



Northwest Territories Liquor Licensing Board
63rd Annual Report

ANNUAL REPORT 2016 - 2017





204-31 Capital Drive
Hay River, NT X0E 1G2
Tel: 867.874.8717
Fax: 867.874.8722

May 16, 2017

Honourable Robert C. McLeod
Minister Responsible for the NWT Liquor Licensing Board

Dear Honourable Minister McLeod:

In accordance with the *Liquor Act*, I am pleased to present the Northwest Territories Liquor Licensing Board's 2016 - 2017 Annual Report.

A handwritten signature in black ink, appearing to read "Colin Baile". The signature is fluid and cursive, with a long horizontal stroke at the end.

Colin Baile
Chairperson

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Chairperson's Message

For the past three years, one of the Board's goals has been to improve our interactions with Licence Holders and other NWT residents who are in contact with the Board office. Based upon responses we have received, we are meeting this goal and more. Our recently revised website, new forms, and outstanding office staff, have reduced the time required to process and approve licence and permit applications from weeks to days.

We have also introduced newsletters to keep Licence and Permit Holders informed of regulatory matters.

Many of our successes this year have been administrative. Beginning three years ago, the Board undertook to completely upgrade our internal processes in order to better serve NWT residents. These changes have resulted in faster application processing, more complete information being available to the public, and fair, consistent decisions.

The three pillars of the Board's operations are:

- The Public Interest,
- Impartial and principled administration of the *Liquor Act*, and
- Assisting NWT residents to responsibly sell and serve liquor.

Within this framework, we are proactively engaging with businesses and organizations to promote liquor law compliance while working with them to pursue their goals.

I wish to thank all the Board Members for their conscientious and reasoned decision-making. Thanks must also be extended to our Board staff for their professional and informed assistance to the Board and NWT residents.

Sincerely,



Colin Baile
Chairperson

Overview

The Northwest Territories Liquor Licensing Board (The Board) is established under *Section 2(1)* of the Northwest Territories *Liquor Act*. The Minister responsible appoints Board Members for a term of three years.

The Board is a regulatory and quasi-judicial administrative tribunal that is independent from government. The Board administers several parts of the *NWT Liquor Act* and the *NWT Liquor Regulations*.

The Liquor Licensing Board regulates:

- The issuance of Licences and Permits;
- Liquor sales and service in restaurants, bars, and at special events; and
- The manufacture of liquor.

The Board also adjudicates alleged violations of specific liquor laws by Licence Holders.

Board Members and Staff

Colin Baile - Chairperson (*Yellowknife*)

Adelle Guigon - Vice Chairperson (*Yellowknife*)

Wayne Smith - Board Member (*Inuvik*)

Heather Bourassa - Board Member (*Fort Good Hope*)

Michael Hansen - Board Member (*Hay River*)

Linda Martin - Board Member (*Fort Smith*)

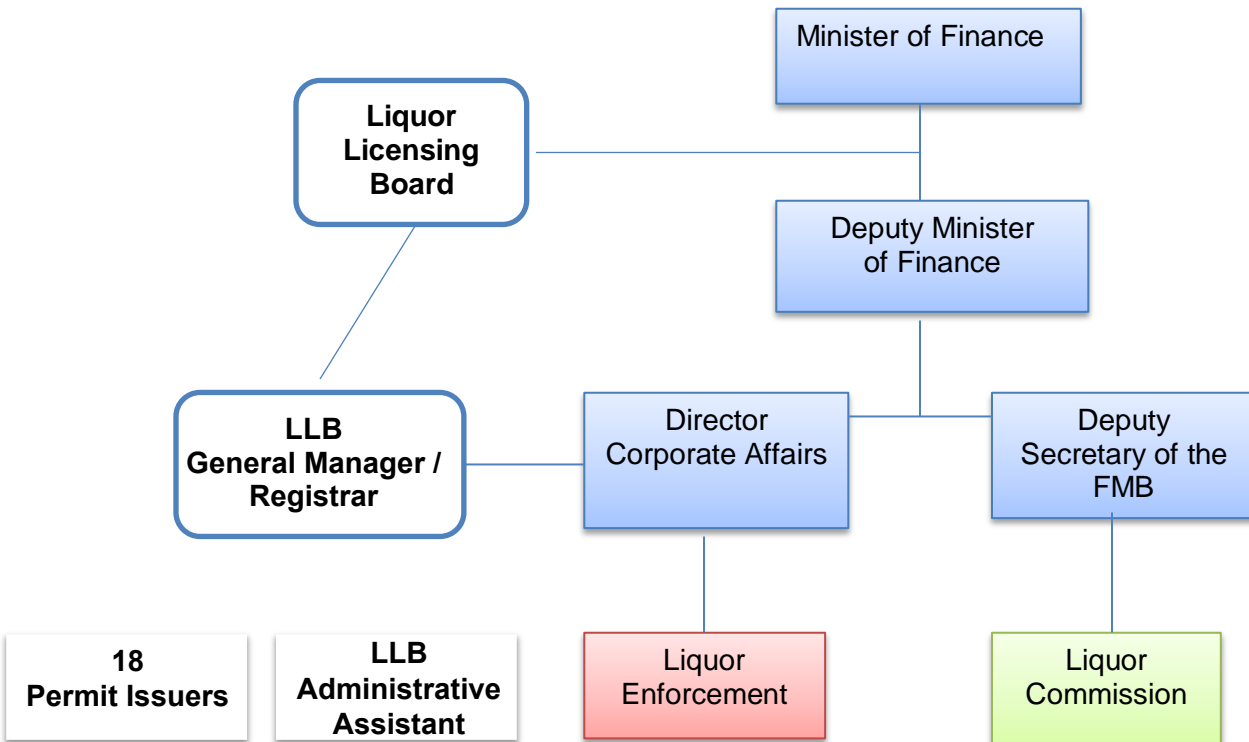
Jaimie Graham – General Manager/Registrar (*Hay River*)

Valerie Daniels – Administrative Assistant (*Hay River*)

In addition to the Liquor Licensing Board, the Northwest Territories liquor system also includes:

- Liquor Enforcement – Inspection of licensed premises, enforcement of liquor laws and Board conditions
- Liquor Commission – Purchasing and retail sales of liquor

Each agency fulfils a unique role. The Board, while arms length from the Liquor Commission and Enforcement, often interact on administrative and licensing matters.



Board Activity

The Board participated in several teleconference hearings during this reporting period.

Administration Meetings

One administrative meeting was conducted focusing on ongoing suggested amendments to the *Liquor Regulations*. Additionally, the Board delegated several Board powers and duties to the Board's General Manager/Registrar as provided for by *Section 4* of the *Liquor Act*. Where possible, the Board meets by teleconference, or alternatively, in person where other business such as compliance hearings are scheduled.

Hearing of Licence Applications and Board Requests

The Board must consider each application for a liquor licence and other specific Board requests. Most often this is done by teleconference, however there are times the Board must meet in person and/or conduct a public hearing of an application. During this reporting period, the Board conducted 18 application hearings and consideration of Board requests.

Compliance Hearings

Where Liquor Enforcement alleges a Licence Holder has failed to comply with the *Liquor Act* or a condition of their liquor licence, the matter may be brought before the Board for adjudication.

As with other administrative tribunals, the Board does not operate on a cost-recovery basis. To do so could impact people's rights to fair and unbiased decision-making. As there is no cost-recovery to policing and the Courts, the cost of administrating and enforcing the *Liquor Act* and its *Regulations* is always balanced against the requirements of procedural fairness.

One of the key requirements of administrative justice is that matters should be heard in a timely manner. A person accused of a statutory violation has the right to have the matter heard without undue delay. This can, on occasion, result in procedural fairness overriding financial considerations.

Should the Board find a Licence Holder is noncompliant, a monetary penalty may be ordered. A licence may also be suspended for up to one year, or cancelled.

During this reporting period, there were no matters brought forward for a Board Compliance Hearing.

Year	Number of Compliance Hearings
2014-2015	3
2015-2016	1
2016-2017	0

Annual Average of Compliance Hearings held in the last ten year period - 6 per year.

Board Meetings and Hearings				
Administrative	Hearing of Applications/Board Requests (Teleconferences)	Public Hearings	Compliance Hearings	Total # of Board Meetings
1	18	0	0	19

Liquor Licences

The Liquor Licensing Board regulates liquor sales and service in restaurants, bars, and special events. The Board also regulates liquor manufacturers. A person, company or organization issued a Liquor Licence is known as a Licence Holder. There are six types of Liquor Licences:

Class A (liquor primary) - allows a Licence Holder to sell patrons liquor in a bar or similar business. The business must generate revenue primarily from the sale and service of liquor.

Class B (food primary) - allows a Licence Holder to sell patrons liquor in a restaurant or similar business. The business must generate revenue primarily from the sale and service of meals.

Class C (mobile) - allows a Licence Holder to sell and serve liquor under one of three circumstances:

- Catering – where someone other than the Licence Holder at various locations hosts events, and the Licence Holder's primary source of revenue is from catering food.
- Ship – where the Licence Holder operates a ship that generates revenue primarily from the sale and service of food, entertainment or services related to tourism.
- Special Events – where the Licence Holder organizes special events from time to time and revenue is primarily generated from the sale and service of entertainment.

Class D (liquor incidental) - allows a Licence Holder to sell and serve liquor under one of four circumstances:

- Canteen – The Licence Holder is an authorized organization operating a canteen for its authorized patrons. An authorized organization includes a division of the military, RCMP, and a fire department.
- B & B, Lodge – The Licence Holder operates a bed & breakfast or a remote lodge and the sell or use of liquor is for its authorized patrons.
- Community, Recreational, Cultural Activities – the Licence Holder operates a facility that provides benevolent, philanthropic, charitable, religious, scientific, artistic, musical, literary, social, educational, recreational, sporting or other like activities, and the sell or use of liquor is for its authorized patrons.
- Tourist Facility – The Licence Holder operates a tourist facility without a licensed premises but may have a mini-bar extension.

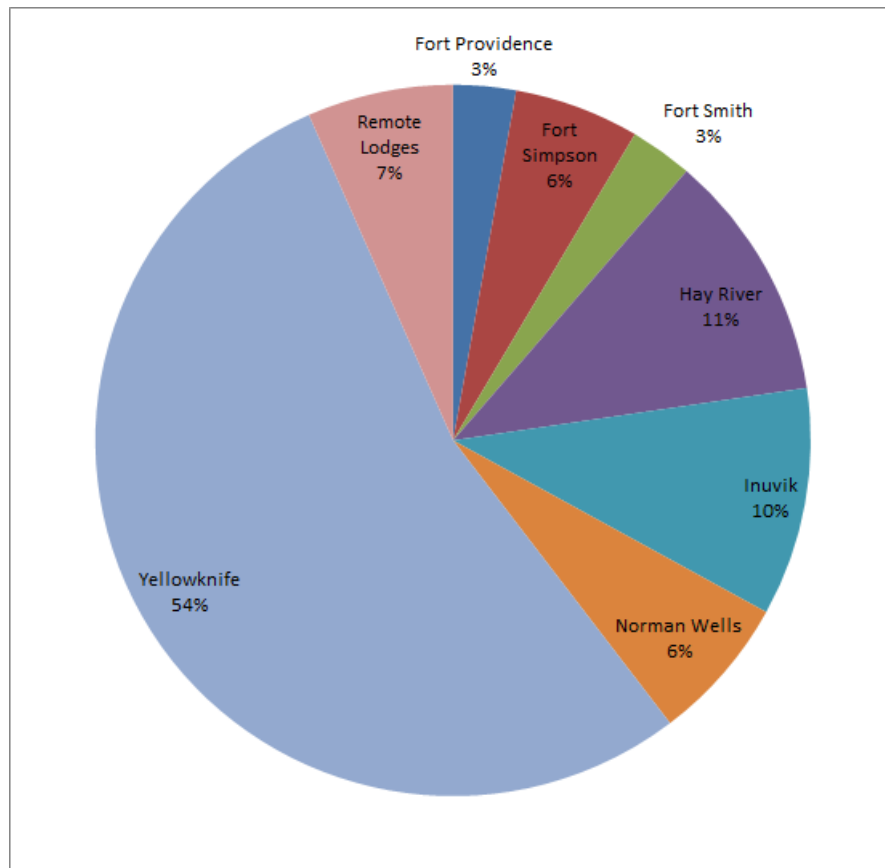
Manufacturing Licence - authorizes the Licence Holder to manufacture a specified type of liquor. The holder of a Manufacturing Licence may only sell its manufactured liquor to the NWT Liquor Commission or a liquor commission or other similar authority outside the Northwest Territories.

Manufacturer's Retail Outlet Licence - A Manufacturer's Retail Outlet Licence may only be issued to a person who holds a Manufacturing Licence. A Manufacturer's Retail Outlet Licence authorizes the Licence Holder to operate a retail outlet within the manufacturing facility in order to sell its own liquor to the public.

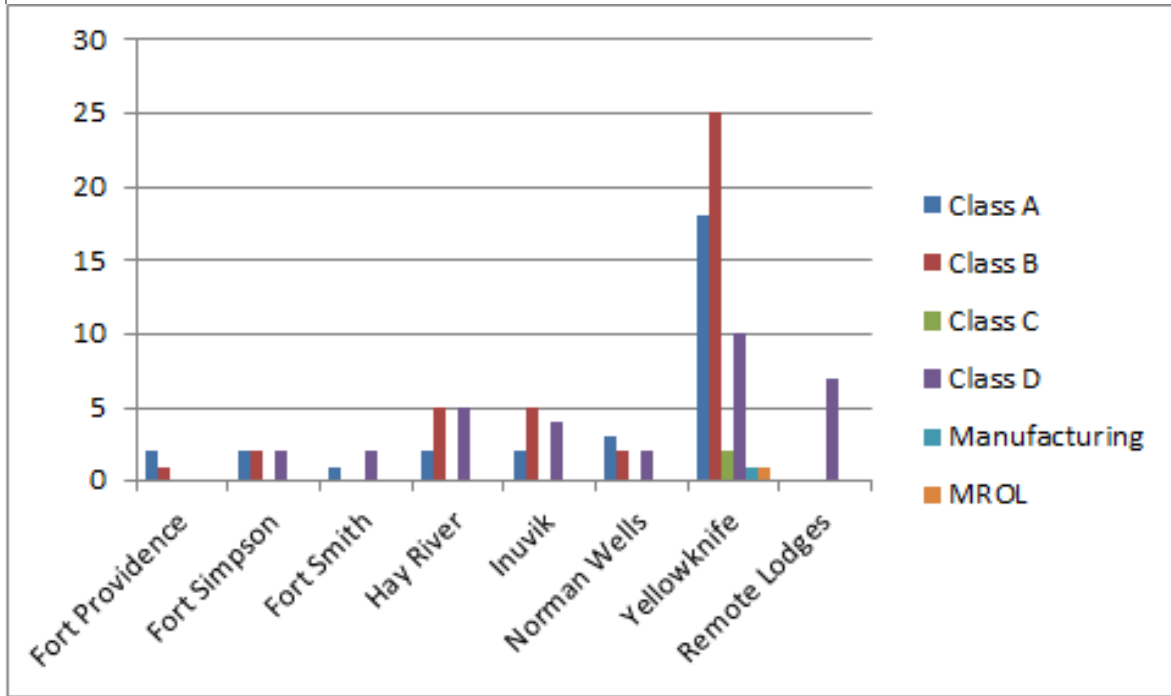
Total Liquor Licences

Community	Class of Licence						Total Licences
	A	B	C	D	Manufacturing	Manufacturer's Retail Outlet	
Fort Providence	2	1	0	0	0	0	3
Fort Simpson	2	2	0	2	0	0	6
Fort Smith	1	0	0	2	0	0	3
Hay River	2	5	0	5	0	0	12
Inuvik	2	5	0	4	0	0	11
Norman Wells	3	2	0	2	0	0	7
Yellowknife	18	25	2	10	1	1	57
Other (Lodges)	-	-	-	7	-	-	7
Total	30	40	2	32	1	1	106

Total Liquor Licences % by Community



Total Liquor Licences Class / Community



Special Occasion Permits

Special Occasion Permits are issued in communities at most Liquor Stores, the Department of Education, Culture and Employment's French Language Services, and the Board office in Hay River. Special Occasion Permit Issuers are appointed by the Minister responsible for the Board. As of April 1st, 2017, the Yellowknife Liquor Store no longer issues Special Occasion Permits. Yellowknife Permit applications are issued by the Board Office.

There are three types of Special Occasion Permits (SOP's):

Class 1 - Anyone 19 years of age or older may apply for a Class 1 Permit. There may not be an admission charge for the event. Liquor may not be directly or indirectly sold. A Class 1 permit is intended for events where liquor is given to guests such as a business meet & greet where wine is served, or a wedding reception with an open bar.

Class 2 (resale) - Anyone 19 years of age or older may apply for a Class 2 Permit. Liquor may be sold, but not for a profit. The Board sets the maximum a Permit Holder may charge for liquor. Presently, the amount is \$3.00 per drink. This class of permit is intended for events where the organizer wants to provide liquor but does not want to give it away. The per-drink limit is intended to offset some of these costs.

Class 3 (fundraising) - Class 3 Resale Permits are available to organizations only, and not to individuals. Organizations eligible for a Class 3 permit include:

- A society incorporated under the *Societies Act*;
- A body incorporated under *Part II* of the *Canada Corporations Act*;
- A service club that holds a premises licence; or
- an unincorporated group of persons that:
 - has been in existence for a period not less than six months before the date of application,
 - has an executive elected by its members, and
 - conducts a community, recreational or cultural activity and does not carry on a trade or business for the pecuniary gain of its members.

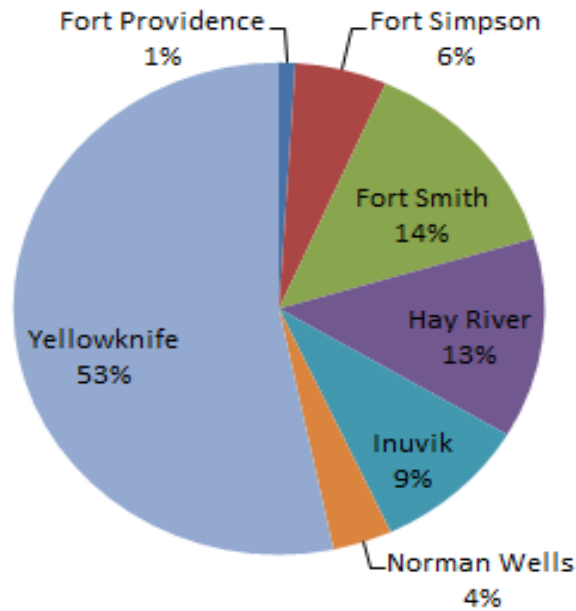
After the event, a Class 3 Permit Holder must provide the Board with a statement of account, which reflects the profit from liquor sales and the purpose to which it will be used.

Total Special Occasion Permits

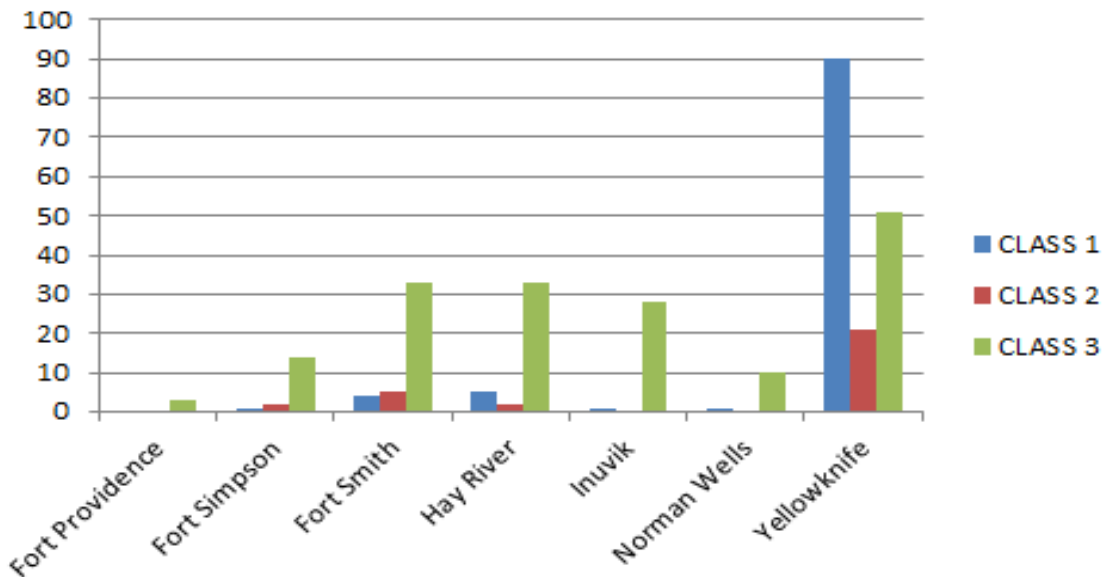
Community	Class of Permit			Total Permits
	Class 1	Class 2	Class 3	
Fort Providence*	0	0	3	3
Fort Resolution*	0	1	0	1
Fort Simpson	1	2	14	17
Fort Smith*	4	5	33	42
Hay River	5	2	33	40
Inuvik	1	0	28	29
Norman Wells	1	0	10	11
Ulukhaktok*	1	0	0	1
Yellowknife	90	21	51	162
Total	103	31	172	306

*Permits for Fort Smith, Fort Providence, Fort Resolution and Ulukhaktok are issued from the Board office.

Special Occasion Permits % by Community



Special Occasion Permits Class / Community



Special Purpose Permits

A Special Purpose Permit authorizes a Permit Holder to possess and use liquor for a medicinal, scientific or other special purpose. All applications for Special Purpose Permits require the approval of the Liquor Licensing Board.

The Liquor Licensing Board may issue a Special Purpose Permit to:

- a medical practitioner, dentist, nurse practitioner, registered midwife or a veterinarian;
- a person requiring liquor for a legitimate scientific or research purpose; or
- a person in charge of a facility that provides health services pursuant to the *Hospital Insurance and Health and Social Services Administration Act* or a person in charge of a nursing home.

There are presently three issued Special Purpose Permits.

Board Accomplishments

During this reporting period, the Board and staff have accomplished several projects, including:

- A complete update of Board website with access to all forms and information publications;
- Update of the Special Occasion Permit application process;
- Hiring of an Administrative Assistant;
- Translation of all Board documents and forms into the French Language;
- Increased communications including several newspaper advertisements for important Board updates and public notice reminders;
- Extensive administrative reorganization of records management;
- Distribution of several newsletters communicating important information for Licence and Permit Holders, and
- Identified several gaps in current legislation and proposed legislative Amendments.



As of April 1, 2017
Yellowknife

Special Occasion Permit applications
will no longer be issued at
the Yellowknife Liquor Store.

To apply for a Special Occasion Permit, complete the form from our website and submit with the required supporting documents to the Board Office by email.

Find out more:
www.fin.gov.nt.ca/services/liquor/liquor-licensing-board
LLBinfo@gov.nt.ca
1-800-351-7770

Board Office

The Liquor Licensing Board office is located in Hay River, Northwest Territories.

The Board office is staffed by the General/Manager and an Administrative Assistant.

NWT Liquor Licensing Board
Suite 204-31 Capital Drive
Hay River, NT X0E 1G2

Toll-free: 1-800-351-7770

Email: LLBinfo@gov.nt.ca

Website: www.fin.gov.nt.ca/services/liquor/liquor-licensing-board

NORTHWEST TERRITORIES ENFORCEMENT

**SUITE 204 – 31 CAPITAL DRIVE
HAY RIVER NT X0E 1G2
PH: 867 874 8715
FAX: 867 874 8722
TOLL FREE: 1 800 351 7770**

ENFORCEMENT ACTIVITY

The Liquor Enforcement Division is responsible supervising liquor inspectors, conducting liquor inspections, and administering community options on behalf of communities. Contracted liquor inspectors monitor the activities of licensed premises by doing liquor inspections at irregular intervals at licensed premises and at licensed special occasion permit functions where liquor is being served or sold. The inspection program strives for voluntary compliance through regular liquor inspections, training courses, newsletters and on-site visits from the Manager of Enforcement. The inspections program targets high risk premises (those most likely to offend) for inspections more frequently than those considered to be a lower risk (e.g. Restaurants).

The RCMP also conducts walkthroughs at licensed premises and at licensed special occasion permit functions. The number of times these types of inspections are done is not reported to Enforcement. However, violations are reported to Liquor Enforcement when found.

INSPECTION OF LICENSED PREMISES

Community	Inspections	
	2015 - 2016	2016 - 2017
Fort Providence	2	4
Fort Simpson	0	3
Fort Smith	183	183
Hay River	131	131
Inuvik	144	144
Norman Wells	32	32
Yellowknife	591	510
TOTAL	1083	1007

Fluctuations in the number of inspections performed are affected by the availability of the inspectors.

SERVER TRAINING

Enforcement offers and conducts server training courses free of charge to licence holders, their staff, the general public and special occasion permit holders. Attendance at these courses is voluntary. The Liquor Licensing Board can order licence holders and their staff to take the course as part of a penalty when a licence holder has been found in violation of the *Liquor Act* or at high risk events. The server training course educates the license and permit holders on their responsibilities under the *Liquor Act and Regulations* and on Board policy. The training covers recognizing intoxication, identifying minors, responsible serving, managing crowd control, providing a safe environment and liability issues.

Licence holders are provided with a newsletter on a quarterly basis and provided with up-to-date information to assist them in complying with the *Liquor Act and Regulations*. Licence holders also have access to a toll-free line for assistance. Every licence holder has been provided with a licence holder handbook and a copy of the *Liquor Act and Regulations*. When a large number of persons are expected to attend an event such as a concert the permit holder is contacted and offered server training for persons working the event.

SERVER TRAINING COURSE PARTICIPANTS

Community	2015 – 2016	2016 - 2017
Fort Providence	12	20
Fort Simpson	0	7
Fort Smith	8	14
Hay River	54	40
Inuvik	0	0
Norman Wells	0	13
Yellowknife	283	53
Total	357	147

COMMUNITY STATUS

Communities in the Northwest Territories have options available to them regarding their liquor status. Communities are either:

- **Unrestricted** - there are no restrictions beyond those that are described in the *Liquor Act or Regulations*;
- **Restricted** - a restriction may limit the quantity of alcohol and/or frequency that liquor can be brought into the community, the quantity of alcohol and hours of sale, or to seek approval to bring alcohol into the community from an Alcohol Education Committee; or
- **Prohibited** - there is a complete ban on alcohol being brought into the community.

UNRESTRICTED COMMUNITIES INCLUDE

Aklavik	Fort Smith*	Kakisa
Colville Lake	Hay River*	Sachs Harbour
Enterprise	Inuvik *	Wrigley
Fort Providence*	Jean Marie River	Yellowknife*
Fort Resolution	Norman Wells*	Behchoko

*These communities have licensed premises and/or liquor store/liquor warehouses.

RESTRICTED COMMUNITIES INCLUDE

Déline	Fort McPherson	Ulukhaktok
Detah	Fort Simpson*	Tuktoyaktuk
Fort Good Hope	Paulatuk	
Fort Liard	Tulita	

*The restriction applies to the amount of liquor that can be bought at the liquor store.

Déline

The restriction prohibits an individual from bringing into the community in any 24-hour period or possesses at any time within a 25-km radius of the Déline Charter Community Office an amount of liquor that exceeds any one of the following combinations:

- (a) 1140 ml of spirits and 12 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

The restriction regulations authorize the Déline Dene Council to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or other special events.

Detah

The restriction applies to the amount of liquor an individual can possess in any one-month. This is either;

- (a) 12 containers (355 ml) of beer and 1 container (750 ml) of spirits; or
- (b) 4500 ml of wine.

Fort Good Hope

The restriction applies to the amount of liquor an individual can possess in a seven-day period. An individual may possess one of the following quantities of liquor:

- (a) 1140 ml of spirits and one dozen (355 ml) containers of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) one dozen (355 ml) containers of beer and two litres of wine; or
- (d) two dozen (355 ml) containers of beer and one litre of wine.

Fort Liard

The restriction applies to the amount of liquor an individual can transport into the community over a one-week period. An individual may transport either:

- (a) 1140 ml of spirits;
- (b) two dozen containers (355 ml) of beer; or
- (c) two containers (750 ml) of wine.

The restriction does not apply to the purchase, sale or transport of liquor by the municipal or band council where liquor shall be consumed at community dances.

Fort McPherson

The restriction prohibits an individual from:

- i. bringing into the restricted area, in any seven-day period, a quantity of liquor that is in excess of one of the following combinations:
- ii. operating within the restricted area a vehicle having two or more occupants and transporting a quantity of liquor that is in excess of two of the following combinations:
 - (a) 2280 ml of spirits and 24 containers (355 ml) of beer;
 - (b) 2280 ml of spirits and four litres of wine;
 - (c) 24 containers (355 ml) of beer and four litres of wine; or
 - (d) 48 containers (355 ml) of beer and two litres of wine.

Fort Simpson

The restriction applies to the quantity of liquor the vendor can sell to a person during a day in which the liquor store is open. The quantity is:

- (a) 1140 ml of spirits and 12 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 2 litres of wine and 12 containers (355 ml) of beer; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

Paulatuk

The restriction prohibits an individual from bringing into the restricted area in any seven-day period, and from possessing in the restricted area at any time, a quantity of liquor that is in excess of one of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and 750 ml of spirits;
- (e) 1175 ml of spirits.

Trout Lake

The restriction prohibits an individual from bringing into the restricted area in any twenty-four hour period, a quantity of liquor that is in excess of one of the following combinations:

- (a) 750 ml of spirits and 12 container (355 ml) of beer;
- (b) 750 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

Tulita

The restriction prohibits an individual from bringing into the restricted area, in any 24 hour period, and from possessing in the restricted area, at any time, a quantity of liquor that is in excess of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine; or
- (d) 24 containers (355 ml) of beer and one litre of wine.

Ulukhaktok

The restriction prohibits an individual from bringing into the community in any seven-day period, and from possessing at any time, a quantity of liquor that is in excess of one of the following combinations:

- (a) 1140 ml of spirits and 12 container (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 12 containers (355 ml) of beer and two litres of wine;
- (d) 24 containers (355 ml) of beer and one 750 ml bottle of hard liquor; or
- (e) 1775 ml of spirits of hard liquor.

The restriction regulations authorize the Ulukhaktok Hamlet Council to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or other special events.

Tuktoyaktuk

The restriction prohibits an individual from bringing into the community at any time, and from possessing at any time a quantity of liquor that exceeds one of the following combinations:

- (a) 1140 ml of spirits and 24 containers (355 ml) of beer;
- (b) 1140 ml of spirits and two litres of wine;
- (c) 24 containers (355 ml) of beer and three litres of wine;
- (d) 2280 ml of spirits;
- (e) 6 litres of wine; or
- (f) 48 containers (355 ml) of beer.

The restriction authorizes the Hamlet Council to authorize a person to bring into and possess in the restricted area greater quantities of liquor for consumption at a wedding, community dance or some other special function.

PROHIBITED COMMUNITIES INCLUDE

Gamèti	Nahanni Butte	Whati
Lutsel’Ke	Tsiigehtchic	Wekweètì

COMMUNITY OPTIONS

Municipalities, settlements or bands may request to have the consumption, purchase, sale or transport of alcohol prohibited during a special event. An Order may not be made if it would require the temporary closure of any licensed premises or liquor store in the area. Liquor Enforcement liaises with local governments, Legislation and the Department of Finance to assist communities in the process to obtain Temporary Prohibition Orders and Plebiscites.

Between April 1st, 2016 and March 31st, 2017 the Minister approved the following Temporary Prohibition Orders:

<u>Community</u>	<u>Event</u>	<u>Duration</u>
Fort Resolution	2016 Cultural Week	10-17th August, 2016
Wrigley	2016 Men’s Hand Games Tournament	24-28 th August, 2016
Sachs Harbour	2016 White Fox Jamboree	25-29 th August, 2016
Tulita	3rd Annual Hand-Games Tournament	Aug 29- Sept. 6, 2016

Communities are sent an information package in May of each year with instructions on how to apply for a Temporary Prohibition Order.

Liquor Enforcement assists communities in identifying Community Status Options for their unique needs. Choices are Unrestricted, Restricted and Prohibited. Changes in status are community driven. Enforcement assists in educating the leadership as to available options and steering the Community through the plebiscite process, with the Departments of Finance and Justice.

During 2016-2017 there was one request for a Liquor Plebiscite in Behchokò. The plebiscite, held on December 12, 2016, indicated that the community wanted to eliminate the current prohibition that was in place. As such, the Behchokò liquor prohibition was lifted on April 1, 2017.

**NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND
LIQUOR ENFORCEMENT**

Financial Statements

Year ended March 31, 2017

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

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March 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Northwest Territories Liquor Licensing Board and Liquor Enforcement (Board) is the responsibility of the Board's management.

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Where alternative accounting methods are permitted, management has chosen those that are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these financial statements.

Management fulfills its financial reporting responsibilities by maintaining financial management and control systems and practices which are designed to provide reasonable assurance that transactions are properly authorized, proper records are maintained, accurate financial information is prepared on a timely basis, assets are safeguarded, and the Board complies with all statutory requirements.

Our auditor performs an annual audit on the financial statements in order to express an opinion as to whether the financial statements present fairly, in all material respects, the financial position of the Liquor Licensing Board and Liquor Enforcement, the results of its operations, the change in its net financial resources and its cash flows for the year. During the course of the audit, he also examines transactions that have come to his notice, to ensure they are, in all significant respects, in accordance with the statutory authorities of the Board.

A handwritten signature in blue ink, appearing to read 'Adelle Rigo', is positioned above the text of the Chairperson's name and date.

Chairperson, NWT Liquor Licensing Board
June 30, 2017

Chris Polselli CA
5 Deer Park Point
Spruce Grove, AB, T7X 4N6

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Liquor Licensing Board and Liquor Enforcement

Report on the Financial Statements

I have audited the accompanying financial statements of the Northwest Territories Liquor Licensing Board and Liquor Enforcement, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, accumulated surplus, changes in net debt and cash flows 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 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 entity'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 entity'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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Northwest Territories Liquor Licensing Board and Liquor Enforcement as at March 31, 2017, the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Independent Auditor's Report (Continued)

Report on Other Legal and Regulatory Requirements

I further report in accordance with the *Financial Administration Act* that, in my opinion, proper books of account have been kept by the Northwest Territories Liquor Licensing Board and Liquor Enforcement and the financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Liquor Licensing Board and Liquor Enforcement that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of the Northwest Territories and regulations and the *Liquor Act* of the Northwest Territories and regulations.

A handwritten signature in dark ink, appearing to be 'C. R.', on a light green rectangular background.

June 30, 2017
Spruce Grove, Canada

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Financial Position

As at March 31 (\$000)	2017	2016
Financial Assets		
Accounts receivable	\$ -	\$ 2
Due from NWT Liquor Commission (note 3)	87	271
Pension and other employee benefits (note 4)	14	15
	101	288
Financial Liabilities		
Accounts payable (note 6)	75	274
Deferred revenue	28	16
	103	290
Net debt	(2)	(2)
Non-financial Assets		
Prepaid Expenses	2	2
Accumulated surplus	\$ -	\$ -

Contractual obligations (note 7).

The accompanying notes are an integral part of the financial statements.

Approved by the Northwest Territories Liquor Licensing Board:



Chairperson, Liquor Licensing Board

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Operations

For the year ended March 31, (\$000)	2017	2017	2016
	Budget	Actual	Actual
Revenue			
License fees and permits	\$ 62	\$ 60	\$ 122
Government contribution – services provided without charge (note 6)	-	1	7
	<u>62</u>	<u>61</u>	<u>129</u>
Expenses (notes 5 and 6)			
Salaries, wages and employee benefits	488	446	490
Honoraria	50	55	71
Inspector's fees	68	48	47
Rent	36	31	43
Travel	75	43	40
Professional fees	29	13	28
Administration	41	44	36
	<u>787</u>	<u>680</u>	<u>755</u>
Annual loss	<u>\$ (725)</u>	<u>\$ (619)</u>	<u>\$ (626)</u>

The accompanying notes are an integral part of the financial statements.

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Accumulated Surplus

For the year ended March 31, (\$000)	2017 Budget	2017 Actual	2016 Actual
Accumulated surplus, beginning of year	\$ -	\$ -	\$ -
Annual Loss	(725)	(619)	(626)
Amounts transferred from the NWT Liquor Commission	725	619	626
Increase (decrease) in accumulated surplus	-	-	-
Accumulated surplus, end of year	\$ -	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

**NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND
LIQUOR ENFORCEMENT**

Statement of Change in Net Debt

For the year ended March 31 (\$000)	2017	2017	2016
	Budget	Actual	
Net debt, beginning of the year	\$ (2)	\$ (2)	\$ (3)
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	-	-
Decrease (increase) in prepaid expenses	-	-	1
Net debt, end of year	\$ (2)	\$ (2)	\$ (2)

The accompanying notes are an integral part of the financial statements.

LIQUOR ENFORCEMENT

Statement of Cash Flow

For the year ended March 31, (\$000)	2017	2016
Operating transactions		
Cash received from customers	\$ 74	\$ 113
Cash paid to employees and suppliers	(877)	(669)
Cash provided by operating transactions	(803)	(556)
Financing transactions		
Cash transferred from the NWT Liquor Commission	803	556
Decrease in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

March 31, 2017 (\$000)

1. Authority and operations

The Northwest Territories Liquor Licensing Board (the "Board") was established under the *Liquor Act* (the "Act") for the purposes of regulating the sale of liquor in licensed premises, issuing liquor licenses and overseeing the issuing of special occasion permits and other permits in the NWT. The Minister appoints a member of the Public Service to be the Executive Secretary to the Board. Liquor Enforcement is separate from the Liquor Licensing Board and is managed by different staff. The Liquor Commission (the "Commission") provides financial administrative support to the Board.

In accordance with the Act and the *Revolving Funds Act*:

- The operations of the Commission and the Board are accounted for through the Liquor Revolving Fund (the "Fund"). All monies received by the Commission and the Board must be deposited into the Fund and all expenditures incurred by the Commission and the Board must be paid out of the Fund. The Commission provides for the financial administrative support to the Board and may receive a working capital advance from the Consolidated Revenue Fund (the "CRF") of the Government of the Northwest Territories ("GNWT") to finance its operations.
- The authorized limit of the Fund, defined as the maximum amount by which the assets (cash, accounts receivable and inventories) exceed the liabilities, must not exceed \$6,500.
- The Commission must periodically transfer amounts from the Fund to the CRF to ensure that the Fund does not exceed its authorized limit. As at March 31, 2017, the Fund's assets exceeded the liabilities by \$5,313 (2016 - \$3,752).

Neither the Commission nor the Board is separate legal entities apart from the Department of Finance of the NWT and neither is subject to the requirements of the *Income Tax Act*.

The operations of enforcement are managed separately from the Board. For the purpose of financial reporting the assets, liabilities, and expenses are combined in these financial statements as both are funded from the Liquor Revolving Fund. The Board is a Schedule A (Financial Administration Act) public agency and Liquor Enforcement is not.

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

2. Significant accounting policies

(a) Basis of accounting

The financial statements of the Board are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector as recommended by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants. These financial statements include the activities of the Enforcement Program which have been disclosed separately and combined with the activities of the Board in the statement of operations.

(b) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from those estimates. The more significant management estimates include the calculation of the liability for employee future benefits and deferred revenue.

(c) Revenue recognition

License fees and permits are recorded in revenue in the year that the fee or permit relates. If cash is received in advance of the fee or permit period, it is recorded in deferred revenue.

(d) Services provided without charge

Liquor Enforcement records the estimated cost of the legal services it receives without charge from the Department of Justice. The services are recorded as a government contribution – services provided without charge and included in the expenses in the statement of operations.

(e) Tangible capital assets

The Board receives the use of tangible capital assets from the Commission without charge.

(f) Pension benefits

The appointed employees of the Board are covered by the public service pension plan (the “Plan”), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Board to cover current service cost. Pursuant to legislation currently in place, the Board has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Commission.

Notes to Financial Statements

March 31, 2017 (\$000)

2. Significant accounting policies; continued,

(g) Other employee benefits

Employees are entitled to severance benefits, reimbursement of removal costs and other compensated absences, as provided for under labour contracts and conditions of employment, based upon years of service. The cost of these benefits is accrued as the employees render the services necessary to earn them. The costs of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods. This change was implemented in 2015.

3. Due from NWT Liquor Commission

As explained in note 1, the Commission provides financial administrative support to the Board. The Commission receives all amounts receivable to the Board and pays all amounts payable by the Board. The Board does not keep separate cash accounts nor does it directly own any tangible capital assets. Any amounts owing from the Board to the Commission (or vice versa) are settled through transfers to/from accumulated surplus.

The Commission provides tangible capital assets for the use by the Board without charge.

4. Pension and other employee benefits

a) Pension benefits

The employees of the Board participate in the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. The Plan provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the Plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the five consecutive years of highest paid service. The employer contribution rate effective at the end of the year was 1.01 times (2016 - 1.15) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2016 - 1.11) the employees' contributions for all other employees. The Employers contributions and the Board & Enforcement's employees' contribution for the year were as follows:

	2017	2016
Employer's contributions (recognized as expense)	\$ 33	\$ 30
Employee's contribution	\$ 34	\$ 38

The plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the Plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60. Contribution rates for current service for all members of the public service have been gradually increasing the employer - employee cost sharing ratio of 50:50 arrived at in 2017.

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits

	2017			2016		
	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total	Severance and Removal Obligation	Accumulated Sick & Special Obligation	Total
Accrued benefit obligation, beginning of the year	-	5	\$ 5	\$ 8	4	\$ 12
Current period benefit cost (note 1)	1	-	1	-	4	4
Accuarial Gains	4	-	4	(2)	22	20
Accretion in liability	-	-	-	-	-	-
Benefits paid during the year	-	(2)	(2)	(6)	(25)	(31)
	5	3	8	-	5	5
Unamortized net actuarial gain (loss)	(3)	(19)	(22)	2	(22)	(20)
Accrued benefit obligation (asset), end of the year	\$ 2	(16)	\$ (14)	\$ 2	(17)	\$ (15)

The Board provides severance benefits to its employees based on years of service and final salary. The Board also provides removal assistance to eligible employees, as provided under labour contracts. These benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

The Board provides accumulating sick and special leave employee benefits. Sick leave accrues at a rate of one and a one quarter day per month and special leave accumulates at a rate of one half day per month. These leave balances require funding in future periods when employees become sick or require special leave. Sick leave can only be used for paid time off for illness of the employee. Special leave can only be claimed in certain circumstances (e.g. sick family members, family deaths, marital leave). Sick and special leave taken is paid at the employee's normal rate of pay. Sick and special leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick and special days accumulate and there are no limits to the accumulation.

An actuarial valuation for accounting purposes was prepared at March 31, 2017 for the Board's other employee future benefit plans using the projected benefits method prorated on services.

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

The actuarial valuation at March 31, 2017 reflects management's best estimate based upon a number of future orientated assumptions including:

	<u>2017</u>	<u>2016</u>
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	3.3%	3.2%
Expected average remaining service life of related employee groups (EARSL)	8.0	8.6
Expected age at termination	58.7	58.3

Timing of expected payments for other employee benefits are as follows:

2018	\$	1
2019		1
2020		1
2021		1
2022		1
2023 and beyond		<u>3</u>
	\$	<u>8</u>

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

5. Expenses

As explained in note 1, the liquor enforcement activities are included in total expenses as follows:

For the year ended March 31, (\$000)	Enforcement		
	2017 Budget	2017 Actual	2016 Actual
Expenses (notes 6 and 7)			
Salaries, wages and employee benefits	\$ 308	\$ 270	\$ 281
Inspector's Fees	54	34	36
Administration	15	21	14
Rent	30	18	25
Travel	18	14	10
Professional Fees	5	1	10
	<hr/>	<hr/>	<hr/>
	430	358	376
	<hr/>	<hr/>	<hr/>
Annual loss	(430) \$	(358) \$	(376)

6. Related party transactions

The Board is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Board enters into transactions with these entities in the normal course of business and these transactions are measured at the exchange amount.

The Board incurred \$446 (2016 - \$490) related to salaries, wages, and employee benefits for the Board's employees and \$55 (2016 - \$71) related to honoraria for Board members. The Board reimburses the Department of Finance for these costs.

The Department of Justice provides Liquor Enforcement with legal services without charge. The total cost of these services has been estimated to be \$1 (2016 - \$7). The cost of the services noted above has been recognized on the statement of operations.

Included in accounts payable and accrued liabilities is an amount of \$37 (2016 - \$52) for salaries, wages, employee benefits including Worker's Compensation and Medical Travel, payable to the Government of the NWT.

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

7. Contractual obligations

The Board has a five year lease agreement ending April 30, 2021 for its Office premises. The minimum annual lease payments for the leases over the next five year(s) are:

2017/18	\$ 29
2018/19	\$ 29
2019/20	\$ 29
2020/21	\$ 2
2021/22	\$ NIL

Annual lease payments for the office premises include estimated operating costs and property taxes.

8. Financial instruments

The Board's financial instruments consist of cash due from the NWT Liquor Commission, accounts payable and accrued liabilities, pension and other employee benefits. It is management's opinion that the Board is not exposed to significant interest or currency risks arising from these financial instruments.

The carrying value of the financial instrument approximates fair value.