,000	5,828,000
Interest income	25,335	4,645	9,054	14,615	26,062	79,711
	1,337,469	1,080,353	2,014,433	3,119,733	1,349,483	6,350,845
Eligible expenditures						
Sewer Main Replacement/Rehab.	500,535	-	-	-	-	500,535
Vehicles	-	157,300	(157,300)	-	-	-
Boiler Replacement	82,588	-	-	-	-	82,588
Wastewater Lift Station	582,125	7,098	-	-	-	589,223
Hazardous waste haul	98,890	-	-	-	-	98,890
Water & wastewater infrastructure assessment	6,423	-	-	-	-	6,423
Wet well lid replacement	23,459	-	-	-	-	23,459
Other Minor	8,743	29,007	-	-	-	37,750
Geotech study	-	145,884	-	-	-	145,884
Lagoon upgrades and improvements	-	7,685	17,422	-	22,260	47,367
Dump Truck with Snow Plow	-	-	155,842	-	-	155,842
Hydrant Valve and Box Replacement	-	-	39,762	53,397	-	93,159
Utility Terrain Vehicle	-	-	23,743	-	-	23,743
Roadway drainage improvements	-	-	-	633,957	-	633,957
Roadway drainage improvements - ICIP portion	-	-	288,011	300,017	375,000	963,028
Industrial Pump Corp	-	-	16,835	-	-	16,835
Drill blast and crush for Chip Seal project	-	-	-	1,548,465	233,927	1,782,392
Road Chip Seal Project Phase II	-	-	-	54,200	-	54,200
Fire truck	-	-	-	300,000	240,570	540,570
Bobcat	-	-	-	77,276	-	77,276
Fire Department New Bay Doors	-	-	-	-	55,609	55,609
Raw Water Wet Well Protection	-	-	-	-	20,094	20,094
Tube Settler Replacement	-	-	-	-	147,682	147,682
Shack at Landfill	-	-	-	-	69,866	69,866
	1,302,763	346,974	384,315	2,967,312	1,165,008	6,166,372
Accumulated excess of funding over expenditures	34,706	733,379	1,630,118	152,421	184,475	184,475

Town of Norman Wells
Schedule 16 - Schedule of Community Water and Wastewater Funding
For the year ended December 31, 2022

	2018	2019	2020	2021	2022	Cumulative
Funding						
Government Transfers	3,152,430	62,183	13,140	-	-	3,227,753
Eligible expenditures						
Water & Wastewater Assessment	19,260	-	-	-	-	19,260
Lift Station Improvements	1,500,128	-	-	-	-	1,500,128
Sewer Main Replacement	1,633,042	-	-	-	-	1,633,042
Lagoon Upgrade	-	62,183	13,140	-	-	75,323
	3,152,430	62,183	13,140	-	-	3,227,753
Accumulated excess of funding over expenditures	-	-	-	-	-	-

Town of Norman Wells
Schedule 17 - Schedule of Investing in Canada Infrastructure Funding
For the year ended December 31, 2022

	2019	2020	2021	2022	Cumulative
Funding					
Government Transfers	-	864,035	260,965	1,125,000	2,250,000
Eligible expenditures					
Roadway and Drainage Improvements	-	864,035	260,965	1,125,000	2,250,000
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, 2022

				2022	2021
	<i>Salary</i>	<i>Honoraria</i>	<i>Travel</i>		
Position					
Frank Pope - Mayor	-	19,924	14,071	33,995	28,645
Trevor Smith - Councillor	-	15,895	1,264	17,159	16,664
David Weaver - Councillor	-	15,895	3,224	19,119	16,664
Jim Boyle - Councillor	-	-	-	-	14,130
Pascal Audet - Councillor	-	18,992	-	18,992	17,164
Jean-Paul Bernard - Councillor	-	-	-	-	14,130
Alexis Peachey - Deputy Mayor	-	15,895	9,529	25,424	19,414
Kelly McCoy - Councillor	-	15,895	-	15,895	2,535
Kacee Hunter - Councillor	-	15,895	-	15,895	2,535
Total Remuneration	-	118,392	28,089	146,480	131,880

Town of Norman Wells
Schedule 19 - Schedule of Water and Sewage Reporting
For the year ended December 31, 2022

Water and Sewage Rates

Economic Rate	\$0.03948/L
Residential Rate	\$0.01036/L
Commercial Rate	\$0.03225/L
Public Sector Rate	\$0.03948/L

Water and Sewage Costs (dollars)

	<u>2022</u>	<u>2021</u>
Total Audited Water and Sewage Costs less Amortization	\$ 2,728,248	\$ 2,461,388

Water and Sewage Revenue (dollars)

Government transfers	\$ 997,000	\$ 997,000
Other revenue	\$ 134,789	\$ 96,998
Revenue - Public Sector	\$ 194,993	\$ 201,489
Revenue - Residential	\$ 407,720	\$ 434,522
Revenue - Commercial	\$ 506,459	\$ 479,258
Total Audited Water & Sewage Revenue	<u>\$ 2,240,961</u>	<u>\$ 2,209,267</u>

Water and Sewage Consumption (in litres)

Actual Consumption - Residential	39,355,230	48,280,204
Actual Consumption - Public Sector	8,606,530	5,550,661
Actual Consumption - Commercial	14,830,024	16,283,587
Actual Volume of Water Consumed/Billed	<u>62,791,784</u>	<u>70,114,452</u>