

**LOCAL GOVERNMENT ADMINISTRATORS  
OF THE NORTHWEST TERRITORIES**  
Yellowknife, NT

**FINANCIAL STATEMENTS**  
For the year ended March 31, 2017

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## MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Board's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

Avery Cooper & Co. Ltd. Chartered Professional Accountants annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards.

Grant R. Hood, CPA, CMA  
President  
Local Government Administrators of the Northwest Territories

September 19, 2017



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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Local Government Administrators of the Northwest Territories

We have audited the accompanying financial statements of Local Government Administrators of the Northwest Territories, which comprise the Statement of Financial Position as at March 31, 2017, and the Statements of Operations and Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Local Government Administrators of the Northwest Territories as at March 31, 2017, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Avery Cooper & Co. Ltd.*

Avery Cooper & Co. Ltd.  
Chartered Professional Accountants  
Yellowknife, NT

September 19, 2017



**LOCAL GOVERNMENT ADMINISTRATORS  
OF THE NORTHWEST TERRITORIES**

**STATEMENT OF FINANCIAL POSITION**  
March 31, 2017

**ASSETS**

	<u>2017</u>	<u>2016</u>
<b>CURRENT</b>		
Cash	\$ 112,980	\$ 173,555
Accounts receivable (note 3)	42,355	187,280
Prepaid expenses	<u>4,675</u>	<u>14,086</u>
	160,010	374,921
<b>CAPITAL ASSETS (note 4)</b>	<u>83,189</u>	<u>100,505</u>
	<u><u>\$ 243,199</u></u>	<u><u>\$ 475,426</u></u>

**LIABILITIES**

<b>CURRENT</b>		
Wages and benefits payable	\$ 7,221	\$ 2,556
Government remittances payable	5,374	5,190
Trade payables and accruals (note 5)	18,057	180,702
Deferred revenue (note 6)	<u>21,610</u>	<u>58,532</u>
	52,262	246,980
<b>DEFERRED CAPITAL CONTRIBUTIONS (note 7)</b>	<u>78,171</u>	<u>100,505</u>
	<u>130,433</u>	<u>347,485</u>

**CONTINGENT LIABILITIES (notes 8 and 14)**

**NET ASSETS**

<b>RESERVE per page 3</b>	25,000	25,000
<b>ACCUMULATED SURPLUS per page 3</b>	<u>87,766</u>	<u>102,941</u>
	<u>112,766</u>	<u>127,941</u>
	<u><u>\$ 243,199</u></u>	<u><u>\$ 475,426</u></u>

Approved:



Director



Director

# LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

## STATEMENT OF OPERATIONS

For the year ended March 31, 2017

	(note 16) 2017 <u>Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<b>REVENUES</b>			
GNWT contributions	\$ 328,156	\$ 356,907	\$ 441,674
Canada contributions	63,500	43,877	55,732
Amortization of GNWT capital contributions	-	22,335	11,167
AGM sponsorships, registrations and other	15,376	20,344	17,752
Membership dues	15,550	14,800	15,250
Interest income	1,000	1,237	1,242
	<u>423,582</u>	<u>459,500</u>	<u>542,817</u>
<b>EXPENSES</b>			
Projects			
External (note 13)	201,625	275,652	315,944
Internal	-	8,939	4,534
	<u>201,625</u>	<u>284,591</u>	<u>320,478</u>
Payroll			
Salaries and benefits	135,000	80,110	97,572
Core Business			
AGM and annual conference	24,000	20,585	8,209
Board meeting and travel	2,000	10,201	8,989
CAMA conference	4,000	2,316	7,323
CAMA member bursary	4,000	4,000	4,000
Executive Director meetings and travel	3,000	1,636	3,784
President travel	3,000	5,437	1,991
	<u>40,000</u>	<u>44,175</u>	<u>34,296</u>
General and Administrative			
Accounting fees	6,500	6,752	6,358
Advertising and promotion	1,000	-	500
Audit fees	8,000	7,688	7,688
Insurance	1,000	1,059	1,005
Interest and bank charges	750	1,374	1,235
Membership fees	500	1,519	576
Office general and other	4,750	4,957	3,980
Office lease	19,845	12,465	12,382
Telephone	3,000	3,497	3,786
Website, Internet, E-Mail	3,000	2,250	2,563
	<u>48,345</u>	<u>41,561</u>	<u>40,073</u>
Other			
Amortization of capital assets	-	24,238	12,615
	<u>424,970</u>	<u>474,675</u>	<u>505,034</u>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ (1,388)</u>	<u>\$ (15,175)</u>	<u>\$ 37,783</u>

See accompanying notes

**LOCAL GOVERNMENT ADMINISTRATORS  
OF THE NORTHWEST TERRITORIES**

**STATEMENT OF CHANGES IN NET ASSETS**  
For the year ended March 31, 2017

	2017		
	Accumulated Surplus	Reserve	Total
<b>BALANCE, opening</b>	\$ 102,941	\$ 25,000	\$ 127,941
Deficiency of revenues over expenses	(15,175)	-	(15,175)
<b>BALANCE, closing</b>	<b>\$ 87,766</b>	<b>\$ 25,000</b>	<b>\$ 112,766</b>
	2016		
	Accumulated Surplus	Reserve	Total
<b>BALANCE, opening</b>	\$ 65,158	\$ 25,000	\$ 90,158
Excess of revenues over expenses	37,783	-	37,783
<b>BALANCE, closing</b>	<b>\$ 102,941</b>	<b>\$ 25,000</b>	<b>\$ 127,941</b>

# LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

## NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

### 1. NATURE OF OPERATIONS

Local Government Administrators of the Northwest Territories ("LGANT" or "the Association") is a not-for-profit organization incorporated June 23, 1981 under the Societies Act of the Northwest Territories, and is exempt from income taxes under paragraph 149(l)(l) of the Income tax Act (Canada). The Association was formed to enhance the standards of local government administration in the Northwest Territories through education and career development programs, and to create awareness of the Community Officers' role in the communities.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

#### (a) Financial instruments

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

#### (b) Cash equivalents

The Association considers all investments with maturities of three months or less and bank loans with no fixed terms of repayment to be cash equivalents.

#### (c) Capital assets

Capital assets are recorded at cost. The Association provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Computer equipment	55% Declining balance
Website development	5 years Straight-line



# LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES, *continued*

#### (d) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

Membership fees are recognized as revenue when received or receivable.

Investment income is recognized when earned.

Other revenue is recorded when it is earned.

#### (e) Government contributions

Government and other grants related to capital assets are accounted for as deferred capital contributions and amortized on the same basis as the related capital assets. Operating grants are accounted for as revenue when earned.

#### (f) Contributed materials and services

The Association recognizes contributions of materials and services, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

#### (g) Allocated expenses

The Association allocates certain of its common expenses by identifying the appropriate basis of allocating each component of expense, and applies that basis consistently each year in accordance with applicable contribution agreements. In particular, rent expense is allocated 40% (2016 - 40%) to the PSC project based on square footage. The Executive Director's salaries and benefits are allocated 40% (2016 - 40%) to the PSC project.

#### (h) Pension plan

Defined contribution plan accounting is applied to a multi-employer plan, whereby contributions are expensed when due as the Association has insufficient information to apply defined benefit plan accounting.

# LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 2. SIGNIFICANT ACCOUNTING POLICIES, *continued*

#### (i) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates include the determination of the useful lives of capital assets, deferred capital contributions, and the allocation of administrative expenses to projects.

### 3. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Contributions:		
Government of Canada - AANDC		
Professional Development Conference holdback	\$ 5,573	\$ 5,573
GNWT MACA:		
LGA/Elected Officials Distance Learning	-	168,000
Core Funding Assistance for Work Plan	6,921	-
PSC Initiative	<u>21,830</u>	<u>-</u>
Total contributions receivable	34,324	173,573
Membership dues	1,500	-
Goods and Services Tax rebates	4,121	8,550
Other	<u>2,410</u>	<u>5,157</u>
	<u>\$ 42,355</u>	<u>\$ 187,280</u>

### 4. CAPITAL ASSETS

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 6,921	\$ 1,903	\$ 5,018	\$ -
Website development	<u>111,673</u>	<u>33,502</u>	<u>78,171</u>	<u>100,505</u>
	<u>\$ 118,594</u>	<u>\$ 35,405</u>	<u>\$ 83,189</u>	<u>\$ 100,505</u>

During the year, the Association purchased capital assets with a cost of \$6,921 (2016 - \$111,673) of which \$nil (2016 - \$111,673) was acquired by means of incurring directly related liabilities (Note 5), and the balance of \$118,594 (2016 - \$nil) was paid cash.

**LOCAL GOVERNMENT ADMINISTRATORS  
OF THE NORTHWEST TERRITORIES**

**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2017

**5. TRADE PAYABLES AND ACCRUALS**

	2017	2016
Trade	\$ 5,074	\$ 56,135
Accruals	8,500	8,500
Credit card	4,483	4,394
Capital assets	-	111,673
	\$ 18,057	\$ 180,702

**6. DEFERRED REVENUE**

Deferred revenue represents contributions received or receivable related to expenses of future years to be recognized as revenue in the year in which the related expenses are incurred. Changes during the current year in deferred revenue by project are as follows:

	Opening Balance	Contributions Received	Contributions Receivable	Revenue Recognized	Closing Balance
GNWT:					
Core Funding	\$ -	\$ 180,000	\$ 6,921	\$ (186,921)	\$ -
PSC	58,156	90,000	21,830	(169,986)	-
	58,156	270,000	28,751	(356,907)	-
Canada:					
AANDC	-	61,270	-	(39,660)	21,610
ESDC CSJ	-	4,217	-	(4,217)	-
Other:					
West Point	376	-	-	(376)	-
	376	65,487	-	(44,253)	21,610
	\$ 58,532	\$ 335,487	\$ 28,751	\$ (401,160)	\$ 21,610

The Association has contribution agreements with the Government of the Northwest Territories (GNWT) as follows:

- the Department of Municipal and Community Affairs (MACA) core support of the Association's Work Plan, and
- the Department of MACA to assist the Operating & Maintenance regarding the Public Service Capacity (PSC) Initiative project.

# LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 6. DEFERRED REVENUE, continued

In addition, the Association entered into contribution agreements with:

- Government of Canada, Aboriginal Affairs and Northern Development Canada (AANDC). The purpose of the agreement is to support intergovernmental forums under the Aboriginal Community Resilience Initiative project, and to reimburse costs associated with the LGANT presentation.

- Government of Canada, Employment and Social Development Canada (ESDC). The purpose of this contribution is to support an LGANT Administrative Assistant under the Canada Summer Jobs (CSJ) program, an internal project, and

- West Point First Nation to pay for the costs of a workshop delivered to LGANT during fiscal 2015-16.

### 7. DEFERRED CAPITAL CONTRIBUTIONS

	2017	2016	
Contribution	Accumulated amortization	Net	Net
GNWT MACA: LGA/Elected Officials Distance Learning - Website development	<u>\$ 111,673</u>	<u>\$ 33,502</u>	<u>\$ 78,171</u>
			<u>\$ 100,505</u>

### 8. CONTINGENT LIABILITIES

As described in Note 6, the Association has entered into contribution agreements with the GNWT and the Government of Canada. The terms of the agreements may require the Association to refund any money advanced but not expended prior to the termination or expiry of the agreement.

### 9. RESERVE

An internally restricted reserve has been established by the Board. The \$25,000 (2016 - \$25,000) reserve is dedicated for use of any future operational shortfalls.

### 10. COMMITMENTS

The Association entered into a lease agreement for the premises expiring March 31, 2019. Future minimum rental payments are as follows:

2018	\$ 20,664
2019	<u>20,664</u>
	<u>\$ 41,328</u>

# LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 11. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, accounts receivable, trade payables and accruals, and wages and benefits payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest rate, market, currency, credit, liquidity or cash flow risks. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

### 12. ALLOCATED EXPENSES

Common expenses allocated during the year are as follows:

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Payroll expense:			
Unallocated	\$ 135,000	\$ 80,110	\$ 97,572
Allocated to PSC project	<u>78,000</u>	<u>123,202</u>	<u>108,487</u>
Total payroll expense for the year	<u>213,000</u>	<u>203,312</u>	<u>206,059</u>
Office lease expense:			
Unallocated	19,845	12,465	12,382
Allocated to PSC project	<u>-</u>	<u>8,000</u>	<u>8,000</u>
Total office lease expense for the year	<u>19,845</u>	<u>20,465</u>	<u>20,382</u>
Total allocated expenses	<u>\$ 232,845</u>	<u>\$ 223,777</u>	<u>\$ 226,441</u>

### 13. EXTERNAL PROJECT EXPENSES

Included in external special projects expense totalling \$275,652 (2016 - \$315,944) on the Statement of Operations are expenses incurred during the year for the following projects:

# LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 13. EXTERNAL PROJECT EXPENSES, continued

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
PSC Initiative:			
Assistant Program Coordinator (Salary)	\$ 78,000	\$ 77,202	\$ 70,487
Communications and public relations	10,000	11,372	10,594
Contracted (HR) services	17,000	15,910	1,717
Cross-lined job sites (Civicjobs)	5,125	5,125	5,125
Community government HR survey	5,000	288	-
LGA Handbook and Wiki	10,000	2,974	31,826
NWT Community Government Career Promo	5,000	18,595	14,825
Office lease	-	8,000	8,000
Professional workshops (AGM)	70,000	50,526	17,499
Recognition program (Awards)	1,500	-	1,457
Salaries and benefits - Executive Director	-	46,000	38,000
	<u>201,625</u>	<u>235,992</u>	<u>199,530</u>
AANDC:			
Aboriginal Community Resilience Initiative	-	39,660	-
Professional Development conference travel and other costs			
	-	-	59,694
MACA:			
LGA/Elected Officials Distance Learning	-	-	56,720
	<u>\$ 201,625</u>	<u>\$ 275,652</u>	<u>\$ 315,944</u>

### 14. PENSION PLAN

Eligible employees of the Association are members of the Northern Employee Benefits Services (NEBS) Pension Plan, a contributory defined benefit plan. The Plan is administered by NEBS as part of a benefits program providing insurance, health care and pension benefits for employees of member employers in the north. NEBS is a member-owned, not-for-profit corporation of which the Association is a member.

The Plan is governed by the *Northern Employee Benefits Services Pension Plan Act* (in force October 1, 2015) and a Plan text document maintained by the administrator of the Plan. Both the Act and the Plan text document provide that participating employers are liable for their share of any funding shortfalls in the Plan as determined on a going concern basis, and on Plan windup. The Act and the Plan text provide any going concern shortfalls, should they arise, are to be paid down over no more than 15 years and that contribution rates may be increased if necessary to do so. Pursuant to the Act, the Plan is exempt from compliance with the *Pension Benefits Standards Act, 1985* (PBSA) and is not required to be funded on a solvency basis.

# LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 14. PENSION PLAN, continued

Participating employers in the Plan, including the Association, are required to make contributions to the Plan of 8% (2016 - 8%) of pensionable earnings, and to remit employee contributions of 8% (2016 - 8%). These contributions cover current service costs and a provision for adverse deviation. Sufficient information is not available to use defined benefit plan accounting. As such, defined contribution plan accounting is used. During the year, employee contributions to the Plan is \$12,368 (2016 - \$13,674), and employer contributions to the Plan is \$12,368 (2016 - \$13,674).

As at January 1, 2017, the NEBS Pension Plan had a going concern surplus of \$18,500,000 (2016 - \$12,500,000) and a funded ratio of 111% (2016 - 109%). The Plan serves 2,600 employee members and 99 participating employers.

As at January 1, 2017, the NEBS Pension Plan had a solvency deficiency position of \$102,495,300 and a solvency ratio of 64%. While the Association does not intend to terminate its participation in the Plan for the foreseeable future, the Association would be obligated, per the NEBS Act, for its share of the solvency deficiency upon withdrawal. The Association's obligation, as Plan Sponsor, would be calculated based on actuarial estimates for all active, deferred and retired employees.

### 15. ECONOMIC DEPENDENCE

The Association is economically dependent on the GNWT for contribution funding for administration support, and on satisfying the terms of the agreement.

### 16. BUDGET AMOUNTS

The 2017 budget amounts on the Statement of Operations are presented for information purposes only, are restated, and are unaudited. The budget was approved by the Board of Directors on August 10, 2016.

The approved budget is prepared on a modified cash basis which differs from budget amounts reported in the financial statements, which are prepared in accordance with Canadian accounting standards for not-for-profit organizations on the full accrual basis of accounting.

A reconciliation of the approved budget to the budget figures reported in the financial statements is as follows:

	Revenues	Expenses	Net
Budget as approved by the Board of Directors	\$ 453,582	\$ 424,970	\$ 28,612
Less:			
Transfer from reserve	(30,000)	-	(30,000)
Budget for financial statement purposes	\$ 423,582	\$ 424,970	\$ (1,388)

# LOCAL GOVERNMENT ADMINISTRATORS OF THE NORTHWEST TERRITORIES

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

### 17. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

### 18. SUBSEQUENT EVENTS

On April 5, 2017, the Association received from AANDC \$61,650 of a maximum \$68,500 contribution agreement. The purpose of the agreement is to continue supporting the existing Aboriginal Community Resilience Initiative project. The funds are for costs associated with the creation of a customized version of the Organizational Enhancement Toolkit for Designated Authorities in the NWT.

On April 25, 2017, the Association renewed its core funding agreement with MACA.

In August 2017, LGANT received a commitment from MACA to continue supporting the existing Public Service Capacity (PSC) Initiative project.

Future maximum funding payments from MACA to LGANT are as follows:

	Core Funding	PSC	Total
2018	\$ 180,000	\$ 50,000	\$ 230,000
2019	180,000	-	180,000
2020	180,000	-	180,000
	\$ 540,000	\$ 50,000	\$ 590,000