



**Financial Reporting Package
Hamlet of Fort Liard
March 31, 2024**



Audit / Tax / Advisory

Smart decisions. Lasting value.

Financial Reporting Package Hamlet of Fort Liard March 31, 2024

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October 17, 2024

PRIVATE AND CONFIDENTIAL

John McKee
Hamlet of Fort Liard
174 Valley Main Street
Fort Liard, NT X0G 0A0

Dear John:

We are pleased to provide you with this financial reporting package for Hamlet of Fort Liard (the "Hamlet") for your year ended March 31, 2024. This financial reporting package contains all the engagement deliverables for the current fiscal year. Please review the items carefully and let us know if you have any questions or concerns.

ACTION ITEMS FOR YOUR IMMEDIATE ATTENTION:

1. Enclosed you will find a copy of year end adjusting entries which should be posted to your general ledger on the date indicated. A copy of your adjusted trial balance is also included for your records, and to assist in verifying that the entries have been posted correctly.
2. Our invoice for services rendered has been emailed to you. Please remit payment within thirty days so that interest charges can be avoided.
3. Review the enclosed management letter and action the recommendations. If you have questions on the contents, please contact us.

If you would like to discuss these matters or have any questions, please contact our office.

Thank you for doing business with Crowe MacKay LLP.

Yours very truly,

Crowe MacKay LLP
Chartered Professional Accountants

A handwritten signature in dark ink, appearing to read "FD", written over a light blue horizontal line.

Per: Frederick Deschenes Accounting P.C.
Partner

Encl.

**HAMLET OF FORT LIARD
FORT LIARD, NT**

**ANNUAL FINANCIAL REPORT
For the year ended March 31, 2024**

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March 31, 2024

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Independent Auditors' Report

To the Mayor and Council of Hamlet of Fort Liard

Qualified Opinion

We have audited the financial statements of Hamlet of Fort Liard (the "Hamlet"), which comprise the statement of financial position as at March 31, 2024 and the statements of operations, 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 matter 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 Hamlet as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Hamlet did not complete an inventory count for the year ended March 31, 2024, nor were we able to satisfy ourselves by alternative means. Therefore we were unable to determine if any adjustments to the results of operations and cash flows might be necessary for the year ended March 31, 2024. Furthermore, the Hamlet has not prepared an estimate of asset retirement obligations as required by the Canadian Public Sector Account Standards Section PS3280. Accordingly, we were unable to determine if any adjustments may be necessary for accretion and amortization expenses, tangible capital assets, asset retirement obligations and accumulated surplus associated with the asset retirement obligations for the years ended March 31, 2024, and liabilities and net financial assets as at March 31, 2024. As a result, our opinion on the current year's results of operations and cash flows is modified because of the possible effects of these scope limitations identified above.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Hamlet 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.

Other matter-Comparative information

The financial statements of the Hamlet of Fort Liard for the year ended March 31, 2023 were audited by another auditor who expressed a qualified opinion on those financial statements on September 19, 2023.

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 Hamlet'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 Hamlet or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Hamlet's financial reporting process.

Auditors' 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 auditors' 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 Hamlet'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 Hamlet's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Hamlet 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.

Crowe Mackay LLP

**Chartered Professional Accountants
Yellowknife, Canada
October 17, 2024**

**Hamlet of Fort Liard
Statement of Financial Position
As at March 31, 2024**

Statement I

	2024	2023
Financial Assets		
Cash (Note 4)	\$ 2,641,961	\$ 2,174,006
Restricted temporary investments (Note 4)	1,417,056	1,350,446
Restricted deposits (Note 4)	3,830,174	5,749,207
Accounts receivables (Note 6)	3,540,307	2,332,059
	11,429,498	11,605,718
Financial Liabilities		
Accounts payable and accrued liabilities (Note 8)	198,986	229,093
Employee benefit liabilities (Note 11)	57,418	40,922
Deferred revenue (Note 9)	7,101,138	7,871,191
	7,357,542	8,141,206
Net Financial Assets	4,071,956	3,464,512
Non-Financial Assets		
Tangible capital assets (Schedule 10)	11,409,573	10,280,733
Inventory	9,622	12,198
Prepaid expenses and deposits (Note 7)	5,039	179,906
	11,424,234	10,472,837
Accumulated Surplus (Schedule 1)	\$ 15,496,190	\$ 13,937,349

Commitments and contingencies (Notes 14 and 15)

Approved on behalf of the Hamlet

 Mayor

 Senior Administrative Officer

COUNCIL MOTION 2024-72

See accompanying notes and schedules to the financial statements.

Hamlet of Fort Liard
Statement of Operations and Accumulated Surplus
As at March 31, 2024

Statement II

	2024 Budget (Note 1r)	2024 Actual	2023 Actual
Revenue			
Government transfers for operations (Note 11)	\$ 2,565,115	\$ 2,845,407	\$ 2,548,954
Government transfers for capital (Note 11)	-	2,022,248	492,946
Water and sewage revenues (Schedule 3)	172,365	193,472	161,826
User fees and sales of goods	255,945	260,565	214,938
Other contribution and contract revenue	-	28,125	-
Other revenue	-	200,023	162,161
Total Revenue	2,993,425	5,549,840	3,580,825
Expenses			
General Government Services (Schedule 2)	953,655	758,355	910,744
Water and Sewage Services (Schedule 3)	743,905	1,181,263	1,108,672
Protective Services (Schedule 4)	174,785	171,476	138,315
Transportation and Public Works (Schedule 5)	459,670	730,940	610,780
Recreation Services (Schedule 6)	455,120	462,597	354,204
Environmental Health Services (Schedule 7)	117,725	182,413	234,296
Contract Services and Contribution Agreements (Schedule 8)	210,115	503,955	256,587
Total Expenses	3,114,975	3,990,999	3,613,598
Annual Surplus (Deficit)	(121,550)	1,558,841	(32,773)
Accumulated Surplus, beginning of year	13,937,349	13,937,349	13,970,122
Accumulated Surplus, end of year (Schedule 1)	\$ 13,815,799	\$ 15,496,190	\$ 13,937,349

See accompanying note and schedules to the financial statements.

Hamlet of Fort Liard
Statement of Changes in Net Financial Assets
for the year ended March 31, 2024

Statement III

	2024 Budget	2024 Actual	2023 Actual
Excess of revenues over expenditures	\$ (121,550) (Note 1r)	\$ 1,558,841	\$ (32,773)
Loss on disposal of tangible capital assets	-	-	70,703
Amortization of tangible capital assets	-	909,608	767,622
Acquisition of tangible capital assets	-	(2,038,449)	(386,619)
Change in inventories and prepaid expenses	-	177,444	(12,451)
Increase in net financial assets	(121,550)	607,444	406,482
Net financial assets, beginning of year	3,464,512	3,464,512	3,058,030
Net financial assets, end of year	\$ 3,342,962	\$ 4,071,956	\$ 3,464,512

See accompanying notes and schedules to the financial statements.

Hamlet of Fort Liard
Statement of Changes in Cash Flows
As at March 31, 2024

Statement IV

	2024	2023
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
Operating Transactions		
Excess of revenues over expenditures	\$ 1,558,841	\$ (32,773)
Non-cash charges to operations:		
Amortization of tangible capital assets	909,608	767,622
Loss on disposal of capital assets	-	70,703
Cash provided by operating transactions	2,468,449	805,552
Decrease (increase) in accounts receivable	(1,208,248)	(1,173,429)
Decrease (increase) in prepaid expenses	174,867	(254)
Increase (decrease) in accounts payable and other liabilities	(13,608)	(178,816)
Increase (decrease) in deferred revenue	(770,053)	509,074
Decrease (increase) in inventory	2,574	(12,195)
Net cash from (used for) operations	653,981	(50,068)
Capital transactions		
Acquisition of tangible capital assets	(2,038,449)	(386,619)
Net cash (used for) from capital transactions	(2,038,449)	(386,619)
Increase (decrease) in net cash and temporary investments	(1,384,468)	(436,687)
Net cash and temporary investments, at beginning of year	9,273,659	9,710,346
Net cash and temporary investments, at end of year (Note 4)	\$ 7,889,191	\$ 9,273,659
Comprised of:		
Cash in bank and restricted deposits	\$ 6,472,135	\$ 7,923,213
Restricted temporary investments (Note 4)	1,417,056	1,350,446
	\$ 7,889,191	\$ 9,273,659

See accompanying notes and schedules to the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Hamlet of Fort Liard are the representations of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board and the Chartered Professional Accountants of Canada. They are also prepared in accordance with policies prescribed for Municipalities by the Hamlets Act of the Northwest Territories and by the Department of Municipal and Community Affairs, Government of Northwest Territories. Significant aspects of the accounting policies adopted by the Hamlet of Fort Liard are as follows:

a) Reporting Entity

The financial statements reflect the assets, liabilities, revenues and expenses, changes in net financial assets (debt) and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the community government and are, therefore, accountable to the Council for the administration of their financial affairs and resources. At present, there are no organizations that are owned and controlled by the Municipality, other than its own management funds.

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

b) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

c) Fund Accounting

Management funds consist of the operating fund, water and Sewer (utilities) fund and the reserve funds. Transfers between funds are recorded as adjustments to the appropriate fund balance. The purpose of the funds are:

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

Water and sewer (utilities) fund – to account for water and sewer charges and expenditures.

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

d) Cash and Cash Equivalents

Cash and Cash Equivalents include cash on hand, guaranteed investment certificates with maturity dates of less than 1 year and balances with banks net of overdraft.

Restricted cash is not used by the Hamlet in the normal course of operations. The restrictions on the use of the funds is outlined in Note 4.

1. SIGNIFICANT ACCOUNTING POLICIES (cont.)

e) Government Transfers

Government transfers are the transfer of monetary assets or tangible capital assets from a government for which the government making the transfer does not:

- receive any goods or services directly in return;
- expect to be repaid in future; or
- expect a direct financial return.

Operating transfers are recognized as revenue in the period in which the events giving rise to the transaction occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

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

f) Tangible Capital Assets

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

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

100% of the annual amortization is charged in the year of acquisition and 0% in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

g) 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.

h) Equity in Tangible Capital Assets

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

i) Cultural and Historical Tangible Capital Assets

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

1. SIGNIFICANT ACCOUNTING POLICIES (cont.)

j) Reserves for Future Expenditures

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

The Hamlet maintains the following reserves:

- i) Stabilization reserve is for major unplanned events.
- ii) Capital reserve is for capital betterment and equipment replacement.
- iii) Water sewage equipment reserve is to cover deficiencies in the water and sewer services fund.
- iv) Emergency situation reserve fund is to assist the community in addressing and recovering from unplanned events.
- v) Training and development reserve fund is used to develop staff capabilities and capacities to maintain and improve municipal services delivery.

k) Measurement Uncertainty

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 expense during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates. Significant estimates are used in determining the useful life of the depreciable assets, allowance for doubtful accounts and allocation of common administrative expenses between funds/programs.

l) Investments

Investments are only made in Guaranteed Investment Certificates (GICs) and are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments.

m) Inventories for Resale

The Hamlet does not own any land. There is commissioners land reserved for community use, which is leased from the GNWT. The Hamlet does not have a Land Administration By-Law.

n) Landfill Closure and Post-Closure Liability

The Community Government is required to fund the closure of its landfill sites 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, leachate control, and visual inspection. The requirement will be provided for over the estimated remaining life of the landfill site based on usage. The accrued liability for closure and post-closure care of the Hamlet's landfill is disclosed in Note 14a.

o) 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 revenues over expenses, provides the change in Net Financial Assets (Debt) for the year.

1. SIGNIFICANT ACCOUNTING POLICIES (cont.)

p) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

q) Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

r) Budget

Budget figures are unaudited and were approved by council.

s) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arm's length transaction are initially measured at their fair value. In the case of a financial asset or financial liability not subsequently measured at its fair value, the initial fair value is adjusted for financing fees and transactions costs that are directly attributable to its origination, acquisition, issuance or assumption. Such fees and costs in respect of financial assets and liabilities subsequently measured at fair value are expensed.

The Hamlet subsequently measures the following financial assets and financial liabilities at amortized cost:

Financial assets measured at amortized cost include cash and cash equivalents, restricted cash, account receivable and contributions receivable.

Financial liabilities measured at amortized cost include account payable and accrued liabilities and salaries and wages payable.

At the end of each reporting period, management assesses whether there are any indications that financial assets measured at cost or amortized cost may be impaired. If there is an indication of impairment, management determines whether a significant adverse change has occurred in the expected timing or the amount of future cash flows from the asset, in which case the asset's carrying amount is reduced to the highest expected value that is recoverable by either holding the asset, selling the asset or by exercising the right to any collateral. The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in operations.

t) Employee Benefit Liabilities

Employee benefit liabilities are future obligations of the Hamlet to its employees for benefits earned but not taken as at the end of the fiscal year. The Hamlet and its employees make contributions to a defined contribution pension plan. These contributions represent the total liability of the Hamlet and are recognized in the accounts on a current basis. Employees are insured through the Northern Employee Benefits Services. The Hamlet is not liable for any future liabilities of this plan.

u) Net Debt

The financial statements are presented so as to highlight net debt as the measurement of financial position. The net debt is determined by liabilities less financial assets. Net debt is comprised of two components: non-financial assets and accumulated surplus.

1. SIGNIFICANT ACCOUNTING POLICIES (cont.)

v) Segmented Information

Hamlet services are provided by departments and segmented financial information on their activities is reported in the schedules. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1. Revenues not directly attributable to a specific segment are indicated as unallocated items in Note 13. The segments include:

i) General Government Services, which provides internal support to council and other departments who provide services to its citizens. These internal departments include the Senior Administrative Officer, Financial services, Information Technology Support, and Human Resources.

ii) Protective Services, which provides services to maintain public order and uphold municipal bylaws and prevention services related to firefighting services.

iii) Transportation and Public Works Services, which provides construction and maintenance of community assets and transportation planning.

iv) Recreation Services, which provides services through a recreation and cultural program.
Land development.

v) Environmental and Public Health Services, which provides refuse removal services and landfill maintenance and provides emergency and prevention related to medical services.

vi) Water and Sewage Services, which provides for operations and maintenance related to water distribution and sewage collection.

2. CHANGES TO PUBLIC SECTOR ACCOUNTING STANDARDS

PSAB issued a new standard (PS 3400 - Revenue) on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. This standard is effective for fiscal years beginning on or after April 1, 2023. Earlier adoption is permitted. The Section may be applied retroactively or prospectively. It is management's opinion that the adoption of the PS 3400 - Revenue will not impact the Hamlet's financial statements.

3. FUTURE CHANGES TO PUBLIC SECTOR ACCOUNTING STANDARDS

PSAB issued a new financial reporting model (Section PS 1202), including related consequential amendments that responds to the need for understandable financial statements for the public and its elected and appointed representatives and replaces Section PS 1201, Financial Statement Presentation. The new standard includes change to the presentation of financial statements, such as:

- changes in the statement of financial position
- adding a new statement of net financial assets or net financial liabilities
- providing the option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities
- adding a new statement of changes in net assets or net liabilities
- new budget requirements in order to present an amended budget

The statement of operations remains substantially unchanged to the one in superseded Section PS 1201. The new standard includes guidance in various appendices and illustrative financial statements and includes a discussion on going concern. Effective for fiscal years beginning on or after April 1, 2026, with early application permitted if the conceptual framework unpinning this section is adopted at the same time.

Hamlet of Fort Liard
Notes to Financial Statements
For the Year ended March 31, 2024

4. CASH AND RESTRICTED TEMPORARY INVESTMENTS

	2024	2023
Cash	\$ 2,641,961	\$ 2,174,006
Restricted Deposits:		
Gas Tax Funding	411,712	1,545,300
Community Public Infrastructure Funding	3,418,462	4,203,907
Restricted Temporary Investments	1,417,056	1,350,446
	\$ 7,889,191	\$ 9,273,659

Restricted temporary investments are GICs with maturity dates from April 29, 2024 to November 9, 2027 and effective interest rates of 1.00% to 5.00%. The balance of total cash and temporary investments includes restricted cash and temporary investments of \$5,247,230 (2023 - \$7,099,653).

5. DEPOSITS AND INVESTMENTS

	Deferred revenue	Reserves	Less: amount receivable	Total required deposit	Actual bank deposit/invest ment	Short/over
Gas Tax	\$ 1,933,707	\$ -	\$ (1,671,000)	\$ 262,707	\$ 411,712	\$ 149,005
CPI	5,167,431	-	(1,662,000)	3,505,431	3,418,462	(86,969)
Stabilization	-	288,765	-	288,765	235,251	(53,514)
Fund Reserve						
Capitalisation	-	2,959,648	-	2,959,648	1,181,805	(1,777,843)
Reserve						
	\$ 7,101,138	\$ 3,248,413	\$ (3,333,000)	\$ 7,016,551	\$ 5,247,230	\$ (1,769,321)

When the Department of Municipal and Community Affairs ("MACA") introduced block funding of Community Public Infrastructure, the Hamlet invested these funds along with Gas Tax Funds and Stabilization Funds in GICs on terms according to cash flow needs. Longer term investments generated higher rates of interest at escalating rates up to five years. In 2011, MACA required that funding be deposited in separate bank accounts. The Hamlet established separate accounts and funding is being deposited in the appropriate accounts. Some surplus funds from prior years were not deposited in these separate accounts as the Hamlet stood to forfeit interest revenue by cashing in investments before maturity. It is the intention that, as the GICs mature, the Hamlet will not reinvest funds in GICs but deposit them in separate bank accounts as required. Separate bank accounts have been established for Gas Tax and CPI funds; but are not fully funded. Total restricted funds for externally restricted CPI and GT funding does cover the amount of funds required. There is an excess of \$62,036 in these externally restricted funds and, therefore, the Hamlet is in compliance with the requirement that restricted funds be fully funded. The shortfall is in internally restricted Stabilization and Capitalization Reserve funds only.

Hamlet of Fort Liard
Notes to Financial Statements
For the Year ended March 31, 2024

6. ACCOUNTS RECEIVABLE

	2024		2023
Contributions Receivable	\$ 3,852	\$	55,182
Water and Sewage Customer Receivable	30,748		31,859
Community Public Infrastructure funding	1,662,000		806,000
Gas Tax funding	1,671,000		1,357,000
Goods & Service Tax Rebate	167,606		76,665
Trade and Other	9,417		5,760
	3,544,623		2,332,466
Less: Allowance for Doubtful Accounts	(4,316)		(407)
	\$ 3,540,307	\$	2,332,059

7. PREPAID EXPENSES AND DEPOSITS

	2024		2023
WSCC	\$ 4,189	\$	-
Deposit on utility accounts	300		2,300
Deposit on asset order	-		177,021
Other	550		585
	\$ 5,039	\$	179,906

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024		2023
Accounts payable and accrued liabilities	\$ 188,505	\$	188,793
GNWT - contributions repayable	10,481		40,300
	\$ 198,986	\$	229,093

9. DEFERRED REVENUE

Deferred revenue is comprised of amounts received but not yet earned or disbursed as a result of project initiation dates extending beyond the fiscal year end, or conditions attached to the use of the funds as follows:

	2023	Received	Expended	2024
Community Public Infrastructure (Schedule 12)	\$ 5,117,896	\$ 922,312	\$ (872,777)	\$ 5,167,431
Gas Tax Funding (Schedule 11)	2,753,295	329,884	(1,149,472)	1,933,707
Dept. of Justice - Community Safety)	-	-	-	-
	\$ 7,871,191	\$ 1,252,196	\$ (2,022,249)	\$ 7,101,138

Hamlet of Fort Liard
Notes to Financial Statements
For the Year ended March 31, 2024

10. EQUITY IN TANGIBLE CAPITAL ASSETS

	2024	2023
	Net Book Value	Net Book Value
Tangible Capital Assets (Schedule 10)	\$ 24,100,942	\$ 22,062,494
Accumulated Depreciation (Schedule 10)	(12,691,369)	(11,781,761)
	\$ 11,409,573	\$ 10,280,733

11. GOVERNMENT TRANSFERS

	2024	2023
Operational funding		
MACA - O&M	\$ 1,552,000	\$ 1,507,000
MACA - W&S	740,000	740,000
Property Tax Grant	32,126	25,366
MACA - Recreation & Sports	32,000	22,183
MACA - Youth Corp.	35,000	-
MACA - Youth Centre	14,288	14,236
MACA - Regional Youth Sports Events	10,000	-
MACA - After School	1,413	15,300
MACA - Youth Resiliency	13,636	-
HSS - Healthy Choices	33,075	-
ECE - Library Initiative	36,000	33,487
Justice - Restorative Justice	42,869	-
Justice - Community Safety	303,000	206,682
To repayable	-	(15,300)
	2,845,407	2,548,954
Capital Funding		
Gas Tax Funding	314,000	306,000
Community Public Infrastructure	856,000	806,000
	1,170,000	1,112,000
Interest earned	82,195	73,688
From (to) deferred revenue	770,053	(692,742)
	\$ 2,022,248	\$ 492,946

12. COMPARATIVE FIGURES

The comparative figures for 2023 have been reclassified to be consistent with current year presentation.

13. UNALLOCATED AMOUNTS

The following revenues were not allocated to the individual segments report in the schedules:

- MACA Operations and Maintenance Funding

14. CONTINGENCIES AND SUBSEQUENT EVENTS

a) Solid Waste Landfill Closure and Post-Closure Liabilities and Sewage Lagoon Expansion

The Hamlet operates a solid waste landfill site and a sewage lagoon. Under Public Sector Accounting Section PS3260 *Liability for Contaminated Sites* there exists a requirement to account for and report a liability associated with contaminated sites. At present, it is unclear if the ultimate responsibility for the remediation of the solid waste landfill and sewage lagoon rests with the Hamlet for the government department that oversees Hamlet affairs - the department of Municipal and Corporate Affairs (MACA) of the GNWT. As a result of the uncertainty around responsibility for any remediation costs, the auditors's report has been qualified for this matter.

b) Insurance

The Hamlet participates in the Northwest Territories Association of Communities insurance programs. Under the terms of membership, the Hamlet could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined. The Hamlet receives a rebate for good experience rating two years after the fact. Historically, any rebates have been netted with the cost of insurance.

c) Water Licence Conditions

A water licence is granted by the Mackenzie Valley Land and Water Board with monitoring and operating conditions. The Hamlet renewed the water license in fiscal 2024 and is valid for 15 years.

d) Pension Plan

The Hamlet participates in the NWT Northern Employee Benefits Program pension plan. Under the terms of membership, the Hamlet could become liable for its proportionate share of any unfunded pension liability should the program terminate or the Hamlet withdraw. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

e) Claim for Damages

As a result of a automobile accident involving a Hamlet vehicle, a claim for damages has been pursued against the Hamlet by the other involved party. The claim is being handled through the Hamlet's insurance policy. Management is of the opinion that any damages will be covered by the insurance policy less the deductible of \$500 for automotive claims.

14. CONTINGENCIES AND SUBSEQUENT EVENTS (cont.)

f) Actions for Loss or Damage

A person who brings an action for loss or damage against the Hamlet must notify the Hamlet of the event that gives rise to the action within 30 days after the occurrence of the event or within such longer period of time as may be allowed by bylaw. As at the financial reporting date, the Hamlet had not received any notification of such claims.

15. COMMITMENTS

It is management's opinion that the Hamlet does not have any material commitments.

16. FINANCIAL INSTRUMENTS

The Hamlet is exposed to credit, interest rate and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Hamlet's financial instruments is provided by type of risk below.

i) Credit risk

Credit risk is the risk of financial loss to the Hamlet if a debtor fails to make payments of interest and principal when due. The Hamlet is exposed to this risk relating to its cash, restricted deposits, restricted temporary investments, accounts receivable. The Hamlet holds its cash accounts with federally regulated chartered banks that are insured by the Canadian Deposit Insurance Corporation up to the prescribed limits.

Credit risk related to accounts receivable is mitigated by controls over arrears accounts for ultimate collection and policies in place for debt collection.

The Hamlet's maximum exposure to credit risk at March 31, 2024 is as follows:

	2024
Cash	\$ 2,641,961
Restricted temporary deposits	1,417,056
Restricted deposits	3,830,174
Accounts receivable	3,540,307
Maximum credit exposure	\$ 11,429,498

At March 31, 2024, the following accounts receivables were past due but not impaired.

	30 days	60 days	90 days
Accounts receivable	\$ 4,651	\$ 2,789	\$ 3,457,441

Included in the over 90 days are \$3,333,000 in government contributions receivable and \$124,441 in recoverable GST.

At March 31, 2024, the Hamlet's management has determined that a portion of accounts receivable are impaired. Management's assessment was based on specific identification and age of receivables. The portion impaired is \$4,316 (2023 - \$407).

ii) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market prices. The Hamlet has interest rate risk in its restricted temporary investments of \$1,417,056 (2023 - \$1,350,446) where it may be adversely affected by a change in the interest rates. This risk has not changed from the prior year.

16. FINANCIAL INSTRUMENTS (cont.)

iii) Liquidity risk

Liquidity risk is the risk that the Hamlet will not be able to meet cash outflow obligations as they become due. The Hamlet does have liquidity risk in the accounts payable and accrued liabilities, and employee benefits liabilities.

The financial assets including cash, restricted cash, contributions receivable and accounts receivable mature within 6 months. The financial liabilities including accounts payable and accrued liabilities and employee benefits liabilities mature within 6 months.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and method used to measure the risk.

**Hamlet of Fort Liard
Schedule of Changes in Fund Balances & Accumulated Surplus
for the Year ended March 31, 2024
(Schedule 1)**

	Operating Fund	Water and Sewage Fund	Stabilization Reserve Fund	Capital Reserve Fund	Training and Development Fund	Emergency Situation Fund	Equity in Tangible Capital Assets	2024 Total	2023 Total
Excess revenues (expenditures) for the year	\$ 1,806,632	\$ (247,791)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,558,841	\$ (32,773)
Net interfund transfers:									
Interest to stabilization reserve	(16,272)	-	16,272	-	-	-	-	-	-
Interest to capital reserve	(8,960)	-	-	8,960	-	-	-	-	-
To capital reserve from water and sewage	-	(121,794)	-	121,794	-	-	-	-	-
(To) from reserve funds	-	-	(796,935)	796,935	-	-	-	-	-
From general fund to reserve fund	(1,031,711)	-	-	1,031,711	-	-	-	-	-
Amortization	706,926	202,682	-	-	-	-	(909,608)	-	-
Purchase of tangible capital assets	(2,038,449)	-	-	-	-	-	2,038,449	-	-
	(581,834)	(166,903)	(780,663)	1,959,400	-	-	1,128,841	1,558,841	(32,773)
Accumulated Surplus, balance beginning of year	1,002,410	199,858	1,069,428	1,000,248	270,896	113,771	10,280,733	13,937,349	13,970,122
Accumulated Surplus, balance end of year	\$ 420,576	\$ 32,955	\$ 288,765	\$ 2,959,648	\$ 270,896	\$ 113,771	\$ 11,409,574	\$ 15,496,190	\$ 13,937,349

Hamlet of Fort Liard
Schedule of Revenue and Expenses, General Government Services
For the Year ended March 31, 2024
(Schedule 2)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Government transfers	\$ 1,579,000	\$ 1,584,126	\$ 1,532,366
User fees and sales of goods	172,370	145,876	126,667
Contract revenues	-	-	-
Other revenue	-	-	-
Transfer from (to) deferred revenue	-	-	-
	1,751,370	1,730,002	1,659,033
Expenses			
Wages and benefits	361,400	280,238	230,505
Management fees	-	-	-
Mayor and council	20,700	15,739	15,802
Materials & supplies	20,375	39,424	44,620
Repairs and maintenance	172,000	2,323	49,029
Contracted services	128,840	105,572	178,751
Grants	-	-	-
Other	-	446	6,771
Provision for allowances	-	-	-
Utilities - electricity	53,700	58,609	51,253
Utilities - fuel	98,700	17,556	21,436
Utilities - water and sewer	6,800	7,191	6,728
Insurance	27,340	37,520	33,108
Office	58,800	44,571	32,074
Vehicle O&M	-	-	-
Other capital expenditures	5,000	3,733	26,697
Loss on disposal of capital assets	-	-	70,703
	953,655	612,922	767,477
Amortization	-	145,433	143,267
	953,655	758,355	910,744
Excess of revenue over expenditures	\$ 797,715	\$ 971,647	\$ 748,289

Hamlet of Fort Liard
Schedule of Revenue and Expenses, Water & Sewer Services
for the Year ended March 31, 2024
(Schedule 3)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Government transfer	\$ 740,000	\$ 740,000	\$ 740,000
User fees and sales of goods	172,365	193,472	161,826
Contract revenues	-	-	-
Interest revenue	-	-	-
	912,365	933,472	901,826
Expenses			
Wages and benefits	266,970	535,743	433,366
Management fees	80,000	70,000	96,052
Materials & supplies	38,500	45,447	49,937
Repairs and maintenance	87,625	3,531	5,956
Contracted services	17,500	37,818	14,797
Other	2,500	6,520	4,123
Provision for allowances	-	1,182	1,452
Utilities - electricity	46,500	45,837	45,999
Utilities - fuel	20,700	21,514	16,747
Utilities - water and sewer	1,200	(17,815)	(9,550)
Insurance	45,310	45,019	36,978
Office	-	-	-
Vehicle O&M	137,100	183,785	186,282
Other Capital expenditures	-	-	-
	743,905	978,581	882,139
Amortization	-	104,594	104,594
Amortization - municipal service equipment	-	98,088	121,939
	743,905	1,181,263	1,108,672
Excess (deficiency) of revenue over expenses	\$ 168,460	\$ (247,791)	\$ (206,846)

Hamlet of Fort Liard
Schedule of Revenue and Expenses, Protective Services
For the Year ended March 31, 2024
(Schedule 4)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Government transfers	\$ -	\$ -	\$ -
User fees and sales of goods	-	-	-
Contract revenues	-	-	-
Other revenue	-	-	-
	-	-	-
Expenses			
Wages and benefits	25,500	38,934	28,949
Management fees	-	-	-
Mayor and council	-	-	-
Materials & supplies	3,500	24,482	8,282
Repairs and maintenance	75,000	7,026	9,596
Contracted services	2,000	-	-
Grants	-	-	-
Other	-	11,290	3,115
Provision for allowances	-	-	-
Utilities - electricity	15,000	10,558	13,561
Utilities - fuel	3,000	169	3,230
Utilities - water and sewer	1,000	-	-
Insurance	13,785	14,633	12,756
Office	1,000	-	-
Vehicle O&M	-	-	-
Other Capital expenditures	35,000	-	-
	174,785	107,092	79,489
Amortization	-	64,384	58,826
	174,785	171,476	138,315
Deficiency of revenue over expenses	\$ (174,785)	\$ (171,476)	\$ (138,315)

Hamlet of Fort Liard
Schedule of Revenue and Expenses. Public works & Transportation
for the Year ended March 31, 2024
(Schedule 5)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Government transfers	\$ -	\$ -	\$ -
User fees and sales of goods	-	-	-
Contract revenues	-	-	-
Other revenue	-	-	-
	-	-	-
Expenses			
Wages and benefits	319,120	262,336	354,275
Management fees	-	-	-
Mayor and council	-	-	-
Materials & supplies	11,500	52,733	30,097
Repairs and maintenance	4,000	5,661	4,200
Contracted services	4,800	8,670	-
Grants	-	-	-
Other	1,500	3,183	2,461
Provision for allowances	-	-	-
Utilities - electricity & street lighting	25,500	3,196	-
Utilities - fuel	3,500	13,552	1,683
Utilities - water and sewer	500	-	-
Insurance	10,120	8,687	10,778
Office	-	-	-
Vehicle O&M	69,130	55,636	56,116
Other Capital expenditures	10,000	-	-
	459,670	413,654	459,610
Amortization	-	317,286	151,170
	459,670	730,940	610,780
Deficiency of revenue over expenses	\$ (459,670)	\$ (730,940)	\$ (610,780)

Hamlet of Fort Liard
Schedule of Revenue and Expenses, Recreation Services
for the Year ended March 31, 2024
(Schedule 6)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Government transfers	\$ -	\$ -	\$ -
User fees and sales of goods	-	25,354	4,696
Contract revenues	-	-	-
Other revenue	-	-	-
	-	25,354	4,696
Expenses			
Wages and benefits	106,700	110,143	36,770
Management fees	-	-	-
Mayor and council	-	-	-
Materials & supplies	12,000	36,958	15,067
Repairs and maintenance	159,500	33,184	4,170
Contracted services	-	-	-
Grants	-	-	-
Program	10,550	2,342	5,908
Provision for allowances	-	-	-
Utilities - electricity	36,800	44,994	34,578
Utilities - fuel	57,500	39,233	56,953
Utilities - water and sewer	3,375	4,481	3,429
Insurance	68,695	68,696	65,063
Office	-	-	-
Vehicle O&M	-	-	1,700
Other Capital expenditures	-	-	-
	455,120	340,031	223,638
Amortization	-	122,566	130,566
	455,120	462,597	354,204
Deficiency of revenue over expenses	\$ (455,120)	\$ (437,243)	\$ (349,508)

Hamlet of Fort Liard
Schedule of Revenue and Expenses, Environmental Services
For the Year ended March 31, 2024
(Schedule 7)

	Budget 2024	Actual 2024	Actual 2023
Revenues			
Government transfer	\$ -	\$ -	-
User fees and sales of goods	83,575	89,335	83,575
Contract revenues	-	-	-
Other revenue	-	-	-
	83,575	89,335	83,575
Expenses			
Wages and benefits	52,700	56,842	108,643
Administration fees	3,000	8,260	5,115
Mayor and council	-	-	-
Materials & supplies	-	-	-
Repairs and maintenance	17,375	33,636	35,883
Contracted services	-	-	38
Grants	15,550	15,645	15,874
Other	-	-	543
Provision for allowances	-	-	-
Utilities - electricity	3,300	3,091	3,245
Utilities - fuel	4,100	3,451	3,963
Utilities - water and sewer	250	236	221
Insurance	4,400	3,993	3,478
Office	550	-	34
Vehicle O&M	16,500	-	-
	117,725	125,154	177,037
Amortization	-	57,259	57,259
	117,725	182,413	234,296
Excess (deficiency) of revenue over expenses	\$ (34,150)	\$ (93,078)	\$ (150,721)