

Public Accounts 2017-2018

Section I

CONSOLIDATED FINANCIAL STATEMENTS



PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2018

SECTION I
CONSOLIDATED FINANCIAL STATEMENTS

HONOURABLE ROBERT C. MCLEOD
Minister of Finance

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**THE HONOURABLE MARGARET THOM
DEPUTY COMMISSIONER OF THE NORTHWEST TERRITORIES**

I have the honour to present the Public Accounts of the Northwest Territories (NWT) in accordance with Sections 37 through 43 of the *Northwest Territories Act (Canada)*, S.C. 2014, c.2, s.2, and Sections 34 through 35 of the *Financial Administration Act*, S.N.W.T 2015, c.13, for the fiscal year ended March 31, 2018.

A handwritten signature in blue ink, appearing to read "Robert C. McLeod".

Honourable Robert C. McLeod
Minister, Finance

October 18, 2018

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**Public Accounts of the
Government of the Northwest Territories**

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RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the Consolidated Financial Statements of the Government of the Northwest Territories (the Government), and related information contained in the Public Accounts, is the responsibility of the Government through the Office of the Comptroller General.

The Consolidated Financial Statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgment have been applied in the preparation of these Consolidated Financial Statements.

The Government fulfills its accounting and reporting responsibilities, through the Office of the Comptroller General, by maintaining systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information, to safeguard and control the Government's assets, and to ensure that all transactions are in accordance with the *Financial Administration Act*.

The Auditor General of Canada performs an annual audit on the Consolidated Financial Statements in order to express an opinion as to whether the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Government, the results of its operations, the change in its net debt and its cash flows for the year then ended in accordance with PSAS. During the course of the audit, he also examines transactions that have come to his notice, to ensure they are, in all significant respects, within the statutory powers of the Government and those organizations included in the Consolidated Financial Statements.

Jamie Koe, CPA, CGA
Comptroller General, Finance
Government of the Northwest Territories

October 18, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Northwest Territories

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Government of the Northwest Territories, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Government of the Northwest Territories as at 31 March 2018, and 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.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Government of the Northwest Territories and of those organizations listed in Note 1 to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the Government of the Northwest Territories' powers under the *Northwest Territories Act* and regulations, the *Financial Administration Act* of the Northwest Territories and regulations and the specific operating authorities disclosed in Note 1 to the consolidated financial statements.



Michael Ferguson, CPA, CA
FCPA, FCA (New Brunswick)
Auditor General of Canada

18 October 2018
Ottawa, Canada

Government of the Northwest Territories

Consolidated Statement of Financial Position

as at March 31, 2018

(thousands of dollars)

	2018	2017
	\$	\$
Financial assets		
Cash	135,897	116,724
Portfolio investments (note 3)	87,680	100,408
Due from the Government of Canada (note 12)	64,751	46,096
Accounts receivable (note 5)	125,157	124,864
Inventories for resale (note 6)	32,253	28,273
Loans receivable (note 7)	79,260	79,249
	524,998	495,614
Liabilities		
Short term loans (note 8)	297,076	234,807
Accounts payable and accrued liabilities (note 9)	290,087	300,410
Deferred revenue (note 10)	18,503	19,610
Environmental liabilities and asset retirement obligations (note 11)	70,033	72,285
Due to the Government of Canada (note 12)	118,556	125,828
Capital lease obligations (note 13)	18,620	19,954
Long-term debt (note 14)	413,042	419,618
Liabilities under public private partnerships (note 15)	166,481	142,081
Pensions (note 16)	24,625	25,396
Other employee future benefits and compensated absences (note 17)	73,757	83,459
	1,490,780	1,443,448
Net debt	(965,782)	(947,834)
Non-financial assets		
Tangible capital assets (schedule A)	3,290,882	3,117,522
Inventories held for use (note 6)	14,418	14,579
Prepaid expenses	14,276	8,585
	3,319,576	3,140,686
Accumulated surplus	2,353,794	2,192,852

Contractual obligations, rights, guarantees and contingencies (notes 19 and 20)

Approved:



Robert C. McLeod
Minister of Finance



Jamie Koe, CPA, CGA
Comptroller General

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

Government of the Northwest Territories

Consolidated Statement of Operations and Accumulated Surplus

for the year ended March 31, 2018

(thousands of dollars)

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenues			
Grant from the Government of Canada <i>(note 2(m))</i>	1,232,439	1,232,439	1,219,888
Transfer payments <i>(note 21)</i>	219,856	213,732	218,594
	1,452,295	1,446,171	1,438,482
Taxation, non-renewable resource and general revenues			
Corporate and personal income taxes <i>(note 21)</i>	196,991	147,536	190,938
Other taxes <i>(note 21)</i>	117,976	122,742	123,235
General <i>(note 21)</i>	79,180	74,693	64,516
Income from portfolio investments	675	3,834	3,089
Non-renewable resource revenue	46,000	66,115	63,671
Sales	148,408	147,245	145,532
Recoveries	51,827	35,697	35,130
	641,057	597,862	626,111
Recoveries of prior years' expenses	3,000	15,042	10,966
	2,096,352	2,059,075	2,075,559
Expenses (schedule B) (note 22)			
Environment and Economic Development	159,124	165,736	161,094
Infrastructure	378,424	359,025	375,248
Education	338,193	349,812	344,288
Health, Social Services and Housing	578,357	552,168	554,206
Justice	123,417	125,339	127,147
General Government	335,080	327,681	320,522
Legislative Assembly and statutory offices	19,336	18,372	18,320
	1,931,931	1,898,133	1,900,825
Annual operating surplus	164,421	160,942	174,734
Projects on behalf of third parties			
Expenses	(73,546)	(105,495)	(84,299)
Recoveries	73,546	105,495	84,299
Annual surplus	164,421	160,942	174,734
Accumulated surplus at beginning of year	2,192,852	2,192,852	2,018,118
Accumulated surplus at end of year	2,357,273	2,353,794	2,192,852

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

Government of the Northwest Territories

Consolidated Statement of Change in Net Debt

for the year ended March 31, 2018

(thousands of dollars)

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Net debt at beginning of year	(947,834)	(947,834)	(883,313)
Items affecting net debt:			
Annual surplus	164,421	160,942	174,734
Acquisition of tangible capital assets (<i>schedule A</i>)	(289,936)	(305,915)	(368,375)
Amortization of tangible capital assets (<i>schedule A</i>)	131,948	123,464	122,269
Loss on sale of tangible capital assets	-	2,406	5,049
Proceeds on sale of tangible capital assets	-	6,685	1,645
	6,433	(12,418)	(64,678)
Consumption of inventories held for use	5,630	16,201	14,820
Purchase of inventories held for use	(5,772)	(16,040)	(14,353)
Change in prepaid expenses	(100)	(5,691)	(310)
	(242)	(5,530)	157
Change in net debt	6,191	(17,948)	(64,521)
Net debt at end of year	(941,643)	(965,782)	(947,834)

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

Government of the Northwest Territories

Consolidated Statement of Cash Flow

for the year ended March 31, 2018

(thousands of dollars)

	2018	2017
	\$	\$
Cash provided by (used in)		
Operating transactions		
Annual surplus*	160,942	174,734
Items not affecting cash:		
Change in valuation allowances	3,687	2,007
Loss on tangible capital assets	2,406	5,049
Amortization	123,464	122,269
Inflation adjustment on real return bonds	2,139	3,494
	292,638	307,553
Changes in non-cash assets and liabilities:		
Change in due to/from the Government of Canada	(25,927)	8,521
Change in accounts receivable	(799)	6,381
Change in inventories for resale	(3,980)	87
Change in accounts payable	(329)	8,177
Change in environmental liabilities and asset retirement obligations	(2,459)	5,508
Change in deferred revenue	(1,107)	8,836
Change in pensions	(771)	(957)
Change in other employee future benefits and compensated absences	(9,702)	(746)
Change in inventories held for use	161	467
Change in prepaid expenses	(5,691)	(310)
Cash provided by operating transactions	242,034	343,517
Investing transactions		
Disposition of portfolio investments	28,726	55,618
Acquisition of portfolio investments	(15,999)	(58,941)
Loans receivable receipts	9,695	10,647
Loans receivable advanced	(12,836)	(9,936)
Cash provided by (used for) investing transactions	9,586	(2,612)
Capital transactions		
Acquisition of tangible capital assets	(280,302)	(318,010)
Proceeds of disposition of tangible capital assets	6,685	1,645
Cash used for capital transactions	(273,617)	(316,365)
Financing transactions		
Net proceeds from (repayment of) short term loans	62,269	(42,596)
Repayment of capital lease obligations	(1,334)	(794)
Proceeds from long-term financing	-	60,000
Repayment of long-term financing	(8,765)	(16,201)
Repayment of Public private partnerships	(11,000)	-
Cash provided by financing activities	41,170	409
Increase in cash	19,173	24,949
Cash at beginning of year	116,724	91,775
Cash at end of year	135,897	116,724

*Total interest paid during the year \$29,499 (2017- \$23,942)

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

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

1. AUTHORITY AND OPERATIONS

(a) Authority and reporting entity

The Government of the Northwest Territories (the Government) operates under the authority of the *Northwest Territories Act* (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

The consolidated financial statements have been prepared in accordance with the *Northwest Territories Act* (Canada) and the *Financial Administration Act* of the Northwest Territories. The consolidated financial statements present summary information and serve as a means for the Government to show its accountability for the resources, obligations and financial affairs for which it is responsible. The following lists the organizations comprising the Government reporting entity, which are fully consolidated in the financial statements and their specific operating authority.

Education Act

- Beaufort-Delta Divisional Education Council
- Commission scolaire francophone Territoires du Nord-Ouest
- Dehcho Divisional Education Council
- Dettah District Education Authority
- N'dilo District Education Authority
- Sahtu Divisional Education Council
- South Slave Divisional Education Council
- Yellowknife Public Denominational District Education Authority (Yellowknife Catholic Schools)
- Yellowknife District No.1 Education Authority

Aurora College Act

- Aurora College

Hospital Insurance and Health and Social Services Administration Act

- Hay River Health and Social Services Authority
- Northwest Territories Health and Social Services Authority

Tlicho Community Services Agency Act

- Tlicho Community Services Agency

Northwest Territories Business Development and Investment Corporation Act

- Northwest Territories Business Development and Investment Corporation

Northwest Territories Housing Corporation Act

- Northwest Territories Housing Corporation

Human Rights Act

- Northwest Territories Human Rights Commission

Northwest Territories Societies Act

- Northwest Territories Sport and Recreation Council
- Arctic Energy Alliance

Status of Women Council Act

- Status of Women Council of the Northwest Territories

Northwest Territories Heritage Fund Act

- Northwest Territories Heritage Fund

Northwest Territories Waters Act

- Inuvialuit Water Board

Northwest Territories Hydro Corporation Act

- Northwest Territories Hydro Corporation (NT Hydro)

Northwest Territories Surface Rights Board Act

- Northwest Territories Surface Rights Board

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

1. AUTHORITY AND OPERATIONS (continued)

(a) Authority and reporting entity (continued)

All organizations included in the Government reporting entity have a March 31 fiscal year-end with the exception of Aurora College, Divisional Education Councils and District Education Authorities, which have a fiscal year-end of June 30. Transactions of these educational organizations that have occurred during the period to March 31, 2018 and that significantly affect the consolidation have been recorded. Revolving funds are incorporated directly into the Government's accounts while trust assets administered by the Government on behalf of other parties (*note 18*) are excluded from the Government reporting entity. Revolving Funds are segments of the Government that are engaged in commercial activities, with undefined and non-lapsing expense authority.

(b) Budget

The consolidated budget figures are the appropriations approved by the Legislative Assembly and the approved budgets for the consolidated entities, adjusted to eliminate budgeted inter-entity revenues and expenses. They represent the Government's original consolidated fiscal plan for the year and do not reflect supplementary appropriations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

The more significant management estimates relate to environmental liabilities, contingencies, revenue accruals, allowances for doubtful accounts for accounts receivable, valuation allowances for loans receivable, and amortization expense. Other estimates, such as the Canada Health Transfer payments, Canada Social Transfer payments, and Corporate and Personal Income Tax revenues are based on estimates made by the Government of Canada's Department of Finance and are subject to adjustments in future years.

(b) Cash

Cash is comprised of bank account balances, net of outstanding cheques and short-term highly liquid investments that are readily convertible to cash with a maturity date of 90 days or less from the date of acquisition.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Portfolio investments

Portfolio investments are long-term investments in organizations that do not form part of the government reporting entity and are accounted for by the cost or amortized cost method. Such investments are normally in shares and bonds of the investee. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss and it is included as a component of investment income. Interest income is recorded on the accrual basis, dividend income is recognized as it is declared and capital gains and losses are recognized when realized.

(d) Inventories

Inventories for resale consist mainly of bulk fuels, liquor products, and arts and crafts. Bulk fuels are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at the lower of cost and net realizable value. Inventories held for use by NT Hydro consist of materials and supplies, lubricants, critical spare parts, and fuel and are recorded at cost as determined using the weighted average cost method. The remaining inventories held for use (including housing materials and supplies, and hospital supplies) are valued at the lower of cost, determined on a first in, first out basis, and net replacement value. Impairments, when recognized, result in write-downs to net realizable value.

(e) Loans receivable

Loans receivable and advances are stated at the lower of cost and net recoverable value. Valuation allowances, determined on an individual basis, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements and are adjusted annually to reflect the current circumstances by recording write downs or recoveries, as appropriate. Write downs are recognized when the loans have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written down are subsequently collected. Interest revenue is recorded on an accrual basis. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

(f) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the Government as they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Tangible capital assets and leases

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year, original cost exceeds \$50 and are intended to be used on an ongoing basis for delivering programs and services. Individual assets less than \$50 are expensed when purchased. Tangible capital assets are recorded at cost or where actual cost is not available, estimated current replacement cost, discounted back to the acquisition date. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, and directly attributable interest. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use in producing goods or delivering services. Assets, when placed in service, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset category	Amortization period
Land	Not amortized
Roads and bridges	75 years or less
Barges and Tugboats	70 years or less
Airstrips and aprons	40 years or less
Buildings	40 years or less
Ferries	25 years or less
Fences	20 years or less
Signs	20 years or less
Electric power plants	15 - 100 years
Transmission and distribution systems	20 - 65 years
Aircrafts	20 - 40 years
Fuel distribution systems	15 - 40 years
Water/sewer works	15 - 25 years
Park improvements	10 - 40 years
Mobile and heavy equipment	7 - 15 years
Mainframe and software systems	5 - 10 years
Major equipment	5 - 15 years
Medical equipment	5 - 15 years
LNG and NT Hydro equipment under capital lease	5 years
Leasehold improvements	Lesser of useful life or lease term plus renewal

The estimate of the useful life of tangible capital assets is reviewed on a regular basis and revised where appropriate on a prospective basis. The remaining unamortized portion of a tangible capital asset may be extended beyond its original estimated useful life when the appropriateness of such a change can be clearly demonstrated.

Write-downs and write-offs of tangible capital assets are recognized whenever significant events and changes in circumstances and use suggest that the asset can no longer contribute to program or service delivery at the level previously anticipated. A write-down is recognized when a reduction in the value of the asset can be objectively measured. A write-off is recognized when the asset is destroyed, stolen, lost, or obsolete to the Government.

Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service. Capital lease agreements are recorded as a liability and a corresponding asset based on the present value of the minimum lease payments, excluding executory costs. The present value is based on the lower of the implicit rate or the Government's borrowing rate at the time the obligation is incurred. Operating leases are charged to expenses. All intangibles, works of art, historical treasures and items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources are not recognized in these financial statements.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Pensions and other employee future benefits and compensated absences

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

(i) Contractual obligations and contingent liabilities

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating, commercial and residential leases, and capital projects. Contractual obligations are obligations of a government to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated or if the occurrence of the confirming future event is not determinable, the contingent liability is disclosed.

(j) Contractual rights and contingent assets

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future revenues. Contractual rights pertain to rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future when the terms of contracts or agreements are met.

The contingent assets of the Government are potential assets which may become actual assets when one or more future events occurs or fails to occur. If the future event is considered likely to occur and is quantifiable, an estimated asset is disclosed.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All exchange gains and losses are included in net income for the year according to the activities to which they relate.

(l) Projects on behalf of third parties

The Government undertakes projects for the Government of Canada, the Government of Nunavut and others. Where the agreement allows, the Government receives accountable advances and any unexpended balances remaining at year-end are recorded as liabilities in accounts payable and accrued liabilities or due to Canada, as applicable. Recoveries are accrued when expenses as allowed under the project contract, exceed advances and are recorded as receivables in accounts receivable or due from Canada, as applicable.

(m) Grant from the Government of Canada

Under *Federal-Provincial Fiscal Arrangements Act* (Canada), the Grant from the Government of Canada is based on the Territorial Formula Financing calculated as the Gross Expenditure Base, offset by eligible revenues, which are based on a three-year moving average, lagged two years, of representative revenue bases at national average tax rates. Population growth rates and growth in provincial/local government spending are variables used to determine the growth in the Gross Expenditure Base. The Grant is calculated once for each fiscal year and is not revised, with all payments flowing to the Government prior to the end of the fiscal year.

(n) Transfer payments

Transfers from the federal government are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

(o) Taxes, regulatory, resource, and general revenues

Corporate and Personal Income tax revenue are recognized on an accrual basis, net of any tax concessions. Income tax is calculated net of tax deductions and credits allowed under the *Income Tax Act* (Canada). If an expense provides a financial benefit other than a relief of taxes, it is classified as a transfer made through the tax system. If an expense provides tax relief to a taxpayer and relates to revenue, this expense is considered a tax concession and is netted against tax revenues. Taxes, under the *Income Tax Act* (Canada), are collected by the Government of Canada on behalf of the Government under a tax collection agreement. The Government of Canada remits Personal Income taxes monthly throughout the year and Corporate Income tax monthly over a six month period beginning in February. Payments are based on Canada's Department of Finance's estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Income tax estimates, determined by the Government of Canada, combine actual assessments with an estimate that assumes that previous years' income tax allocations will be sustained and are subject to revisions in future years. Differences between current estimates and future actual amounts can be significant. Any such differences are recognized when the actual tax assessments are finalized.

Regulatory revenues, which are part of general revenues, are recognized on an accrual basis and include revenues for fines, fees, licenses, permits, and registrations. Amounts received prior to the end of the year, which relate to revenues that will be earned in a subsequent year, are recorded as deferred revenues and are recognized as revenue when earned.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Taxes, regulatory, resource, and general revenues (continued)

Non-renewable resource revenues are recognized on an accrual basis and include mineral, quarry, oil and gas, and water revenues as defined in the Northwest Territories Lands and Resources Devolution Agreement. Mineral and quarry revenues are collected under the authority of the *NWT Lands Act*, water revenues are collected under the authority of the *Water Act* and oil and gas revenues are collected under the authority of the *Petroleum Resources Act*. The Government is entitled to 50 percent of the Non-renewable resource revenues collected (which is referred to as the net fiscal benefit), up to a maximum amount based on a percentage of the Gross Expenditure Base under Territorial Formula Financing. The Government of Canada will deduct its share of the Non-renewable resource revenues collected by the Government (the remaining amount) from the Territorial Formula Financing Grant (*note 2(m)*) payable to the Government two years hence. The Government has also committed to sharing up to 25 percent of the net fiscal benefit with Aboriginal governments that are signatories to the Northwest Territories Lands and Resources Devolution Agreement as per the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*.

Fuel, tobacco, payroll and property taxes are levied under the authority of the *Petroleum Products Tax Act*, the *Tobacco Tax Act*, the *Payroll Tax Act*, and the *Property Assessment and Taxation Act*, respectively. Fuel and tobacco tax revenues are recognized on an accrual basis, based on statements received from collectors. Payroll tax is recognized on an accrual basis, based on payroll tax revenues of the prior year. Property tax and school levies are assessed on a calendar year basis and are recognized in the fiscal year in which the billing occurs. Adjustments arising from reassessments are recorded in revenue in the year they are identified. Revenues from the sale of power and fuel riders are recognized in the period earned based on cyclical meter readings. All other revenues are recognized on an accrual basis.

Certain tangible capital asset additions of NT Hydro are made with the assistance of cash contributions from customers. These contributions are recorded as revenues when all external restrictions or stipulations imposed by an agreement with the external party related to the contribution have been satisfied, generally when the resources are used for the purposes intended.

(p) Expenses

Grants and contributions are recognized as long as the grant or contribution is authorized and eligibility criteria have been met. Grants and contributions include transfer payments paid through programs to individuals, and to provide major transfer funding for communities under community government funding arrangements. Payments to individuals include payments for children's benefits, income support or income supplement. Assistance is based on age, family status, income, and employment criteria. Other transfer payments are provided to conduct research, to establish new jobs through support for training and to promote educational, health and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments. Under the authority of the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*, a transfer to the Aboriginal parties who are signatories to the Northwest Territories Intergovernmental Resource Revenue Sharing Agreement will be made of up to 25 percent of the net fiscal benefit from Non-renewable resource revenues that is received by the Government (*note 2 (o)*). All other expenses are recognized on an accrual basis.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Environmental liabilities

Environmental liabilities are the result of contaminated sites, defined as a site where as a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the Government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the management and remediation of environmentally contaminated sites, including costs such as those for future site assessments, development of remedial action plans, resources to perform remediation activities, land farms and monitoring. All costs associated with the remediation, monitoring and post-closing of the site are estimated and accrued. Where estimates are not readily available from third party analyses, an estimation methodology is used to record a liability when sufficient information is available. The methodology used is based on costs or estimates for sites of similar size and contamination when the Government is obligated, or is likely obligated, to incur such costs. If the likelihood of a future event that would confirm the Government's responsibility to incur these costs is either not determinable, or in the event it is not possible to determine if future economic benefits will be given up, or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements and no liability is accrued. The environmental liabilities for contaminated sites are reassessed on an annual basis.

(r) Asset retirement obligations

On an annual basis, NT Hydro identifies legal obligations associated with the retirement of its tangible capital assets. Management's best estimate of the future expenditures required to settle the legal obligations are recognized to the extent that they can be reasonably estimated and are calculated based on the estimated future cash flows necessary to discharge the legal obligations, discounted using the NT Hydro's cost of borrowing for maturity dates that coincide with the expected cash flows.

The estimated asset retirement obligation (ARO) is recorded as a liability and a corresponding increase to tangible capital assets. The liability for AROs is increased annually for the passage of time by calculating accretion on the liability based on the discount rates implicit in the initial measurement. Changes in the obligation resulting from revisions to the timing or amount of the estimated undiscounted cash flows or revisions to the discount rate are recognized as an increase or decrease in the related carrying amount of the related tangible capital asset.

NT Hydro has identified AROs for certain hydro, thermal, transmission and distribution assets where NT Hydro expects to maintain and operate these assets indefinitely and therefore no related ARO has been recognized.

(s) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversal of prior years' expense accruals in excess of actual expenditures are reported separately from other revenues on the consolidated statement of operations and accumulated surplus. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenses.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Segmented information

The Government reports on segments on the basis of relationships of its operations with similar entities. Segmented information is disclosed in Schedule B. Segments are identified by the nature of an entity's operations and the accountability relationship that a group of similar entities has with the Government. There are no significant allocations of revenues or expenses between segments.

Government departments are identified as one segment to reflect the direct accountability relationship for financial reporting and budgeting between departments, their respective Ministers and the Legislative assembly.

Other Public Agencies within the Government Reporting Entity represent another segment. These agencies are typically associated with a particular Government department and have a formalized reporting relationship to that department. For example, Health and Social Services Authorities have an accountability relationship to the Minister of Health and Social Services as well as to their respective board members. Other Public Agencies also includes agencies that report directly to a Minister responsible for their operations. For example, the Northwest Territories Housing and Hydro Corporations have Ministers specifically assigned to their operations. The agencies in this segment assist the Government in delivering its programs and services and in achieving its priorities.

(u) Public-Private Partnerships

The Government may, as an alternative to traditional forms of procurement governed by the Government's Contract Regulations, enter into public private partnership (P3) agreements with the private sector to procure services and public infrastructure when: the total projected threshold for procuring those services, including capital, operating and service costs over the life of the agreement, exceeds \$50,000; there is appropriate risk sharing between the Government and the private sector partners; the agreement extends beyond the initial capital construction of the project, and; the arrangement results in a clear net benefit to the Government as opposed to being merely neutral in comparison with standard procurement processes. The operating and service costs, that are clearly identified in the agreements, are expensed as they are incurred.

The Government accounts for P3 projects in accordance with the substance of the underlying agreements. In circumstances where the Government is determined to bear the risks and rewards of an asset under construction, the asset and the corresponding liability are recognized over time as the construction progresses. The capital asset (classified as work in progress) and the corresponding liability are recorded based on the estimated percentage of completion. In circumstances where the Government does not bear the risks and rewards of the asset until substantial completion the future associated agreement is disclosed.

The capital asset value is the total of progress payments made during construction and net present value of the future payments, discounted using the imputed interest rate for the agreement. Capital expenditures may occur throughout the project or at the capital in-service date. Service fees may occur throughout the project or when the project is operational; these fees will include both a service and operational component. All payments are adjusted to reflect performance standards as outlined in the specific agreement and penalties may be deducted for sub-standard performance. When available for use, the P3 assets are amortized over their estimated useful lives.

A P3 agreement may encompass certain revenues, including those collected by the partner on behalf of the Government. In such instances the Government will report the gross revenue along with the asset, liability, and expenses as determined from the specific project.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Future accounting changes

PS 3430 Restructuring Transactions. Effective April 1, 2018, this standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

Financial instruments

The Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments effective for fiscal years beginning on or after April 1, 2021. Items within the scope of the standard are assigned to one of two measurement categories: fair value, or cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the Statement of Remeasurement of Gains and Losses.

Other New Standards

Effective April 1, 2021, the Government will concurrently be required to adopt: PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. Government organizations that apply PSAS were required to adopt these standards effective April 1, 2012, however there is no significant impact on the consolidated financial statements as a result of its application.

PS 3280 Asset Retirement Obligations. Effective April 1, 2021, this standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

The Government is currently assessing the impact of these standards on the consolidated financial statements.

(w) Adoption of new accounting standards

Effective April 1, 2017, the Government adopted the PSA Handbook Sections PS 3420 - inter-entity transactions, PS 2200 - related party disclosures, and PS 3210 - assets. There was no significant impact on the consolidated financial statements as a result of adopting the new standards.

Effective April 1, 2017, the Government also adopted the PSA Handbook Sections PS 3320 - contingent assets and PS 3380 - contractual rights. These new sections define and establish guidance on disclosure for contingent assets and contractual rights. The impact of adopting these new standards is reflected in notes 19 and 20.

3. PORTFOLIO INVESTMENTS

	2018	2017
	\$	\$
Marketable securities (market value \$88,626; 2017 - \$101,942)	87,277	100,023
Miscellaneous investments	403	385
	87,680	100,408

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

4. DESIGNATED AND RESTRICTED ASSETS

Designated and restricted assets are included in cash and portfolio investments.

Pursuant to the *Student Financial Assistance Act*, the assets of the Student Loan Fund are to be used to provide financial assistance to post-secondary students that meet eligibility criteria as prescribed in its regulations.

Pursuant to the *Northwest Territories Heritage Fund Act*, the assets of the Heritage Fund are to be used to ensure that the future generations of people of the Northwest Territories benefit from on-going economic development, including the development of non-renewable resources.

Pursuant to the *Waste Reduction and Recovery Act*, the assets of the Environment Fund are to be used for purposes specified in the act including programs with respect to the reduction and recovery of waste.

Portfolio investments, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplemental Retiring Allowance Pension Plan (*note 16*). Supplementary Retiring Allowance Regulations restrict the investments to those permitted under the *Pension Benefits Standards Act*. The remainder consists of investments held by public agencies listed in note 1(a).

Pursuant to the *Northwest Territories Business Development and Investment Corporation Act*, and its Regulations, the Northwest Territories Business Development and Investment Corporation (BDIC) is required to establish a Loan and Investments Fund for its lending and investing activities. The regulations specifies that a Loans and Bonds Fund will be used to record the lending operations. BDIC is required to use a Venture Investment Fund to record the venture investment operations. Furthermore, BDIC is obligated to maintain a Capital Fund and Subsidy Fund.

In addition to these funds, the BDIC is required, to establish a Capital Reserve Fund and a Venture Reserve Fund, respectively. The BDIC will continue to deposit to these reserve funds an amount equal to 10% of each capital or venture investment made. The BDIC may use these reserve funds for further investment or financing for its subsidiaries and venture investments through approved drawdowns.

Pursuant to the *Land Titles Act*, the assets of the Land Titles Assurance Fund are to be used to compensate owners for certain financial losses they incur due to real estate fraud or omissions and errors of the land registration system.

Pursuant to the *Memorandum of Agreement* between the Government and Signatory Air Carriers, the funds remitted to the Government are to be used for the Yellowknife Airport Capital Program.

Sinking fund investments of NT Hydro are held by a Trustee for the redemption of debentures. The agreements require annual installments to retire debt at maturity. NT Hydro's sinking fund policy allows only Canadian fixed-income investments with investment grade credit.

Other designated assets will be used for various purposes.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

4. DESIGNATED AND RESTRICTED ASSETS (continued)

	2018	2017
	\$	\$
Student Loan Fund:		
Authorized limit for loans receivable	45,000	45,000
Less: Loans receivable balance (<i>note 7</i>)	(40,953)	(41,320)
Funds designated for new loans	4,047	3,680
Heritage Fund:		
Heritage Fund net assets	17,170	10,614
Environment Fund:		
Beverage Container Program net assets	3,890	2,557
Portfolio Investments for the Legislative Assembly Supplementary Retiring Allowance (<i>note 16</i>)		
Marketable securities (market value \$33,279; 2017 - \$32,995)	31,631	30,274
Cash and other assets (market value approximates cost)	232	412
	31,863	30,686
BDIC:		
Loan and Investment Funds	6,836	10,780
Land Titles Assurance Fund:		
Land Titles net assets	4,539	4,355
NT Hydro:		
Sinking Funds (market value approximates cost)	6,278	5,800
YK Airport Revolving Fund:		
Yellowknife Airport Capital program	2,716	-
Other:		
Cash	672	2,013
Guaranteed investment certificate	785	778
	1,457	2,791
	78,796	71,263

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

5. ACCOUNTS RECEIVABLE

	Accounts Receivable \$	Allowance for Doubtful Accounts \$	Net 2018 \$	Net 2017 \$
General	62,369	(25,233)	37,136	41,290
Utilities	11,174	(176)	10,998	9,220
Non-renewable resource revenue	54,378	-	54,378	58,343
Government of Nunavut	10,006	(149)	9,857	8,344
Health related costs due from third parties	9,510	(3,633)	5,877	4,927
Revolving fund sales	6,002	-	6,002	2,176
	153,439	(29,191)	124,248	124,300
Receivables from related parties:				
Workers' Safety and Compensation Commission	1,055	(146)	909	564
	154,494	(29,337)	125,157	124,864

6. INVENTORIES

	2018 \$	2017 \$
Inventories for resale:		
Bulk fuels	28,144	23,815
Liquor products	3,628	3,906
Arts and crafts	481	552
	32,253	28,273
Inventories held for use:		
Materials and supplies:		
Housing	2,657	3,009
NT Hydro	8,459	8,284
Hospital supplies	3,023	3,150
Public Stores	194	136
YK Airport	85	-
	14,418	14,579
	46,671	42,852

Inventory write-down for 2018 is \$195 (2017- \$300).

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

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7. LOANS RECEIVABLE

	2018	2017
	\$	\$
Northwest Territories Business Development and Investment Corporation loans to businesses receivable over a maximum of 25 years, secured by real property, heavy equipment and general security agreements; bearing fixed interest between 5.06% and 5.49%, (2017 between 5.06% and 5.62%) before valuation allowance of \$3,527 (2017 - \$5,363).	42,024	42,402
Northwest Territories Energy Corporation Ltd. loan to the Dogrib Power Corporation due July 2026, bearing interest at an annual rate of 9.6% (2017 - 9.6%), repayable in equal monthly payments of \$195 (2017 - \$195), secured by a \$4,000 guarantee and a restricted bank account.	13,393	14,395
Students Loan Fund loans due in installments to 2032, bearing fixed interest between 0.00% and 11.75%, (2017 - 0.00% and 11.75%) unsecured, before valuation allowance and loan remissions of 17,216 (2017 - \$17,697).	40,953	41,320
Northwest Territories Housing Corporation mortgages and loans to individuals receivable over a maximum of 25 years, some of which are unsecured and others are secured by registered charges against real property bearing fixed interest between 0.00% and 12.00%, (2017 -0.00% and 12.00%) before valuation allowance of \$10,552 (2017 - \$10,450).	14,163	14,622
Other	22	20
	110,555	112,759
Valuation allowances	(31,295)	(33,510)
	79,260	79,249

Interest earned on loans receivable during the year is \$4,036 (2017 - \$4,280).

Conditional grants have been provided by the Northwest Territories Housing Corporation to eligible homeowners, which are fully forgivable on the condition that the property remains the principal residence and the homeowner's annual income remains below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Northwest Territories Housing Corporation. Conditional grants expensed during the year were \$2,274 (2017 - \$2,519).

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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(All figures in thousands of dollars)

8. SHORT TERM LOANS

Based upon operational needs, the Government may enter into short term borrowing arrangements with its banks. Short-term loans of \$297,076 (2017 - \$234,807) incurred interest at a weighted average year-end rate of 1.28% (2017 - 0.86%). Interest expense on short term loans included in operations and maintenance expenses is \$2,387 (2017 - \$2,072).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
	\$	\$
Trade	195,779	204,327
Government of Nunavut	188	158
Other liabilities	8,926	14,331
Employee and payroll-related liabilities	81,674	80,755
Accrued interest	2,732	713
	289,299	300,284
Payable to related parties:		
Workers' Safety and Compensation Commission	788	126
	290,087	300,410

10. DEFERRED REVENUE

	2018	2017
	\$	\$
Government of Canada		
Ministry of Finance	4,061	5,842
Building Canada Plan	2	256
Ministry of Infrastructure and Communities	-	4,478
Transport Canada	-	350
Canadian Northern Economic Development Agency	3,781	2,762
Canadian Heritage	3,762	-
Public Health Agency of Canada	85	-
Work deposits, commercial use permits and tourism licences	1,857	934
Mining Recorders	1,230	1,125
NPR Limited Partnership	2,168	1,856
Other	1,557	2,007
	18,503	19,610

Deferred revenue in the current year consists mainly of funds received from the Government of Canada for corporate income tax, improvements to highways and bridge rehabilitation.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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11. ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. The Government has identified 281 (2017 - 279) sites as potentially requiring environmental remediation at March 31, 2018.

Type of Site	2017 Liability	Remediation Expenditures	New Sites in 2018	Change in Estimate	2018 Liability	Number of Sites
Abandoned mines ⁽¹⁾	\$ 13,315	\$ (126)	\$ -	\$ (2,246)	\$ 10,943	7
Landfills ⁽²⁾	10,453	(785)	62	(78)	9,652	44
Abandoned infrastructure and schools ⁽³⁾	14,069	(2,036)	1,712	304	14,049	73
Airports, airport strips or reserves ⁽⁴⁾	1,704	(119)	-	2,221	3,806	24
Sewage lagoons ⁽⁵⁾	2,618	(252)	-	(12)	2,354	29
Fuel tanks and resupply lines ⁽²⁾	2,443	(6)	-	-	2,437	12
Abandoned lots and maintenance facilities ⁽³⁾	20,480	(834)	221	(644)	19,223 *	92
Total environmental liabilities	65,082	(4,158)	1,995	(455)	62,464	281
Asset retirement obligations	7,203	-	-	366	7,569	
Total	72,285				70,033	

Possible types of contamination identified under each type of site include the following:

(1) metals, hydrocarbons, asbestos, wood/metal debris, waste rock, old mine buildings, lead paint;

(2) hydrocarbons, glycol, metals;

(3) hydrocarbons, petroleum products;

(4) hydrocarbons, vehicle lubricants, asbestos, glycol;

(5) metals, e.coli, total coliforms.

*Includes estimated costs to perform due diligence related to identifying environmental contamination that may be transferred back to Canada under the *Northwest Territories Lands and Resources Devolution Agreement*.

There were 2 (2017 - 6) sites closed during the fiscal year as they were either remediated or no longer meet all the criteria required to record a liability for contaminated sites.

Included in the 281 (2017-279) sites, there are 79 (2017-80) sites where no liability has been recognized. The contamination is not likely to affect public health and safety, cause damage, or otherwise impair the quality of the surrounding environment and there is likely no need for action unless new information becomes available indicating greater concerns, in which case, the site will be re-examined. These sites will continue to be monitored as part of the Government's ongoing environmental protection program.

The asset retirement obligation includes NT Hydro's disposal of generating plants on leased land, storage tanks systems and the associated piping for petroleum products in all communities serviced by the Northwest Territories Power Corporation, a subsidiary of NT Hydro. The carrying amount of the obligation is based on total expected cash flows, expected timing of cash flows (majority to occur post 2040), and the weighted average discount rate of 3.12% for obligations to be settled in 10 years or less and 3.42% for obligations to be settled in 10 years or more.

Government of the Northwest Territories

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12. DUE TO (FROM) THE GOVERNMENT OF CANADA

	2018	2017
	\$	\$
Due from Canada		
Projects on behalf of the Government of Canada	(20,206)	(13,522)
Miscellaneous receivables	(44,545)	(32,574)
	(64,751)	(46,096)
Due to Canada		
Excess income tax advanced	55,794	65,961
Advances for projects on behalf of the Government of Canada	18,484	22,620
Miscellaneous payables	44,278	37,247
	118,556	125,828
	53,805	79,732

The amounts due to the Government of Canada are non-interest bearing. The excess income tax advanced is repayable over the following years:

	\$
2019	32,699
2020	8,874
2021	13,939
2022	282
	55,794

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

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13. CAPITAL LEASE OBLIGATIONS

	2018	2017
	\$	\$
Buildings	679	997
Equipment	17,941	18,957
	18,620	19,954

Interest expense related to capital lease obligations for the year is \$1,769 (2017 - \$1,894), at an implicit average interest rate of 9.41% (2017 - 9.21%). Capital lease obligations (expiring between 2019 and 2061) are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2018.

	\$
2019	2,754
2020	2,396
2021	1,952
2022	1,886
2023	1,827
2024 and beyond	41,231
Total minimum lease payments	52,046
Less: imputed interest	33,426
Present value of minimum lease payments	18,620

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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14. LONG-TERM DEBT

	2018	2017
	\$	\$
Loans due to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest at a rate of 6.97% (2017 - 6.97%), unsecured.	5,847	6,402
Mortgages payable to Canada Mortgage and Housing Corporation for three third party loans under the Social Housing Agreement, maturing in 2026 and 2027, bearing interest at rates between 2.78% and 3.68% (2017 - 2.78% and 3.68%), unsecured.	2,409	2,662
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of \$7 (2017 - \$7) maturing June 2024, bearing interest at 3.30% (2017 - 3.30%), secured with real property.	521	595
Yellowknife Catholic Schools debentures, repayable in monthly installments of \$68 (2017 - \$68), including fixed interest at 5.73%, final installment due in April 2018, unsecured.	663	1,417
Debentures, due 2025 to 2052, bearing interest between 3.82% and 6.00% (2017 - 3.82% and 6.00%), unsecured.	90,000	90,000
Sinking Fund debenture, due October 2018, bearing interest at 6.33% (2017 - 6.33%), secured by sinking funds earning a weighted average effective rate of return of 0.48% (2017 - 0.48%).	10,000	10,000
Amortizing Debentures, due 2032 to 2047, bearing interest between 3.98% and 6.42% (2017 - 3.98% and 6.42%), unsecured.	113,470	116,233
Series 1, 2 and 3 Debentures, repayable in monthly installments between \$69 and \$73 (2017 - \$69 and \$73), maturing 2025 to 2026, bearing interest between 9.11% and 10.00% (2017 - 9.11% and 10.00%), unsecured.	13,756	14,916
Real return senior bonds with accrued inflation adjustment, maturing June 1, 2046, redeemable at the option of the issuer, bearing interest at 3.17% (2017 - 3.17%) payable semi-annually, unsecured.	177,209	178,277
	413,875	420,502
Unamortized premium, discount and issuance costs	(833)	(884)
	413,042	419,618

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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14. LONG-TERM DEBT (continued)

Long-term debt principal repayments and investment in sinking funds (*note 4*) due in each fiscal year for the next five years and thereafter are as follows:

	Long-term Principal	Sinking Fund Investment
	\$	\$
2019	20,103	388
2020	8,689	-
2021	9,164	-
2022	9,716	-
2023	10,307	-
2024 and beyond	355,896	-
	413,875	388

Interest expense on long-term debt, included in operations and maintenance expenses, is \$22,775 (2017 - \$20,689).

Debt Authority

The Government has the authority to borrow, pursuant to subsection 28(4) of the *Northwest Territories Act* (Canada), within a borrowing limit authorized by the Government of Canada.

	2018	2017
	\$	\$
Short term debt (note 8)	297,076	234,807
Long term debt (note 14), net of sinking funds (note 4)	406,764	413,817
Capital Lease Obligations (note 13)	18,620	19,954
Guarantees (note 20 (a))	15,166	17,404
	737,626	685,982
Authorized borrowing limit	1,300,000	1,300,000
Available borrowing capacity before P3s	562,374	614,018
Future encumbrances relating to P3s long term debt (note 15)	166,481	142,081
Available Borrowing capacity	395,893	471,937

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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15. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

The Government has entered into two contracts for the design, build, operate and maintenance of the Mackenzie Valley Fibre Link and the design, build, and maintenance of the Stanton Territorial Hospital Renewal.

The calculation of the P3 liabilities is as follows:

	2017	Additions during the year	Principal Payments	2018	Repayment date
	\$	\$	\$	\$	
Stanton Territorial Hospital Renewal	51,181	35,400	-	86,581	2048
Mackenzie Valley Fibre Link	90,900	-	(11,000)	79,900	2037
Total	142,081	35,400	(11,000)	166,481	

The details of the contracts under public private partnerships are as follows:

	Contractor	Date contract entered into	Scheduled/ actual completion date	Interest rate
Stanton Territorial Hospital Renewal	Boreal Health Partnership	September 2015	November 2018	7.09%
Mackenzie Valley Fibre Link	Northern Lights General Partnership	October 2014	June 2017	6.52%

Estimated loan principal repayments for each of the next five years and thereafter are as follows:

	\$
2019	2,900
2020	4,600
2021	4,800
2022	5,200
2023	5,500
2024 and beyond	143,481
	166,481

The capital payments for P3 are fixed, equal monthly payments for the privately financed portion of the costs of building the infrastructure.

P3 interest expense is \$5,300 (2017-nil).

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16. PENSIONS

a) Plans' description

The Government administers the following pension plans for Members of the Legislative Assembly (MLAs), Territorial Court Judges, Employees of the Hay River Health and Social Services Authority and the Employees and Superintendent and Assistant Superintendents of the Yellowknife Catholic Schools. The Government is liable for all benefits. Benefits provided under all seven plans are based on years of service and pensionable earnings.

Plan recipient	Name of plan	Funded status
MLAs	Legislative Assembly Retiring Allowance Plan (MLAs Regular)	Funded
MLAs	Legislative Assembly Supplemental Retiring Allowance Plan (MLAs Supplemental)	Non Funded
Judges	Judges Registered Plan (Judges Regular)	Funded
Judges	Judges Supplemental Pension Plan (Judges Supplemental)	Non Funded
Employees	Retirement Plan for Employees of the Hay River Health and Social Services Authority	Funded
Employees	Retirement Plan for Employees of the Yellowknife Catholic Schools	Funded
Superintendent and Assistant Superintendents	Retirement Plan for Superintendent and Assistant Superintendents of the Yellowknife Catholic Schools (Supplemental)	Non Funded

The Regular Plans for both the MLAs and Judges are contributory defined benefit registered pension plans and are pre-funded. The funds related to these plans are administered by independent trust companies.

The Supplemental plans for both the MLAs and Judges are non-contributory defined benefit pension plans and are unfunded; however, the Government has designated assets for the purposes of meeting the obligations of the MLA Supplemental plan (*note 4*).

The average age of the 19 (2017-19) active members of the MLAs plans is 52 (2017-51). The basic benefit formula of the MLAs plans is 2 percent per year of pensionable service multiplied by the average of the best four consecutive years of earnings. Plan assets consist of Canadian and foreign equities, and Canadian fixed income securities and bonds.

The average age of the 4 (2017-4) active members of the Judges' plans is 61 (2017-60). The basic benefit formula of the Judges' plans is 2 percent per year of pensionable service multiplied by the average of the best six consecutive years of earnings, reducing at age 65 by an amount equal to 0.7% of the average Year's Maximum Pensionable Earnings (YMPE) (as defined in the Canada Pension Plan) determined over 3 years at the time of retirement. Plan assets consist of a diversified portfolio of Canadian and foreign equities and bonds.

The Hay River Health and Social Services Authority has a defined benefit pension plan for its employees. The average age of the 151 (2017-146) plan members is 46 (2017-47) years. The basic benefit formula is 1.5 percent of the member's best average pensionable earnings up to the average YMPE plus 2 percent of the member's best average pensionable earnings in excess of the average YMPE, multiplied by years of the pensionable service. Plan assets consist primarily of Canadian and U.S. equities, bonds and mortgages.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

16. PENSIONS (continued)

a) Plans' description (continued)

Yellowknife Catholic Schools has a defined benefit pension plan for its employees. The average age of the 143 (2017-157) plan members is 45 (2017-45) years. The basic benefit formula is 1.3 percent of the member's best average pensionable earnings up to the average YMPE plus 2 percent of the member's best average pensionable earnings in excess of the average YMPE, multiplied by years of the pensionable service. Earnings and YMPE are averaged over the best 10 years prior to termination, death or retirement. Plan assets consist primarily of fixed income and equity securities. The Supplemental plan for Superintendent and Assistant Superintendents is a non-contributory defined benefit pension plan and not funded until the employee terminates their employment from Yellowknife Catholic Schools.

All plans provide death benefits to spouses and eligible dependents. All plans are indexed.

The remaining government employees participate in Canada's Public Service Pension Plan (PSPP). The PSPP 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 pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

The public service pension 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 members with start dates before January 1, 2013, the normal retirement age remains age 60. Furthermore, contributions rates for current service for all members of the public service increased to an employer: employee cost sharing of 50:50 in 2017.

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced early retirement pensions, and disability pensions.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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(All figures in thousands of dollars)

16.PENSIONS (continued)

b) Pension liability

	2018	2018	2018
	Regular	Supplemental	Total
	Funded	Non funded	Total
	\$	\$	\$
Accrued benefit obligation	85,645	36,320	121,965
Pension fund assets - market-related value	(103,107)	-	(103,107)
Unamortized actuarial gains	5,122	645	5,767
Pension liability (asset)	(12,340)	36,965	24,625
	2017	2017	2017
	Regular	Supplemental	Total
	Funded	Non funded	Total
	\$	\$	\$
Accrued benefit obligation	78,501	34,877	113,378
Pension fund assets - market-related value	(93,052)	-	(93,052)
Unamortized actuarial gains	4,963	107	5,070
Pension liability (asset)	(9,588)	34,984	25,396

Included in the pension asset of \$(12,340) (2017 - \$(9,588)) is a deficit for accounting purposes of the Judges' plan in the amount of \$1,884 (2017 - \$1,564).

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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(All figures in thousands of dollars)

16. PENSIONS (continued)

c) Change in pension liability (asset)

	2018 Regular Funded \$	2018 Supplemental Unfunded \$	2018 Total \$
Opening balance	(9,588)	34,984	25,396
Change from cash items:			
Contributions from plan members	(2,801)	-	(2,801)
Contributions from Government	(5,183)	-	(5,183)
Benefit payments to plan members	(5,707)	(1,504)	(7,211)
Drawdown from plan assets	5,707	-	5,707
Change from cash items	(7,984)	(1,504)	(9,488)
Change from accrual items:			
Current period benefit cost	6,335	1,321	7,656
Amortization of actuarial (gains) losses	(764)	550	(214)
Change in valuation allowance	460	-	460
Interest on average accrued benefit obligation	4,049	1,614	5,663
Expected return on average plan assets	(4,848)	-	(4,848)
Change from accrual items	5,232	3,485	8,717
Ending balance	(12,340)	36,965	24,625
	2017 Regular Funded \$	2017 Supplemental Unfunded \$	2017 Total \$
Opening balance	(6,721)	33,074	26,353
Change from cash items:			
Contributions from plan members	(2,832)	-	(2,832)
Contributions from Government	(5,126)	-	(5,126)
Benefit payments to plan members	(4,412)	(1,446)	(5,858)
Drawdown from plan assets	4,412	-	4,412
Change from cash items	(7,958)	(1,446)	(9,404)
Change from accrual items:			
Current period benefit cost	5,953	1,254	7,207
Amortization of actuarial (gains) losses	(610)	549	(61)
Prior period cost of plan amendment	18	-	18
Change in valuation allowance	317	-	317
Interest on average accrued benefit obligation	3,720	1,553	5,273
Expected return on average plan assets	(4,307)	-	(4,307)
Change from accrual items	5,091	3,356	8,447
Ending balance	(9,588)	34,984	25,396

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

16. PENSIONS (continued)

d) Pension expense

The components of pension expense include current period benefit cost, amortization of actuarial net (gains)/losses and interest on average accrued benefit obligation net of the expected return on average plan assets, change in valuation allowance and contributions from plan members. The total expense is \$5,914 (2017 - \$5,615). The interest cost on the accrued benefit obligation is determined by applying the discount rate determined at the beginning of the period to the average value of the accrued benefit obligation for the period. The expected return on plan assets is determined by applying the assumed rate of return on plan assets to the average market-related value of assets for the period. The difference between the expected and actual return on plan assets is a gain of \$2,930 (2017 - \$3,134).

In addition to the above, the Government contributed \$52,274 (2017 - \$55,331) to the Public Service Pension Plan. The employees' contributions to this plan were \$49,128 (2017 - \$47,004).

e) Changes to pension plans in the year

Hay River Health and Social Services Authority

In 2013 the Authority amended the plan provisions effective January 1, 2018, to cease offering portability for members who are eligible for immediate pension.

f) Valuation methods and assumptions used in valuing pension liability

Valuation date

The actuarial valuation for the Legislative Assembly was completed as of April 1, 2016 and the results were extrapolated to January 31, 2018. The effective date of the next actuarial valuation is April 1, 2020. The actuarial valuation for the Judge's plan was completed as of April 1, 2016 and the results were extrapolated to March 31, 2018. The effective date of the next actuarial valuation is April 1, 2019. The actuarial valuation for the Retirement Plan for Employees of the Hay River Health and Social Services Authority was completed as at January 1, 2018 and extrapolated to March 31, 2018. The effective date of the next actuarial valuation is January 1, 2019. The actuarial valuation for the Retirement Plan for Employees of the Yellowknife Catholic Schools was completed as at June 30, 2016 and the results were extrapolated to June 30, 2017. The effective date of the next actuarial valuation for the Yellowknife Catholic Schools plan is June 30, 2018.

Liability valuation method

The actuarial valuations were performed using the projected accrued benefit method. The valuations are based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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(All figures in thousands of dollars)

16. PENSIONS (continued)

f) Valuation methods and assumptions used in valuing pension liability (continued)

Asset valuation method

The asset valuation method for the MLA's plans is equal to a smoothed market value which spreads the difference between the actual and expected investment income over a four year period and is then adjusted for payments due to, and payable from, the pension plan. The fair market value of the MLA's regular plan is \$24,263 (2017 - \$23,145). The asset valuation method for the Judges' plans is market-related value. The market value of the regular Judges' regular plan is \$6,327 (2017 - \$5,889). The asset valuation method for the Retirement Plans for Employees of the Hay River Health and Social Services Authority and of the Yellowknife Catholic Schools are market-related value. The fair market value of its pension plan assets is \$58,385 (2017 - \$52,062) and \$16,255 (2017 - \$13,113) respectively.

Actuarial gains and losses

Actuarial gains and losses occur when actual experience varies from estimates or when actuarial assumptions change. The adjustments needed are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. The estimated average remaining service lives of the contributors is 6 years (2017 - 7.0 years) for the MLA's plans, 1.7 years (2017 - 2.7 years) for the Judges' plans, 7.2 years (2017 - 7.0 years) for the Hay River Health and Social Services Authority plan and 13.7 years (2017 - 13.9 years) for the Yellowknife Catholic Schools plan.

<i>Actuarial assumptions</i>	Yellowknife Catholic Schools' plans	Hay River H&SS Authority plan	MLA's plans	Judges' plans
Expected rate of return on plan assets	4.8%	5.5%	4.8%	4.1%
Rate of compensation increase	2.0%	2.5%	2.0%	3.5%
Annual inflation rate	2.0%	2.0%	2.0%	2.0%
Discount rate	4.8%	5.2%	4.8%	4.1%

Retirement assumptions

- Members of Legislative Assembly may retire at the earliest of age 60, thirty years of service or when age plus service equals 80.
- Judges may retire at the earlier of age 60 or when age plus service equals 80.
- Employees of the Hay River H&SS Authority may retire early at age 50. Normal retirement is at age 65.
- Employees of the Yellowknife Catholic Schools may retire at the earlier of age 65 or when age plus service equals 90.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

17. OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES

In addition to pension benefits, the Government provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Government's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at February 17, 2017. The results were extrapolated to March 31, 2018. The effective date of the next actuarial valuation is March 31, 2019. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	Severance and Removal \$	Compensated Absences \$	2018 \$	2017 \$
Changes in Obligation				
Accrued benefit obligations, beginning of year	50,711	13,650	64,361	62,299
Current period benefit cost	2,523	981	3,504	3,528
Interest accrued	1,490	424	1,914	1,842
Benefits payments	(8,635)	(4,269)	(12,904)	(9,182)
Plan amendments	5	-	5	54
Actuarial (gains)/losses	(6,492)	143	(6,349)	5,771
Accrued benefit obligations, end of year	39,602	10,929	50,531	64,312
Unamortized net actuarial gain/(loss)	15,775	(1,624)	14,151	9,087
Net future obligation	55,377	9,305	64,682	73,399
Other employee future benefits	7,666	-	7,666	8,628
Other compensated absences	-	1,409	1,409	1,432
Total employee future benefits and compensated absences	63,043	10,714	73,757	83,459

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

17. OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES (continued)

	Severance and Removal \$	Compensated Absences \$	2018 \$	2017 \$
Benefits Expense				
Current period benefit cost	2,523	981	3,504	3,528
Interest accrued	1,490	424	1,914	1,842
Plan amendments	5	-	5	54
Amortization of actuarial (gain)/loss	(1,427)	192	(1,235)	(1,952)
	2,591	1,597	4,188	3,472

The discount rate used to determine the accrued benefit obligation is an average of 3.8% (2017- 3.3%). The expected payments during the next five fiscal years are:

	Severance and Removal \$	Compensated Absences \$	Total \$
2019	8,841	2,112	10,953
2020	6,808	1,651	8,459
2021	5,765	1,399	7,164
2022	4,996	1,243	6,239
2023	4,377	1,148	5,525
	30,787	7,553	38,340

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

18. TRUST ASSETS UNDER ADMINISTRATION

The Government administers trust assets on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	2018	2017
	\$	\$
Bequest - South Slave Divisional Education Council	339	80
Correctional institutions and other	466	463
Government of New Brunswick	721	721
Natural Resources	45	236
Public Trustee	5,934	5,527
Patient funds - Health and Social Services Authorities	234	241
Securities - land use permits and water licences and oil and gas deposits	7,451	7,236
Territorial and Supreme Courts	993	775
	16,183	15,279

In addition to the above trust assets under administration, the Government holds cash and bank guarantees in the form of letters of credit and surety bonds in the amount of \$662,899 (2017- \$579,221). The majority of these guarantees are held against water licenses issued to regulate the use of water and the deposit of waste.

19. CONTRACTUAL OBLIGATIONS AND RIGHTS

Contractual obligations are obligations of the Government to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The Government has entered into agreements for, or is contractually committed to, the following payments subsequent to March 31, 2018:

	Expiry Date	2019	2020	2021	2022	2023	2024+	Total
		\$	\$	\$	\$	\$	\$	\$
Operational commitments	2048	136,007	64,345	46,505	38,719	22,285	7,047	314,908
RCMP policing agreement	2032	44,206	43,979	43,902	43,902	43,902	395,118	615,009
Commercial leases	2040	25,330	21,673	15,892	12,138	8,121	11,746	94,900
Equipment leases	2026	1,879	1,428	588	377	212	530	5,014
TCA's in progress at year end	2022	106,904	10,858	8,244	2,249	-	-	128,255
Operational payments P3	2048	6,642	10,642	10,942	11,242	11,542	362,946	413,956
TCA Construction P3	2020	76,004	-	-	-	-	-	76,004
		396,972	152,925	126,073	108,627	86,062	777,387	1,648,046

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

19. CONTRACTUAL OBLIGATIONS AND RIGHTS (continued)

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

The Government has entered into agreements for, or is contractually entitled to, the following receipts subsequent to March 31, 2018:

	Expiry Date	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	2024+ \$	Total \$
Transfer Payments	2028	71,165	78,901	73,350	103,816	107,923	304,933	740,088
Regulatory Revenue	2021	144	144	60	-	-	-	348
Lease Revenue	2047	4,699	4,452	4,318	4,093	3,809	36,902	58,273
Licence Revenue	2037	687	468	209	148	100	488	2,100
Other	2043	1,260	624	419	239	219	4,371	7,132
		77,955	84,589	78,356	108,296	112,051	346,694	807,941

20. GUARANTEES AND CONTINGENCIES

(a) Guarantees

The Government has guaranteed residential housing loans to banks totaling \$751 (2017 - \$870) and indemnified Canada Mortgage and Housing for third party loans totaling \$14,415 (2017 - \$16,534). In addition, the Government has provided a guarantee to the Canadian Blood Agency and Canadian Blood Services to cover a share of potential claims made by users of the national blood supply. The Government's percentage is limited to the ratio of the Northwest Territories' population to the Canadian population.

The Northwest Territories Business Development and Investment Corporation (BDIC) has four outstanding loans to three Northern Community Futures organizations totaling \$471 (2017 - \$538). Loans provided by these three organizations may be assigned to the BDIC when impaired. If assigned, the BDIC would then write-off the Northern Community Futures organization loan balance and would attempt to recuperate its loss. In 2018, no accounts were assigned to BDIC (2017 - \$0).

The BDIC has three (2017 - four) outstanding irrevocable standby letters of credit totaling \$2,101 (2017 - \$2,155) that will expire by 2019. Payment by the BDIC is due from these letters in the event that the applicants are in default of the underlying debt. To the extent that the BDIC has to pay out to third parties as a result of these agreements, these payments will be owed to the BDIC by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2017 - nil).

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

20. GUARANTEES AND CONTINGENCIES (continued)

(b) Claims and litigation

There are a number of claims and pending and threatened litigation cases outstanding against the Government. In certain of these cases, pursuant to agreements negotiated prior to the division of the territories, the Governments of the Northwest Territories and Nunavut will jointly defend the suits. The cost of defending these actions and any damages that may eventually be awarded will be shared by the two Governments 55.66% and 44.34%, respectively. The Government has recorded a provision for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. The provision is based upon estimates determined by the Government's legal experts experience or case law in similar circumstances. At year-end, the Government estimated the total claimed amount for which the outcome is not determinable at \$80,208 (2017 - \$67,027). No provision for such claims has been made in these financial statements as it is not determinable that any future event will confirm that a liability has been incurred as at March 31.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

21. TRANSFER PAYMENTS, TAXATION AND GENERAL REVENUE

	2018 \$	2017 \$
Transfer payments:		
Capital transfers	57,919	66,774
Canada Health and Social Transfer Reform Fund	62,109	60,933
Federal cost shared	65,626	59,048
Other	28,078	31,839
	<hr/> 213,732	<hr/> 218,594
Taxation:		
Corporate Income Tax	60,006	68,616
Personal Income Tax	87,530	122,322
	<hr/> 147,536	<hr/> 190,938
Other taxes:		
Fuel	20,925	21,288
Tobacco	15,598	15,336
Payroll	42,633	43,643
Property and school levies	38,417	37,839
Insurance	5,169	5,129
	<hr/> 122,742	<hr/> 123,235
General:		
Lease	4,913	5,875
Regulatory	34,082	32,602
Sundry and other	28,153	19,206
Interest	6,094	5,555
Gain on disposition of assets	1,008	835
Grants in kind	443	443
	<hr/> 74,693	<hr/> 64,516
	<hr/> 558,703	<hr/> 597,283

Transfer payment revenue comprises of transfers received from the Government of Canada. Federal cost shared transfer payments relate to those service agreements that are funded by both the Government and the Government of Canada. Other transfer payments comprises of contributions from the Canada Mortgage and Housing Corporation and of grants and contributions received by the Government's public agencies.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

22. EXPENSES

Expenses of various Government departments, its territorial corporations and other public agencies are aggregated in the Statement of Operations as follows:

Environment and economic development	Department of Environment and Natural Resources Department of Industry, Tourism and Investment NWT Business Development and Investment Corporation Northwest Territories Heritage Fund Arctic Energy Alliance Inuvialuit Water Board
Infrastructure	Department of Infrastructure Department of Lands Northwest Territories Hydro Corporation Northwest Territories Surface Rights Board
Education	Department of Education, Culture and Employment Aurora College All Divisional Education Councils in the NWT All District Education Authorities in the NWT Tlicho Community Services Agency (education portion)
Health, social services, and housing	Department of Health and Social Services All Health and Social Services Authorities in the NWT Tlicho Community Services Agency (health portion) Northwest Territories Housing Corporation Status of Women Council of the Northwest Territories
Justice	Department of Justice
General Government	Department of Executive and Indigenous Affairs Department of Finance Department of Municipal and Community Affairs Northwest Territories Sport and Recreation Council
Legislative Assembly and statutory offices	Legislative Assembly Northwest Territories Human Rights Commission

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

23. OVEREXPENDITURE

During the year 1 department (2017 - 4) exceeded their operations vote by \$496 (2017 - \$5,423) and 1 department (2017 - 2) exceeded their capital vote by \$33 (2017 - \$2,169).

Overexpenditure of a vote contravenes subsection 71 of the *Financial Administration Act* which states that "No person shall incur an expenditure that causes the amount of the appropriation set out in the Estimates for a department to be exceeded".

The voted items that were over expended in the current year is as follows:

Department of Industry, Tourism and Investment (operations)	\$496
Department of Legislative Assembly (capital)	\$33

These overexpenditures have been deemed a supplementary appropriation in accordance with section 77 of the *Financial Administration Act* S.N.W.T 2015 which states that "Where the charging of expenditures to an appropriation would cause the appropriation to be exceeded, the Comptroller General may, at the end of a fiscal year, record the amount by which the liability exceeds the appropriation as a deemed appropriation for that fiscal year".

24. SUBSEQUENT EVENTS

In October 2018, an apartment building located in Yellowknife and owned by the Government was destroyed by a fire. The building was leased to the YWCA. The YWCA is in the process of providing assistance to the affected families. The financial impact on the Government is being assessed and the full extent is uncertain at this time.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Consolidated Schedule of Tangible Capital Assets

for the year ended March 31,

(All figures in thousands of dollars)

	Land ⁷	Buildings ¹	Infrastructure and Other ^{1,2,3,4}	Leasehold Improvements	Equipment ¹	Computers ³	Work in Progress ^{5,6}	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost of tangible capital assets, opening balance	22,649	1,689,268	2,301,500	43,933	262,227	132,687	358,022	4,810,286	4,461,282
Transfers	348	81,360	169,750	-	11,461	10,527	(273,446)	-	-
Acquisitions	-	521	172	98	770	4	304,350	305,915	368,375
Write-downs	-	-	-	-	-	-	(246)	(246)	-
Disposals	-	(2,518)	(2,821)	(871)	(20,879)	(1,599)	-	(28,688)	(19,371)
Cost of tangible capital assets, closing	22,997	1,768,631	2,468,601	43,160	253,579	141,619	388,680	5,087,267	4,810,286
Accumulated amortization, opening	-	(697,217)	(742,168)	(33,966)	(139,370)	(80,043)	-	(1,692,764)	(1,583,172)
Amortization expense	-	(41,194)	(57,521)	(1,284)	(12,159)	(11,306)	-	(123,464)	(122,269)
Disposals	-	1,880	3,379	871	12,119	1,594	-	19,843	12,677
Accumulated amortization, closing	-	(736,531)	(796,310)	(34,379)	(139,410)	(89,755)	-	(1,796,385)	(1,692,764)
Net book value	22,997	1,032,100	1,672,291	8,781	114,169	51,864	388,680	3,290,882	3,117,522

¹ Included in buildings, infrastructure and equipment are assets under capital lease (cost \$34,018 (2017 - \$33,792); accumulated amortization, \$11,593 (2017 - \$10,502); net book value, \$22,425 (2017 - \$23,290)).

² Includes roads, bridges, airstrips, aprons, fuel distribution systems, park improvements, aircraft, water/sewer works, fences, signs, transmission and distribution systems and electric power plants.

³ P3 project cost for Mackenzie Valley Fibre Link of \$66,212 was included in Computers last year now moved to Other.

⁴ Included in infrastructure are capitalized costs for P3 project Mackenzie Valley Fibre Link \$95,036 (2017 - \$66,212)

⁵ Included in work in progress are costs related to P3 projects: Stanton Territorial Hospital Renewal \$238,732 (2017 - \$146,176) and Mackenzie Valley Fibre Link \$0 (2017 - \$28,824).

⁶ Not included in acquisitions of tangible capital assets on the statement of cash flow are non-cash items of \$25,613 (2017- \$50,365).

⁷ Land with cost and net book value of \$0, market value \$3,329 (2017- \$772) was contributed to third parties.

Consolidated Schedule of Segmented Information

for the year ended March 31,

(All figures in thousands of dollars)

	Departments ¹	Other Public Agencies ²	Total for All Segments	Adjustments ³	2018	2017
	\$	\$	\$	\$	\$	\$
Revenues						
Grant from the Government of Canada	1,232,439	-	1,232,439	-	1,232,439	1,219,888
Transfer payments	185,654	28,078	213,732	-	213,732	218,594
	1,418,093	28,078	1,446,171	-	1,446,171	1,438,482
Taxation and general revenues						
Corporate and personal income taxes	147,536	-	147,536	-	147,536	190,938
Other taxes	113,068	10,151	123,219	(477)	122,742	123,235
General	85,840	686,866	772,706	(698,013)	74,693	64,516
Income from portfolio investments	2,680	1,154	3,834	-	3,834	3,089
Non-renewable resource revenue	66,115	-	66,115	-	66,115	63,671
Sales	88,510	91,297	179,807	(32,562)	147,245	145,532
Recoveries	20,536	16,924	37,460	(1,763)	35,697	35,130
	524,285	806,392	1,330,677	(732,815)	597,862	626,111
Recoveries of prior years' expenses	15,394	-	15,394	(352)	15,042	10,966
	1,957,772	834,470	2,792,242	(733,167)	2,059,075	2,075,559
Expenses						
Grants and contributions	796,970	5,787	802,757	(580,066)	222,691	216,046
Operations and maintenance	565,779	310,024	875,803	(151,431)	724,372	715,991
Compensation and benefits	369,439	463,653	833,092	(8,083)	825,009	843,510
Change in valuation allowances	2,597	-	2,597	-	2,597	3,009
Amortization of tangible capital assets	94,960	28,502	123,462	2	123,464	122,269
	1,829,745	807,966	2,637,711	(739,578)	1,898,133	1,900,825
Annual operating surplus (deficit)	128,027	26,504	154,531	6,411	160,942	174,734
Projects on behalf of third parties						
Expenses	(105,495)	-	(105,495)	-	(105,495)	(84,299)
Recoveries	105,495	-	105,495	-	105,495	84,299
Annual surplus (deficit)	128,027	26,504	154,531	6,411	160,942	174,734

¹ Departments consist of all those listed in Note 21 that begin with the word "Department" and the Legislative Assembly.

² Public agencies consist of those listed in Note 21 other than Departments and the Legislative Assembly.

³ Includes adjustments to eliminate inter-entity balances to comply with Canadian public sector accounting standards of consolidated financial statements; for example, contributions by departments to boards and agencies are shown under grants and contributions expense under the "Departments" column. The amounts received by the applicable board or agency (e.g. Health and Social Services Authority, Divisional Education Council) are shown under general revenue in the "Other Public Agencies" column. These amounts are eliminated upon consolidation to avoid double counting and result in significant amounts shown in the "Adjustments" column.

**GOVERNMENT OF THE NORTHWEST TERRITORIES
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

**HONOURABLE ROBERT C. MCLEOD
Minister of Finance**

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INTRODUCTION

The Public Accounts report the financial position and results of operations of the Government for a fiscal year. The Consolidated Statement of Financial Position discloses the assets, liabilities, accumulated surplus or deficit, as well as the net debt position of the Government. The Consolidated Statement of Change in Net Debt discloses the significant items that impacted the Government's net debt position since the last fiscal year end. The financial position of the Government is measured at a specific point in time (March 31 fiscal year end), whereas information relating to revenues and expenses encompasses the results for a fiscal year as disclosed in the Consolidated Statement of Operations. It is important to note that the financial position of the Government is often quite different from the financial condition of the economy.

The financial health of a Government can be measured by its sustainability, flexibility, and vulnerability, looked at in the context of the overall economic and financial environment. These terms are defined as follows:

- **Sustainability:** the degree to which a Government can maintain existing programs and meet existing creditor requirements without increasing the debt burden on the economy.
- **Flexibility:** the degree to which a Government can increase its financial resources to respond to rising commitments, by either expanding its revenues, or increasing its debt burden.
- **Vulnerability:** the degree to which a Government becomes dependent on, and therefore vulnerable to, sources of funding outside its control or influence, both domestic and international.

The information provided in the following pages is intended to assist readers of the Public Accounts in their assessment of the Government's financial health. It is important to note that the information contained within the Consolidated Financial Statements (Public Accounts – Section I) includes all Government-controlled organizations as well as the Government. Collectively, these entities are referred to as the Government Reporting Entity. Organizations included in the Government Reporting Entity are listed in Note 1 to the Consolidated Financial Statements.

EXECUTIVE SUMMARY- FINANCIAL HIGHLIGHTS

The executive summary provides a summary of key events affecting the results within the Public Accounts and includes a discussion on these results compared to the original plan (budgets). The consolidated results of operations for the fiscal year ending March 31, 2018 and the financial position as at March 31, 2018 are summarized below:

(\$ in thousands)

	Budget 2018	Actual 2018	Actual 2017
Total Revenue	2,096,352	2,059,075	2,075,559
Total Expense	1,931,931	1,898,133	1,900,825
Annual Surplus	164,421	160,942	174,734
Financial assets		524,998	495,614
<i>Less: Total liabilities</i>		1,490,780	1,443,448
Net debt		(965,782)	(947,834)
<u>Non-financial assets</u>		<u>3,319,576</u>	<u>3,140,686</u>

The 2018 consolidated financial statements report a surplus of \$161 million, \$3 million less than was originally budgeted. Subsequent budget adjustments approved during the fiscal year are not reflected in the budget presented in accordance with Public Sector Accounting Standards (PSAS). Budget adjustments made during the year typically reflect new information that was not known at the time the original budget was approved, changes in revenues, expenses or both. Mid-year budget adjustments should be considered before any conclusions are drawn with respect to operational results.

Total net debt increased by \$18 million in 2018. Debt was incurred to finance capital infrastructure and support working capital requirements for programs, services and initiatives. This increase is largely attributable to the financing related to public private partnerships (P3) for work done on the Stanton Territorial Hospital renewal project and an increase in short term borrowing.

The territorial economy grew by 5.2% in 2017 as measured by real GDP. This is higher than the national average rate of 3.3%. This growth was a result of an increase in the diamond mine industry due to the first full year production of a new diamond mine.

The Government's own source revenues are directly linked to the Northwest Territories (NWT) economy. For example, the Government relies on a small number of resource based companies for the majority of its corporate tax revenue, whose incomes fluctuate significantly with economic events. In addition, the Government collects resource royalties, though it shares these revenues with the federal government and Aboriginal partner organizations, which reduces the fiscal benefit of royalties for the Government. However as the Government relies on federal transfers for the majority of its revenues the overall linkage between the economy and the Government's revenues does not appear very strong.

The NWT continues to manage growth in spending, while making targeted investments to encourage economic growth and address infrastructure needs. Cumulative infrastructure investments of \$5.09 billion focusing on health care, education and transportation have made the NWT a safer, more competitive and productive territory, while supporting the creation of jobs in construction and related industries.

Financial Health

A Government's financial health should be measured in terms of sustainability, flexibility and vulnerability. The preceding measures have attempted to show how the Government's fiscal health measures up from this standpoint. This suggests the following conclusions:

- **Sustainability** – at the end of the 2018 fiscal year the Government had a net debt of \$966 million compared to net debt of \$948 million at the end of the prior fiscal year. The net debt represents 47% of total revenue. Future investments in infrastructure and operations cannot be sustained at the present level without incurring more debt.
- **Flexibility** – pertains to the Government's ability to increase its financial resources. The majority of revenue comes from the Territorial Formula Financing Grant from the Government of Canada. The Government's own-source revenues, net of \$66 million in non-renewable resource revenues, decreased from 27% of total revenue in 2017 to 26% in 2018; sales and taxes are a major source of fluctuation. The Government's limited flexibility to increase taxes combined with a small tax base makes a significant increase in own source revenues unlikely in the short term.

At March 31, 2018, the Government has a federally imposed borrowing limit of \$1.3 billion. Although the Government is currently under this limit, \$1.3 billion represents only 68% of total 2018 expenses. The limit on the borrowing capacity precludes the use of debt to increase financial

resources; as well, an increase in debt would at best provide short term flexibility.

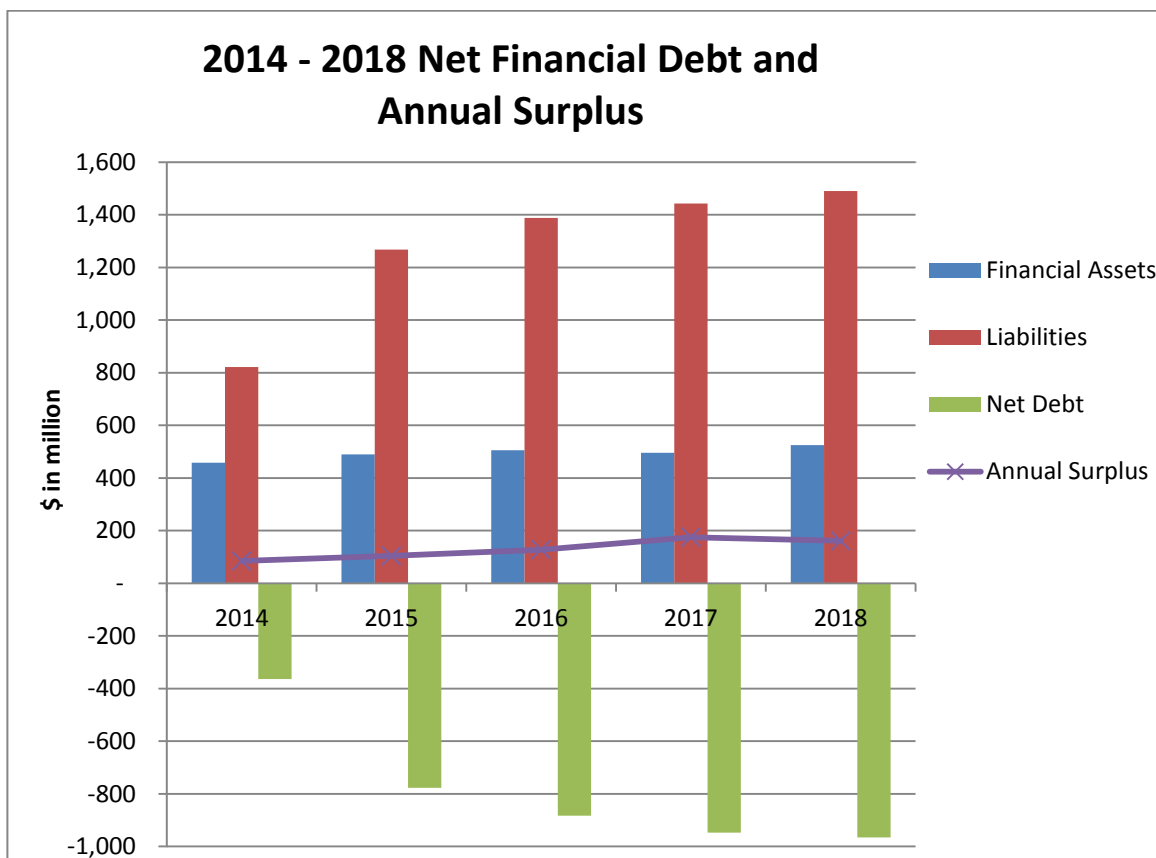
- ***Vulnerability*** – to assess the Government’s vulnerability, it is not necessary to look further than the Government’s limited own-source revenues and the volatility related to corporate and personal income taxes. The Government’s largest source of revenue is the grant and transfer payments from Canada which represent 70% of total revenue for the current year. The formula determining the Territorial Formula Financing Grant is established in federal legislation and will remain in effect until March 31, 2019.

In summary, the Government cannot sustain the current level of investment in infrastructure and operations without incurring more debt. The Government has limited flexibility to raise new revenues, and continues to be vulnerable to federal control over changes to its future revenues.

ANNUAL AND ACCUMULATED SURPLUS AND NET DEBT

Net financial resources result when there are financial assets remaining after deducting all liabilities of the Government. Net debt results when liabilities are more than financial assets. The Government is in a net debt position as liabilities exceeded financial assets at the end of the fiscal year. Over the years, the Government’s net debt has fluctuated, but not in unison with fluctuation in annual surplus, as depicted in the graph below. This occurs as other factors impact net debt that do not impact annual surplus, most notably a reduction in cash or an increase in debt as the result of investing in infrastructure which will increase net debt. The composition of net debt is shown on the Consolidated Statement of Change in Net Debt within Section 1 of the Public Accounts.

The graph below illustrates the Government’s net debt position and annual surplus at the end of each of the last five fiscal years.



Net debt increased during the 2018 fiscal year primarily due to financing related to P3 work done on Stanton Territorial Hospital renewal project and an increase in short term borrowing.

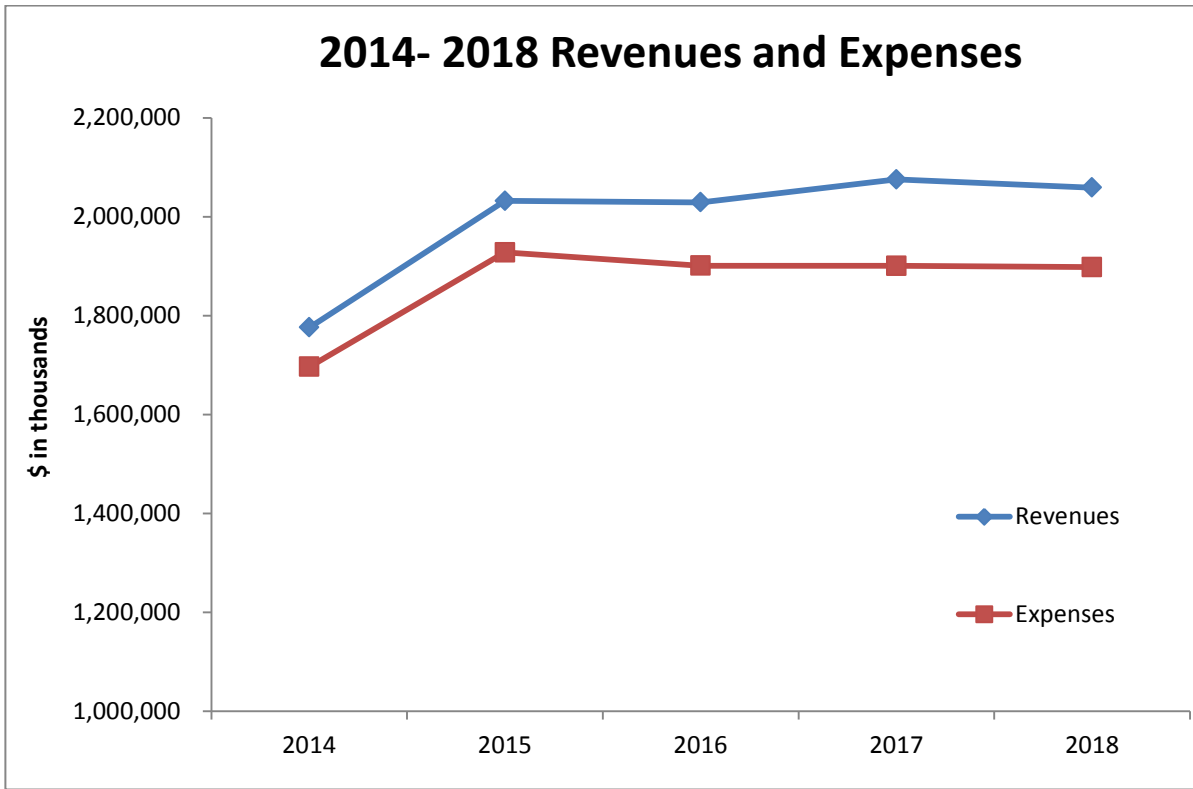
Net debt is subtracted from the Government's accumulated investment in non-financial assets (tangible capital assets/prepaid expenses/inventories held for use) to produce the accumulated surplus balance at the end of the year.

Net debt represents the debt burden on future generations that must be recovered through future revenues. An important measure of the flexibility of a Government is the level of financial assets available to meet current and future obligations, as well as its ability to absorb any budgeted annual deficit.

Consolidation of Northwest Territories Hydro Corporation

The Government's comparative information has been significantly impacted by the full consolidation of the Northwest Territories Hydro Corporation's (NT Hydro) operations in the 2015 fiscal year. Any analysis performed on the trends disclosed within graphs should be adjusted for the impact of this change in reporting relationship. The consolidation impacted revenues, expenses, financial and non-financial assets, liabilities, and annual and accumulated surplus.

REVENUES AND EXPENSES



* Revenues depicted above include recoveries of prior year expenditures

Revenues and expenses have remained fairly flat over the years with a comparative increase in the 2015 fiscal year when the Government first consolidated NT Hydro on a line by line basis. This inclusion proportionately increased Government's revenues and expenses. These are described in more detail on the following pages.

REVENUES BY SOURCE

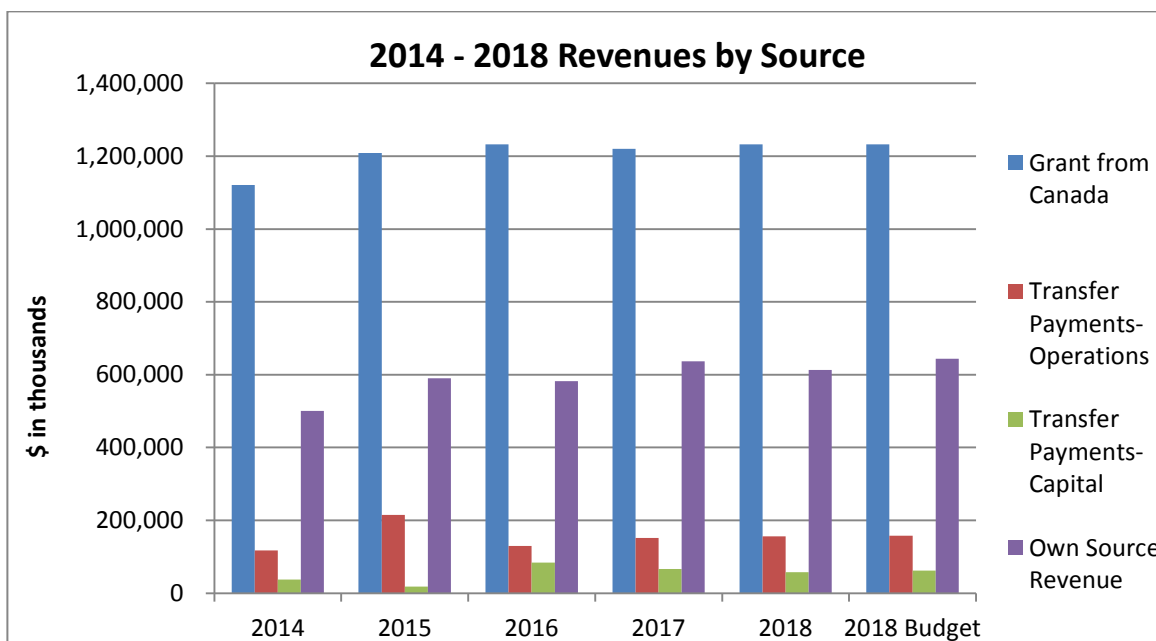
The Government funds programs and services through a combination of transfers from the federal government and own-source revenues. In order to assess the long-term sustainability of the present level of programs and services, various key indicators are monitored on an ongoing basis, including the following:

- Growth rates of revenues and expenditures;
- Changes in the net debt ratio; and
- Impacts of one-time (or non-recurring) events.

The most significant factor that contributes to revenues being more unpredictable than expenses in any given year is volatility in corporate income tax. NWT corporate income tax revenues are volatile as the majority of corporate income tax revenues are generated by a small number of resource based tax payers, whose taxable income fluctuates dramatically depending on production and global commodity prices.

The Grant from Canada calculation is based on an equally-weighted three-year moving average of data, which includes a two year lag. As a result, changes in underlying variables, such as corporate income tax, do not lead to a corresponding impact (up or down) on the Grant from Canada until the second, third and fourth years following the year of the change to the revenue in question. For example, in the event of a revenue shortfall in corporate income tax, the resulting positive offset on the Grant from Canada would occur in one-third increments; in the second, third and fourth years following the year in which the shortfall took place.

Transfer payments revenues related to the purchase or construction of a tangible capital asset, whether fully funded or cost-shared, are recognized when completed assets are put into service, consistent with PSAS. This is another significant factor that contributes to revenues being unpredictable. For large projects that are cost shared, revenue is recognised as the asset is put into service; this causes revenue to be higher than it would normally be as expenditures related to this are capital in nature. The impact on operational expenses will be over future years as the asset is amortized.



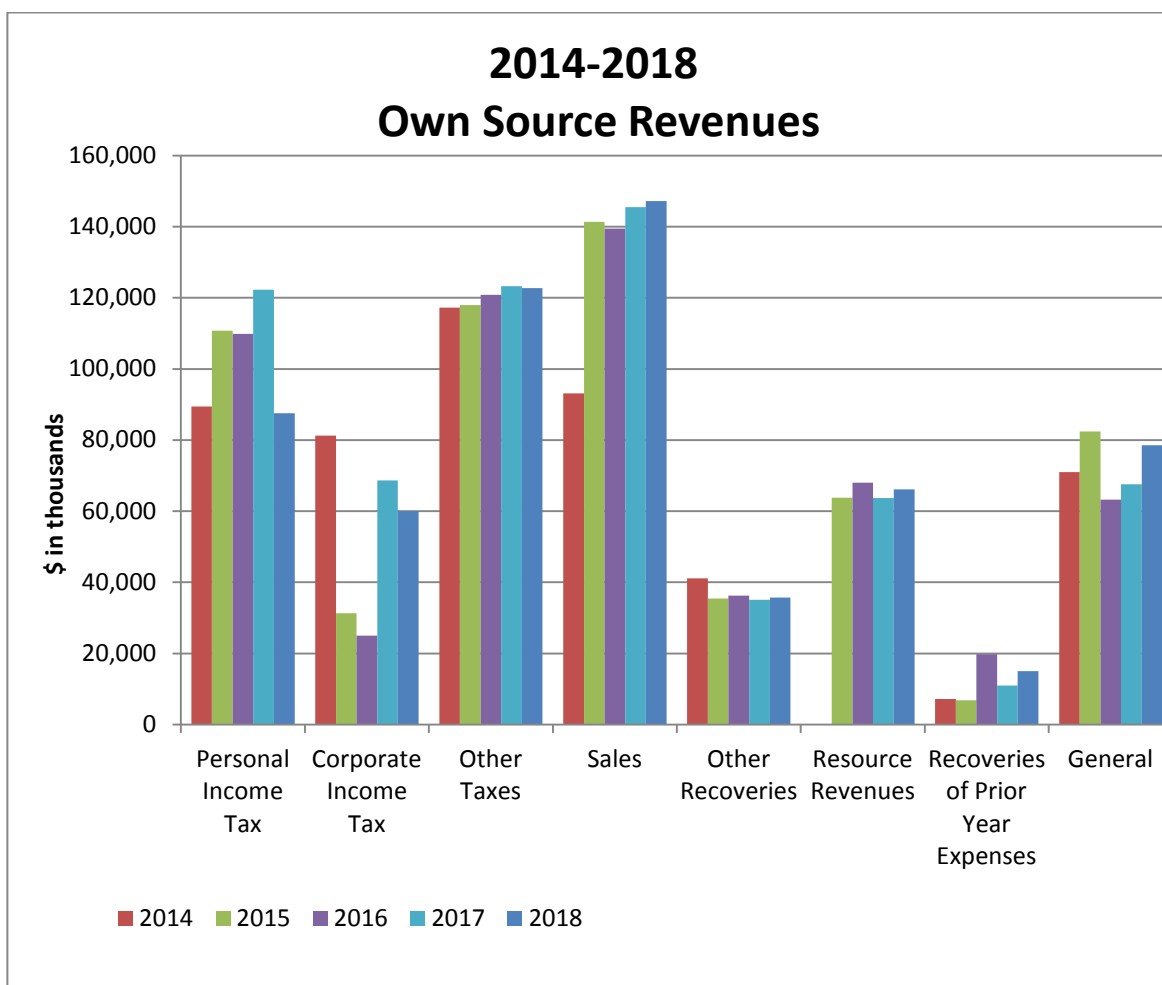
* Own source revenues include recoveries of prior year expenditures

Total revenue in 2018 was \$2.059 billion, a decrease of \$37 million or 1.8 per cent from the original budget. This decrease is primarily due to a decrease in personal and corporate income taxes.

Territorial Formula Financing Grant from Canada

The Grant from Canada was \$1.232 billion in 2018, an increase of \$13 million over 2017, due to increase in the Gross Expenditure Base (\$28 million), partially offset by higher eligible revenues, net of the change in the resource revenue offset (\$16 million).

The Grant from Canada is an annual formula-based calculation to fill the fiscal gap between the Government's expenditure needs and its ability to raise revenues. The NWT's grant equals the difference between its gross expenditure base and a measure of revenue capacity known as eligible revenues. The gross expenditure base is an estimate of the expenditure requirements of the Government, which takes into account the higher costs and needs in the NWT to deliver public services of similar quality to those in the provinces. The gross expenditure base is increased annually by the growth in provincial and local government spending and the growth in the NWT population relative to the growth in the Canadian population. Eligible Revenues are calculated by determining what the Government could have raised in revenues at national average tax rates and reducing that amount by a 30 per cent economic development incentive. The resource revenue offset reduces the amount of the grant by the amount of resource revenues shared with the federal government, which is lagged two years.



Own Source Revenue

The Government's major own-source revenues, corporate and personal income tax, tobacco tax, fuel tax, payroll tax, and excluding non-renewable resource revenues, have averaged approximately 27% of total revenues indicating a reliance on the Grant from Canada. Grants and transfer payments from Canada vary, accounting for approximately 70% of total revenues for the current year.

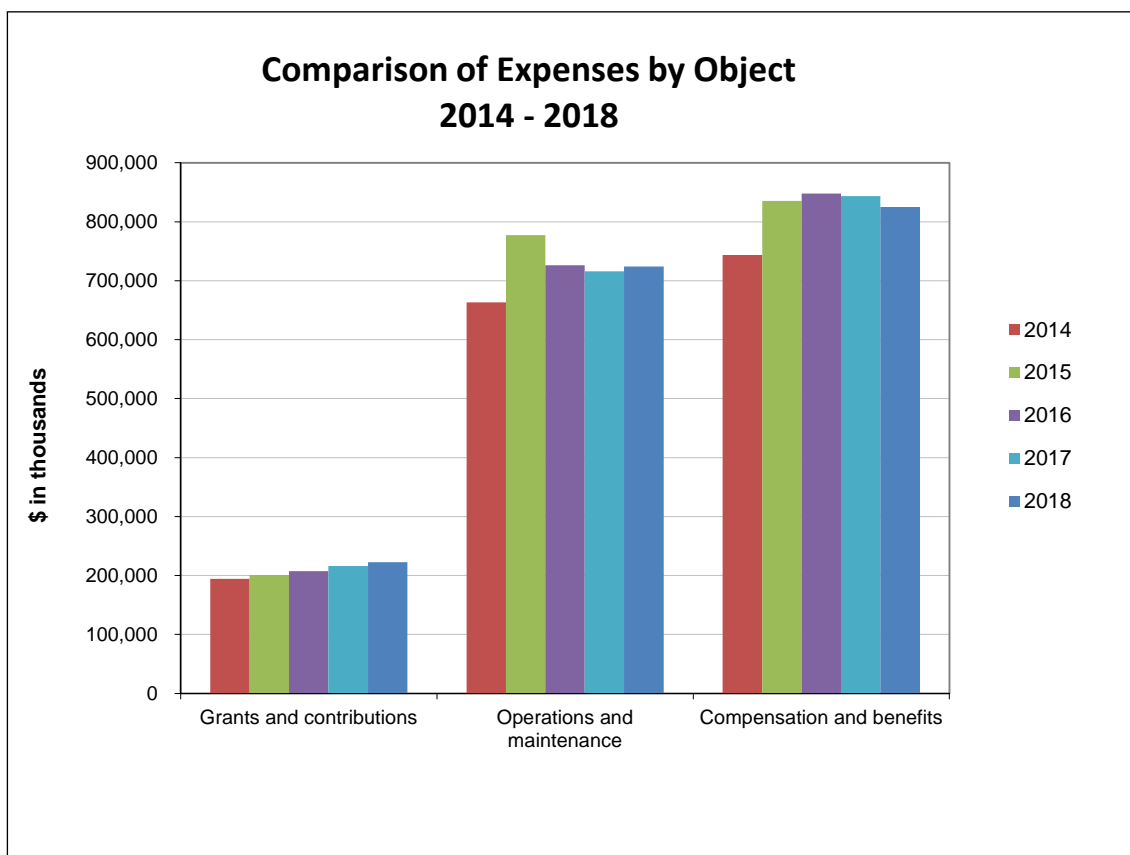
With the exception of corporate income tax, personal income tax and non-renewable resource revenues, other own-source revenues have proven to be fairly consistent over the years. Corporate income tax revenue is dependent upon a small base of significant taxpayers that accounts for the volatile nature of this tax revenue.

Personal income tax revenues declined \$34.8 million from 2017 due to a \$20.0 million reduction in payments based on Finance Canada's income tax revenue estimate and \$14.8 million of prior year income tax adjustments.

Non-renewable resource revenues are subject to volatility and the revenue stream could fluctuate significantly from the annual average. In addition, non-renewable resource revenues are generated as the resources are extracted and are therefore finite. Non-renewable resource revenues, after sharing with the federal and indigenous partners (signatories to the Northwest Territories Lands and Resources Devolution Agreement) are used to fund infrastructure, pay down debt and contribute to the NWT Heritage Fund.

Also of note, the 2015 fiscal year introduced non-renewable resource revenues and the inclusion of NT Hydro.

EXPENSES BY OBJECT



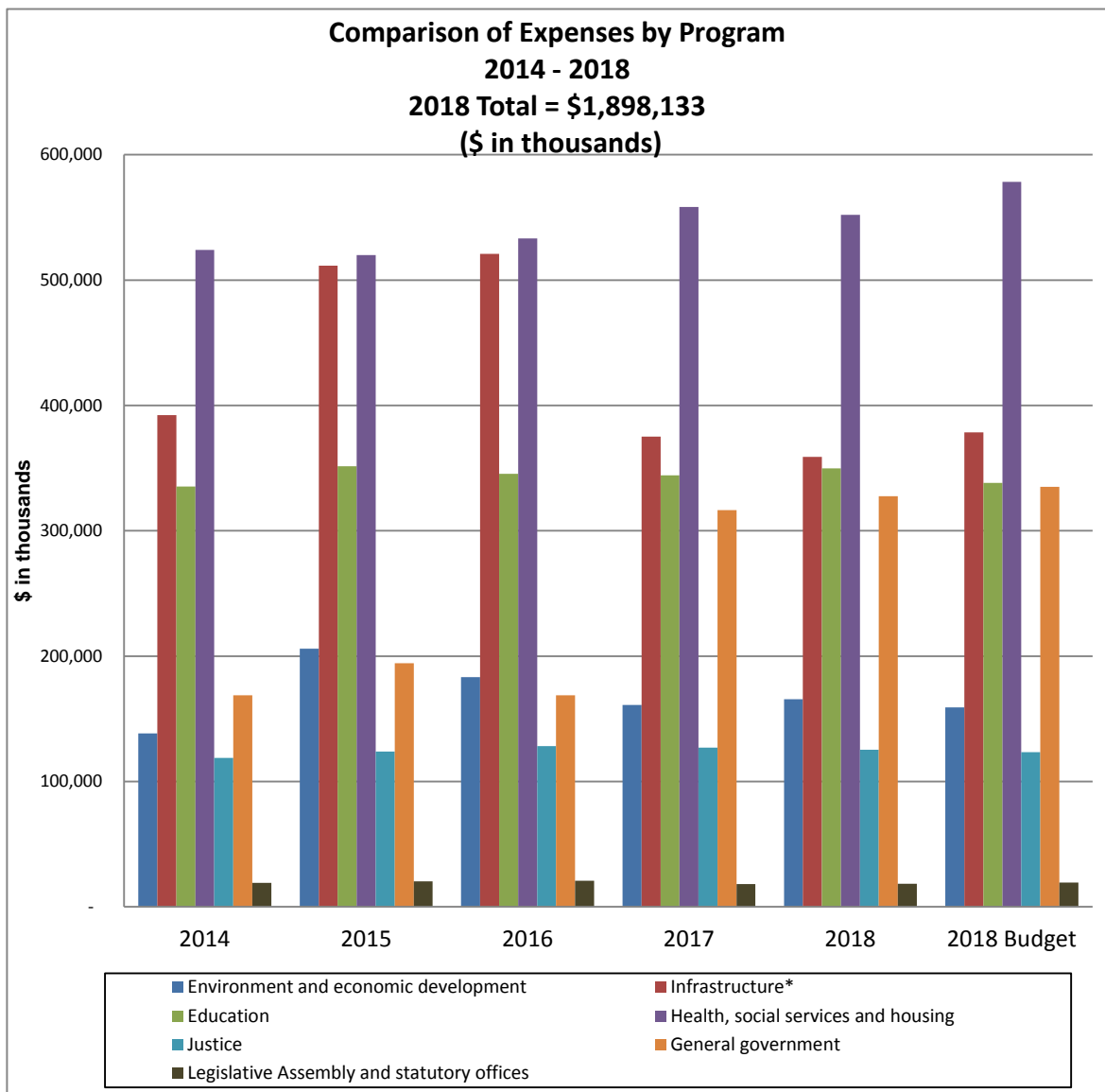
The above graph provides information on the consolidated government’s operations. Total expenses in 2018 are \$1.9 billion; this is \$34 million or 1.7% less than budgeted. This decrease is attributable to vacant positions, decreases in fuel prices and unspent infrastructure funding.

Grants and contributions from the Government to boards and agencies consolidated in Section I of the Public Accounts are reported under two categories (operations and maintenance, compensation and benefits) to better reflect the nature of the final expense types. This classification does not change the way that these Government organizations are funded as many of our social and educational programs are funded by contributions from the Government. Many components of these funding agreements with boards and agencies are fixed costs incurred by the recipients and as the major (or sole) provider of funds, the Government cannot vary the funding without affecting the level of output by these boards and agencies.

In addition, lease commitments and other contractual obligations, which are disclosed in the notes to the Consolidated Financial Statements, are long-term fixed costs over which there is little discretion to be exercised in the short-term.

The Government is also vulnerable to inflation both for operational expenses and as an important factor when negotiating compensation and benefits. Not only are the direct wages of the Government and its boards and agencies vulnerable to this, compensation and benefits also comprise a significant factor in determining the amount of grants and contributions given out to third parties.

EXPENSES BY PROGRAM



*Starting 2015 Infrastructure includes Northwest Territories Hydro Corporation. Infrastructure in this example is the operations and maintenance portion of the expense, not the capital funds spent on purchasing or constructing infrastructure.

**Prior to 2017 the expenses for the Department of Municipal and Community Affairs and the Northwest Territories Sport and Recreational Council were part of Infrastructure; these expenditures are now included in General Government

The Government spends the majority of its budget on social programs (education, health, support to community Governments, infrastructure and housing), with the remaining budget allocated to justice, natural resources and economic development. Any additional resources to improve a service often have to be made at the expense of other important needs. Balancing a budget entails not only controlling expenses but also finding the most effective and efficient mix of programs.

The following comparisons to budget are based on original plans and do not include supplementary appropriations/or budget adjustments:

- Environment and economic development expense was \$166 million in 2018. This was \$7 million or 4.2% more than budgeted due to forest management wildfire costs.
- Infrastructure expense was \$359 million in 2018. This was \$19 million or 5.1% less than budgeted due to savings in operational expenses including NTPC which had an \$8 million reduction in actual expenses in 2018.
- Education expense was \$350 million in 2018. This was \$12 million or 3.4% more than budgeted due to increased funding from the Canada – NWT agreement and increased spending in Educational Authorities for operational expenses.
- Health, social services and housing expense was \$552 million in 2018. This was \$26 million or 4.5% lower than budgeted due to savings in operational expenses.
- Justice expense was \$125 million in 2018 which is consistent with the budgeted amount.
- General government expense was \$328 million in 2018. This was \$7 million or 2.2% less than budgeted due to the timing of resource revenue transfer to indigenous groups.
- Legislative Assembly and statutory offices expense was \$18 million in 2018. This was \$1 million or 5.0% less than budgeted due to a decrease in pension expense.

GROSS DOMESTIC PRODUCT

Gross Domestic Product (GDP) represents the total unduplicated value of goods and services produced within the geographical boundaries of a country, province or territory, regardless of whether the factors of production involved are resident or non-resident. GDP is presented in chained dollars. Chained dollars are a real measure of GDP meaning pricing effects are excluded providing a direct comparison of the quantity of goods and services produced from year to year; GDP changes because the quantity of goods and services changes. Estimates of GDP are typically expressed at basic prices, which exclude the impact of taxes and subsidies in the estimate.

For the Northwest Territories, Statistics Canada estimated GDP was \$3.9 billion for 2017, which represents a 5.2% increase relative to prior year. This growth was a result of an increase in the diamond mine industry due to the first full year production of a new diamond mine.

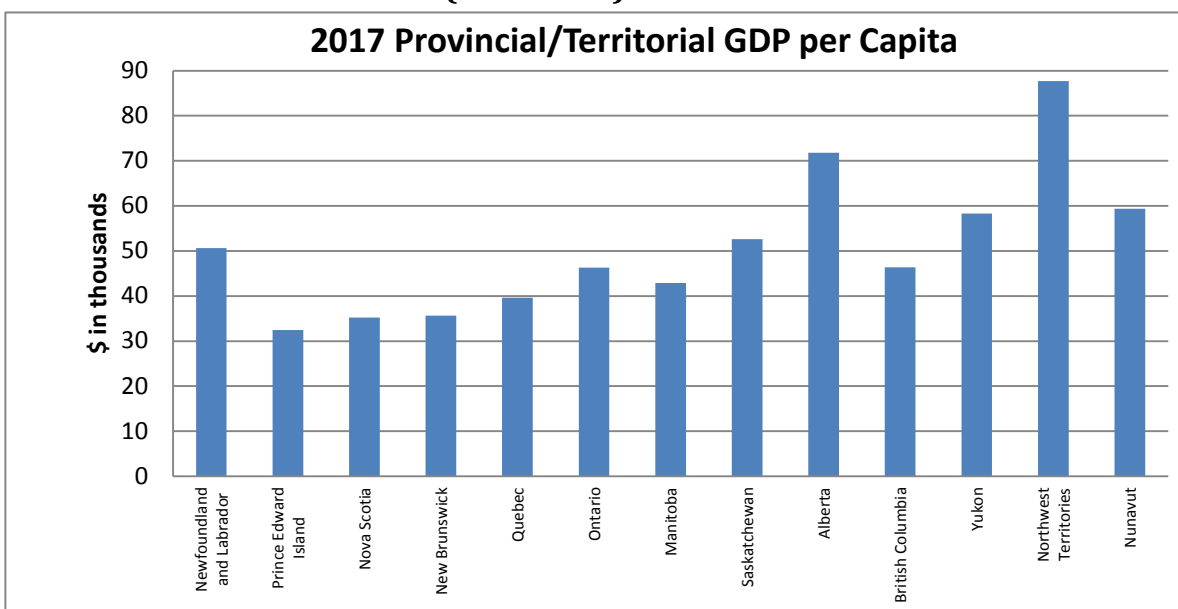
Real Gross Domestic Product at Basic Prices, calendar years 2016 and 2017
Canada, Provinces and Territories
Millions of Chained (2007) Dollars

	2017	2016	Percent Change
Canada	1,740,589	1,684,239	3.3
Northwest Territories	3,941	3,745	5.2
Nunavut	2,228	1,966	13.3
Yukon	2,312	2,345	-1.4
British Columbia	228,195	219,553	3.9
Alberta	304,709	290,613	4.9
Saskatchewan	60,592	58,904	2.9
Manitoba	57,250	55,628	2.9
Ontario	651,932	634,258	2.8
Quebec	328,688	318,868	3.1
New Brunswick	27,363	26,841	1.9
Nova Scotia	33,470	33,066	1.2
Prince Edward Island	4,883	4,733	3.2
Newfoundland and Labrador	26,773	26,221	2.1

Source: Statistics Canada

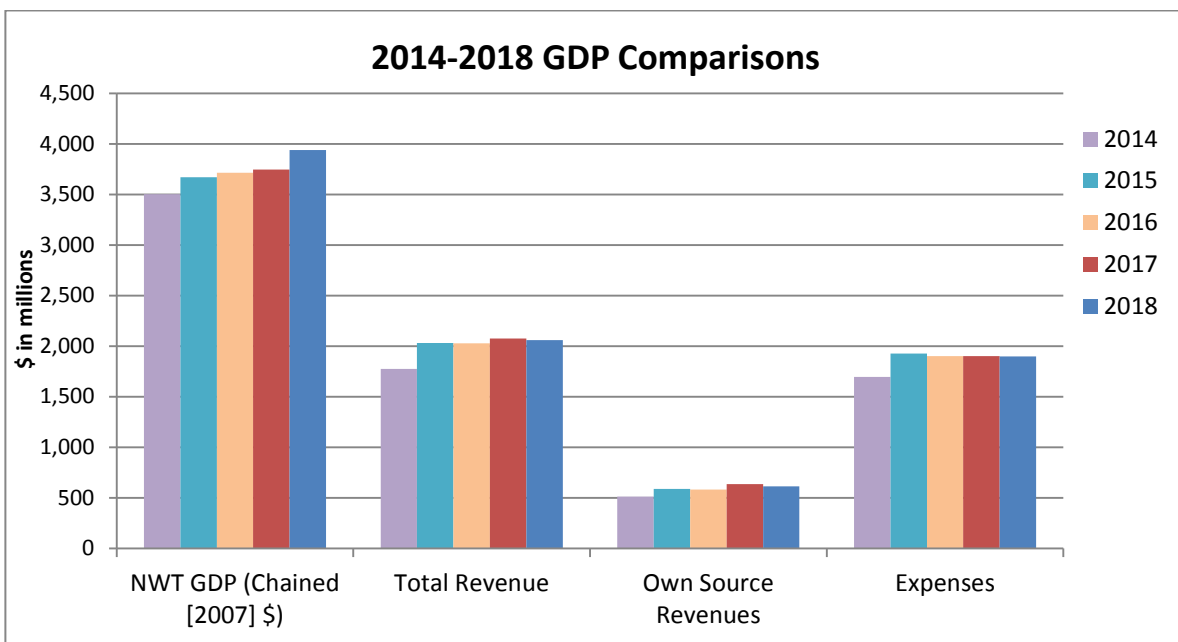
Note: Data will not sum to totals since chained dollars are not additive.

GROSS DOMESTIC PRODUCT (continued)



Based on July 1, 2017 population estimates of Statistics Canada

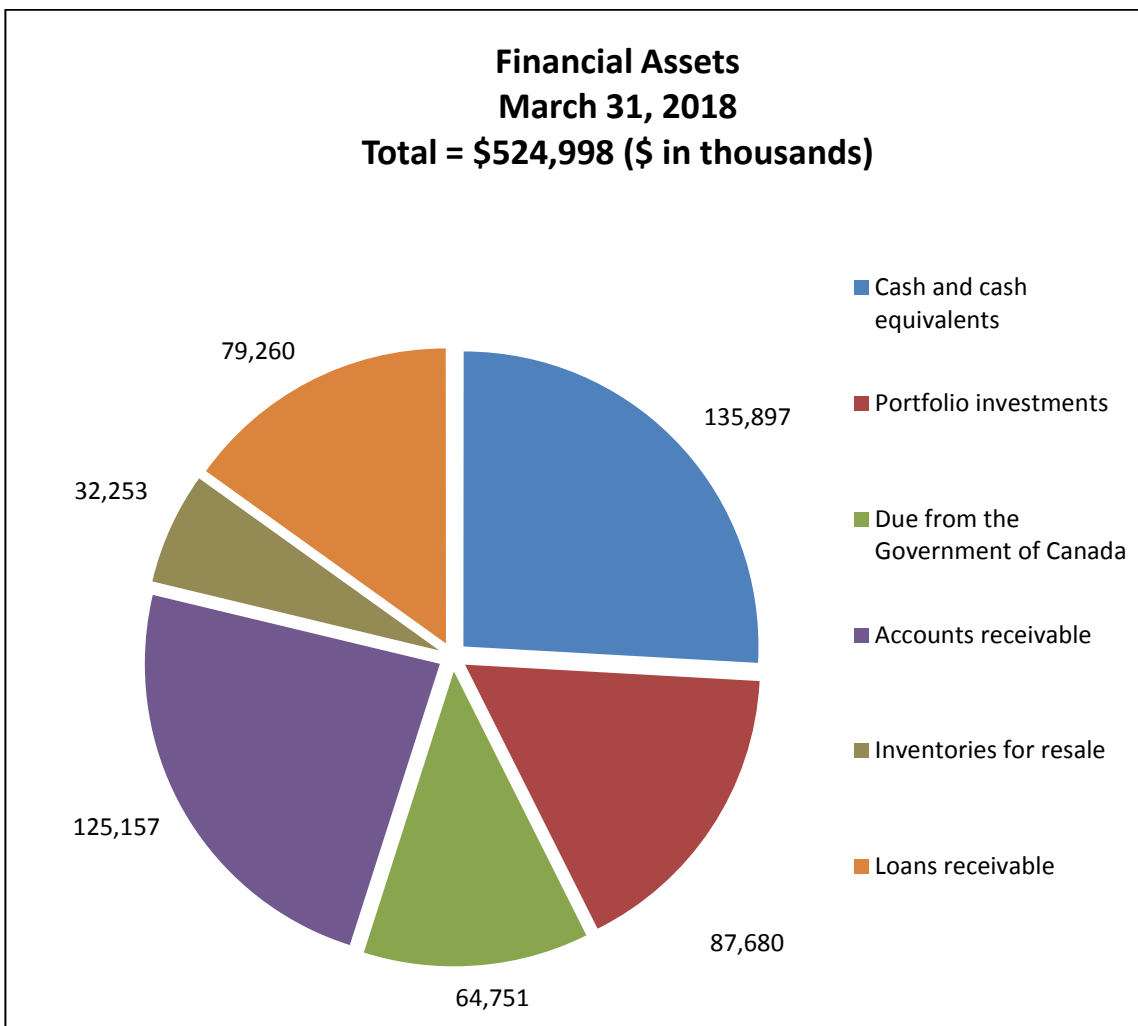
The NWT currently has the highest GDP per capita in Canada. This is an important indicator to note when considering GDP statistics as it shows that while the NWT has a relatively small population our economy is large by comparison.



* NWT GDP is based on a calendar year, while the balance of the information is based on the fiscal yearend (March 31 of the following year).

FINANCIAL POSITION- FINANCIAL ASSETS

Financial assets represent the amount of resources available to the Government that can be converted to cash to meet obligations or fund operations.

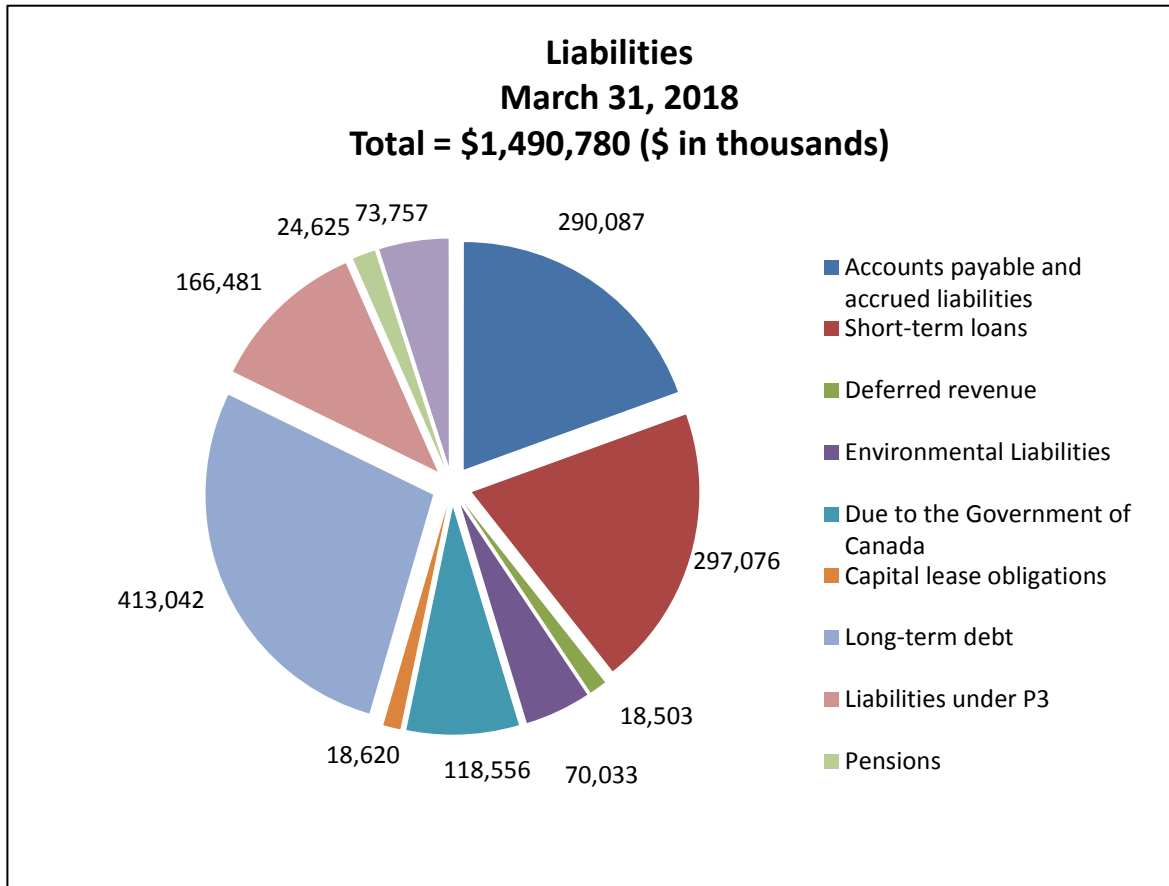


The above graph illustrates the composition of the Government's financial assets.

Approximately 26% of the Government's financial assets are cash. The balance of the financial assets is convertible to cash over time, varying from relatively short-term investments and inventory for resale to long term loans receivable. The balance of the financial assets will, over time, contribute to the Government's ability to discharge its liabilities as depicted on the following page.

FINANCIAL POSITION- FINANCIAL LIABILITIES

Liabilities represent the obligations the Government has to others arising from past transactions or events.



The above graph illustrates the composition of the Government's liabilities.

The Government presently has approximately \$525 million in financial assets available to discharge liabilities of approximately \$1.491 billion. The gap between the Government's financial assets and its liabilities indicates that some of its future revenues will be required to meet these obligations.

Many of the liabilities are not due in the short-term and will be settled at a later date. Non-financial assets will provide cash at a later date, cash/accounts receivable will also generate cash over future years and future generation of revenues will help meet these future obligations.

Environmental Liabilities

Environmental Liabilities are included within the Financial Liabilities disclosed on the preceding page. The nature of the Government's programs and services exposes the Government to costs associated with remediation of any site contamination that occurs as a result of government operations. These costs make up the Environmental Liabilities amount disclosed in the Public Accounts - Section I (note 11). In addition to its own sites, the liability also includes contaminated sites where the Government has accepted responsibility and includes sites resulting from default by a third party. In the case of a third party, the cost of remediation is unrecoverable costs in excess of any security held. A summary of Government's policy with respect to Environmental Liabilities can be found in the Public Accounts - Section I (note 2q).

The process used by the Government to include a contaminated site is based upon PSAS, as well as responsible stewardship. When a site is suspected of contamination, the first step is to determine if there is contamination above an environmental standard. If the investigation determines that an environmental standard has been exceeded and costs to remediate the site will exceed \$50,000, then the site is included within the Government's inventory of contaminated sites.

Only sites that are non-operating or high priority due to the risk to human health or property are assigned a value on the inventory. Before the value can be calculated the Government must first determine the appropriate action to be taken: remediation, monitoring or risk management. The Government's best estimates of the action to be taken are based upon further assessment performed by third parties or from similar remediation actions that Government can rely upon. If no basis exists to estimate full remediation costs, the value of the liability is limited to estimates of the known costs to be incurred for next steps.

Where the costs of remediation may be shared with a third party, such as Canada, only the Government's share of the remediation costs has been recorded.

The Government works to address required remediation of contaminated sites assigned a value in a systematic approach that considers risk, available resources, coordination of efforts and a short summer season.

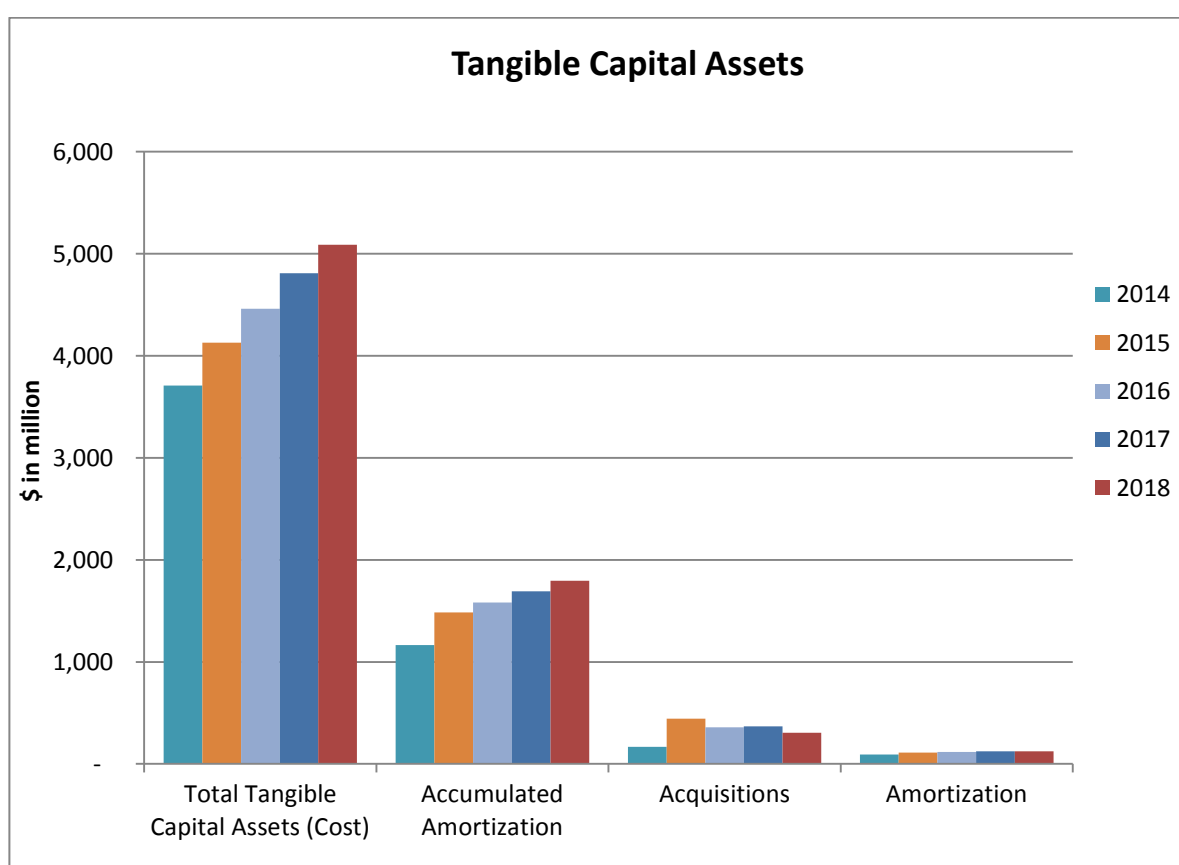
NON- FINANCIAL ASSETS

Non-financial assets typically represent resources that the Government can use to provide services in the future. Non-financial assets consist primarily of tangible capital assets but also include inventories held for use and prepaid expenses.

Tangible Capital Assets

Tangible capital assets include assets purchased or constructed by the Government and assets that were fully or partially contributed to the Government by Canada or other parties. Examples include roads, schools and hospitals.

Under the Government’s capitalization policy, assets valued at \$50,000 or more are capitalized and then expensed as amortization in the Consolidated Statement of Operations based on their estimated useful life.



Tangible capital assets (at cost) do not include adjustments for contributions that may have been received to offset the cost. For further details regarding tangible capital assets refer to Schedule A in the Consolidated Financial Statements included in Section I of the Public Accounts.

The Government plans its capital expenditures to ensure that existing tangible capital assets are replaced or expanded in a timely manner in conjunction with the

Government's direction, priorities and fiscal strategy. The breakdown of capital investment categories is located in Schedule A of the Consolidated Financial Statements.

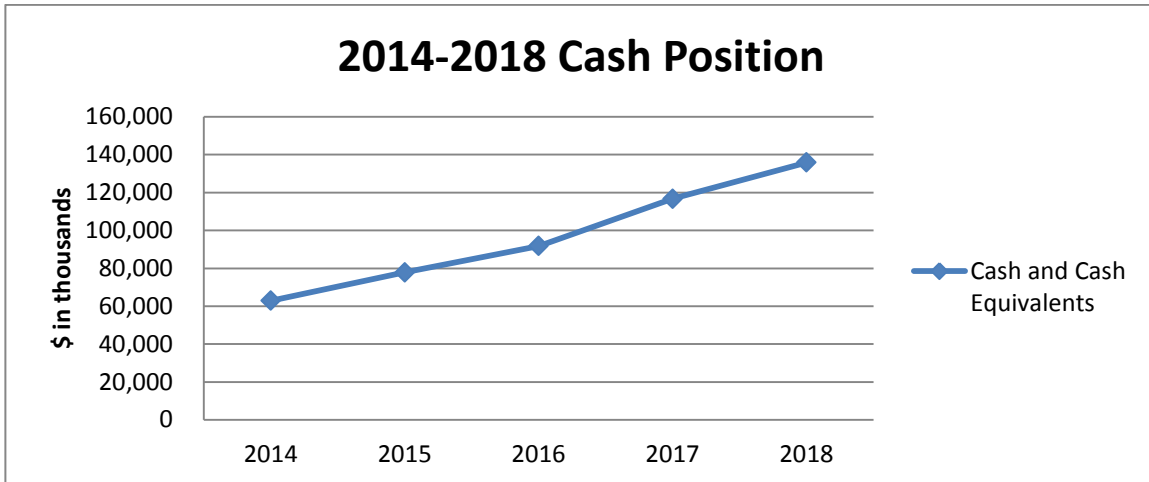
The government invests in infrastructure in three ways:

- By investing in government-owned capital;
- By entering into public private partnerships (P3) agreements; and
- By providing transfers to third parties, including municipalities, for capital purposes. Assets funded in this manner are disclosed as contributions, not as Government capital assets.

The Government is currently investing in tangible capital assets at a level that represents about 50% to 60% of the estimated investment needed for replacement and growth. This illustrates a continued commitment to invest in NWT infrastructure (including education and health care facilities). In the 2018 fiscal year, the Government placed \$273 million worth of new assets into service (2017 - \$251 million). The most significant being the completion of the remaining piece of the Mackenzie Valley Fibre Link (MVFL) P3 and the completion of the Norman Wells Health centre and Long Term Care Facility.

CASH FLOWS

The statement of cash flow reports on the sources and uses of cash during the year. The Government's overall cash position increased by \$19 million; from \$117 million in 2017 to \$136 million in 2018.

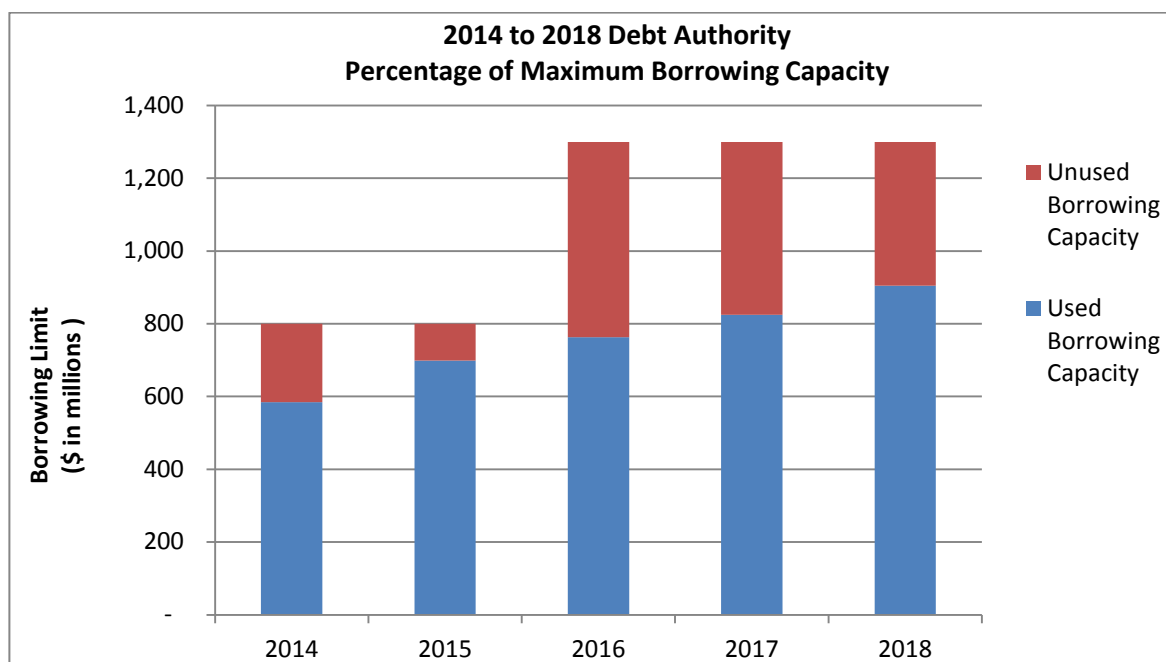


The primary source of cash was operations. Other sources of cash included a disposition of portfolio investments and proceeds from short-term loans. Cash is used to meet operational expenses, reduce liabilities and to pay for the Government's investment in infrastructure. More detail is available on the Statement of Cash Flows within the Section I of the Public Accounts.

LONG-TERM DEBT BORROWING LIMITS

The Government has long recognized that debt is needed in the future to address infrastructure needs. The Government has a Fiscal Responsibility Policy which guides borrowing decisions while ensuring flexibility is provided to plan for its future infrastructure needs. As part of its fiscal management strategy, the Government has obtained a credit rating of Aa1 from Moody's Investors Service to assist in decisions that may be required related to any future debt instruments that the Government may consider. The current Capital Plan includes projects under the Government's P3 policy or projects that will be fully funded by the Government's revenues. There are no approved capital investments that require the Government to issue debt directly.

Consolidated debt, for purposes of the territorial borrowing limit, includes borrowings of all Government organizations that are included within the Consolidated Public Accounts. The borrowing limit is currently \$1.3 billion, as established pursuant to subsection 20(2) of the *Northwest Territories Act*. Additional detail is reflected in the Public Accounts – Section I (note 14).



The NWT requires a significant investment in infrastructure. The Fiscal Responsibility Policy requires the Government to plan for, and achieve sufficient operating surpluses to finance annual infrastructure investments, as well as meet debt servicing payments.

The Fiscal Responsibility Policy makes the Government accountable for its level of borrowing with the establishment of performance measures for debt management

that ensure the total debt of the Government does not exceed the capacity of the Government to repay the debt as it becomes due.

The Fiscal Responsibility Policy establishes seven debt management performance measures which are to be assessed annually in the Public Accounts. The measures are required to be evaluated on a consolidated basis to ensure consideration is given to debt affordability of the entire Government Reporting Entity. The following section discloses this commitment to reporting on these performance measures.

INDICATORS OF FINANCIAL CONDITION

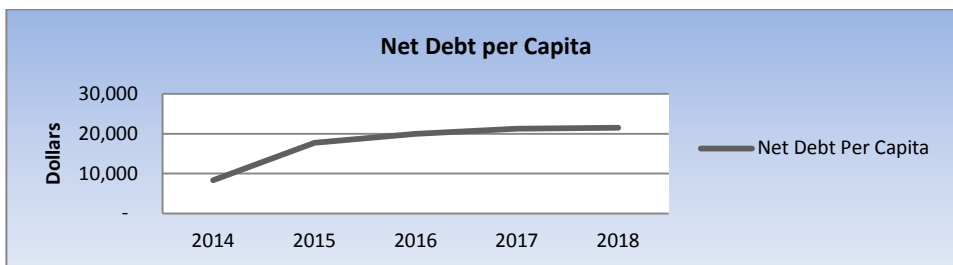
Financial condition describes a government's financial health or its ability to meet its existing financial obligations, both with respect to its service commitments to the public and its financial commitments to creditors, employees and others. The following assessment of the Government's financial condition considers three elements: sustainability, flexibility and vulnerability.

In years prior to 2015 the Consolidated Public Accounts did not include the impact of NT Hydro. NT Hydro has been fully consolidated from fiscal year 2015 and has been contributing to the changes in the data below since that time.

Specific Measures of the Fiscal Responsibility Policy

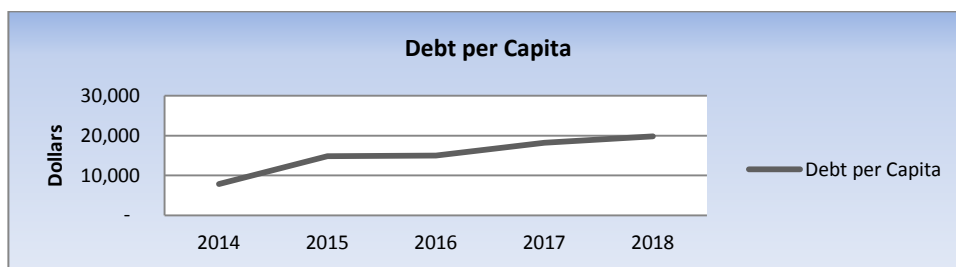
The Government's Fiscal Responsibility Policy requires that the following measures are to be assessed on a *consolidated basis* as part of its determination of the affordability of any proposed increase in its consolidated debt level.

- i) Net debt per capita represents the net debt attributable to each Northwest Territories resident. A decrease in this ratio indicates the debt burden per resident has improved, while an increase means the debt burden per resident has risen.



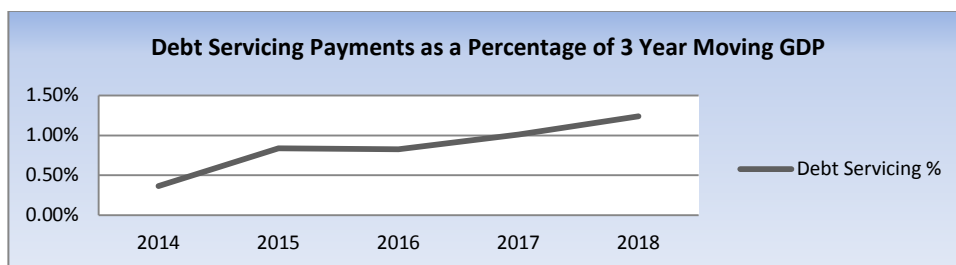
During 2018, net debt for the Northwest Territories increased by 0.8%, from \$21,314 per capita to \$21,492 per capita. The increase is mainly due to the increase in public private partnerships obligations and increase in short term borrowing.

- ii) Debt per capita represents the debt attributable to each Northwest Territories resident. A decrease in this ratio indicates the debt burden per resident has been reduced, while an increase means the debt burden has risen.



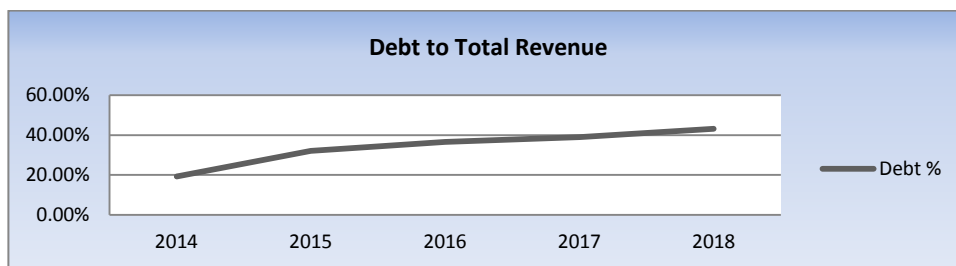
Debt per capita increased by 8.6%; from \$18,230 per capita to \$19,801 per capita. As with net debt per capita, this is mainly due to the increase in P3 obligations and short term loans.

iii) Debt servicing payments (interest and principal) as a percent of 3 year average Northwest Territories GDP is a measure of debt payments in relation to economic growth, where ideally, economic growth exceeds the growth rate of public debt payments. A decreasing ratio reflects a consistent improvement in financial position, while an increase reflects deterioration in the financial position.



Debt servicing payments as a percentage of GDP for the Northwest Territories increased from 1.01% in 2017 to 1.24%, in 2018 due to the first balloon payment for Mackenzie Valley Fibre Link debt servicing of \$10 million.

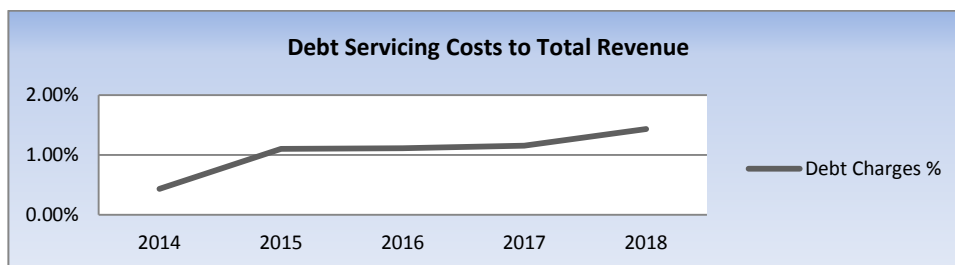
iv) Debt to total revenue is an indicator of the change in debt in proportion to the change in revenue, where decreasing ratios are a positive indicator that the rate of increase in revenue is greater than the rate of increase in debt. A lower debt to revenue ratio indicates higher sustainability, as less time is required to eliminate debt.



The Government's debt to total revenue has increased from 39.06% in 2017 to 43.21% in 2018 mainly due to the increase of public private partnerships

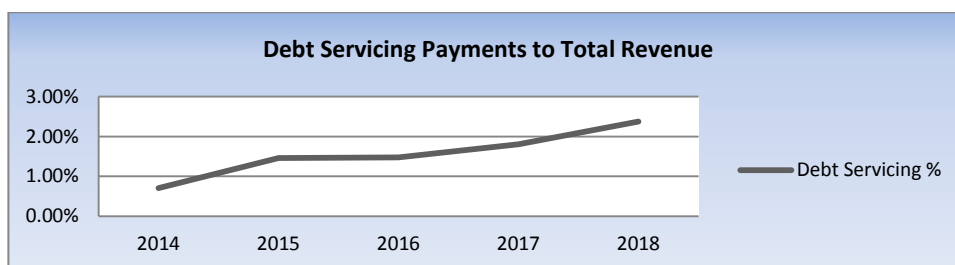
obligations and increase in short term borrowing. An increase in this ratio is slowly occurring as the Government's has stagnant revenue while there has been an increase in debt.

- v) Debt servicing costs (interest) as a percentage of total revenue is a measure of the extent that Government revenues are being applied to debt charges, rather than to programs and services, or tax reduction. A lower debt charges ratio indicates an increased ability to borrow.



Prior to 2015, the Government was in the enviable position of having to expend less than 1% of its total revenues to service its debt load. In 2015, the Government consolidated the Northwest Territories Hydro Corporation and increased debt charges to approximately 1.10% of total revenue and this has further increased to 1.43% during 2018, still a very manageable ratio.

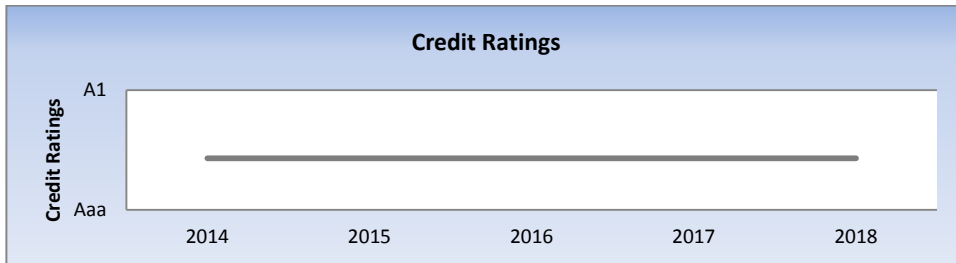
- vi) Debt servicing payments (interest and principal) to total revenue ratio is a measure of the extent that Government revenues are being applied to debt repayment, rather than to programs and services, or tax reduction. A lower debt charges ratio indicates an increased ability to borrow.



Increase from 2014 to 2015 reflects the full consolidation of the Northwest Territories Hydro Corporation in 2015.

The Government's debt servicing payments to total revenue has increased from 1.80% in 2017 to 2.37% in 2018. The economy is not growing at the same rate as public debt. This is often the case when governments invest in large infrastructure projects to stimulate the economy; there can be a lag before an impact is evident.

vii) The Government's credit rating is a measure of sound fiscal policies, adherence to these policies and current and future debt burden with the goal of maintaining the current investment grade rating.



As part of its fiscal management strategy, the Government has obtained a credit rating of Aa1 since 2007.

Compliance with Fiscal Responsibility Policy

In addition to the measures which are required to be monitored under the Fiscal Responsibility Policy there are two additional measures which require assessment to ensure the government was able to meet the full policy requirements.

The policy states the government will restrict infrastructure investments, excluding P3 projects as follows:

- a) A minimum of fifty per cent (50%) from the operating surpluses generated within the *non-consolidated* Public Accounts; and
- b) A maximum of fifty per cent from government debt.

The policy also states that the government must ensure *non-consolidated* debt service payments shall not exceed five per cent (5%) of total non-consolidated annual revenues.

In order to assess if these two policy objectives have been met, it is important to review the information on a *non-consolidated* basis in accordance with the policy. That is, if the Government itself, without including factors from public agencies, generated enough cash during the fiscal year to satisfy these objectives.

Fiscal Responsibility Policy Compliance

(All calculations based on Section II of the Public Accounts - Non Consolidated Financial Statements)

2018 2017

(\$ in Millions)

Policy Provision 6(5)(a)- Debt Servicing Payments

Revenues (Public Accounts - Section II, Schedule A, pg 34)	1,840	1,857
<i>Maximum Debt Servicing Payments- 5% of Revenues</i>	92	93
Debt Servicing Payments		
Short-Term Interest Expense (Public Accounts - Section II, pg 16)	2	2
Deh Cho Bridge (Public Accounts - Section II, pg 20)	10	9
P3 Debt Servicing (Public Accounts - Section II, pg 21)	<u>16</u>	<u>-</u>
Total Debt Servicing Payments	28	11
Actual Debt Servicing Payments as a % of Revenues	1.54%	0.59%

Provision 6(3)- Infrastructure Financing

Capital Acquisitions (Public Accounts - Section II, Schedule 4, pg 45)	260	323
Less: P3 Items- Out of Scope (Public Accounts - Section II, pg 21)		
Mackenzie Valley Fibre Link P3 (Finance)	-	(26)
Stanton Territorial Hospital P3 (Health and Social Services)	<u>(35)</u>	<u>(37)</u>
<i>Cash Required for Infrastructure Investment Expenditures</i>	225	260

Operating Cash Required

Minimum cash required from operating surplus (50% of Acquisitions less out of scope items)	113	130
Debt Servicing Payments	<u>28</u>	<u>11</u>
Total Operating Cash Requirement	141	141

Operating Cash Available

Operating Surplus (Public Accounts - Section II, Statement of Operations, pg 2)	127	155
Add Non Cash Item - Amortization (Public Accounts - Section II, Statement of Cash Flow, pg 4)	<u>95</u>	<u>89</u>
Total Operating Cash Available	222	244

Operating Cash Generated Exceeding 50% of Capital Acquisitions

Cash Required for Infrastructure Investment Expenditures	225	260
Total Operating Cash Available	<u>222</u>	<u>244</u>
Borrowing Requirement for Infrastructure	3	16

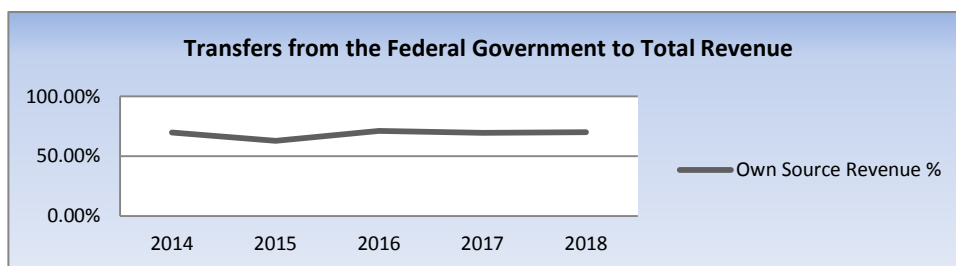
Conclusion

The parameters of the Fiscal Responsibility Policy have again been met for the 2018 fiscal year. Non-consolidated debt servicing costs are 1.54% of non-consolidated annual revenue, which is less than the 5% limit. Total operating cash required under the FRP was \$141 million, while the government was able to generate operating cash of \$222 million during the year.

Compared to the total cash required for infrastructure investments less any P3 projects of \$225 million, the government then was required to borrow a modest \$3 million to fund this high level of investment.

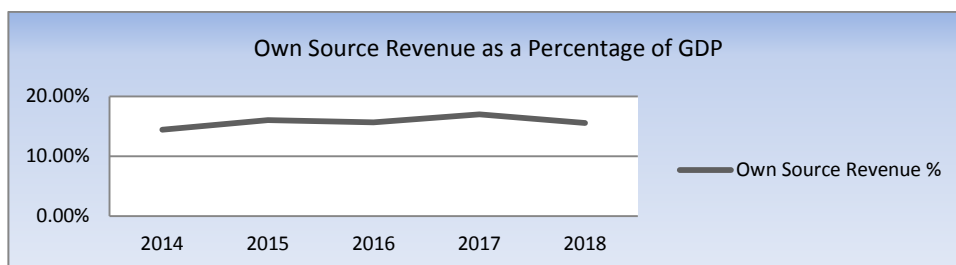
OTHER FINANCIAL INDICATORS

- i) Transfers from the federal government as a percentage of total revenue is an indicator of the degree of vulnerability the Government has as a result of relying on federal government transfers. A decreasing ratio typically reflects that a Government is less reliant on transfers to fund its programs, making it less vulnerable.



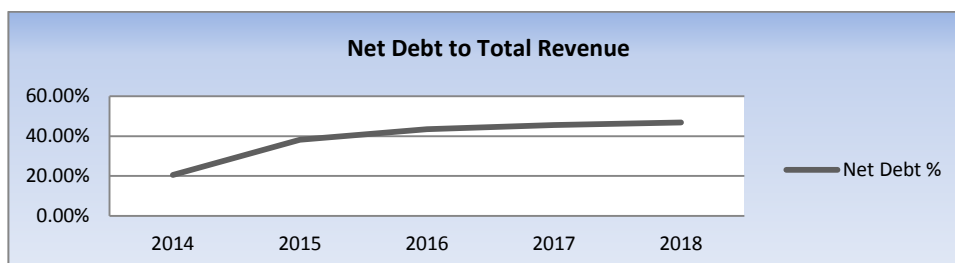
In 2018, 70% of total revenue came from federal government transfers. The total share of own source revenue has remained fairly stable over the past several years resulting in a continued reliance on the Territorial Formula Financing Grant from Canada.

- ii) Own source revenue to GDP measures the extent to which the Government is taking income out of the economy. An increase in this ratio indicates that the Government’s own source revenue is growing faster than the economy, reducing the flexibility to increase revenue without slowing the growth of the economy.



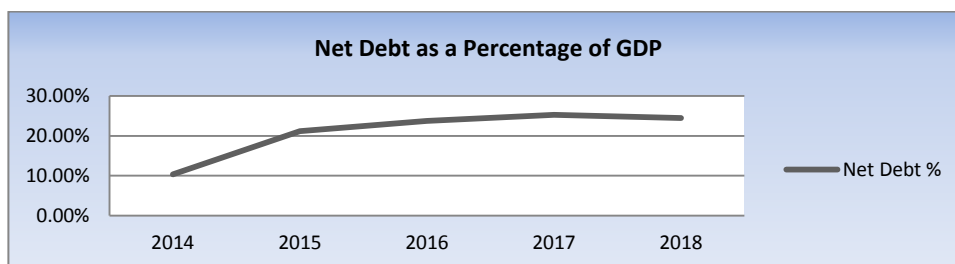
As indicated in the graph above, own source revenue as a percentage of GDP has remained relatively stable over the last five years.

iii) Net debt to total revenue is an indicator of the change in debt in proportion to the change in revenue, where decreasing ratios are a positive indicator that the rate of increase in revenue is greater than the rate of increase in debt. A lower net debt to revenue ratio indicates higher sustainability, as less time is required to eliminate net debt.



The Government's net debt to total revenue has increased from 45.67% in 2017 to 46.90% in 2018 mainly due to the increase of public private partnership obligations and increase in short term borrowing. An increase in this ratio is slowly occurring as the Government's has stagnant revenue while there has been an increase in debt.

iv) Net debt as a percentage of the Territories GDP is a measure of debt growth in relation to economic growth, where ideally, economic growth exceeds the growth rate of public debt. A decreasing ratio reflects a consistent improvement in financial position.



During 2018, net debt for the Northwest Territories decreased as a percentage of GDP from 25.31% to 24.50%.

RISKS AND UNCERTAINTIES

The government is subject to risks and uncertainties that arise from variables which the government cannot directly control. These risks and uncertainties include:

- Changes in economic factors such as economic growth or decline, commodity and non-renewable resource prices, inflation, interest rates, marketplace competition, population change, personal income and retail sales;
- Exposure to interest rate risk, credit risk, and liquidity risk;
- Changes in transfers from the federal government;
- Utilization of government services;
- Other unforeseen developments including unusual weather patterns and nature and other disasters;
- Criminal or malicious attacks, both cyber and physical in nature, potentially resulting in business interruption, privacy breach and loss of, or damage to, information, facilities and equipment;
- Identification and quantification of environmental liabilities;
- Factors that could hinder the safe delivery of products and services;
- Outcomes from litigation, arbitration and negotiations with third parties;
- Changes in reported results where actual experience may differ from initial estimates as discussed in the Public Accounts – Section I (note 2) and
- Changes in accounting standards.

The Government uses a number of forecasts from banks and private industry when developing the underlying assumptions for fiscal forecasts both in budget development and throughout the fiscal year.

For the Government to meet its challenges of growth and remain competitive, attention is directed towards maintaining and investing in the Territories' infrastructure to allow for continued future growth.

PUBLIC PRIVATE PARTNERSHIPS

The Government is currently involved in two P3 projects:

1. Mackenzie Valley Fibre Link (MVFL)

The Government entered into an agreement with Northern Lights General Partnership (NLGP) on October 30, 2014 to design, build, operate and maintain 1,154 km of high-speed fiber optic telecommunications cable from McGill Lake to Inuvik. Construction completed in March 2017 with service commencement in June 2017 with the NLGP operating and maintaining the system until 2037. The total cost of construction was \$95 million. This project has operations and maintenance costs of \$3 million per year which will total \$64 million for the duration of the contract, before indexing for the CPI.

The MVFL will support more efficient and effective delivery of government programs and services such as health care and education to the communities. It will also provide new opportunities for business, including in the e-commerce and high-tech sectors, and allow for the expansion of the Inuvik Satellite Station Facility.

(\$ in 000's)	2014-15	2015-16	2016-17	2017-18	Total
Project Expenditures					
Government	4,135	-	-	-	4,135
P3 Partner	26,582	38,425	25,893	-	90,900
Total Expenditures	30,717	38,425	25,893	-	95,035
Portion of asset put into service			(66,212)	(28,823)	(95,035)
Project cost not yet in service	35,935	69,235	28,823	-	-

2. Stanton Renewal Project (Stanton)

The Government entered into an agreement with Boreal Health Partnership (BHP) on September 22, 2015 to design, build, operate and maintain the Government's new Territorial hospital. Construction is to be completed in November 2018 with BHP operating and maintaining the new facility until 2048. The total cost of construction is \$292 million, with 60% of the construction cost financed by the Government and 40% financed by BHP. The amount partially financed by BHP is payable starting at the in-service date over a thirty year term. Upon completion, there will be operations and maintenance costs of \$8 million per year, totaling \$229 million for the duration of the contract, before indexing for the CPI.

The Stanton Renewal Project was put in place to replace the existing Stanton Territorial Hospital in Yellowknife. The project is the largest ever undertaken by the Government and residents of the NWT will benefit from

a state of the art hospital built to current national standards. The new 280,000 square-foot facility will have a larger enhanced emergency department and medical laboratory; enhanced additional space for diagnostic imaging and improved medical technology to modernize hospital operations. It will also have additional space for ambulatory care including specialist clinics, medical day care and dialysis; and more space for support services such as sterile reprocessing and biomedical engineering.

(\$ in 000's)	2015-16	2016-17	2017-18	2018-19	Total at March 31, 2018	Project Budget
Projected Expenditures						
Government	27,000	68,200	56,900	TBD	152,100	
P3 Partner	13,700	37,400	35,400	TBD	86,500	
Total Projected Expenditures	40,700	105,600	92,300		238,600	350,000
Portion of asset put into service	-	-	-			
Project cost not yet in service	40,700	105,600	92,300			

Additional detail on P3's is reflected in the Public Accounts – Section 1 (notes 15 and 19)

3. Tlìcho All-Season Road

On January 11, 2017 the federal government announced conditional funding for the Tlìchò All-season Road through the P3 Canada Program, with Canada providing up to 25 per cent of construction costs.

All-season roads are critical to adapting the NWT transportation system to the impacts of climate change, helping support more reliable infrastructure. By replacing the southern section of the existing winter road serving the region, the Tlìchò All-season Road will not only provide year-round access to Whatì but will also increase the window of access to the communities of Gamètì and Wekweètì.

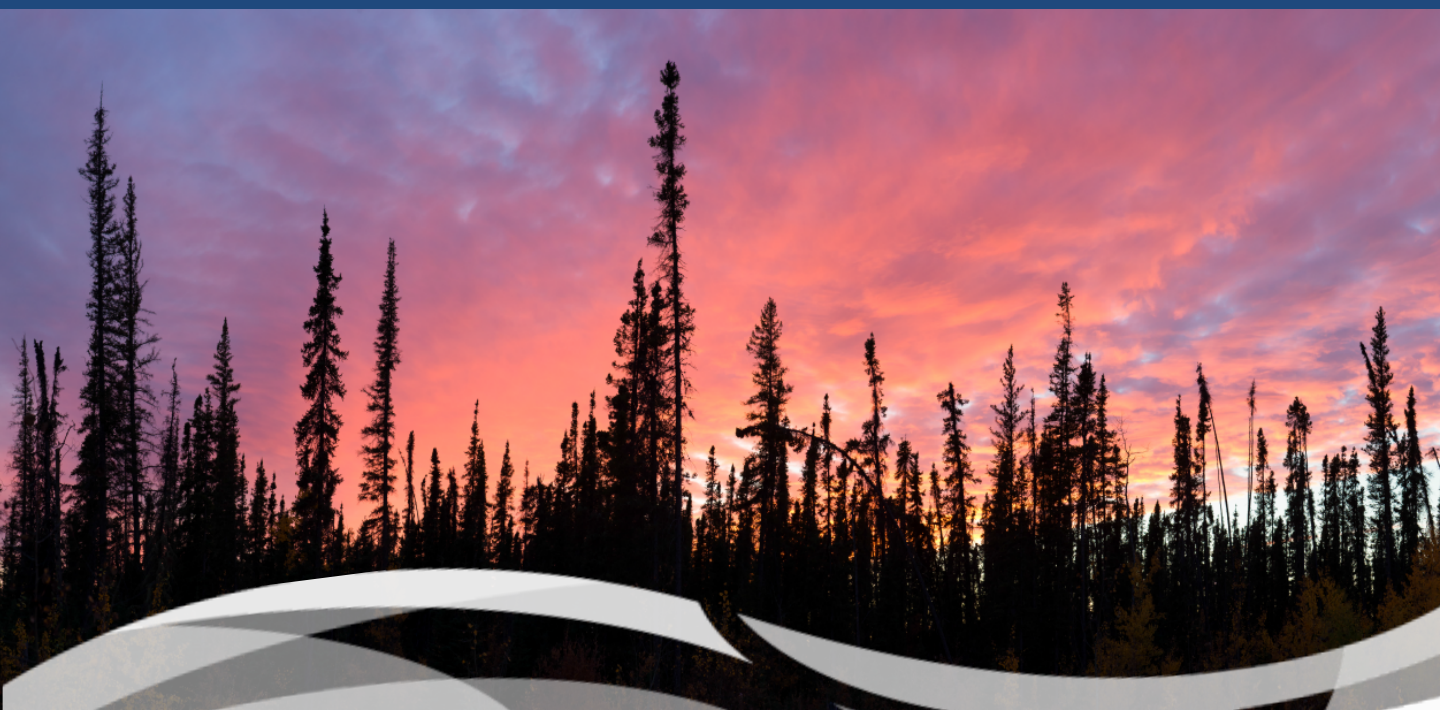
This project will maximize the involvement of Northern businesses. Road construction and maintenance will result in employment and training opportunities for Tlìchò and Northern residents. It is anticipated that the contract will be a 29 year contract, with 4 years of construction and 25 years of operations. Preferred Proponent is anticipated to be announced in November 2018 and financial close taking place in February 2019.

(\$ in 000's)	2015-16	2016-17	2017-18	2018-19	Total
Project Expenditures					
Government	279	2,271	4,682	TBD	7,232
P3 Partner	-	-	-	TBD	-
Total Projected Expenditures	279	2,271	4,682	TBD	7,232
Portion of asset put into service	-	-	-		
Project cost not yet in service	279	2,550	7,232	TBD	

COMPLETION OF ENTITIES CONSOLIDATED WITHIN THE PUBLIC ACCOUNTS

The following table lists the consolidated entities and completion date of their audited financial statements.

Entity	Due Date	Extension Due Date	Completion Date
Beaufort Delta Divisional Education Council	28-Sept-17		04-Aug-17
Commission scolaire francophone Territoires du Nord-Ouest	28-Sept-17		18-Sept-17
Dehcho Divisional Education Council	28-Sept-17		30-Sept-17
Dettah District Education Authority	28-Sept-17		21-Sept-17
N'dilo Divisional Education Council	28-Sept-17		15-Sept-17
Sahtu Divisional Education Council	28-Sept-17		27-Sept-17
South Slave Divisional Education Council	28-Sept-17		28-Jul-17
Yellowknife Catholic Schools	28-Sept-17		12-Sept-17
Yellowknife No.1 District Education Authority	28-Sept-17		12-Sept-17
Aurora College	28-Sept-17	27-Nov-17	22-Nov-17
Northwest Territories Health and Social Services Authority	29-Jun-18	28-Aug-18	28-Aug-18
Hay River Health and Social Services Authority	29-Jun-18		26-Jun-18
Tlicho Community Services Agency	29-Jun-18		29-Jun-18
Arctic Energy Alliance	29-Jun-18		19-Jun-18
Northwest Territories Hydro Corporation	29-Jun-18		26-Jun-18
Northwest Territories Business Development and Investment Corporation	29-Jun-18	28-Aug-18	27-Aug-18
Northwest Territories Housing Corporation	29-Jun-18	28-Aug-18	28-Aug-18
Northwest Territories Human Rights Commission	29-Jun-18		13-Jul-18
Inuvialuit Water Board	29-Jun-18		15-Jun-18
Northwest Territories Sport and Recreation Council	29-Jun-18		25-Jun-18
Status of Women Council of the Northwest Territories	29-Jun-18		31-May-18
Northwest Territories Surface Rights Board	29-Jun-18		14-Jun-18



Public Accounts 2017-2018

Section II

NON-CONSOLIDATED FINANCIAL STATEMENTS



Government of
Northwest Territories

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2018

SECTION II
NON-CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

HONOURABLE ROBERT C. MCLEOD

Minister of Finance

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Government of the Northwest Territories**Non-Consolidated Statement of Financial Position (unaudited)**

as at March 31, 2018

(thousands of dollars)

	2018 Actual \$	2017 Actual \$
Financial assets		
Cash and designated assets (note 3)	-	9,110
Portfolio investments (note 3)	31,864	30,686
Accounts receivable (note 4)	219,095	186,708
Due from the Government of Canada (note 10)	52,697	34,378
Inventories (note 5)	31,772	27,721
Loans receivable (note 6)	45,454	49,308
	380,882	337,911
Liabilities		
Bank overdraft (note 3)	13,798	-
Short-term loans (note 7)	297,076	234,807
Accounts payable and accrued liabilities (note 8)	246,592	250,486
Deferred revenue (note 9)	17,470	18,799
Due to the Government of Canada (note 10)	117,944	125,415
Environmental liabilities (note 11)	50,595	53,695
Capital lease obligations (note 12)	949	1,834
Long-term debt (note 13)	177,731	178,872
Liabilities under public private partnerships (note 14)	166,481	142,081
Pensions (note 15)	36,987	34,843
Other employee future benefits and compensated absences (note 16)	33,822	39,744
	1,159,445	1,080,576
Net Debt	(778,563)	(742,665)
Non-financial assets		
Tangible capital assets (schedule C)	2,581,152	2,424,348
Inventory held for use (note 5)	279	136
Prepaid expenses	11,345	5,278
	2,592,776	2,429,762
Accumulated surplus	1,814,213	1,687,097

Contractual obligations, rights, guarantees and contingencies (notes 19 and 20)

Approved:Robert C. McLeod
Minister of FinanceJamie Koe, CPA, CGA
Comptroller General

The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Operations and Accumulated Surplus (unaudited)

for the year ended March 31, 2018

(thousands of dollars)

	2018 Main Estimates (note 1b) \$	2018 Actual \$	2017 Actual \$
Revenues			
Revenues by source (schedule A)	1,856,038	1,839,823	1,856,515
Recoveries of prior years expenses (schedule 3)	3,000	15,394	13,728
	1,859,038	1,855,217	1,870,243
Expenses (schedule B)			
Environment and Economic Development	173,319	155,039	149,887
Infrastructure	242,419	270,249	267,955
Education	315,279	327,670	320,910
Health, Social Services and Housing	423,457	445,682	523,421
Justice	123,417	125,477	127,289
General Government	389,699	385,107	307,063
Legislative Assembly and statutory offices	19,336	18,377	18,379
	1,686,926	1,727,601	1,714,904
Annual operating surplus	172,112	127,616	155,339
Petroleum Products Stabilization Fund Net surplus (loss) for the year (note 17)	(100)	(500)	183
Projects on behalf of the Government of Canada, Nunavut and Others (schedule 10)			
Expenses	(73,546)	(105,495)	(84,299)
Recoveries	73,546	105,495	84,299
Annual surplus	172,012	127,116	155,522
Accumulated surplus at beginning of year	1,687,097	1,687,097	1,531,575
Accumulated surplus at end of year	1,859,109	1,814,213	1,687,097

The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.

Government of the Northwest Territories**Non-Consolidated Statement of Change in Net Debt (unaudited)**

for the year ended March 31, 2018(thousands of dollars)

	2018 Main Estimates (note 1b) \$	2018 Actual \$	2017 Actual \$
Net debt at beginning of year	(742,665)	(742,665)	(666,494)
Items affecting net financial resources:			
Annual surplus for the year	172,012	127,116	155,522
Change in tangible capital assets, net book value (schedule C)	(139,792)	(156,804)	(232,153)
Change in inventory held for use	-	(143)	-
Change in prepaid expenses	-	(6,067)	460
Net debt at end of year	(710,445)	(778,563)	(742,665)

The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Cash Flow (unaudited)

for the year ended March 31, (thousands of dollars)	2018 \$	2017 \$
--	------------	------------

Cash provided by (used in)

Operating transactions

Annual surplus for the year*	127,116	155,522
Items not affecting cash:		
Provision for bad debts and forgivable loans	1,377	701
Recoveries of forgivable loans	(481)	(1,550)
Amortization of tangible capital assets	94,959	89,129

	222,971	243,802
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Changes in non-cash assets and liabilities:

Change in due to (from) Canada	(25,790)	17,264
Change in other financial assets	(33,763)	6,411
Change in other financial liabilities	(2,664)	25,387
Change in prepaid expenses	(6,067)	460
Change in inventories held for use	(143)	-
Change in inventories for resale	(4,051)	86

Cash provided by operating transactions	150,493	293,410
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Investing transactions

Designated cash and investments purchased	(12,043)	(4,195)
Designated cash and investments sold	10,865	3,852
Loans receivable receipts	4,334	1,042

Cash provided by investing transactions	3,156	699
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Capital transactions

Acquisition of tangible capital assets	(234,052)	(267,761)
Disposal of tangible capital assets (net)	8,252	2,132

Cash used for capital transactions	(225,800)	(265,629)
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Financing transactions

Acquisition (repayment) of short-term financing	62,269	(9,996)
Acquisition (repayment) of capital lease obligations	(885)	544
Acquisition (repayment) of long-term financing	(12,141)	404

Cash provided by (used for) financing activities	49,243	(9,048)
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Increase (decrease) in cash	(22,908)	19,432
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Cash at beginning of year	9,110	(10,322)
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Cash at end of year	(13,798)	9,110
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*Total interest paid during the year \$13,298 (2017- \$10,156)

The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

1. AUTHORITY, OPERATIONS AND REPORTING ENTITY

(a) Authority and reporting entity

The Government of the Northwest Territories (the Government) operates under the authority of the *Northwest Territories Act* (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

The Government prepares consolidated financial statements. They are presented in Section I of the Public Accounts and provide an accounting of the full nature and extent of the financial affairs and resources for which the Government is responsible. The reporting entity is defined in those statements. These financial statements have been prepared on a non-consolidated basis to show the operating results of the Government separate from the entities included in the consolidated financial statements.

These financial statements include the assets, liabilities and operating results of the Government and its revolving funds. Revolving funds are established by the Government to provide the required working capital to deliver goods and services to the general public and to Government departments.

The following related Territorial Crown Corporations, boards and agencies are included in these statements only to the extent of the Government's contributions to, or revenues from, them:

- Arctic Energy Alliance
- Aurora College
- Divisional Educational Councils and District Education Authorities
- Health and Social Services Authorities
- Inuvialuit Water Board
- Northwest Territories Business Development and Investment Corporation
- Northwest Territories Heritage Fund
- Northwest Territories Housing Corporation
- Northwest Territories Human Rights Commission
- Northwest Territories Hydro Corporation
- Northwest Territories Sport and Recreation Council
- Northwest Territories Surface Rights Board
- Status of Women Council of the Northwest Territories
- Tlicho Communities Services Agency

(b) Main estimates

The main estimates are the appropriations approved by the Legislative Assembly. They represent the Government's original fiscal plan for the year and do not reflect Supplementary Appropriations.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

The more significant management estimates relate to environmental liabilities, contingencies, revenue accruals, allowance for doubtful accounts for accounts receivable, valuation allowances for loans receivable, and amortization expense. Other estimates, such as the Canada Health Transfer, Canada Social Transfer payments, Corporate and Personal Income Tax revenues are based on estimates made by the Government of Canada's Department of Finance and are subject to adjustments in future years.

(b) Cash

Cash is comprised of bank account balances, net of outstanding cheques and short-term highly liquid investments that are readily convertible to cash with a maturity date of 90 days or less from the date of acquisition.

(c) Portfolio investments

Portfolio investments are long-term investments in organizations that do not form part of the government reporting entity and are accounted for by the cost or amortized cost method. Such investments are normally in shares and bonds of the investee. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss and it is included as a component of investment income. Interest income is recorded on the accrual basis, dividend income is recognized as it is declared, and capital gains and losses are recognized when realized.

(d) Inventories

Inventories for resale consist mainly of bulk fuels and liquor products. Bulk fuels are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at the lower of cost and net realizable value. Inventories held for use are valued at the lower of cost, determined on a first in, first out basis and net replacement value. Impairments, when recognized, result in write-downs to net realizable value.

(e) Loans receivable

Loans receivable and advances are stated at the lower of cost and net recoverable value. Valuation allowances, determined on an individual basis, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements and are adjusted annually to reflect the current circumstances by recording write downs or recoveries, as appropriate. Write downs are recognized when the assets have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written down are subsequently collected. Interest revenue is recorded on an accrual basis. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the Government as they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Government unless they are sold.

(g) Tangible capital assets and leases

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year, original cost exceeds \$50 and are intended to be used on an ongoing basis for delivering programs and services. Individual assets less than \$50 are expensed when purchased. Tangible capital assets (TCA) are recorded at cost (including qualifying interest expense), or where actual cost is not available, estimated current replacement cost discounted back to the acquisition date. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, and directly attributable interest. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use in producing goods or services. Assets, when placed in service are amortized on a straight line basis over their estimated useful life as follows:

Asset category	Amortization period
Land	Not amortized
Roads and bridges	75 years or less
Barges and Tugboats	70 years or less
Airstrips and aprons	40 years or less
Buildings	40 years or less
Ferries	25 years or less
Fences	20 years or less
Signs	20 years or less
Aircrafts	20 - 40 years
Network Transmission systems	20 - 40 years
Fuel distribution systems	15 - 40 years
Park improvements	10 - 40 years
Water/sewer works	15 - 25 years
Mainframe and software systems	5 - 10 years
Mobile and heavy equipment	7 - 15 years
Major equipment	5 - 15 years
Medical equipment	5 - 15 years
Leasehold improvements	Lesser of useful life or lease term plus renewal option

The estimate of the useful life of tangible capital assets is reviewed on a regular basis and revised where appropriate on a prospective basis. The remaining unamortized portion of a tangible capital asset may be extended beyond its original estimated useful life when the appropriateness of such a change can be clearly demonstrated.

Write-downs and write-offs of tangible capital assets are recognized whenever significant events and changes in circumstances and use suggest that the asset can no longer contribute to program or service delivery at the level previously anticipated. A write-down is recognized when a reduction in the value of the asset can be objectively measured. A write-off is recognized when the asset is destroyed, stolen, lost, or obsolete to the Government.

Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service. Capital lease agreements are recorded as a liability and a corresponding asset based on the present value of the minimum lease payments, excluding executory costs. The present value is based on the lower of the implicit rate or the Government's borrowing rate at the time the obligation is incurred. Operating leases are charged to expenses. All intangibles, works of art, and items inherited by right of Crown, such as Crown lands, forests, water and mineral resources are not recognized in these financial statements.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Pensions and other employee future benefits and compensated absences

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates, or when actuarial assumptions change, the adjustments are amortized on a straight line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on variety of factors including place of hire, date employment commenced, and the reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits has been prepared using data provided by management and assumptions based on management's best estimates.

(i) Contractual obligations and contingent liabilities

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating, commercial and residential leases, and capital projects. Contractual obligations are obligations of a government to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of the Government are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated or if the occurrence of the confirming future event is not determinable, the contingent liability is disclosed.

(j) Contractual rights and contingent assets

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future revenues. Contractual rights pertain to rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future when the terms of contracts or agreements are met.

The contingent assets of the Government are potential assets which may become actual assets when one or more future events occurs or fails to occur. If the future event is considered likely to occur and is quantifiable, an estimated asset is accrued. If the occurrence of the confirming future event is likely but the amount of the asset cannot be reasonably estimated or if the occurrence of the confirming future event is not determinable, the contingent asset is disclosed.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using the average exchange rate for the day, except for hedged foreign currency transactions which are translated at exchange rates established by the terms of the forward exchange contracts. All exchange gains and losses are included in net income for the year according to the activities to which they relate.

(l) Projects on behalf of third parties

The Government undertakes projects for the Government of Canada, the Government of Nunavut and others. Where the agreement allows, the Government receives accountable advances and any unexpended balances remaining at year-end are recorded as liabilities in accounts payable and accrued liabilities or due to Canada, as applicable. Recoveries are accrued when expenses as allowed under the project contract, exceed advances and are recorded as receivables in accounts receivables or due from Canada.

(m) Grant from the Government of Canada

Under *Federal-Provincial Fiscal Arrangements Act* (Canada), the Grant from the Government of Canada is calculated based on Territorial Formula Financing as the Gross Expenditure Base, offset by eligible revenues, which are based on a three-year moving average, lagged two years, of representative revenue bases at national average tax rates. Population growth rates and growth in provincial/local government spending are variables used to determine the growth in the Gross Expenditure Base. The Grant is calculated once for each fiscal year and is not revised, with all payments flowing to the Government prior to the end of the fiscal year.

(n) Transfer payments

Transfers from the federal government are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

(o) Taxes, regulatory, resource, and general revenues

Corporate and Personal Income tax revenue are recognized on an accrual basis, net of any tax concessions. Income tax is calculated net of tax deductions and credits allowed under the *Income Tax Act* (Canada). If an expense provides a financial benefit other than a relief of taxes, it is classified as a transfer made through the tax system. If an expense provides tax relief to a taxpayer and relates to revenue, this expense is considered a tax concession and is netted against tax revenues. Taxes, under the *Income Tax Act* (Canada), are collected by the Government of Canada on behalf of the Government under a tax collection agreement. The Government of Canada remits Personal Income taxes monthly throughout the year and Corporate Income tax monthly over a six month period beginning in February. Payments are based on Canada's Department of Finance's estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Income tax estimates, determined by the Government of Canada, combine actual assessments with an estimate that assumes that previous years' income tax allocations will be sustained and are subject to revisions in future years. Differences between current estimates and future actual amounts can be significant. Any such differences are recognized when the actual tax assessments are finalized.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Taxes, regulatory, resource, and general revenues (continued)

Regulatory revenues, which are part of general revenues, are recognized on an accrual basis and include revenues for fines, fees, licenses, permits, and registrations. Amounts received prior to the end of the year, which relate to revenues that will be earned in a subsequent year, are recorded as deferred revenues and are recognized as revenue when earned.

Resource revenues are recognized on an accrual basis and include mineral, quarry, oil and gas, and water revenues as defined in the Northwest Territories Lands and Resources Devolution Agreement. Mineral and quarry revenues are collected under the authority of the *NWT Lands Act*, water revenues are collected under the authority of the *Water Act* and oil and gas revenues are collected under the authority of the *Petroleum Resources Act*. The Government is entitled to 50 percent of the resource revenues collected (which is referred to as the net fiscal benefit), up to a maximum amount based on a percentage of the Gross Expenditure Base under Territorial Formula Financing. The Government of Canada will deduct its share of the resource revenues collected by the Government (the remaining amount) from the Territorial Formula Financing Grant (*note 2(m)*) payable to the Government two years hence. The Government has also committed to sharing up to 25 percent of the net fiscal benefit with Aboriginal governments that are signatories to the Northwest Territories Lands and Resources Devolution Agreement as per the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*.

Fuel, tobacco, payroll and property taxes are levied under the authority of the *Petroleum Products Tax Act*, the *Tobacco Tax Act*, the *Payroll Tax Act*, and the *Property Assessment and Taxation Act*, respectively. Fuel and tobacco tax revenues are recognized on an accrual basis, based on statements received from collectors. Payroll tax is recognized on an accrual basis, based on payroll tax revenues of the prior year. Property tax and school levies are assessed on a calendar year basis and are recognized in the fiscal year in which the billing occurs. Adjustments arising from reassessments are recorded in revenue in the year they are identified. All other revenues are recognized on an accrual basis.

(p) Expenses

Grants and contributions are recognized as long as the grant or contribution is authorized and eligibility criteria have been met. Grants and contributions include transfer payments paid through programs to individuals, and to provide major transfer funding for communities under community government funding arrangements. Payments to individuals include payments for children's benefits, income support or income supplement. Assistance is based on age, family status, income, and employment criteria. Other transfer payments are provided to conduct research, to establish new jobs through support for training and to promote educational, health and cultural activities. Under the authority of the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*, a transfer to the Aboriginal parties who are signatories to the Northwest Territories Intergovernmental Resource Revenue Sharing Agreement will be made of 25 percent of the net fiscal benefit from resource revenues that is received by the Government (*note 2 (o)*). All other expenses are recognized on an accrual basis.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Environmental liabilities

Environmental liabilities are the result of contaminated sites, defined as a site where as a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the Government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the management and remediation of environmentally contaminated sites, including costs such as those for future site assessments, development of remedial action plans, resources to perform remediation activities, land farms and monitoring. All costs associated with the remediation, monitoring and post-closing of the site are estimated and accrued. Where estimates are not readily available from third party analyses, an estimation methodology is used to record a liability when sufficient information is available. The methodology used is based on costs or estimates for sites of similar size and contamination when the Government is obligated, or is likely obligated, to incur such costs. If the likelihood of a future event that would confirm the Government's responsibility to incur these costs is either not determinable, or in the event it is not possible to determine if future economic benefits will be given up, or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements and no liability is accrued. The environmental liabilities for contaminated sites are reassessed on an annual basis.

(r) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversals of prior years' expense accruals in excess of actual expenditures are reported separately from other revenues on the statement of operations and accumulated surplus. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenses.

(s) Public-Private Partnerships

The Government may, as an alternative to traditional forms of procurement governed by the Government's Contract Regulations, enter into public private partnership (P3) agreements with the private sector to procure services and public infrastructure when: the total projected threshold for procuring those services, including capital, operating and service costs over the life of the agreement, exceeds \$50,000; there is appropriate risk sharing between the Government and the private sector partners; the agreement extends beyond the initial capital construction of the project, and; the arrangement results in a clear net benefit to the Government as opposed to being merely neutral in comparison with standard procurement processes. The operating and service costs, that are clearly identified in the agreements, are expensed as they are incurred.

The Government accounts for P3 projects in accordance with the substance of the underlying agreements. In circumstances where the Government is determined to bear the risks and rewards of an asset under construction, the asset and the corresponding liability are recognized over time as the construction progresses. During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recorded based on the estimated percentage completion. In circumstances where the Government does not bear the risks and rewards of the asset until substantial completion the future associated agreement is disclosed.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Public-Private Partnerships (continued)

The capital asset value is the total of progress payments made during construction and net present value of the future payments, discounted using the imputed interest rate for the agreement. Capital expenditures may occur throughout the project or at the capital in-service date. Service fees may occur throughout the project or when the project is operational; these fees will include both a service and operational component. All payments are adjusted to reflect performance standards as outlined in the specific agreement and penalties may be deducted for sub-standard performance.

A P3 agreement may encompass certain revenues, including those collected by the partner on behalf of the Government. In such instances the Government will report the gross revenue along with the asset, liability, and expenses as determined from the specific project.

(t) Future accounting changes

PS 3430 Restructuring Transactions. Effective April 1, 2018, this standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

Financial instruments

The Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments effective for fiscal years beginning on or after April 1, 2021. Items within the scope of the standard are assigned to one of two measurement categories: fair value, or cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the Statement of Remeasurement of Gains and Losses.

Other New Standards

Effective April 1, 2021, the Government will concurrently be required to adopt: PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period.

PS 3280 Asset Retirement Obligations. Effective April 1, 2021, this standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

The Government is currently assessing the impact of these standards on the financial statements.

(u) Adoption of new accounting standards

Effective April 1, 2017, the Government adopted the PSA Handbook Sections PS 3420 - inter-entity transactions, PS 2200 - related party disclosures, and PS 3210 - assets. There was no significant impact on the non-consolidated financial statements as a result of adopting the new standards.

Effective April 1, 2017, the Government also adopted the PSA Handbook Sections PS 3320 - contingent assets and PS 3380 - contractual rights. These new sections define and establish guidance on disclosure for contingent assets and contractual rights. The impact of adopting these new standards is reflected in notes 19 and 20.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

3. CASH AND DESIGNATED ASSETS

(a) Investment pool

The Government has lines of credit provided by two chartered banks, secured by the Consolidated Revenue Fund of the Government. There are no fixed repayment terms and the overdraft limits are negotiated over the year based on the forecasted cash flows and borrowing requirements of the Government. Interest is only charged when there is a net overdraft balance of the Government and its investment pool participants. As at March 31, 2018 the investment pool had no net overdraft balance (2017 - nil).

The surplus cash (deficit) of the Government is pooled with the surplus cash of certain Territorial Crown Corporations, and other public agencies. This investment pool is invested in a diversified portfolio of high grade, short and long term income producing assets.

As of March 31, 2018, on a cash basis, the Government's share in the investment pool is a deficit of \$8,984 (2017 - surplus of \$14,065). When taking into account \$768 classified to in-trust and \$4,046 of outstanding items, the bank balance, on an accounting basis, becomes a deficit of \$13,798 (2017 - surplus of \$9,110).

The Government's cash deficit related to the investment pool carried interest at an average rate of 1.05%.

The average portfolio yield range for the year is 1.05% - 1.80% (2017 was 1.05%). In 2018, the Government paid interest on short-term investments of \$69 (2017 - \$53).

(b) Designated Assets

Designated assets are included in cash and portfolio investments.

Pursuant to the *Student Financial Assistance Act*, the assets of the Student Loan Fund are to be used to provide financial assistance to post-secondary students that meet certain eligibility criteria as prescribed in its regulations.

Pursuant to the *Waste Reduction and Recovery Act*, the assets of the Environment Fund are to be used for purposes specified in the act including programs with respect to the reduction and recovery of waste.

Pursuant to the *Land Titles Act*, the assets of the Land Titles Assurance Fund are to be used to compensate owners for certain financial losses they incur due to real estate fraud or omissions and errors of the land registration system.

Pursuant to the *Memorandum of Agreement* between the GNWT and Signatory Air Carriers, the funds remitted to the GNWT are to be used for the Yellowknife Airport Capital Program.

Portfolio investments, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplemental Retiring Allowance Pension Plan (*note 15*). Supplementary Retiring Allowance Regulations restrict the investments to those permitted under the *Pension Benefits Standards Act*.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

3. CASH AND DESIGNATED ASSETS (continued)

The proportionate asset mix in the investment portfolio is as follows as at March 31:

	2018 %	2017 %
Canadian stocks	22.79	21.95
Cash and other assets	0.74	1.34
Fixed income mutual funds	40.49	41.16
Federal bonds	13.39	11.26
Foreign stocks	22.59	24.29
	<u>100.00</u>	<u>100.00</u>

The Government has the following assets which are designated for specific purposes under legislation and regulations as follows:

	2018 \$	2017 \$
Student Loan Fund:		
Authorized limit for loans receivable	45,000	45,000
Less: Loans receivable balance	(40,953)	(41,320)

Funds designated for new loans	4,047	3,680
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Environment Fund:

Beverage Container Program net assets	3,890	2,557
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Yellowknife Airport Revolving Fund:

Yellowknife Airport Capital Program	2,716	-
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Land Titles Assurance Fund:

Land Titles net assets	4,539	4,355
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Portfolio Investments for the Legislative Assembly Supplementary
Retiring Allowance Pension Plan:

Marketable securities (market value \$33,279; 2017 - \$32,995)	31,631	30,274
Cash and other assets (market value approximates cost)	232	412

	31,863	30,686
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	47,055	41,278
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Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

4. ACCOUNTS RECEIVABLE

	Accounts Receivable \$	Allowance for Doubtful Accounts \$	Net 2018 \$	Net 2017 \$
General	51,227	(12,917)	38,310	35,483
Government of Nunavut	6,224	-	6,224	6,259
Revolving fund sales	8,667	-	8,667	8,244
Non-renewable resource revenue	54,378	-	54,378	58,343
	<hr/>	<hr/>	<hr/>	<hr/>
	120,496	(12,917)	107,579	108,329
	<hr/>	<hr/>	<hr/>	<hr/>
Receivables from related parties:				
Divisional Education Councils and District Education Authorities	6,671	-	6,671	3,661
Health and Social Services Authorities	96,462	-	96,462	70,484
Northwest Territories Business Development and Investment Corporation	193	-	193	92
Northwest Territories Housing Corporation	3,112	-	3,112	1,458
Tlichio Community Services Agency	2,239	-	2,239	1,097
Workers' Safety Compensation Commission (Northwest Territories and Nunavut)	151	-	151	37
Northwest Territories Hydro Corporation	221	-	221	219
Aurora College	2,467	-	2,467	1,238
Inuvialuit Water Board	-	-	-	93
	<hr/>	<hr/>	<hr/>	<hr/>
	111,516	-	111,516	78,379
	<hr/>	<hr/>	<hr/>	<hr/>
	232,012	(12,917)	219,095	186,708

During the year, no accounts receivable (2017 - \$ nil) were written off and none (2017 - \$ nil) were forgiven.

5. INVENTORIES

	2018 \$	2017 \$
Inventories for resale:		
Bulk fuels	28,144	23,815
Liquor products	3,628	3,906
	<hr/>	<hr/>
	31,772	27,721
	<hr/>	<hr/>
Inventories held for use	279	136
	<hr/>	<hr/>
	32,051	27,857

Bulk fuel inventory write-down for 2018 is \$136 (2017 - \$164).

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

6. LOANS RECEIVABLE

	2018 \$	2017 \$
Working capital advances to the Northwest Territories Business Development and Investment Corporation. The term is indeterminate with the option to repay any portion of principal on any interest payment date. Interest is calculated at selected Government of Canada three-year bond rates at the end of each month.	20,935	24,794
Student Loan Fund loans due in installments to 2032, bearing fixed interest between 0.00% and 11.75%, unsecured.	40,953	41,320
Yellowknife Catholic School Board Advance, unsecured, repayable in monthly installments of \$10 (2017 - \$10). Interest is calculated monthly based upon the Government's current borrowing rate.	760	870
Other	22	20
	62,670	67,004
Valuation allowance - Student Loan Fund	(17,216)	(17,696)
	45,454	49,308

During the year, \$2,737 in student loans (2017 - \$2,531) was remised with proper authority.

Interest earned on loans receivable during the year is \$641 (2017 - \$510).

7. SHORT-TERM LOANS

Based upon operational needs, the Government may enter into short term borrowing arrangements with its banks. Short term loans of \$297,076 (2017 - \$234,807) incurred interest at the weighted average year-end rate of 1.28% (2017 - 0.86%). Interest paid in 2018 is \$2,387 (2017 - \$1,512).

The short-term borrowing limit under the *Appropriation Act* as at March 31, 2018 is \$370,000.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
	\$	\$
Trade	163,493	169,652
Employee and payroll-related liabilities	55,655	54,941
Other liabilities	5,555	6,469
Non-renewable resource sharing	12,926	12,196
	237,629	243,258
Payables to related parties:		
Arctic Energy Alliance	50	67
Aurora College	518	610
Divisional Education Councils and District Education Authorities	330	606
Health and Social Services Authorities	5,830	4,323
Northwest Territories Business Development and Investment Corporation	2	2
Northwest Territories Housing Corporation	44	27
Northwest Territories Hydro Corporation	1,533	1,423
Northwest Territories Surface Rights Board	-	24
Tlicho Community Services Agency	101	137
Northwest Territories Human Rights Commission	9	9
Workers' Safety and Compensation Commission (Northwest Territories and Nunavut)	546	-
	8,963	7,228
	246,592	250,486

9. DEFERRED REVENUE

	2018	2017
	\$	\$
Government of Canada		
Ministry of Finance	4,061	5,842
Building Canada Plan	2	256
Transport Canada	-	350
Canadian Northern Economic Development Agency	3,781	2,762
Ministry of Infrastructure and Communities	-	4,478
Canadian Heritage	3,762	-
Public Health Agency of Canada	85	-
NPR Limited Partnership	2,168	1,856
Work deposits, commercial use permits and tourism licences	1,857	934
Mining Recorders	1,230	1,125
Other	524	1,196
	17,470	18,799

Deferred revenue in the current year consists mainly of funds received from the Government of Canada for corporate income tax, improvements to highways and bridge rehabilitation.

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10. DUE TO (FROM) THE GOVERNMENT OF CANADA

	2018	2017
	\$	\$
Due from Canada:		
Projects on behalf of the Government of Canada	(20,206)	(13,521)
Miscellaneous receivables	(32,491)	(20,857)
	(52,697)	(34,378)
Due to Canada:		
Advances for projects on behalf of the Government of Canada	18,484	22,620
Excess income tax advanced	55,794	65,961
Miscellaneous payables	43,666	36,834
	117,944	125,415
	65,247	91,037

The amounts due to the Government of Canada are non-interest bearing. The excess income tax advanced is repayable over the following years:

	\$
2019	32,699
2020	8,874
2021	13,939
2022	282
	55,794

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11. ENVIRONMENTAL LIABILITIES

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. The Government has identified 246 (2017 - 245) sites as potentially requiring environmental remediation at March 31, 2018.

Type of Site	2017 Liability \$	Remediation Costs \$	New Sites in 2018 \$	Change in estimate \$	2018 Liability \$	Number of Sites
Abandoned mines ⁽¹⁾	13,315	(126)	-	(2,245)	10,944	7
Landfills ⁽²⁾	10,453	(785)	62	(78)	9,652	44
Abandoned infrastructure and schools ⁽³⁾	14,069	(2,036)	1,712	304	14,049	73
Airports, airport strips or reserves ⁽⁴⁾	1,704	(119)	-	2,221	3,806	24
Sewage lagoons ⁽⁵⁾	2,618	(252)	-	(12)	2,354	29
Fuel tanks and resupply lines ⁽³⁾	2,443	(6)	-	-	2,437	12
Abandoned lots and maintenance facilities ⁽³⁾	9,093	(144)	-	(1,596)	7,353 *	57
Total environmental liabilities	53,695	(3,468)	1,774	(1,406)	50,595	246

Possible types of contamination identified under each type of site include the following:

(1) metals, hydrocarbons, asbestos, wood/metal debris, waste rock, old mine buildings, lead paint;

(2) hydrocarbons, glycol, metals;

(3) hydrocarbons, petroleum products;

(4) hydrocarbons, vehicle lubricants, asbestos, glycol;

(5) metals, e.coli, total coliforms.

*Includes estimated costs to perform due diligence related to identifying environmental contamination that may be transferred back to Canada under the *Northwest Territories Lands and Resources Devolution Agreement*.

One of the sites, Giant Mine, has been formally designated as contaminated under the *Environmental Protection Act* (NWT). In 2005, the Government recorded a liability for its share of the above ground remediation. The remaining balance of the Government's share of the Giant Mine remediation liability at March 31, 2018 is \$2,708 (2017 - \$2,708). There are 6 other abandoned non-operating mine sites that the Government will be remediating in conjunction with Canada based on cost allocations similar to that of Giant Mine.

There was 1 (2017 - 6) site closed during the fiscal year as it was either remediated or no longer met all the criteria required to record a liability for contaminated sites.

Included in the 246 (2017- 245) sites, the Government has identified 78 (2017- 79) sites where no liability has been recognized. The contamination is not likely to affect public health and safety, cause damage, or otherwise impair the quality of the surrounding environment and there is likely no need for action unless new information becomes available indicating greater concerns, in which case, the site will be re-examined. These sites will continue to be monitored as part of the Government's ongoing environmental protection program.

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12. CAPITAL LEASE OBLIGATIONS

	2018	2017
	\$	\$
Buildings	679	997
Equipment	270	837
	949	1,834

Interest expense related to capital lease obligations for the year is \$68 (2017 - \$127), at an implicit average interest rate of 6.6% (2017 - 5.9%). Capital lease obligations (expiring between 2019 and 2020) are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2018.

	2019	2020
	655	350
Total minimum lease payments		1,005
Less: imputed interest 6.6%		56
Present value of minimum lease payments		949

13. LONG-TERM DEBT

	2018	2017
	\$	\$
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of \$7 (2017 - \$7), maturing June 2024, bearing interest at 3.30% (2017 - 3.30%), secured with real property.	521	595
Deh Cho Bridge: Real return senior bonds with accrued inflation adjustment, maturing June 1, 2046, redeemable at the option of the issuer, bearing interest at 3.17% (2017- 3.17%), payable semi-annually, unsecured.	177,210	178,277
	177,731	178,872

Long-term debt principal repayments due in each fiscal year for the next five years and thereafter are as follows:

	\$
2019	3,504
2020	3,728
2021	3,966
2022	4,479
2023	4,759
Beyond 2023	157,295
	177,731

Interest expense on long-term debt, included in operations and maintenance expenses, is \$9,622 (2017 - \$9,110).

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14. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

The Government has entered into two contracts for the design, build, operate and maintenance of the Mackenzie Valley Fibre Link and the design, build, and maintenance of the Stanton Territorial Hospital Renewal.

The calculation of the P3 liabilities is as follows:

	2017	Additions during the year	Principal Payments	2018	Repayment date
	\$	\$	\$	\$	
Stanton Territorial Hospital Renewal	51,181	35,400	-	86,581	2048
Mackenzie Valley Fibre Link	90,900	-	(11,000)	79,900	2037
Total	142,081	35,400	(11,000)	166,481	

The details of the contracts under public private partnerships are as follows:

	Contractor	Date contract entered into	Scheduled/ actual completion date	Interest rate
Stanton Territorial Hospital Renewal	Boreal Health Partnership	September 2015	November 2018	7.09%
Mackenzie Valley Fibre Link	Northern Lights General Partnership	October 2014	June 2017	6.52%

Estimated loan principal repayments for each of the next five years and thereafter are as follows:

	\$
2019	2,900
2020	4,600
2021	4,800
2022	5,200
2023	5,500
2024 and beyond	143,481
	166,481

The capital payments for P3 are fixed, equal monthly payments for the privately financed portion of the costs of building the infrastructure.

P3 interest expense is \$5,300 (2017-nil).

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15. PENSIONS

(a) Plans description

The Government administers the following pension plans for Members of the Legislative Assembly (MLAs) and Territorial Court Judges. The Government is liable for all benefits. Benefits provided under all four plans are based on years of service and pensionable earnings.

Plan recipient	Name of plan	Funded status
MLAs	Legislative Assembly Retiring Allowance Plan (MLAs Regular)	Funded
MLAs	Legislative Assembly Supplemental Retiring Allowance Plan (MLAs Supplemental)	Non Funded
Judges	Judges Registered Plan (Judges Regular)	Funded
Judges	Judges Supplemental Pension Plan (Judges Supplemental)	Non Funded

The Regular Plans for both the MLAs and Judges are contributory defined benefit registered pension plans and are pre-funded. The funds related to these plans are administered by independent trust companies.

The Supplemental plans for both the MLAs and Judges are non-contributory defined benefit pension plans and are unfunded; however, the Government has designated assets for the purposes of meeting the obligations of the MLA Supplemental plan (*note 3 (b)*).

The average age of the 19 (2017-19) active members of the MLAs plans is 52 (2017-51). The basic formula of the MLAs plans is 2 percent per year of pensionable service multiplied by the average of the best four consecutive years of earnings. Plan assets consist of Canadian and foreign equities, and Canadian fixed income securities and bonds.

The average age of the 4 (2017- 4) active members of the Judges' plans is 61 (2017-60). The basic benefit formula of the Judges' plans is 2 percent per year of pensionable service multiplied by the average of the best six consecutive years of earnings, reducing at age 65 by an amount equal to 0.7 percent of the average Year's Maximum Pensionable Earnings (YMPE) (as defined in the Canada Pension Plan) determined over 3 years at the time of retirement. Plan assets consist of a diversified portfolio of Canadian and foreign equities and bonds.

All plans provide death benefits to spouses and eligible dependants. All plans are indexed.

The remaining government employees participate in Canada's Public Service Pension Plan (PSPP). The PSPP 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 pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

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15. PENSIONS (continued)

(a) Plans description (continued)

The public service pension 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. Furthermore, contribution rates for current service for all members of the public service increased to an employer: employee cost sharing ratio of 50:50 in 2017.

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced early retirement pensions, and disability pensions.

(b) Pension liability

	Regular Funded \$	2018 Supplemental Non Funded \$	Total \$
Accrued benefit obligation	27,530	36,194	63,724
Pension fund assets - market related value	(29,589)	-	(29,589)
Unamortized actuarial gains	2,182	670	2,852
Pension liability	123	36,864	36,987

	Regular Funded \$	2017 Supplemental Non Funded \$	Total \$
Accrued benefit obligation	26,568	34,803	61,371
Pension fund assets - market related value	(28,539)	-	(28,539)
Unamortized actuarial gains (losses)	1,890	121	2,011
Pension liability (asset)	(81)	34,924	34,843

Included in the pension liability of \$123 (2017 - \$81 asset) is a deficit for accounting purposes of the Judges' plan in the amount of \$1,883 (2017 - \$1,564).

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15.PENSIONS (continued)

(c) Change in pension liability (asset)

	Regular Funded \$	2018 Supplemental Non Funded \$	Total \$
Opening balance	(81)	34,924	34,843
Change to pension liability (asset) from cash items:			
Contributions from plan members	(281)	-	(281)
Contributions from Government	(90)	-	(90)
Benefit payment to plan members	(1,286)	(1,504)	(2,790)
Drawdown from plan assets	1,286	-	1,286
Net change to pension liability (asset) from cash items	(371)	(1,504)	(1,875)
Change to pension liability (asset) from accrual items:			
Current period benefit cost	1,023	1,282	2,305
Amortization of actuarial (gains) losses	(377)	549	172
Interest on average accrued benefit obligation	1,226	1,613	2,839
Expected return on average plan assets	(1,297)	-	(1,297)
Net change to pension liability (asset) from accrual items	575	3,444	4,019
Ending balance	123	36,864	36,987

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(All figures in thousands of dollars)

15. PENSIONS (continued)

(c) Change in pension liability (asset) (continued)

	Regular Funded \$	2017 Supplemental Non Funded \$	Total \$
Opening balance	(375)	33,047	32,672
Change to pension liability (asset) from cash items:			
Contributions from plan members	(287)	-	(287)
Contributions from Government	(83)	-	(83)
Benefit payment to plan members	(1,251)	(1,446)	(2,697)
Drawdown from plan assets	1,251	-	1,251
Net change to pension liability (asset) from cash items	(370)	(1,446)	(1,816)
Change to pension liability(asset) from accrual items:			
Current period benefit cost	977	1,222	2,199
Amortization of actuarial (gains) losses	(255)	549	294
Interest on average accrued benefit obligation	1,184	1,552	2,736
Expected return on plan assets	(1,242)	-	(1,242)
Net change to pension liability (assets) from accrual items	664	3,323	3,987
Ending balance	(81)	34,924	34,843

(d) Pension expense

The components of pension expense include current period benefit cost, amortization of actuarial net (gains)/losses and interest on average accrued benefit obligation net of the expected return on average plan assets and contributions from plan members. The total pension expense is \$3,738 (2017 - \$3,700). The interest cost on the accrued benefit obligation is determined by applying the discount rate determined at the beginning of the period to the average value of the accrued benefit obligation for the period. The expected return on plan assets is determined by applying the assumed rate of return on plan assets to the average market-related value of assets for the period. The difference between the expected and the actual return on plan assets is a gain of \$1,669 (2017 - \$1,330).

In addition to the above, the Government contributed \$30,075 (2017 - \$32,331) to the Public Service Superannuation Plan. The employees' contributions to this plan were \$27,372 (2017 - \$26,564).

(e) Changes to pension plans in the year

There have been no plan amendments, plan settlements and curtailments or temporary deviations from the plan in 2018 (no changes in 2017).

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15. PENSIONS (continued)

(f) Valuation methods and assumptions used in valuing pension liability

Valuation date

The actuarial valuation for the Legislative Assembly was completed as of April 1, 2016 and the results were extrapolated to January 31, 2018. The effective date of the next actuarial valuation is April 1, 2020. The actuarial valuation for the Judge's plan was completed as of April 1, 2016 and the results were extrapolated to March 31, 2018. The effective date of the next actuarial valuation is April 1, 2019.

Liability valuation method

The actuarial valuations were performed using the projected accrued benefit method. The valuations are based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts.

Asset valuation method

The asset valuation method, for the MLA's plans is equal to a smoothed market value which spreads the difference between the actual and expected investment income over a four year period and is then adjusted for payments due to, and payable from, the pension plan. The fair market value of the MLA's regular plan is \$24,263 (2017 - \$23,145). The asset valuation method for the Judges' plans is market value. The market value of the Judges' regular plan is \$6,327 (2017 - \$5,889).

Actuarial gains and losses

Actuarial gains and losses occur when actual experience varies from estimates or when actuarial assumptions change. The adjustments needed are amortized on a straight line basis over the estimated average remaining service lives of the contributors. The estimated average remaining service lives of the contributors is 6.0 years (2017 - 7.0 years) for the MLA's plans and 1.7 years (2017 - 2.7 years) for the Judges' plans.

Actuarial assumptions

	Judges' plans	MLAs' plans
Expected rate of return on plan assets	4.1%	4.8%
Rate of compensation increase	3.5%	2.0%
Annual inflation rate	2.0%	2.0%
Annual interest rate	4.1%	4.8%

Retirement assumptions

- Members of Legislative Assembly may retire at the earliest of age 60, thirty years of service or when age plus service equals 80.
- Judges may retire at the earlier of age 60 or when age plus service equals 80.

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16. OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES

In addition to pension benefits, the Government provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Government's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee is hired, the rate of pay, the number of years of continuous employment, age and if the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were valued using the expected utilization methodology.

Valuation results

The last actuarial valuation was completed as at March 31, 2017, those results were extrapolated to March 31, 2018. The effective date of the next actuarial valuation is March 31, 2019. The liabilities are actuarially determined as the present value of the accrued benefits at February 2017 and the results were extrapolated to March 31, 2018. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Government.

	Severance and Removal	Compensated Absences	2018	2017
	\$	\$	\$	\$
Changes in Obligation				
Accrued benefit obligations, beginning of year	23,731	7,335	31,066	31,825
Benefits earned	1,119	590	1,709	1,563
Interest	709	229	938	951
Benefits paid	(5,288)	(2,271)	(7,559)	(5,071)
Actuarial (gains)/losses	(1,906)	300	(1,606)	1,747
Accrued benefit obligations, end of year	18,365	6,183	24,548	31,015
Unamortized net actuarial gain/(loss)	4,836	(1,141)	3,695	2,464
Net future obligation	23,201	5,042	28,243	33,479
Other employee future benefits	4,733	-	4,733	5,486
Other compensated absences	-	846	846	779
Total employee future benefits and compensated absences	27,934	5,888	33,822	39,744

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16. OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES (continued)

	Severance and Removal	Compensated Absences	2018	2017
	\$	\$	\$	\$
Benefits Expense				
Benefits earned	1,119	590	1,709	1,563
Implicit Interest	709	229	938	951
Amortization of actuarial (gain)/loss	(452)	118	(334)	(743)
	1,376	937	2,313	1,771

The discount rate used to determine the accrued benefit obligation is an average of 3.8% (2017-3.3%). The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
	\$	\$	\$
2019	4,430	1,214	5,644
2020	3,319	939	4,258
2021	2,727	778	3,505
2022	2,412	697	3,109
2023	2,135	658	2,793
	15,023	4,286	19,309

17. PETROLEUM PRODUCTS STABILIZATION FUND

The Petroleum Products Stabilization Fund is included in the accumulated surplus. The purpose of the Fund is to stabilize the prices of petroleum products purchased, sold and distributed by the Government. The annual net profit or loss of the Petroleum Products Revolving Fund is charged to the Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed \$1,000.

	2018	2017
	\$	\$
Surplus at beginning of the year	792	609
Add: Petroleum Products Stabilization Fund Net income (loss) for the year	(500)	183
Surplus at end of the year	292	792

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18. TRUST ASSETS UNDER ADMINISTRATION

The Government administers trust assets on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	2018	2017
	\$	\$
Correctional Institutions	417	389
Government of New Brunswick	721	721
Natural Resources	45	236
Others	49	74
Public Trustee	5,934	5,527
Securities - land use permits and water licences	7,451	7,236
Supreme and Territorial Courts	993	775
	15,610	14,958

In addition to the above trust assets under administration, the Government holds cash and bank guarantees in the form of letters of credit and surety bonds in the amount of \$662,899 (2017 - \$579,221). The majority of these guarantees are held against water licenses issued to regulate the use of water and the deposit of waste.

19. CONTRACTUAL OBLIGATIONS AND RIGHTS

Contractual obligations are obligations of the Government to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The Government has entered into agreements for, or is contractually committed for the following expenses that will be incurred subsequent to March 31, 2018:

	Expiry Date	2019	2020	2021	2022	2023	2024+	Total
		\$	\$	\$	\$	\$	\$	\$
Operational commitments	2048	84,347	40,523	28,506	21,713	4,520	5,274	184,883
RCMP policing agreement	2032	44,206	43,979	43,902	43,902	43,902	395,118	615,009
Commercial leases	2040	15,872	14,123	11,257	7,988	5,545	10,007	64,792
Equipment leases	2023	623	415	165	96	31	-	1,330
TCAs in progress at year end	2021	86,841	10,858	8,244	2,249	-	-	108,192
Operational payments under P3	2048	6,642	10,642	10,942	11,242	11,542	362,942	413,952
TCA Construction under P3	2020	76,004	-	-	-	-	-	76,004
		314,535	120,540	103,016	87,190	65,540	773,341	1,464,162

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19. CONTRACTUAL OBLIGATIONS AND RIGHTS (continued)

The Government has 1 (2017 - 2) cost recovery service agreement with the Government of Nunavut (GNU) for the provision of various corporate and program delivery services. The expenses for and costs recovered from these projects are estimated at \$27 for the fiscal year ended 2018 (2017 - \$127). The Government has 2 agreements with the GNU for the delivery and chargeback of health services for eligible Nunavut residents. The 2 agreements with the GNU have no firm cost recovery amounts or end dates.

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

The Government has entered into agreements for, or is contractually entitled to, the following receipts subsequent to March 31, 2018:

	Expiry Date	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	2024+ \$	Total \$
Transfer Payments	2028	71,165	78,901	73,350	103,816	107,923	304,933	740,088
Regulatory Revenue	2021	144	144	60	-	-	-	348
Lease Revenue	2047	4,699	4,452	4,318	4,093	3,809	36,902	58,273
Licence Revenue	2037	687	468	209	148	100	488	2,100
Other	2043	1,158	624	419	239	219	4,371	7,030
		77,853	84,589	78,356	108,296	112,051	346,694	807,839

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20. GUARANTEES AND CONTINGENCIES

(a) Guarantees

The Government is contingently liable for the following guarantees:

	2018
	\$
Debentures issued by the Northwest Territories Power Corporation:	
Sinking fund debentures issued by the Northwest Territories Power Corporation maturing October 27, 2018	10,000
Debenture series issued by the Northwest Territories Power Corporation maturing December 18, 2032	10,000
maturing September 13, 2040	44,535
maturing May 1, 2025	4,251
maturing July 11, 2025	4,366
maturing October 1, 2025	15,000
maturing November 25, 2052	25,000
maturing September 1, 2026	5,139
maturing August 1, 2028	25,000
maturing December 15, 2034	25,000
maturing February 17, 2047	58,935
Loans payable by the Northwest Territories Housing Corporation to Canada Mortgage and Housing Corporation	14,415
Guaranteed residential housing loans of the Northwest Territories Housing Corporation	751
Total Guarantees	242,392

The Government has also provided a guarantee to the Canadian Blood Services and Canadian Blood Services Captive Insurance Company Ltd. to cover a share of potential claims made by users of the national blood supply. The Government's share is limited to the ratio of the Northwest Territories' population to the Canadian population.

(b) Claims and litigation

There are a number of claims and pending and threatened litigation cases outstanding against the Government. In certain of these cases, pursuant to agreements negotiated prior to the division of the territories, the Governments of the Northwest Territories and Nunavut will jointly defend the suits. The cost of defending these actions and any damages that may eventually be awarded will be shared by the two Governments 55.66% and 44.34%, respectively. The Government has recorded an allowance for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. At year-end the Government estimated the total claimed amount for any claims and litigation for which the outcome is not determinable at \$80,087 (2017-\$66,019). No provision for such claims has been made in these financial statements as it is not determinable that any future event will confirm that a liability has been incurred as at March 31.

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21. RELATED PARTIES

Transactions with related parties and balances at year-end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government provided grants and contributions to the following related parties.

	2018	2017
	\$	\$
Arctic Energy Alliance	2,596	3,617
Aurora College	34,378	36,029
Inuvialuit Water Board	913	913
Divisional Education Councils and District Education Authorities	144,994	140,808
Health and Social Services Authorities	274,301	269,226
Northwest Territories Power Corporation	7,346	7,605
Tlicho Community Services Agency	33,740	31,874
Northwest Territories Business Development and Investment Corporation	2,819	3,312
Northwest Territories Heritage Fund	6,344	5,000
Northwest Territories Housing Corporation	74,943	81,702
Northwest Territories Human Rights Commission	250	239
Northwest Territories Surface Rights Board	302	289
Northwest Territories Sport and Recreation Council	1,000	650
Status of Women Council of the Northwest Territories	464	468
	584,390	581,732

The Government funds communities, boards and agencies and other organizations offering services to the public. These organizations operate independently of normal Government operations. The Government may be held responsible for any liabilities or deficits on behalf of related boards and agencies. An estimate of the potential liability, if any, cannot be determined.

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided includes personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal and interpretation services.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

22. OVEREXPENDITURE

During the year 1 department (2017 - 4) exceeded their operations vote by \$496 (2017 - \$5,423) and 1 department (2017 - 2) exceeded their capital vote by \$33 (2017 - \$2,169).

Overexpenditure of a vote contravenes subsection 71 of the *Financial Administration Act* which states that "No person shall incur an expenditure that causes the amount of the appropriation set out in the Estimates for a department to be exceeded".

The voted items that were over expended in the current year is as follows:

Department of Industry, Tourism and Investment (operations)	\$496
Department of Legislative Assembly (capital)	\$33

These overexpenditures have been deemed a supplementary appropriation in accordance with section 77 of the *Financial Administration Act* S.N.W.T 2015 which states that "Where the charging of expenditures to an appropriation would cause the appropriation to be exceeded, the Comptroller General may, at the end of a fiscal year, record the amount by which the liability exceeds the appropriation as a deemed appropriation for that fiscal year".

23. SUBSEQUENT EVENTS

In October 2018, an apartment building located in Yellowknife and owned by the Government was destroyed by a fire. The building was leased to the YWCA. The YWCA is in the process of providing assistance to the affected families. The financial impact on the Government is being assessed and the full extent is uncertain at this time.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Source (unaudited)

Schedule A

for the year ended March 31, 2018

(thousands of dollars)

	2018 Main Estimates (note 1b) \$	2018 Actual \$	2017 Actual \$
Revenue from the Government of Canada			
Grant	1,232,439	1,232,439	1,219,888
Transfer Payments	186,329	185,654	186,901
	1,418,768	1,418,093	1,406,789
Taxation			
Corporate Income Tax	83,723	60,006	68,617
Personal Income Tax	113,268	87,530	122,322
Fuel	19,465	20,925	21,288
Tobacco	15,624	15,598	15,336
Payroll	42,525	42,633	43,643
Property and school levies	25,364	28,744	29,431
Insurance	4,850	5,169	5,129
	304,819	260,605	305,766
Non-renewable Resource Revenue			
Minerals, Oil and Gas Royalties	43,370	39,862	43,060
Licences, Rental and Other Fees	2,380	26,132	20,489
Quarry Fees	250	122	123
	46,000	66,116	63,672
General			
Program	17,927	19,690	19,682
Service and miscellaneous	1,875	6,391	1,900
Lease	5,905	4,966	5,929
Interest revenue	805	1,342	804
Revolving Funds net revenue	23,545	32,036	23,678
Regulatory revenue	35,811	27,501	26,025
Investment income	-	2,640	1,827
Grants in Kind	583	443	443
	86,451	95,009	80,288
Total Revenues	1,856,038	1,839,823	1,856,515

Government of the Northwest Territories

Non-Consolidated Schedule of Expenses (unaudited)

Schedule B

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates (note 1b)	Compensation and Benefits	Grants and Contributions	Valuation Allowances	Other	Amortization	2018 Total Expenses	2017 Total Expenses
	\$	\$	\$	\$	\$	\$	\$	\$
Legislative Assembly	19,336	12,083	250	-	5,206	837	18,376	18,379
Executive and Indigenous Affairs	19,194	13,522	1,635	-	3,275	-	18,432	20,256
Finance	235,743	59,699	121,119	67	45,133	6,130	232,148	236,433
Municipal and Community Affairs	134,762	13,572	116,700	6	4,222	25	134,525	132,077
Infrastructure	242,419	63,895	4,998	24	123,321	52,831	245,069	241,600
Health and Social Services	423,457	22,924	291,190	-	117,936	13,632	445,682	441,719
Justice	123,417	60,517	2,804	17	59,891	2,249	125,478	127,289
Education, Culture and Employment	315,279	31,853	230,323	2,307	49,372	13,815	327,670	320,910
Environment and Natural Resources	91,517	40,604	9,343	-	43,596	2,844	96,387	89,769
Industry Tourism and Investment	55,511	24,259	17,636	5	14,416	2,337	58,653	60,118
Lands	26,291	18,485	888	172	5,377	259	25,181	26,354
	1,686,926	361,413	796,886	2,598	471,745	94,959	1,727,601	
Prior Year Totals	1,683,732	373,851	793,374	3,008	455,542	89,129		1,714,904

Government of the Northwest Territories
Non-Consolidated Schedule of Tangible Capital Assets (unaudited)

Schedule C

As at March 31, 2018

(thousands of dollars)

	Land ⁶	Buildings ¹	Other ^{2,3}	Leasehold Improvements	Equipment ¹	Computers ³	Work in Progress ^{4,5}	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost of tangible capital assets, opening balance	5,276	1,128,774	1,838,979	40,460	217,844	119,414	321,386	3,672,133	3,359,154
Transfers	-	61,771	151,051	-	9,119	9,272	(231,213)	-	-
Acquisitions	-	-	-	-	-	-	260,015	260,015	323,417
Disposals	-	(897)	-	(788)	(19,728)	(1,223)	-	(22,636)	(10,438)
Cost of tangible capital assets, closing	5,276	1,189,648	1,990,030	39,672	207,235	127,463	350,188	3,909,512	3,672,133
Accumulated amortization, opening	-	(445,607)	(586,362)	(31,198)	(110,750)	(73,868)	-	(1,247,785)	(1,166,959)
Amortization expense	-	(29,500)	(44,886)	(1,159)	(9,524)	(9,890)	-	(94,959)	(89,129)
Disposals	-	784	-	788	11,589	1,223	-	14,384	8,303
Accumulated amortization, closing	-	(474,323)	(631,248)	(31,569)	(108,685)	(82,535)	-	(1,328,360)	(1,247,785)
Net book value	5,276	715,325	1,358,782	8,103	98,550	44,928	350,188	2,581,152	2,424,348

¹ Included in buildings and equipment are assets under capital leases: cost, \$5,285 (2017 - \$5,285); accumulated amortization, \$2,832 (2017 - \$2,202); net book value, \$2,453 (2017 - \$3,083).

² Includes roads, bridges, airstrips, aprons, fuel distribution systems, park improvements, aircraft, water/sewer works, fences, and signs.

³ P3 project cost for Mackenzie Valley Fibre Link of \$66,212 was included in Computers last year now moved to Other.

⁴ Included in work in progress are P3 projects: Stanton Territorial Hospital Renewal \$238,732 (2017 - \$146,176) and Mackenzie Valley Fibre Link \$0 (2017 - \$28,824).

⁵ Included in work in progress are current year non-cash items of \$25,963 (2017 - \$55,656).

⁶ Land with cost and net book value of \$0, market value \$3,329 (2017 - \$772) was contributed to third parties.

Change in net book value of tangible capital assets	2018	2017
	\$	\$
Assets transferred from work in progress	231,213	201,287
Disposals/write-downs/adjustments	(8,252)	(2,135)
Amortization	(94,959)	(89,129)
Increase in work in progress	28,802	122,130
Increase	156,804	232,153

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Department (unaudited)

Schedule 1

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Legislative Assembly					
Transfer Payments					
Information and Privacy Commissioner	149	-	149	104	(45)
General Revenues					
Service and miscellaneous	5	-	5	-	(5)
Investment income	-	-	-	2,640	2,640
	5	-	5	2,640	2,635
	154	-	154	2,744	2,590
Industry, Tourism and Investment					
Transfer Payments					
Federal cost shared	-	1,100	1,100	1,142	42
Non-renewable Resource Revenue					
Minerals, oil and gas royalties	43,370	(12,136)	31,234	39,862	8,628
Licences, rental, and other fees	2,300	23,616	25,916	26,084	168
	45,670	11,480	57,150	65,946	8,796
General Revenues					
Lease	-	-	-	52	52
Regulatory revenues	830	(35)	795	887	92
Service and miscellaneous	5	-	5	1	(4)
	835	(35)	800	940	140
	46,505	12,545	59,050	68,028	8,978
Environment and Natural Resources					
Transfer Payments					
Federal cost shared	3,650	-	3,650	3,650	-
Non-renewable Resource Revenue					
Licences, rental, and other fees	80	-	80	48	(32)
General Revenues					
Regulatory revenues	1,355	533	1,888	2,355	467
Service and Miscellaneous	32	703	735	735	-
	1,387	1,236	2,623	3,090	467
	5,117	1,236	6,353	6,788	435

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Department (unaudited)

Schedule 1 (continued)

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Finance					
Grant from Government of Canada	1,232,439	-	1,232,439	1,232,439	-
Transfer Payments					
Federal cost shared	-	-	-	1,885	1,885
Canada Health Transfer	45,439	(106)	45,333	45,333	-
Canada Social Transfer	16,816	(40)	16,776	16,776	-
	1,294,694	(146)	1,294,548	1,296,433	1,885
Taxation					
Corporate	83,723	(21,867)	61,856	60,006	(1,850)
Personal	113,268	(30,754)	82,514	87,530	5,016
Fuel	19,465	2,061	21,526	20,925	(601)
Tobacco	15,624	652	16,276	15,598	(678)
Payroll	42,525	1,461	43,986	42,633	(1,353)
Property and school levies	25,364	3,301	28,665	28,744	79
Insurance	4,850	-	4,850	5,169	319
	304,819	(45,146)	259,673	260,605	932
General Revenues					
Service and miscellaneous	1,182	(1,182)	-	177	177
Program	60	-	60	513	453
Revolving funds net revenue	23,545	-	23,545	24,873	1,328
Interest income	480	-	480	1,003	523
Regulatory revenue	500	786	1,286	1,375	89
	25,767	(396)	25,371	27,941	2,570
	1,625,280	(45,688)	1,579,592	1,584,979	5,387
Municipal and Community Affairs					
Transfer Payments					
Capital Transfers	-	255	255	253	(2)
General Revenues					
Regulatory revenue	242	-	242	268	26
	242	255	497	521	24
Justice					
Transfer payments					
Federal cost shared	5,785	576	6,361	5,992	(369)
General Revenues					
Lease	-	-	-	5	5
Service and miscellaneous	-	-	-	4,541	4,541
Program	2,987	-	2,987	2,956	(31)
Regulatory revenue	6,404	-	6,404	6,656	252
	9,391	-	9,391	14,158	4,767
	15,176	576	15,752	20,150	4,398

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Department (unaudited)

Schedule 1 (continued)

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Infrastructure					
Transfer Payments					
Federal Cost Shared	69,153	(6,000)	63,153	2,050	(61,103)
Capital Transfer	-	1,400	1,400	56,315	54,915
	69,153	(4,600)	64,553	58,365	(6,188)
General Revenues					
Service and miscellaneous	625	(166)	459	765	306
Lease	3,399	(1,650)	1,749	2,525	776
Program	965	(125)	840	917	77
Interest Revenue	-	-	-	4	4
Regulatory revenue	26,068	(9,150)	16,918	15,574	(1,344)
Revolving fund net revenue	-	1,986	1,986	7,164	5,178
Grants in Kind	140	-	140	-	(140)
	31,197	(9,105)	22,092	26,949	4,857
	100,350	(13,705)	86,645	85,314	(1,331)
Health and Social Services					
Transfer Payments					
Federal cost shared	31,216	368	31,584	33,093	1,509
Capital transfers	1,143	-	1,143	-	(1,143)
	32,359	368	32,727	33,093	366
General Revenues					
Program	13,915	-	13,915	15,204	1,289
Interest	-	-	-	42	42
Regulatory revenue	345	-	345	337	(8)
Grants in Kind	443	-	443	443	-
	14,703	-	14,703	16,026	1,323
	47,062	368	47,430	49,119	1,689
Education, Culture and Employment					
Transfer Payments					
Federal cost shared	8,899	9,915	18,814	18,961	147
Capital transfers	4,079	162	4,241	100	(4,141)
	12,978	10,077	23,055	19,061	(3,994)
General Revenues					
Service and miscellaneous	26	-	26	9	(17)
Lease	46	-	46	47	1
Program	-	100	100	100	-
Interest income	325	-	325	277	(48)
Regulatory revenue	27	-	27	31	4
	424	100	524	464	(60)
	13,402	10,177	23,579	19,525	(4,054)

Government of the Northwest Territories**Non-Consolidated Schedule of Revenues by Department (unaudited)****Schedule 1 (continued)**

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Lands					
Non-renewable Resource Revenue					
Quarry royalties, fees	250	-	250	122	(128)
General Revenues					
Regulatory revenue	40	-	40	18	(22)
Interest	-	-	-	16	16
Lease	2,460	-	2,460	2,336	(124)
Service and miscellaneous	-	-	-	163	163
	2,500	-	2,500	2,533	33
	2,750	-	2,750	2,655	(95)
	1,856,038	(34,236)	1,821,802	1,839,823	18,021

Government of the Northwest Territories

Non-Consolidated Schedule of Expenses by Department (unaudited)

Schedule 2

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Legislative Assembly						
Office of the Clerk	7,906	-	(150)	7,756	8,157	(401)
Expenditures on Behalf of Members	8,379	-	-	8,379	7,297	1,082
Office, Chief Electoral Officer	641	-	-	641	522	119
Statutory Offices	2,060	-	-	2,060	1,886	174
Office of the Speaker	350	-	150	500	514	(14)
	19,336	-	-	19,336	18,376	960
Executive and Indigenous Affairs						
Executive Council Offices	3,734	-	-	3,734	3,880	(146)
Directorate	5,194	-	100	5,294	5,249	45
Cabinet Support	1,625	-	-	1,625	1,488	137
Indigenous and Intergovernmental Affairs	6,748	100	(100)	6,748	5,663	1,085
Corporate Communications	1,013	-	-	1,013	1,090	(77)
Office of Priorities and Planning	880	-	-	880	1,062	(182)
	19,194	100	-	19,294	18,432	862
Industry, Tourism and Investment						
Economic Diversification & Business Support	17,984	225	(38)	18,171	17,896	275
Corporate Management	8,078	-	107	8,185	8,459	(274)
Tourism and Parks	14,737	50	158	14,945	15,464	(519)
Minerals and Petroleum Resources	14,712	2,193	(49)	16,856	16,834	22
	55,511	2,468	178 *	58,157	58,653	(496)
Environment and Natural Resources						
Wildlife	14,478	310	-	14,788	15,494	(706)
Forest Management	39,803	6,358	170	46,331	43,125	3,206
Corporate Management	13,829	-	-	13,829	13,701	128
Water Resources	11,802	-	-	11,802	11,795	7
Conservation, Assessment & Monitoring	7,606	-	-	7,606	7,341	265
Environment	3,999	-	-	3,999	4,931	(932)
	91,517	6,668	170 *	98,355	96,387	1,968

* Infrastructure investments that were not classified as capital have been transferred to operations. See schedule 8 for details.

Government of the Northwest Territories

Non-Consolidated Schedule of Expenses by Department (unaudited)

Schedule 2 (continued)

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Finance						
Directorate	84,047	-	178	84,225	84,096	129
Management Board Secretariat	63,372	-	(89)	63,283	60,297	2,986
Comptroller General	68,684	-	89	68,773	69,668	(895)
Human Resources	19,577	-	(155)	19,422	18,023	1,399
	235,680	-	23	235,703	232,084	3,619
Amortization of tangible capital assets of the NWT Liquor Commission	63	-	-	63	64	(1)
	235,743	-	23 *	235,766	232,148	3,618
Municipal and Community Affairs						
Regional Operations	114,757	312	-	115,069	114,496	573
Community Operations	2,043	957	-	3,000	2,738	262
Directorate	3,837	-	-	3,837	3,959	(122)
School of Community Government	2,855	-	-	2,855	2,601	254
Community Governance	2,036	-	-	2,036	1,773	263
Sport, Recreation and Youth	7,092	-	-	7,092	7,091	1
Public Safety	2,142	-	-	2,142	1,867	275
	134,762	1,269	-	136,031	134,525	1,506
Justice						
Corrections	36,616	-	130	36,746	35,941	805
Policing Services	42,804	1,691	-	44,495	44,464	31
Court Services	13,655	-	40	13,695	14,320	(625)
Services to Government	12,966	-	-	12,966	13,709	(743)
Legal Aid Services	5,941	266	-	6,207	6,562	(355)
Services to Public	4,328	-	-	4,328	4,404	(76)
Community Justice and Policing	5,238	416	(40)	5,614	4,903	711
Office of Oil and Gas Regulations	1,869	-	-	1,869	1,175	694
	123,417	2,373	130 *	125,920	125,478	442
Health and Social Services						
Administration and Support	80,987	999	-	81,986	80,366	1,620
Ambulatory Care Services	64,560	9,301	3,600	77,461	78,897	(1,436)
Community Health Programs	158,460	9,584	842	168,886	165,385	3,501
Community Social Programs	27,522	1,000	(1,000)	27,522	26,682	840
Diagnostic and Therapeutic Services	24,275	509	15	24,799	24,535	264
Nursing Inpatient Services	34,140	-	(13)	34,127	34,148	(21)
Supplementary Health Programs	33,513	4,381	(3,100)	34,794	35,669	(875)
	423,457	25,774	344 *	449,575	445,682	3,893

* Infrastructure investments that were not classified as capital have been transferred to operations. See schedule 8 for details.

Government of the Northwest Territories

Non-Consolidated Schedule of Expenses by Department (unaudited)

Schedule 2 (continued)

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Education, Culture and Employment						
Corporate Management	12,671	-	38	12,709	13,388	(679)
Education and Culture	203,195	10,567	410	214,172	211,901	2,271
Income Security	48,766	2,807	72	51,645	52,806	(1,161)
Labour Development and Standards	50,647	669	(305)	51,011	49,575	1,436
	315,279	14,043	215 *	329,537	327,670	1,867
Infrastructure						
Corporate Management	10,023	500	3,142	13,665	12,826	839
Asset Management	76,981	17,615	(16,149)	78,447	76,366	2,081
Programs and Services	28,420	-	14,356	42,776	30,810	11,966
Regional Operations	126,995	70	(733)	126,332	125,067	1,265
	242,419	18,185	616 *	261,220	245,069	16,151
Lands						
Corporate Management	2,908	-	-	2,908	2,952	(44)
Planning and Coordination	6,312	-	-	6,312	5,623	689
Operations	9,995	-	-	9,995	9,638	357
Informatics	7,076	-	-	7,076	6,968	108
	26,291	-	-	26,291	25,181	1,110
	1,686,926	70,880	1,676 *	1,759,482	1,727,601	31,881

* Infrastructure investments that were not classified as capital have been transferred to operations. See schedule 8 for details.

Government of the Northwest Territories**Non-Consolidated Schedule of Recoveries of Prior Years Expenses (unaudited)****Schedule 3**

March 31, 2018

(thousands of dollars)

DEPARTMENT	Over-Accruals \$	Other Recoveries \$	Total \$
Legislative Assembly	1	492	493
Executive and Indigenous Affairs	50	155	205
Finance	1,021	2,691	3,712
Municipal and Community Affairs	22	1,289	1,311
Infrastructure	244	430	674
Health and Social Services	402	721	1,123
Justice	188	582	770
Education, Culture and Employment	855	2,804	3,659
Environment and Natural Resources	-	2,224	2,224
Industry, Tourism and Investment	311	702	1,013
Lands	14	196	210
	3,108	12,286	15,394

Government of the Northwest Territories
Non-Consolidated Schedule of Summary of Capital Acquisitions (unaudited)

Schedule 4

March 31, 2018

(thousands of dollars)

DEPARTMENT	Main Estimates \$	Supplementary Estimates \$	Total Appropriation \$	Actual Expenditure \$
Legislative Assembly	-	14	14	47
Lands	110	959	1,069	683
Finance	1,338	810	2,148	2,135
Infrastructure	90,489	66,919	157,408	106,154
Health and Social Services	95,127	38,567	133,694	110,461
Justice	16,553	11,203	27,756	9,418
Education, Culture and Employment	23,567	5,876	29,443	22,748
Environment and Natural Resources	3,269	7,196	10,465	5,840
Industry, Tourism and Investment	3,595	4,807	8,402	2,819
	234,048	136,351	370,399 *	260,305

Projects completed by Infrastructure on behalf of other Departments are reported as expenditures under the owner Department when completed to better reflect investments in Departmental Programs.

*\$1,676 of the budget associated with infrastructure investments that were classified as non-capital in nature has been transferred to operations, as disclosed in Schedules 2 and 8.

Government of the Northwest Territories

Non-Consolidated Schedule of Grants (unaudited)

Schedule 5

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Executive and Indigenous Affairs						
Aboriginal Intergovernmental Meetings						
Fund	300	-	-	300	284	16
Core Funding to Metis Locals	225	-	-	225	225	-
Special Events - Aboriginal Organizations	50	-	-	50	43	7
Women's Initiatives	50	-	-	50	50	-
Sahtu AIP Review	-	-	-	-	12	(12)
Arctic Inspiration Prize	-	-	-	-	88	(88)
Strategic Direction and Action Plan	-	100	-	100	100	-
	625	100	-	725	802	(77)

Infrastructure

Band Council Subsidized Leases	140	-	-	140	-	140
Deh Cho Bridge Opportunities	200	-	-	200	200	-
	340	-	-	340	200	140

Finance

Cost of Living Tax Credit	22,150	-	-	22,150	21,951	199
NWT Child Benefit	1,950	-	-	1,950	2,009	(59)
Net Fiscal Benefit Transfer to Aboriginal Parties	10,100	-	-	10,100	8,916	1,184
	34,200	-	-	34,200	32,876	1,324

Municipal and Community Affairs

Designated Authority Additional Funding	624	-	-	624	624	-
New Deal Taxation Revenue Program	565	-	-	565	542	23
High Performance Athlete Program	100	-	-	100	64	36
Community Government Funding	48,303	-	-	48,303	48,303	-
Grant-in-Lieu of Taxes	6,962	857	-	7,819	7,740	79
Senior Citizens and Disabled Persons Tax Relief	557	-	-	557	762	(205)
Deline Self Government	2,958	264	(25)	3,197	3,197	-
	60,069	1,121	(25)	61,165	61,232	(67)

Government of the Northwest Territories

Non-Consolidated Schedule of Grants (unaudited)

Schedule 5 (continued)

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Environment and Natural Resources						
Disaster Compensation	15	-	-	15	10	5
Fur Price Program	405	-	-	405	372	33
Fire Damage Compensation	100	-	-	100	30	70
	520	-	-	520	412	108
Health and Social Services						
Medical Professional Development	40	-	-	40	40	-
Apartment Lease Funding	443	-	-	443	443	-
	483	-	-	483	483	-
Justice						
National Justice Issues	9	-	-	9	10	(1)
Education, Culture and Employment						
Student Financial Assistance	11,759	-	-	11,759	11,630	129
Community Broadcasting	52	-	(52)	-	-	-
Early Childhood Program Operator Subsidy	-	800	3,203	4,003	4,176	(173)
Early Childhood Provider Enhancement	-	90	-	90	-	90
Early Childhood Worker Program	890	-	-	890	955	(65)
Early Childhood Worker Scholarship	-	15	-	15	65	(50)
Labour Market Agreement for Persons with Disabilities	69	-	-	69	-	69
NWT Arts Council	500	-	-	500	509	(9)
Support to Northern Performers	101	-	-	101	99	2
French Language Broadcasting	-	-	10	10	10	-
	13,371	905	3,161	17,437	17,444	(7)
Total	109,617	2,126	3,136	114,879	113,459	1,420

Land with cost and net book value of \$0, market value \$3,329 (2017- \$772) was contributed to third parties.

Government of the Northwest Territories**Non-Consolidated Schedule of Contributions (unaudited)****Schedule 6****for the year ended March 31, 2018**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
Legislative Assembly						
Human Rights Commission Core Funding	250	-	-	250	250	-
Executive and Indigenous Affairs						
Native Women's Association Core Funding	426	-	-	426	427	(1)
Status of Women Council Core Funding	394	-	-	394	394	-
Norman Wells AIP Review	-	-	-	-	12	(12)
	820	-	-	820	833	(13)
Finance						
Territorial Power Subsidy Program	6,778	-	-	6,778	6,956	(178)
Northwest Territories Heritage Fund Core Funding	7,600	-	-	7,600	6,344	1,256
Northwest Territories Housing Corporation Core Funding	74,943	-	-	74,943	74,943	-
	89,321	-	-	89,321	88,243	1,078

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over) Under Appropriation
	\$	\$	\$	\$	\$	\$
Municipal and Community Affairs						
Partners Contributions	460	-	125	585	535	50
Annual Non-Government-Organization Stabilization Fund	350	-	-	350	350	-
Arctic Winter Games 2018	1,500	-	-	1,500	1,500	-
Ground Ambulance and Highway Rescue	185	-	-	185	155	30
Recreation Contributions	450	-	-	450	450	-
Volunteer Contributions	70	-	-	70	19	51
A Brilliant North	565	-	-	565	400	165
Youth Centres	500	-	-	500	500	-
Pan Territorial Sport Program	272	-	-	272	272	-
911 Service Implementation	365	-	-	365	-	365
Multisport Games	500	-	-	500	650	(150)
Healthy Choices Initiative	765	-	-	765	765	-
Children and Youth Resiliency	450	-	-	450	367	83
Community Governments						
Water Treatment Plant Projects	-	957	-	957	893	64
Community Financial Services	135	-	-	135	-	135
Capital Formula Funding	28,002	(809)	-	27,193	27,193	-
Recreation Funding	825	-	-	825	829	(4)
Water and Sewer Services	18,712	-	25	18,737	18,737	-
Get Active NWT	100	-	-	100	100	-
Assistance to Community Governments	-	-	-	-	45	(45)
Regional Youth Sport Events	400	-	-	400	407	(7)
Youth Corps - Sport, Recreation and Youth	675	-	-	675	644	31
Youth Contributions Programs	225	-	-	225	230	(5)
Youth Corps- Regional Operations	500	-	-	500	426	74
Volunteer Recognition	30	-	-	30	1	29
	56,036	148	150	56,334	55,468	866
Lands						
Consultation for Land Use Decisions	75	-	-	75	34	41
Land Use Planning Initiatives	325	-	-	325	729	(404)
Northern Canadian Centre of Excellence for Remote Sensing Business Case	-	-	-	-	125	(125)
Sustainable Land Use Management	50	-	-	50	-	50
	450	-	-	450	888	(438)

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
Health and Social Services						
Health and Social Services						
Authority Funding	286,937	1,579	(1,692)	286,824	284,487	2,337
Long Term Care	-	-	-	-	68	(68)
Health and Social Services						
Human Resources	1,104	-	-	1,104	112	992
Respite Fund	225	-	-	225	229	(4)
Anti-Poverty Fund and Day Shelter	650	500	-	1,150	1,106	44
Family Violence	395	-	-	395	352	43
Early Childhood Development Action Plan	277	-	-	277	259	18
Community Wellness Initiatives Fund	1,014	-	-	1,014	821	193
On the Land Healing Fund	1,100	-	-	1,100	1,039	61
Mental Health and Addictions	450	-	-	450	319	131
Seniors Fund	205	-	-	205	205	-
Child and Family Services	128	-	-	128	217	(89)
French Language Services	856	-	-	856	625	231
Early Childhood Development Breastfeeding Fund	65	-	-	65	115	(50)
Strategic Cancer Initiatives	-	-	-	-	80	(80)
Disabilities Fund	335	-	-	335	342	(7)
Healthy Family Program	292	-	-	292	292	-
Tlicho Cultural Coordinator	35	-	-	35	39	(4)
	294,068	2,079	(1,692)	294,455	290,707	3,748
Environment and Natural Resources						
MacKenzie River Basin Board	50	-	-	50	35	15
Industry Development	50	-	-	50	83	(33)
Community Harvester Assistance Program	1,074	-	-	1,074	1,103	(29)
Adaptation Plan	51	-	-	51	167	(116)
Traditional Knowledge	65	-	-	65	105	(40)
Interim Resource Management Assistance Program Agreement	1,655	-	-	1,655	1,655	-
Local Wildlife Committees	257	-	-	257	112	145
Forest Health	-	-	-	-	10	(10)
Climate Change Conservation Program	162	-	-	162	166	(4)
Stewardship Program	515	-	-	515	417	98
Modelling and Remote Sensing	65	-	-	65	80	(15)
NWT Water Strategy	250	-	-	250	844	(594)
Wildfire Risk Management Plans	75	-	-	75	-	75
Wildfire Research Support	25	-	-	25	-	25
Wildlife Management Boards	118	-	-	118	123	(5)
Inuvialuit Water Board	913	-	-	913	913	-
Environmental Baseline Studies	100	-	-	100	60	40
Water Strategy Action Plan	325	-	-	325	401	(76)
Caribou Strategy	-	310	-	310	241	69
Take A Kid Trapping	125	-	-	125	85	40
Cumulative Impact Monitoring Program	1,540	-	-	1,540	1,816	(276)
Conservation Planning	140	-	-	140	227	(87)
Disease Contaminants	191	-	-	191	288	(97)
	7,746	310	-	8,056	8,931	(875)

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
Industry, Tourism and Investment						
Business Development and Investment Corporation	2,819	-	-	2,819	2,819	-
Community Futures	825	-	-	825	828	(3)
Community Transfers Initiative	1,587	-	-	1,587	1,447	140
Diamond, Royalties and Financial Analysis	-	-	-	-	39	(39)
Support for Entrepreneur and Economic Development	3,866	-	-	3,866	3,766	100
Film Industry Rebate Program	100	-	-	100	92	8
NWT Geological Survey	-	-	-	-	487	(487)
Tourism Skills Development	170	-	-	170	74	96
Various Contributions Tourism and Parks	-	-	-	-	155	(155)
Tourism 2020	400	-	-	400	616	(216)
Fur Program	155	-	-	155	91	64
Arts and Crafts Promotion	-	-	-	-	88	(88)
Tourism Product Diversification Program	1,086	-	-	1,086	845	241
Northwest Territories Chamber of Mines	30	-	-	30	71	(41)
Commercial Fisheries	225	225	-	450	450	-
Aboriginal Mineral Development Support Program	100	-	-	100	120	(20)
Northern Food Development Program	550	-	-	550	439	111
Mining Incentive Program	400	600	-	1,000	881	119
Great Northern Arts Festival	25	-	-	25	25	-
Community Tourism Infrastructure	200	-	-	200	415	(215)
Tourism Industry Contribution	3,336	-	-	3,336	3,336	-
Various Contributions Minerals and Petroleum Resources	-	-	-	-	11	(11)
Convention Bureau	100	-	-	100	100	-
Northern Frontier Visitors Centre	161	-	-	161	206	(45)
Growing Forward II	300	-	-	300	235	65
	16,435	825	-	17,260	17,636	(376)
Justice						
Victims Assistance Support Projects	878	-	-	878	968	(90)
Community Justice Committees and Projects	1,249	316	-	1,565	1,721	(156)
Wilderness Programming	179	-	-	179	-	179
YWCA of Yellowknife	105	-	-	105	105	-
	2,411	316	-	2,727	2,794	(67)

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
Infrastructure						
Energy Programs and Policy						
Development	2,770	-	-	2,770	3,206	(436)
Energy Research and Analysis	440	-	-	440	210	230
Local Community Roads	980	500	-	1,480	1,372	108
Students Against Drinking and Driving	12	-	-	12	10	2
	4,202	500	-	4,702	4,798	(96)
Education, Culture and Employment						
Education Authority Contributions	149,918	2,283	2,429	154,630	154,926	(296)
College Contributions	31,986	669	-	32,655	32,287	368
Healthy Food for Children and Youth	650	-	-	650	650	-
Literacy Funding:						
Labour Development and Standards	1,921	-	(242)	1,679	2,275	(596)
Education and Culture	685	-	(8)	677	635	42
NWTTA Professional Development Fund	2,019	-	-	2,019	1,806	213
Early Childhood Program	4,815	675	(3,903)	1,587	1,049	538
Minority Language Education and Second Language Instruction: (French)	2,539	-	-	2,539	2,813	(274)
Official Languages:						
Indigenous Languages Broadcasting	878	98	52	1,028	998	30
Francophone Affairs	77	100	-	177	154	23
Indigenous Languages	4,739	3,456	190	8,385	7,523	862
Community Library Services	763	-	-	763	750	13
Cultural Organizations	424	-	-	424	424	-
Homelessness Program	1,574	-	-	1,574	1,425	149
Heritage Centres	491	-	-	491	491	-
Arts Organizations Operating Funding	460	-	-	460	460	-
Early Childhood Intervention Program	1,000	-	700	1,700	1,417	283
Income Security Initiative	228	-	-	228	226	2
Skills Canada	70	-	-	70	70	-
Small Community Employment	3,339	-	(110)	3,229	1,134	2,095
Career Development and Training	-	-	80	80	76	4
Tlicho Cultural Coordinator	-	-	-	-	39	(39)
Infrastructure Contributions:						
Education and Culture	-	1,686	-	1,686	159	1,527
Infrastructure Contributions:						
Labour Development and Standards	400	-	-	400	400	-
Labour Market Agreement for Persons with Disabilities Contributions	281	-	250	531	642	(111)
Northern Youth Abroad	-	-	-	-	50	(50)
	209,257	8,967	(562)	217,662	212,879	4,783
Total	680,996	13,145	(2,104)	692,037	683,427	8,610

Government of the Northwest Territories**Non-Consolidated Schedule of Special Warrants (unaudited)****Schedule 7****for the year ended March 31, 2018****(thousands of dollars)**

	Date of FMB Approval	Amount Authorized \$
INFRASTRUCTURE		
A special warrant was approved on March 27, 2017 to fund the purchase of two double-hulled barges, in order to secure the resupply of petroleum products to NWT residents to meet core needs for home and business heating, as well as essential equipment usage for both NWT residents and GNWT operations.	27-Mar-2017	10,000
Total Special Warrants		<u>10,000</u>

Government of the Northwest Territories**Non-Consolidated Schedule of Inter-activity Transfers Exceeding \$250,000 (unaudited)****Schedule 8****for the year ended March 31, 2018**(thousands of dollars)

	Transfer to (from) \$	Explanation
OPERATIONS AND MAINTENANCE		
Health and Social Services		
Ambulatory Care Services	3,100	Transfer of funding from the Medical Travel program to offset the Out of Territories Hospitals program budget shortfall.
Supplementary Health Programs	(3,100)	
Ambulatory Care Services	500	Transfer of supplementary funding for the Youth in Crisis initiative from the department to the Northwest Territories Health and Social Services Authority.
Community Social Programs	(500)	
Community Health Programs	1,000	Transfer of supplementary funding for the Youth in Crisis and Anti-Poverty initiatives to the Community Health Programs activity that delivers the services.
Community Social Programs	(1,000)	
Infrastructure Project Classification	344	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Education, Culture and Employment		
Corporate Management	40	Transfer of funding to reinstate budget amounts to the Education and Culture activity (201) prior to one-time contribution funding that was previously allocated to Labour Development and Standards. Transfers of funding to the Corporate Management activity (40) to address incremental internal chargeback expenses related to the Voice Over Internet Protocol phone system implementation. Transfers of funding to the Income Security activity (72) to reflect compensation and benefits adjustments.
Education and Culture	201	
Income Security	72	
Labour Development and Standards	(313)	
Infrastructure Project Classification	215	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Infrastructure		
Asset Management	(1,736)	Internal budget adjustments to realign activity budgets with operational requirements as a result of a departmental review completed after the amalgamation of the Department of Transportation and the Department of Public Works and Services.
Corporate Management	3,142	
Programs and Services	(673)	
Regional Operations	(733)	
Infrastructure Project Classification	616	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Asset Management	(15,029)	Transfer of budgets for the Yellowknife Airport DND Asphalt Airfield Ramp, Inuvik Airport Runway Repairs and Marine Transportation Services due to changes in organizational structure/reporting as a result of the amalgamation of departments. Reprofile of Design and Technical Services from Programs and Services Activity to Asset Management Activity.
Programs and Services	15,029	

Government of the Northwest Territories**Non-Consolidated Schedule of Inter-activity Transfers Exceeding \$250,000 (unaudited) Schedule 8 (continued)****for the year ended March 31, 2018****(thousands of dollars)**

	Transfer to (from) \$	Explanation
Justice		
Infrastructure Project Classification	130	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Finance		
Infrastructure Project Classification	23	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Industry, Tourism, and Investment		
Infrastructure Project Classification	178	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Environmental and Natural Resources		
Infrastructure Project Classification	170	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.

Government of the Northwest Territories**Non-Consolidated Schedule of Inter-activity Transfers Exceeding \$250,000 (unaudited) Schedule 8 (continued)****for the year ended March 31, 2018**

(thousands of dollars)

	Transfer to (from) \$	Explanation
CAPITAL INVESTMENT		
Finance		
Infrastructure Project Classification	(23)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Environmental and Natural Resources		
Infrastructure Project Classification	(170)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Health and Social Services		
Community Health Programs	515	Transfer of surplus budget from the Organ Tissue Donation Registry project to the Sobering Centre project (200). Transfer of surplus budget from the cancelled Inuvik Operating/Sterilizer Room Upgrade and the Déline Health Centre Security Upgrade projects to the Woodland Manor project (315) to offset budget shortfalls.
Administrative and Support Services	(515)	
Infrastructure Project Classification	(344)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Justice		
Infrastructure Project Classification	(130)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Industry, Tourism and Investment		
Infrastructure Project Classification	(178)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Education, Culture and Employment		
Education and Culture	981	Territory-wide implementation of the Junior Kindergarten Upgrades project required an additional \$895. In addition, \$86 was required for the Prince of Wales Northern Heritage Center Accessible Washrooms project due to higher costs. Funding was reallocated from the Aurora College Heavy Equipment Operator Facility project, due to an expected budget surplus.
Labour Development and Standards	(981)	
Infrastructure Project Classification	(215)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Infrastructure		
Asset Management Programs and Services	(3,340) 3,340	Transfer of ten capital projects to the appropriate activity in which the project is being managed.
Infrastructure Project Classification	(616)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.

ACCOUNTS RECEIVABLE WRITTEN OFF

No amounts were written off during the fiscal year ended March 31, 2018.

FORGIVENESS OF DEBT

No amounts were forgiven during the fiscal year ended March 31, 2018.

Government of the Northwest Territories**Non-Consolidated Schedule of Projects for the Government of Canada, Nunavut and Others
- Expenditures Recovered (unaudited)****Schedule 10****for the year ended March 31, 2018**

\$

Lands

Surface Rights Board	302,094
Tlicho Land Claim Implementation	50,000

352,094

Executive and Indigenous Affairs

Inuvialuit Land Claim Implementation	111,777
Gwich'in Land Claim Implementation	156,554
Sahtu Land Claim Implementation	100,892
Tlicho Land Claim Implementation	235,957

605,180

Municipal and Community Affairs

Pan-Territorial Strategy	331,068
Gas Tax	19,314,443
Small Community Fund	4,802,952
Public Transit Fund	26,647
Designated Authority Council Training	145,389
Emergency Management Development	77,253
Clean Water and Wasted Water Fund	9,703,292

34,401,044

Infrastructure

Sahtu Land Claim Implementation	4,776
Gwich'in Land Claim Implementation	4,776
Tlicho Land Claim Implementation	96,000
Inuvik Wind Energy Study	784,710
Office Lease - Beaufort Delta Education Council	146,100
Royal Canadian Mounted Police Facility Maintenance	1,545,975
Royal Canadian Mounted Police Minor Capital	2,486,995
Royal Canadian Mounted Police Janitorial	279,279
Northern Responsible Energy Approach	472,168
Royal Canadian Mounted Police Utilities	2,541,964
Airline Glycol Recovery	71,085
Hay River Access Corridor	45,693
Hold Baggage System - Yellowknife Airport	92,164
National Safety Code	153,140
The Alberta Road Maintenance	1,361,502
Wood Buffalo National Park	352,345

10,438,672

Government of the Northwest Territories**Non-Consolidated Schedule of Projects for the Government of Canada, Nunavut and Others****- Expenditures Recovered (unaudited)****Schedule 10(continued)**

for the year ended March 31, 2018

	\$
Justice	
Sahtu Land Claim Implementation	23,694
Gwich'in Land Claim Implementation	23,694
Tlicho Land Claim Implementation	47,531
Building a Northern Evidence Based Approach to Crime Prevention	245,470
Native Estates	178,707
Family Information Liaison Unit	285,000
Court Ordered Council	25,226
	<hr/>
	829,322

Health and Social Services

Pan-Canadian Public Health Network	7,503
Northern Wellness	10,487,309
Survival by Stage	12,000
Pan Northern Child Welfare	75,000
National Routing System	40,000
Tobacco Cessation Sharing Circle	500
Canadian Hospitals Injury Reporting and Prevention	79,122
Toll-Free Tobacco Quitline Services	71,923
Non Insured Health Benefits	16,124,129
Outbreak Summaries	9,284
Home and Community Care Enhancement	6,314,940
Territorial Health Investment Fund	1,976,839
Territorial Health Investment Fund Medical Travel	5,000,000
Territorial Health Investment Fund Oral Health	1,033,734
Peer 2 Peer Network	117,146
Canadian Chronic Disease Surveillance System	195,438
Helicobacter Pylori Infection	44,980
	<hr/>
	41,589,847

Education, Culture and Employment

Sahtu Land Claim Implementation	30,607
Gwich'in Land Claim Implementation	28,253
Tlicho Land Claim Implementation	92,522
Labour Market Development Agreement	4,421,042
Canada Job Fund	1,849,143
	<hr/>
	6,421,567

Government of the Northwest Territories**Non-Consolidated Schedule of Projects for the Government of Canada, Nunavut and Others****- Expenditures Recovered (unaudited)****Schedule 10(continued)**

for the year ended March 31, 2018

	\$
Environment and Natural Resources	
Forest Industry Biomass Initiative	803,059
Tlicho Land Claim Implementation	631
Bison Control Program	27,701
Gwich'in Land Claim Implementation	117,050
Inuvialuit Land Claim Implementation	3,856,085
Sahtu Land Claim Implementation	153,406
Sahtu Duck Banding Project	11,620
Wildlife Studies	14,188
Yellowknife Legacy Contaminants	70,000
Mutual Aid Research Sharing Agreement	2,655,798
National Forest Inventory	100,000
Conversation Data Centre Data Development	31,239
Parks Canada Regional Data Enhancement and Data Capture	10,000
Develop Science Programs	56,500
Monitoring of the Bluenose-West Caribou	50,000
Changing Range Use Patterns- Barren Ground Caribou Herds	20,000
Caribou Behavioral Monitoring	30,000
Monitoring Polar Bear Subpopulations in the Western Arctic	25,000
Canadian Parks Council	45,000
Northern Regional Gathering	57,562
Bathurst Caribou Range Plan	266,400
Alberta and Northwest Territories Bilateral Water Management Agreement	97,140
Aquatic Ecosystem Health	13,453
State of Northwest Territories Country Foods System	138,000
Southern Beaufort Delta Sea Polar Bear Survey	30,000
	<hr/> 8,679,832 <hr/>
Industry, Tourism and Investment	
Growing Forward II	782,523
Gwich'in Land Claim Implementation	23,701
Sahtu Land Claim Implementation	38,935
Canol Trail - Wire Cleanup	1,332,291
	<hr/> 2,177,450 <hr/>
Total	<hr/> 105,495,008 <hr/>

for the year ended March 31, 2018

STUDENT LOAN REMISSIONS

Under the Student Financial Assistance Regulations, the Government may forego collection of students' loans, provided certain criteria are met. The students listed below, having met the academic or employment and residency criteria, have qualified and been granted remission of their loans.

Name	\$	Name	\$
Abow, Mohamed	2,001	Bonnell, Nicole	4,364
Adam, Shariff	9,026	Booth, Miranda	2,975
Ahenakew, Adam	285	Borkovic, Joey	6,024
Ahenakow, Garrett	6,800	Bothamley, Kelly	9,672
Aho, David	2,976	Bourassa, Darcy	982
Aitken, Jennifer	3,502	Bourke-Macpherson, Sharwyn	5,600
Alain, Jill	9,042	Bower, Frances	2,892
Alty, Abigail	5,836	Bradbury, Amanda	7,710
Alty, Kierra	2,121	Braden, Carmen	11,442
Amora, Justine	6,001	Brasseur, Jacqueline	11,798
Anderson, Casey	2,976	Brasseur, Kali	6,001
Anderson, Dustin	5,950	Breadmore, Belinda	6,001
Anderson, Ian	1,677	Brennan, Trista	8,500
Anderson, Kari	6,825	Brenton, Sarah	6,001
Anderson, Wesley	5,056	Brewster, Jasmine	7,321
Ashby, Kaleigh	1,940	Bromley, Tara	7,573
Ashcroft, Brandon	8,998	Brookes, Claire	1,759
Auger, Marie-Christine	5,738	Brooks, Paulina	1,677
Ballantyne, Nicholas	2,976	Bruser, Ben	4,441
Balmer, Lisa	8,138	Buchanan, David	742
Barbier, Jan	2,976	Budgell, Victoria	2,976
Bassett, Shawna	3,995	Callas, Aaron	9,026
Bastedo, Nimisha	4,175	Callas, Michael	3,672
Beck, Janelle	612	Campbell, Alexis	4,279
Bell, Jason	6,001	Campbell, Gordon	1,770
Bell, Tyler	3,400	Cao, Lillian	9,097
Bengts, Lauren	897	Carroll, Jeremy	3,374
Bengts, Stacie	190	Castro, Eugene	4,389
Bennett, Dominique	6,800	Chambers, Erin	2,137
Bennett, Shane	7,890	Chambers, Grace	2,039
Bent, Celeste	1,280	Chambers, Patrick	954
Berton, Mary-Lynn	7,668	Cherwaty, Kyla	6,001
Berube, Pierre-Luc	2,063	Chugh, Pooja	1,512
Bevan, Kyle	2,975	Chung, Carissa	4,882
Biggar, Kyle	5,138	Cluderay, Rachel	7,694
Black, Kimberly	3,875	Coedy, Liam	2,060
Blacklock, Devan	19,600	Coleman, Melanie	6,001
Blampied, Cassidy	1,759	Colford, Noah	7,184
Blesse, Leanne	1,927	Collier, Emily	706
Boden, Fredrick	10,653	Collier, Katelyn	6,066
Boden, Mary	2,976	Concepcion, Czarina	6,677
Boggis, Christina	6,001	Conway, Shawn	4,250
Bokovay, Michelle	2,975	Cook, Krystal	2,882
Bolivar, Kate	2,975	Cooke, Brandon	6,800
		Cooper, Hawna	3,252

Government of the Northwest Territories

Non-Consolidated Schedule of Student Loan Remissions (unaudited)

Schedule 11 (continued)

for the year ended March 31, 2018

Cooper, Laura	6,001	Froese, Jordan	1,306
Cooper, Merrill	6,001	Froese, Kristen	7,009
Corey, Jeffery	1,774	Froment, Evan	2,976
Corey, Laura	4,963	Gagnon, Joshua	5,831
Cracknell, Alexandra	6,001	Gard, Tehnille	6,001
Crews, Gregory	3,638	Gauthier, Amiee	12,018
Curren, Jessica	7,201	Geggie-Hurst, Nicholas	5,738
Curtis, Colton	2,976	Gibbons, Olivia	9,513
Cutler, Julia	7,347	Gibbons, Katelyn	2,326
Dahl, Daniel	7,257	Gilbert, Stephanie	3,222
Dang, Debbie	446	Gilday, Michael	1,874
Dapilos, Alinar	6,001	Gill, Carolyn	2,893
De Bastiani, Lana	2,071	Gillander, Amanda	4,974
De Bastiani, Thomas	2,976	Glowach, Christine	5,045
Debogorski, Amelia	1,907	Goertsen, Paula Melissa	2,099
Debogorski, Anton	362	Graf, Derek	6,001
Debogorski, Ashley	1,759	Gray, Hunter	6,708
Debogorski, Benjamin	7,414	Gray, Kyla	3,781
Debogorski, Julaine	9,026	Gray, Madison	2,672
Denroche, Kaitlyn	5,968	Gray, Michael	2,888
Dentinger, Danielle	6,001	Grayston, Jodi	5,080
Depot-Bernier, Danika	7,234	Gregory, Nathaniel	4,691
Devitt, Alison	6,001	Guile, Amiee	6,001
Dewar, Dustin	10,321	Guile, Zoe	1,545
Digness, Laura	6,001	Guthrie, Abigail	411
Digness, Samantha	1,511	Haines, Ashleigh	5,600
Do, Hoa	13,000	Hall, Lisa	6,510
Do, Lisa	8,121	Hall, Michael	7,724
Doan, Aaron	4,373	Hamilton, Tiffanni	2,071
Dumas, Christopher	546	Hamlyn, Zachary	4,675
Duncan, Coady	3,901	Hanna, Gregory	2,800
Dunne, Nathan	1,275	Hanthorn, Micalah	3,156
Durkee, Kevin	5,803	Hardy, Matthew	3,025
Duval, Amelie	2,976	Harker, Jordan	563
Duval, Chloe	3,400	Harris, Brooke	6,001
Dwyer, Gavin	3,400	Harrison, Michaelis	2,154
Elke, Joshua	8,242	Harrold, Alexander	10,215
Elkin, Davis	2,975	Harrold, Lee	10,215
Ellis, Matthew	6,001	Hart, Zachary	1,994
Embleton, Samson	1,808	Hashi, Samiro	10,209
Enerio, Joe	7,546	Hehn, Brandi	24,671
Enerio, Marry	2,870	Hehn, Nikita	4,011
Enns, Monica	6,001	Heisler, Kimberly	9,963
Esau, Aleta	15,992	Hernandez, Anneluzelia	4,319
Esau, Sally	12,779	Herriot, Brittany	6,001
Ettinger, Julian	2,800	Heslep, Alison	1,040
Evans, Jesse	3,390	Hewitt, Kevin	9,672
Falconer, Shayla	5,820	Hicks, Samantha	6,001
Foley, Tara	1,035	Hiebert, Randy	4,564
Foster, Brienne	528	Hinchey, Alexandra	9,026
Fournier, Jessica	6,000	Hinchey, Chad	7,020
Fournier, Tristen	5,516	Hinchey, William (Garrett)	6,001
Freeman, Brett	10,091	Hobbs, Kirsten	2,499
Friesen, Jessica	7,000	Hobbs-Peddle, Kelsey	3,058

Government of the Northwest Territories

Non-Consolidated Schedule of Student Loan Remissions (unaudited)

Schedule 11 (continued)

for the year ended March 31, 2018

Hoefler, Dietrich	3,540	Lakusta, Matthew	3,796
Holden, Alberta	6,031	Lane, Skylor	4,126
Holick, Braden	3,400	Lapka, Heather	10,160
Holloway, Madeline	2,055	Larocque, Chelsey	5,283
Hotte-Joyce, Brenda	6,800	Lavers, Jamie	2,976
Hovhannisyan, Arpine	4,998	LeBlanc, Daniel	3,850
Hubert, Storm	850	Legaree, Sean	4,274
Hunt, Edward	6,001	Lehniger, Chase	11,305
Hunter, Kacee	8,001	Lepine, Rose	6,072
Hurst, Madison	6,116	LePrieur, Joanna	9,026
Huynh, Phoenix	2,006	LeTourneau-Paci, Sebastien	5,500
Hyde, Maxwell	2,550	Lewis, Michelle	5,064
Hysert, Brent	2,125	Linaker, Alexa	5,546
Ibey, Sara	3,400	Linaker, Ben	16,687
Ignacio-Pacunayen, Angelica	7,234	Linaker, Jackson	2,050
Inglangasuk, Alexandra	10,850	Lindsay, Michel	4,165
Irvine, Sara	8,450	Lodge, Emily	2,486
Irvine, Taylor	5,134	Long, Alanna	4,200
Jason, Whitney	3,798	Lu, Ryan	1,825
Jefferd-Moore, Brittenie	8,702	Luxon, Natasha	6,050
Jeffery, Julia	2,341	Ly, Nha	2,903
Jen, Brooke	1,784	MacDonald, Cameron	6,001
Jenkins, Kara	2,203	MacDonald, Erin	13,097
Jennings, Shannon	12,763	MacDonald, Owen	9,450
Johnson, Michaela	3,968	MacDougall, Alexander	395
Jonasson, Jessica	12,697	MacDougall, Ian	6,001
Jonasson, Kristine	2,287	MacDougall, Kelsey	2,976
Jones, Brittany	6,001	MacIntosh, Hayden	1,874
Jones, Quintin	4,611	MacIntosh, Teale	4,373
Jones, Savannah	6,001	MacLennan-Jensen, Shakita	3,400
Jung, Courtney	6,001	MacNeill, Laura	11,666
Kaip, Kirsten	48	MacNeill, Nancy	4,479
Kamitomo, Jesse	1,593	Magrum, Rebecca	1,962
Kamitomo, Travis	5,310	Magtibay, Sherman	4,675
Kamran, Aarsal	3,239	Maher, Tanya	4,981
Kearnan-Carbonneau, Sean	1,999	Mahler, Rebecca	6,001
Keefe, Alexander	5,047	Mailman, Melanie	3,272
Kefalas, Kyle	1,776	Mair, Colin	5,176
Keizer, Michelle	8,001	Malakoe, Alexandra	4,152
Kelln, Christopher	2,484	Malakoe, Michael	6,001
Kelln, Danae	10,193	Malik, Huzaifa	2,154
Kelly, Jessica	2,701	Maloney, Elias	6,001
Kennedy, Joseph	2,813	Marchiori, Kaitlyn	4,176
Khachatryan, Narek	2,006	Marin, Diane	3,946
Kimble, Brandon	11,563	Marriott, Jessica	2,283
Kimmins, Connor	4,653	Marriott, Samantha	6,954
Klengenber, Deborah	2,628	Martin-Elson, Sonja	6,001
Kocik, Kirsten	1,134	Matthews, Andrew	6,001
Kornichuk, Rebecca	2,294	Matthews, Bryana	2,828
Kraft, Kristine	3,929	Maund, Cara Amy	8,993
Kraft-Bailey, Corine	6,461	McArthur, Allison	8,110
Krause, Justin	4,250	McDaneil, Gabriel	9,026
Krysko, Samuel	3,928	McDonald, Mandee	6,744
Lakhani, Sabrina	6,001	McDonald, Paige	6,769

Government of the Northwest Territories

Non-Consolidated Schedule of Student Loan Remissions (unaudited)

Schedule 11 (continued)

for the year ended March 31, 2018

McGreish, Kendra	8,598	Ollerhead, Kristy	2,976
McGurk, Fraser	3,400	Ollerhead, Mark	3,400
McKiel, Courtney	5,621	Ondrack, Tess	6,001
McKiel, Kieran	2,252	Orchard, Kali	2,976
McLean, Warren	2,550	O'Reilly, Amber	1,496
McLeod, Laura	656	Ormiston, Kyle	6,001
McManus, Catherine	1,610	Oteiza, Marissa	3,968
McNaughton, Gillian	8,001	Pagonis, Meghan	2,976
McNulty, Brenegan	395	Paivalainen, Barrett	7,743
Memedi, Viola	5,246	Paivalainen, Braeden	9,601
Menard, Kaitlyn	2,039	Palmer, Zachary	4,735
Merrithew, Leslie	2,778	Parker, Marc	17,339
Meulenbroek, Mark	4,618	Parker, Melody	671
Michel, Gina	2,976	Payne, Keegen	2,055
Miklosovic, Stefanie	6,001	Philippou, Dustin	3,599
Mills, Benjamin	2,642	Phillips, Brayden	3,400
Minute, Justin	15,535	Phillips, Jessica	6,132
Moffitt, Morgan	6,001	Phillips, Madison	2,976
Moir, Lauren	6,001	Phillips, Robert	2,870
Molloy, Abigail	3,400	Phillips, Trenton	1,649
Monks, Deanna	6,001	Pierrot, Christina	10,355
Moore, Christopher	6,001	Pilling, Maxwell	6,001
Moore, Kelly	6,001	Pirker, Erin	6,800
Moore, MacKinley	3,600	Plouffe, Nicholas	2,976
Moran, Colton	9,672	Ploughman, Melissa	3,458
Moran, Shayla	1,160	Plunchinski, Michael	8,072
Morgan, Michael	1,504	Poitrass, Sean	1,424
Morrison, Donald	947	Polakoff, Dayna	2,324
Morse, Melanie	4,192	Polakoff, Derrick	2,959
Morton, Fallon	2,022	Pond, Ryan	1,456
Moss, Chase	603	Porter, Raylene	2,976
Mulders, Ashley	4,192	Pound, Shawna	391
Mulders, Tamika	6,001	Purchase, Eli	6,001
Muller, Mikaela	1,777	Purchase, Elizabeth	5,976
Murphy, Christine	5,207	Pynten, Kirsten	205
Murray, Janet	1,604	Ramm, Charmain	6,061
Mutua, Raymir	11,054	Ramos, Minerva	3,400
Nadji, Anisa	4,948	Randall, Amber	11,800
Nadji, Negaar	3,239	Rattray, Kevin	1,866
Napier, Kyle	2,611	Redshaw, Heather	6,001
Nesbitt, Steven	5,334	Redshaw, Walker	9,026
Nguyen Ha, Ngan	4,914	Reid, Graeme	18,687
Nguyen, Ngoc Huyen	2,121	Reid, Taylor	9,491
Nilson, Andrea	6,625	Rein, Taylor	1,529
Nilson, Kent	6,099	Rentmeister, Kyle	8,010
Norbert, Nigit'stil	2,976	Rentmeister, Lindsay	6,001
Nunkoo, Dishti	2,039	Rentmeister, Tyler	15,479
O'Brien, Kathleen	2,976	Rieger-Steed, Colton	2,022
Ocko, Leanne	5,918	Risk, Daniel	2,800
O'Connor, Elise	8,001	Rivera, Danielle	6,800
O'Hara, Linna	9,179	Rivera, Jill	39
O'Keefe, Hope	947	Roberts, Brittany	1,001
Olayvar, Rogine	2,219	Roberts, Sabrina	2,976
Ollerhead, Diana	3,647	Roberts, Donald	3,929

Government of the Northwest Territories

Non-Consolidated Schedule of Student Loan Remissions (unaudited)

Schedule 11 (continued)

for the year ended March 31, 2018

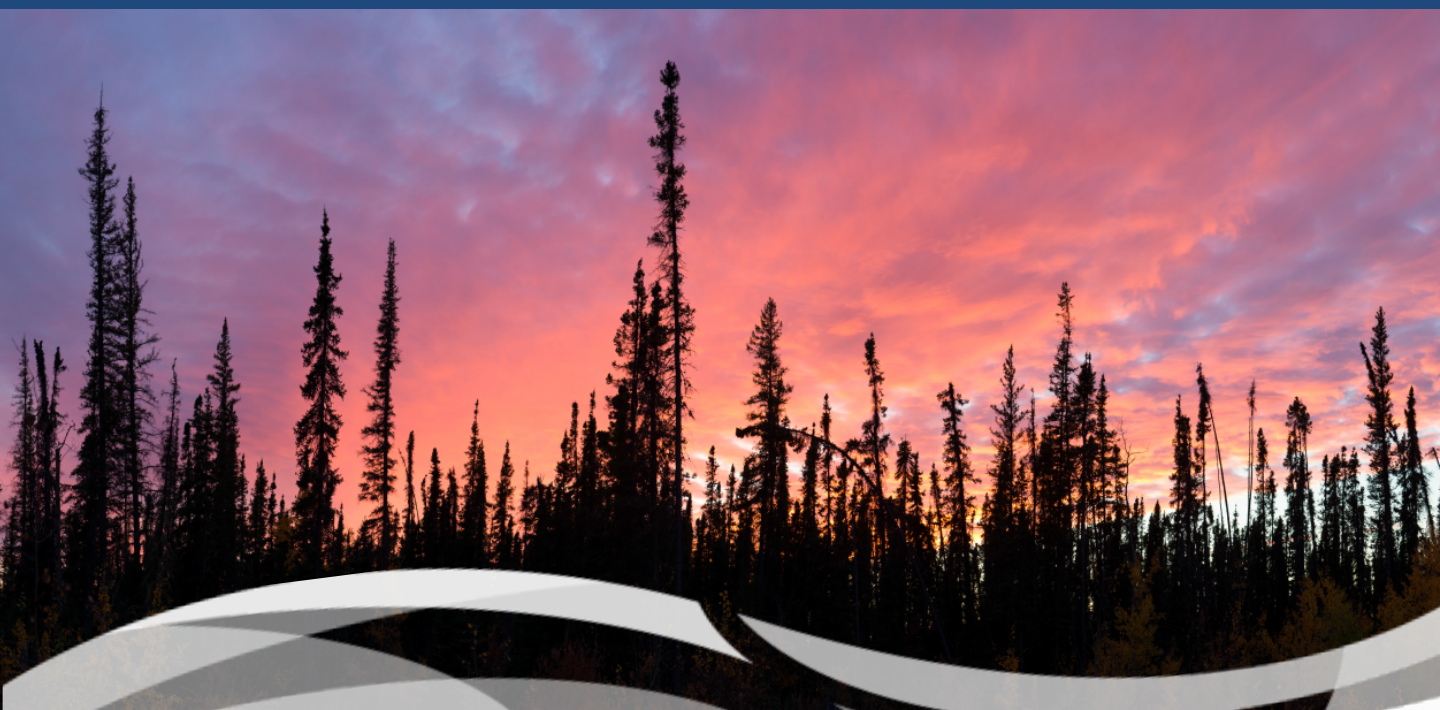
Robson, Sean	6,001	Straker, Jeremy	6,001
Rocher, Courtney	5,409	Strand, Jesslyn	6,510
Rocher, Lorna	8,384	Sullivan, Christopher	2,548
Rodgers, Hayley	16,024	Sullivan, Jacob	4,242
Rodgers, Tylor	6,800	Sullivan, Kathleen	2,630
Roesch, Kendra	5,195	Swihart, Kristi	6,001
Rose, Joshua	7,842	Taggart, Craig	108
Ross, Jamie	2,976	Taggart, Ryan	6,001
Ross, Paulina	6,001	Tam, Jared	3,968
Rossouw, Levi	3,328	Tam, Kevin	2,976
Rossouw, Maxwell	8,105	Taskova, Aleksandra	6,001
Rozestraten, Scott	6,001	Taylor, Pamela	790
Rudkevitch, Wylie	10,374	Taylor, Sarah	6,001
Ruptash, Heather	4,052	Testart, Kieron	7,220
Russell, Nora	5,380	Thagard, Shaun	8,269
Scarf, Adam	8,187	Thiessen, Rosemarie	4,472
Schaap, Jamie	5,562	Tilden, Emma	510
Scheper, Nathan	8,001	Tordoff, Devon	8,023
Scheper, Samantha	3,515	Tram, John	1,602
Schmalz, Adrienne	6,001	Tremblay, Brad	5,773
Schmalz, Alexandra	4,817	Trinh, David	2,559
Sevigny, Isabelle	3,400	Tucker, Carly	387
Shaben, Krystal	2,976	Tuckey, Brenda	2,872
Shaben, Megan	6,001	Tuckey, Jarod	2,975
Shahi, Michael	11,200	Tuma, Michelle	2,466
Shortt, Jordan	6,313	Tymchatyn, Shantel	5,928
Shouhda, Kyle	9,026	Ukkhoy, Nushreen	2,154
Sibbald, Alan	2,006	Urilyon, Hailey	5,699
Sidhu, Harjot	6,001	Urschel, Skylar	3,962
Silke, David	6,001	Valenzuela, Lorry	1,976
Silke, Jordan	4,751	Vallillee, Erin	6,001
Silke, Tanya	9,672	Van Dyke, Christian	2,976
Simpson, Amy	6,001	Vanthull, Jamie	3,025
Simpson, Axelle	6,001	Vaydik, Jill	2,738
Skinner, Madelaine	4,126	Vician, Kaitlyn	2,976
Skinner, Shelby	6,001	Vician, Kristin	6,001
Smith, Angus	6,001	Vician, Lindsay	6,001
Smith, Emily	7,102	Vulkov, Deyan	2,976
Smutylo, Stephanie	5,000	Walker, Drayton	6,147
Soderberg, Jonathon	1,956	Wallace, Ryan	7,145
Sorensen-O'Keefe, Keelie	1,776	Walsh, Caterina	6,001
Spence, Duff	2,976	Walz, Brandon	2,088
Sperry, Olivia	8,330	Ward, Emma	1,803
Squires-Rowe, Ashley	6,444	Watton, Colin	5,849
St. Arnaud, Richard	10,143	Waugh, Jennifer	4,587
St. Croix, Aleta	2,548	Weaver, Katie	2,039
St. Croix, Kadee	6,001	Weaver, Whitney	2,976
Stevens, Megan	5,080	Webb, Danielle	2,039
Stewart, Faline	3,555	Weber, Amy	2,929
Stewart, Sabrina	2,303	Wegernoski, Crystal	8,115
Stipdonk, Christopher	2,937	Weir, Alexander	2,976
Stirling, Carter	6,001	Weir, Quinton	7,420
Stockton, Alea	4,126	Wells, Aaron	17,375
Stoodley, Shannnon	82	Welsh, Emma	6,740

Government of the Northwest Territories**Non-Consolidated Schedule of Student Loan Remissions (unaudited)****Schedule 11 (continued)**

for the year ended March 31, 2018

Welsh, Megan	6,001
Westergreen, Jena	6,658
Whalen, Patrick	2,976
White, Alexander	2,976
White, Amanda	6,001
White, Heather	6,001
White, Rebecca	13,673
Whitehead, Kevin	3,459
Wiedrick, Marcy	964
Williams, Heather	4,182
Williams, Robert	5,162
Wilson, Carlyn	5,700
Wilson, Elizabeth	6,066
Wilson, Hanna	2,800
Wiseman, Scott	3,896
Wong, Helen	6,001
Wong, Janet	6,001
Wong, Karen	7,151
Woods, Lisa	3,400
Wouters, Sarolta	4,250
Wrigglesworth, Nicolas	3,400
Young, Janelle	3,184
Yurris, Jeanne	7,875
Yuvienco, Jeff	2,680
Zantoko-Lubaki, Benny	2,022
Zehr, Samuel	5,876

Total Remissions 2,736,740



Public Accounts 2017-2018

Section III

SUPPLEMENTARY FINANCIAL STATEMENTS - OTHER ENTITIES



PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2018

SECTION III
SUPPLEMENTARY FINANCIAL STATEMENTS
OTHER ENTITIES

HONOURABLE ROBERT C. MCLEOD
Minister of Finance

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**Public Accounts of the
Government of the Northwest Territories**

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Northwest Territories Housing Corporation
Northwest Territories Human Rights Commission
Northwest Territories Hydro Corporation
Northwest Territories Lottery Authority
Northwest Territories Sport and Recreation Council
Northwest Territories Surface Rights Board
Status of Women Council of the Northwest Territories

Revolving Funds

Fur Marketing Service Revolving Fund
Marine Transportation Services
Northwest Territories Liquor Commission
Northwest Territories Liquor Licensing Board
Fuel Services Division
Public Stores Revolving Fund
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Legislative Assembly Retiring Allowance Fund
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Annual Report 2016-2017



PURPOSE

(Aurora College Act R.S. N.W. T. 1988, cA-7, s3)

The purpose of Aurora College is to deliver adult and post-secondary education, including the delivery of university-level programs and granting of prescribed university degrees and applied bachelor degrees.

MISSION STATEMENT

Aurora College is focused on student success and is committed to supporting the development of our Northern society through excellence in education, training and research that are culturally sensitive and responsive to the people we serve.

OUR VALUES

Together, we are creating a vibrant, Northern college that is committed to excellence in education and research and fosters understanding and respect among all Northern people.

We will continue to do this by:

- Serving students in the best way possible, offering a seamless transition between high school, work, college and university;
- Nurturing critical thinking skills and problem-solving abilities;
- Offering a full spectrum of post-secondary education, qualifying Northerners to work or to go on to further education anywhere in Canada;
- Respecting and celebrating Aboriginal cultures and linking modern and traditional lifestyles;
- Supporting innovation in education and research;
- Ensuring research and post-secondary education are well integrated, through strong partnerships with industry, communities, governments and other educational institutions;
- Recognizing our role in supporting the governance and economic development of Northern communities;
- Attracting and retaining highly qualified Northern staff and faculty; and
- Fostering an environment of excellence in which staff, faculty and students can work and learn.

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Public Administrator's Message

It is an honour to have been appointed Public Administrator of Aurora College in June 2017. I look forward to working with Aurora College Senior Management and the Minister of Education and his department while the important task of a Foundational Review is being undertaken. I look forward to the release and implementation of the Foundational Review and will endeavour to do my best to govern the Aurora College to same standards the residents of the Northwest Territories have come to expect over its long history of providing high quality educational opportunities for Northerners.

Denny Rodgers
Aurora College Public Administrator



Message from the President



It is always gratifying to me to review the previous academic year's accomplishments and challenges in preparation for the Annual Report. It serves as a reminder of the remarkable individuals who make up our learners, faculty, staff, partners, and volunteers, and the dedication and passion they bring to their respective roles. The opportunity to witness and share in their successes is one of the best aspects of my role as president.

While there is never enough space to share every high point and accomplishment, a select few are featured in this report. In addition, I would like to draw attention to a few more achievements and items of note.

- 2016-17 was the first year that funds raised by the annual Aurora Open Golf Tournament were used for entrance scholarships for first year students. In total, 17 students received \$250 awards.
- Aurora College was named one of Canada's Top 50 Research Colleges for 2016 by Research Infosource Inc.
- Yellowknife Education District #1, Yellowknife Catholic School

Board and Aurora College ran a pilot project which saw high school students receive dual credits – high school and college credits – for an Early Childhood Development Certificate course offered at Sir John Franklin School and delivered by Aurora College instructors. The College is investigating other opportunities for dual credit courses within the NWT.

- Aurora Research Institute published the thirtieth consecutive Compendium of Research in the NWT. The annual publication summarizes all licensed research taking place in the NWT.
- Dominion Diamond Corporation donated \$10,000 to the Yellowknife Literacy Outreach Centre (LOC), doubling its usual annual contribution. The LOC is a partnership between Yellowknife Association for Community Living and Aurora College, and delivers literacy programs and lifeskills in a safe environment to the city's most vulnerable citizens.
- Thebacha Campus's carpentry and electrical apprenticeship programs were re-accredited for five years.
- The Northern Leadership Development Program, a unique partnership with industry and local governments that trains new supervisors and managers leadership skills, underwent a review and overhaul in order to meet changing requirements and expectations of the NWT employers.

In addition to applauding the many achievements and successes at Aurora College, we must continue to regularly cast a critical eye on our actions, practices, policies, programs and procedures, and ask ourselves how we can further improve to benefit our learners, employees, and communities. To that end, we await the results of the Foundational Review and its recommendations for the future.

Jane Arychuk,
Aurora College President

HIGHLIGHTS

There was much cause for celebration at [Aurora College](#) in 2016-17, including staff members and students receiving prestigious awards, academic excellence recognized for several students, and exciting research taking place through the Aurora Research Institute.

National Mentor of the Year Award

Long-term Aurora College instructor, Joel McAlister, received national recognition at the ArcticNet Annual Scientific Meeting in Winnipeg, MB in 2016. McAlister has been senior instructor in the Environment and Natural Resources Technology program (ENRTP) at Aurora Campus in Inuvik since 1998. He was presented with the 2016 APECS Canada-ASA Mentor of the Year Award for his untiring support and



ENRTP instructor Joel McAlister

commitment to the success of his students; many have gone on to careers in research and environmental monitoring in the Western Arctic region. During his tenure, 46 students have graduated from the Inuvik program; in 2016-17 there were 11 in their first year of the two-year diploma. The award is a joint initiative of the Association of Polar Early Career Scientists (APECS) Canada and the ArcticNet Student Association (ASA). It honours exemplary mentors within Canada's polar science community, acknowledges the time and energy that mentors dedicate to the development of early career researchers, and recognizes their efforts in building a supportive and productive community of polar researchers. Besides academic support, it is also the work outside of the classroom – as a counsellor, guardian, and friend to his students – that has contributed to his outstanding reputation as a strong mentor in the community of Inuvik. This is the first time the Mentor of the Year award has been presented to a resident of northern Canada.

Tri-Council Research Grants

Since becoming the only post-secondary institution in the NWT eligible to apply for and receive research grants from the Social Science and Humanities Research Council (SSHRC) and the Natural Sciences and Engineering Research Council (NSERC) in 2014, Aurora College and Aurora Research Institute (ARI) have been successful in securing several grants. In 2016 and 2017, Aurora College/ARI received seven grants as Principal Investigators. These include six NSERC Connection and Engage grants of 25,000 each, and one SSHRC Partnership Development grant of \$240,000. NSERC grants include: NWT CanGrow

Greehouse Workshop, Development and Testing of Climate Change Monitoring Equipment in the Arctic, Climate Change Risk Assessment for NWT Power Corp., Feasibility Study on Solid Waste Processing, Seed Trials for the Revegetation of Arctic Industrial Sites, and NWT Country Foods Forum (community-driven priorities for research, policy and action towards long-term sustainability of wild foods). The SSHRC grant is a two-year project, Stories of Hope: Decolonizing Learning in Canada. In addition, ARI and Aurora College receive tri-council funding for participation in the Intimate Partner Violence project led by the University of Regina, and the Resources and Sustainable Development in the Arctic research led by Lakehead University.

Centre for Mine & Industry Training

Construction is underway on the new \$10 million Centre for Mine & Industry Training facility (CMIT) at Thebacha Campus in Fort Smith. Of the total \$10,395,046 investment, \$4,078,764 comes from the federal government and \$6,316,282 from the Government of the Northwest Territories. The CMIT will focus on the development, delivery, and maintenance of mining-related curriculum and the Heavy Equipment Operator program, using state-of-the-art technology and current curriculum. The new, stand-alone structure will contain several vehicle bays, classroom and office space, and areas to house all mining equipment, simulators, and other training-related equipment. It will bring classroom and shop sessions into one building, which will be more efficient and will benefit students. A number of programs will be delivered from the CMIT, including Heavy Equipment Operator, Introduction to the Mining Industry, Surface Miner, Mineral Processing Operator Trainee, Introduction to Underground Mining, Underground Miner, and Diamond Driller. In anticipation of the new facility, all mine training programs were relocated to Thebacha Campus from Yellowknife in 2016-17. Locating the Centre for Mine & Industry Training in Fort Smith will allow students to access affordable and available student housing, as well as provide access to supports at the campus, such as other trades facilities and shops, instructional staff, tutoring, and counselling.

ALCIP grads in Tulit'a

In partnership with the Sahtu Divisional Education Council, a two-year full-time Aboriginal Language and Culture Instructor diploma program was offered in Tulit'a in 2015-16 and 2016-17. The six successful students were



Graduates of the community-based Aboriginal Language and Culture Instructors Diploma program in Tuli't'a celebrated their success with family and community members.

celebrated by their community with a culture and tradition-infused convocation ceremony in June 2017. The event opened with a Feeding the Fire ceremony and drummers, and ended with a feast and drum dance. Instead of the usual caps and gowns, graduates chose to convocate in traditional dress; several pieces were created by the students or family members especially for the occasion. During the ceremony, each graduate presented a special gift to a young person to symbolize passing on the teachings and traditions.

Targeted Initiative for Older Workers

Early in 2017, Aurora College piloted the Targeted Initiative for Older Workers (TIOW) program in three locations: Hay River, Inuvik and Yellowknife. The program is geared to

adults 55-64 years of age who want to upgrade their skills in order to return to the workforce or to find new employment opportunities. Community & Extensions staff drafted the program and course outlines, and built the content to suit the target demographic. The program was built from Ready to Work NWT and includes a computer course, a short work placement and basic safety training. Participants developed employability skills, explored career options in the NWT, and learned about Canadian and GNWT labour practices and supports. Other ways to engage in the labour market, such as volunteering, were examined.

NABE Extension

In the March 2017 budget, the federal government announced a funding extension to the Northern Adult Basic Education (NABE) program to March 31, 2020 for the three northern colleges. NABE is designed to improve access to basic skills upgrades, including literacy and numeracy, so that working-age adults are better positioned to participate in the labour market. The program was created to address the unique challenges faced by Northerners, and once the new agreement is signed, Aurora College's portion of the funds will continue to be used to expand and enhance program deliveries across the NWT. The Tri-Territorial NABE Program is funded by the Canadian Northern Economic Development Agency (CanNor).

Dehcho joins Trades Awareness

For the first time, Dehcho region junior and senior high school students took part in the highly successful Trades Awareness Program (TAP) at Thebacha Campus. Students attended both the introductory and intensive TAP sessions, in which they learn about trades opportunities, Aurora College programs, and experience "college life". TAP introduces students to various trades – such as carpentry, electrician, heavy equipment technician, camp cook, and plumber – that are available at Aurora College. During the Introductory program, students rotate through several different trades, while the Intensive portion offers four days with one trade. TAP has been a long-running partnership with the South Slave Divisional Education Council and Education, Culture and Employment's (ECE) South Slave Service Centre, with South Slave students participating since 2005. The new Dehcho partnership with the Dehcho Divisional Education Council and the Dehcho ECE Service Centre marks the first time students outside of the South Slave regional have been involved in the Trades Awareness Program.

Education & Training Division



Arts & Science
Business & Leadership
Education
Health & Human Services
Trades, Apprenticeship & Industrial Training

Environment & Natural Resources Technology

Students in the two-year diploma program attend several field camps, which are instructed by community Elders, regional experts, and Aurora College staff in a manner designed to integrate scientific methodology with Traditional Knowledge and on-the-land skills. Partnerships with both industry and government continue to be strong, and these provide much added value to academic programming through direct involvement in classroom activities and field work. Employability remains strong across the territory for graduates; a handful have chosen to work seasonally to pursue Bachelor of Science degrees. Enrolment and student retention continues to increase with nine students continuing into second year at each of Aurora Campus in Inuvik and Thebacha Campus in Fort Smith. First year applications at Thebacha Campus remain at capacity with 12 to 15 students.

Aurora Campus

The program's enrolment was at its maximum with 11 students. Students were involved in several experiential educational initiatives culminating with the participation in several field camps. In September, students spent seven days in the Gwich'in Settlement Region travelling on and around Campbell Lake by canoe. The introductory field camp developed skills in limnology, ecology, and geology. Advanced Wilderness First Aid was delivered in a true remote wilderness setting, integrated with water navigation, and GPS navigation techniques. Gwich'in Traditional Knowledge, culture and area history were taught by Alestine Andre (Heritage Researcher) from the Gwich'in Department of Cultural Heritage. The Aurora Research Institute



Students investigate local fauna, including small mammals, as part of their course-work at field camps on the land.

was integral in the field camp success with their environmental technicians and staff training the students in field water chemistry analysis and local faunal species identification.

Students also completed a Western Arctic Field Camp on the Pedersen Channel in the Mackenzie Delta, where Inuvialuit Elders and Traditional trappers Lawrence and Freddie Rogers taught best practices in the harvesting of furbearers and animal health assessment techniques. Students developed expertise and techniques for muskrat trapping, cleaning, skinning, stretching, and drying along with snare building, fixing various trap sets, and on-the-land skills such as trail and landmark navigation, shelter building,

and winter survival techniques.

Thebacha Campus

Field camps continue to be a highlight for Thebacha Campus students, where they develop skill sets in limnology, water sampling, forestry, geology, and ecology in combination with map and GPS navigation techniques. Local Elder Jane Dragon made an impact on students at the Tsu Lake Field Camp with her traditional fur demonstration. First-year students also travelled the Konth River for a multi-day canoe and portage trip, during which they tested recently acquired skills and knowledge.

Prior to graduation, second year Thebacha Campus students complete a Winter Field Camp near Manchester

Lake as a culmination of their studies. Students apply skills learned in the classroom in a practical setting on the land and work with wildlife under the direction of local hunter Earl Evans. Population analyses and segregation methods are conducted on caribou by qualitative observation and aerial surveys during the camp. Students spend two nights practicing on-the-land emergency skills such as shelter building and survival techniques.

In addition, students are trained in firearms, first aid, and boat safety. Students round out the academic year utilizing the totality of skills learned to complete a self-directed research project, in consultation with instructional staff, and in collaboration with Aboriginal, industry, and government partners.

Community Based Training

The Environmental Monitor Training Program is delivered in partnership with local communities and industry, and trains participants to work with private industry, government agencies and environmental organizations such as land and water boards. It was offered in Fort McPherson and Tsiigehtchic in 2016-17.



Top - Learning procedures to contain spills on the water;
Middle - Classroom at Tsu Lake field camp;
Right - Campsite during 1st year canoe trip
Bottom - Investigating geology and the make-up of local rock formations.

School of Business & Leadership



Employees from Diavik Diamond Mine, Dominion Diamond (Ekati) Corporation, and Yellowknives Dene First Nation participated in the Northern Leadership Development Program in 2016-17.

School of Business and Leadership

The School of Business and Leadership offers the Business Administration (BA), Office Administration (OA), and Northern Leadership Development (NLDP) programs.

Graduates of the BA and OA programs are highly sought after as employees by Aboriginal Governments, the GNWT, businesses and industry (large and small), the Government of Canada, and non-profit organizations.

In order to ensure that Aurora College students continue to receive the most current business and administrative education, reviews of both the BA and OA programs were undertaken, beginning in 2013-14. Students, alumni, staff and employers participated in the review

processes and worked to facilitate the design and development of BA and OA programs that would provide graduates with an education that would enable them to obtain meaningful employment, or to continue their education. In 2015-16, the BA year one (Certificate) updated program was implemented, and in 2016-17 the BA year two (Diploma) updated courses and OA year one (Certificate) updated courses were successfully delivered. In 2016-17, graduates included 18 BA certificates, 12 BA diplomas, and 18 OA certificates. OA year two (Diploma) was not offered in 2016-17.

The use of video-conferencing was expanded to all courses in both BA and OA programs in 2016-17. Students across all three campuses attended a mix of courses delivered by instructors both on-site and

located on other campuses. Students and instructors in the BA program were located on all campuses; Aurora Campus and Thebacha Campus hosted students and instructors in the OA program. Instructors taught live from their home campus: local students participated in a face-to-face classroom, while interacting with students at the other campuses via video-conference.

Although operating from different locations, instructors functioned as a team to implement video-conferencing and to support students across the College. Regular planning meetings helped instructors and students ease the transition to the new mode of instruction. In addition, instructors participated in numerous professional development activities, including credentialed accounting PD, and attending international conferences.

Business Administration

The updated and revised BA year two (Diploma) was offered for the first time in 2016-17. Both Certificate and Diploma programs were offered at all three campuses. In total, there were 46 full- and part-time BA students in 2016-17. Of those, 12 received BA Diplomas and 18 obtained BA Certificates across the three campuses. The BA program continues to attract a diverse group of students, both from within the NWT and from other parts of Canada and the world. 2016-17 graduates represented communities from across the territory, and it is anticipated interest in the program will continue to increase for both Certificate and Diploma years in 2017-18 and beyond.

Northern Leadership Development

In 2016-17, support continued to be strong from industry and local governments. Nine participants representing Diavik and Ekatic diamond mines and the Yellowknives Dene First Nation completed the program.

Since the first delivery of NLDP in 2011, improvements have been implemented with each successive delivery. In 2014-15, the program invested in a complete revision and all module outlines were updated, incorporating feedback from previous years' participants, facilitators, steering committee members, and industry partners. The sixth delivery in 2016-17, saw the program fully revamped. Changes include a focus on emotional intelligence as a foundation for all modules, a complete revision of student and facilitator handbooks, and the addition of a review module at the end of the schedule held on the land with mentors participating.



The newly revised Office Administration and Business Administration programs are designed so that students can scaffold their learning, and can enter Business Administration after completing an Office Administration Diploma.

Recommendations from industry were also put in place: Action Learning Plans are completed at the end of each module and reviewed at the beginning of the next. The intent is to encourage participants to transfer what they learn in class to their workplaces, share with their mentors, and make the learnings applicable on both an individual and organizational level. The facilitating team worked to develop and enhance connections between modules to ensure continuity and to best meet the participants' and employers' needs.

Office Administration

This year, both Thebacha Campus and Aurora Campus offered the Office Administration Certificate program with courses being between those sites by video-conferencing, with students and instructors on both campuses.

This was the first delivery of OA at Aurora Campus since 2013-14, as the program was in hiatus in Inuvik while the program review was being completed. 2016-17 saw the introduction of the revised and updated OA year one (Certificate)

curriculum following the program in 2015. A total of 18 students received OA Certificates from Aurora and Thebacha campuses. In May 2017, 18 students participated in a four-week practicum, the final program requirement. Practicums took place across the NWT, including in Aklavik, Behchoko, Fort McPherson, Fort Smith and Inuvik.



Proud Business Administration Diploma graduate shows off his parchment at the Yellowknife North Slave Campus convocation.

School of Education

School of Education

Aurora College School of Education regularly offers the following programs: Aboriginal Language and Culture Instructor Diploma, Bachelor of Education, Certificate in Adult Education, and Early Childhood Development Certificate. On-the-land learning opportunities and infusing Northern and Indigenous world views into the curriculum helps students to incorporate these teachings into their future careers.

Aboriginal Language and Culture Instructor (ALCIP)

2016-17 saw the successful conclusion of a two-year, full-time diploma program in Tulit'a. Through a partnership with the Sahtú Divisional Education Council and Education, Culture, and Employment, six students successfully completed the journey, earning their ALCIP Diploma. A community celebration marked the conclusion of the program, reinforcing for those in attendance the commitment and the hard work required to keep the Sahtúqt'ine Yatı́ (North Slavey) language alive.

Part-time ALCIP courses were delivered in conjunction with Divisional Education Councils for an additional eight students from the Sahtú region. Two courses were delivered to the communities of Norman Wells, Fort Good Hope, and Colville Lake. The program also continues to run part-time community language classes to offer the opportunity to re-connect with traditional languages. Evening classes were delivered in Ndilq and Fort Liard. The success of ALCIP continues to be dependent on developing and maintaining true community partnerships.



A community celebration complete with traditional drummers, a Feeding the Fire ceremony, and the community-based Aboriginal Language and Culture Instructor Diploma program. The two-year program was supported by Education, Culture, and Employment, and the Sahtú Divisional Education Council.

Adult Education

The Certificate in Adult Education provides the skills and knowledge required to work with adult learners. It is delivered part-time through teleconference and Moodle, primarily in the evenings, with online computer support. In 2016-17, six courses were delivered to 37 students. Coursework focuses on the contemporary theories in education while striving to understand the applicability in the Northern context. Completion rates are strong, and student evaluations indicate a high quality of instruction.

Bachelor of Education

This degree program supports the growth and development of

educators for the NWT who have a strong grounding in the traditions and cultures of the territory. The Bachelor of Education (BEd) is offered in cooperation with the University of Saskatchewan and is recognized across the country. Strong partnerships and relationships are key to developing strong educators; this is something that cannot be done in isolation or without support. Those relationships include community Elders and Knowledge Keepers who contribute to the teachings and learnings within the program, including such topics as: the history of NWT land claims; consideration and reflection of what it means to be a part of efforts to decolonize education in the K-12 school system; and sharing knowledge



Community feast and drum dance was held in Tulit'a to mark the graduation of students from year program was delivered in partnership with the Department of Education, Culture and

regarding the butchering freshly hunted moose and significance of the animal to community life. Another distinguishing aspect of the BEd program is that it recognizes that each student is on their own personal journey with unique needs and past experiences. The common tie is they are committed to becoming teachers and leaders to future generations. To that end, instructors and staff strive to establish strong supportive relationships with students while demanding high standards from them. Each year, more students are choosing to compete their practical training in communities other than Fort Smith: Yellowknife and Łutselk'e welcomed BEd students into their classrooms in 2016-17. Two individuals obtained a

Bachelor of Education at the spring convocation.

Early Childhood Development

With the continued support of Beaufort Delta Aboriginal Skills and Employment Training Strategy (ASETS) partners, a full-time delivery of the Early Childhood Development (ECD) Certificate was offered for the second consecutive year at Aurora Campus. The offerings are in response to a need for qualified Child Care workers in the region. Eight students graduated in 2016-17. The full-time ECD students received a solid orientation to the field of early childhood education, earning confidence to work in at daycare centres, home day cares settings

and Aboriginal Headstart programs. Students were exposed to various experiential learning opportunities to encourage independent thought and skill development. This included a seminar to promote language and literacy that was delivered by local speech and language pathologists. Students were introduced to all major concepts and trends related early childhood learning, always with a special emphasis on the application of their knowledge to Indigenous culture. Alongside current educators, ECD students participated in an Inuvialuit Regional Council planning workshop that contributed to a report with territorial recommendations of early childhood educators to the new National Child Care and Learning Framework.

The part-time, distance ECD offering continued with courses available by teleconference to students throughout the territory. Five distance education courses were offered, as well as two field placements with co-requisite integration seminars. Students in the Certificate program speak highly of the infusion of culture and traditional knowledge into courses. Instructors continually seek to involve family and community in course content and recognize the varied life experiences which students share as part of their studies. The play-based curriculum incorporates texts and materials which use Canadian content with Indigenous perspectives throughout. In 2016-17, five students achieved ECD Certificate through the part-time program. In addition, 56 students successfully completed part-time ECD courses – including four Yellowknife high school students who were enrolled in a pilot dual credit course delivered in partnership with Yellowknife Districts 1 and 2 Divisional Education Councils.

School of Health & Human Services

School of Health and Human Services

Bachelor of Science in Nursing

The Bachelor of Science in Nursing (BSN) program continues to offer an evolving and dynamic program that allows graduates to work as leaders in the health care system. New priorities were established in the BSN's 2016-2021 strategic plan to ensure the program continues to meet its vision of nursing excellence in the Northwest Territories. These priorities include: evolving a curriculum responsive to the health trends and issues of the north; increasing student retention; increasing marketing of the BSN program; fostering faculty development; increasing faculty scholarship; and strengthening existing partnerships while creating new ones. The Truth and Reconciliation Commission's Calls to Action (2015), the intergenerational impact of residential schools, and the importance of Indigenous knowledge continues to inform curriculum planning and delivery. Implementation of inter-professional education experiences was increased in 2016-17 through innovative classroom and simulation activities with the College's Social Work Diploma and Personal Support Worker Certificate programs. Student representation on the Curriculum and Evaluation Committee and the Advisory Committee continue to add an essential voice for decision-making. The BSN faculty has created new student awards to recognize and honour students and graduates for their dedication, caring, professionalism, and leadership. Faculty members continue to contribute to nursing knowledge and to advance the nursing profession through research, publications, and



Bachelor of Science in Nursing students take part in labs and simulations to learn to work with patients and to perform medical procedures properly.

national and international conference presentations. Several faculty members have begun graduate and doctoral studies. Clinical placements and opportunities continue to be a strength of the BSN program. The BSN program hosted four students from the University of the Arctic (UIT) in Norway and plans are underway for an exchange with Aurora College and UIT in the 2017-2018 academic year. As well, a third-year BSN student attended an international summer institute in Norway. The regular five-year review of the BSN program by the Registered Nurses Association of the Northwest Territories and Nunavut took place in the spring of 2017; the program received positive feedback. In addition, graduates (11 in 2016-17) continue to perform well on the national licensing exam and are securing work as in a variety of health care settings across the north.

Community Health Representative

Offered in partnership with the Health Promotion Unit of the Department of Health and Social Services, the Community Health Representative program aims to increase knowledge and skills in community development and health promotion as it relates to injury

prevention and communicable and chronic disease prevention. Students from Fort Simpson, Colville Lake, Tuktoyaktuk, Paulatuk, and Ulukhaktok were actively engaged in learning opportunities both in the classroom and field trips in Yellowknife and Inuvik. Three courses were offered in 2016-17: Environmental Health, Applied Health Promotion, and Human and Community Needs in Health. Community guest presentations were key components of the course offerings with contributions of Traditional Knowledge from Elders. Three graduates from Fort Simpson, Tuli't'a, and Wekweètì participated in recent convocation ceremonies.

Personal Support Worker

Graduates of the Personal Support Worker certificate program this year were from Yellowknife, Fort Good Hope, Norman Wells, Hay River, Behchokò, Déljne and Whatì. Practicums in Yellowknife included experiences on the Extended Care, Medicine and Surgery units at Stanton Territorial Hospital, Aven Manor and Cottages, Yellowknife Home Care, Salvation Army, and Yellowknife Education District #1 schools. Students also participated in practicums at the Jimmy Erasmus Seniors' Home in Behchokò, Dora Gully Health Centre in Déljne, and Whatì Health Centre.



Social Work Diploma students participate in a multi-day on-the-land camp outside of Yellowknife each spring, led by local Elders. They are joined for one day by Bachelor of Science in Nursing students.

As in previous years, students have opportunities for interdisciplinary collaboration with Bachelor of Science in Nursing and Social Work Diploma students and participated in simulations. They attended Elders in Motion, Supportive Pathways, and a Symposium in Yellowknife “Working Together to Keep Northern Kids Healthy”, and a two-day Functional Fitness for Fall Prevention workshop. Students were enthusiastic about the information acquired from guest speakers, who provided perspectives on topics ranging from wound care to transgendered youth. Program graduate Nancy Kenny is one of 11 “Community Student Role Models”, who began their education journey with Aurora College and whose story will be featured in an upcoming NABE publication *Drumbeat of Success*.

Post-Graduate Certificate in Remote Nursing

The Post-Graduate Certificate in Remote Nursing program is offered

in collaboration with the Department of Health and Social Services. The program prepares Registered Nurses to function in an expanded practice role as community health nurses in some of Canada’s most isolated communities. The Remote Nursing Certificate is a 15-credit, one-year program. Nine registered nurses graduated from the program in 2016-2017; as many as 13 graduates are anticipated in 2017-2018, as interest continues to grow. Feedback from graduates and continuing students has been positive, with a consistent theme of how the program has improved their nursing practice in all domains. In 2016-17, Adobe Connect was added to the list of delivery formats, which include web-based Moodle, and teleconference. The addition of Adobe Connect has improved student access as classes are now recorded and can be viewed by students at their convenience. Adobe Connect has also improved student/instructor interaction in the virtual classroom format. The three-week on–

site module in Yellowknife offers hands-on skill labs, specialty guest speakers, field trips and skill-based examinations. Students have identified that the on-site module is a valuable asset to their education. Upon completion of this module, students are prepared to begin their first practicum with competence and confidence.

Social Work Diploma

The Social Work Diploma program continued to attract interest from northern applicants. Forty-nine percent of the social work student population was Indigenous, from a range of communities across the NWT. Students explore cultural experiences and Traditional Knowledge through core courses and an on-the-land camp held in May. Students and faculty explored ways to decolonize learning and approached the spring on-the-land camp with increased emphasis on Elders and Traditional Knowledge Keepers. The Truth and Reconciliation Commission’s Calls to Action document, along with the Colleges and Institutes Canada (CICan) *Indigenous Education Protocol*, informed the program’s pedagogy.



Social Work Diploma students learned traditional skills, such as beading, from local Elders.

School of Trades, Apprenticeship & Industrial Training

School of Trades, Apprenticeship & Industrial Training

The purpose-built trades training facilities at Thebacha Campus allow individuals from throughout the NWT and elsewhere to participate in Apprenticeship, Heavy Equipment Operator (HEO), Mining, Observer Communicator, and other trades and industrial training programming in Fort Smith. Subject to demand and funding, programs may be offered at Aurora Campus in Inuvik and in communities.

Centre for Mine and Industry Training

In the spring of 2017, funding was announced for the new \$10-million Centre for Mine and Industry (CMIT) Training. Site preparation began shortly before the end of the 2016-17 fiscal year, and plans are to have the centre fully operational for the 2018-19 academic year. It will house all Mine Training and Heavy Equipment Operator programs that are delivered at Thebacha Campus.

Apprenticeships

Apprenticeship programs at Thebacha Campus continue to offer high quality instruction in the classroom and shop facilities. In 2016-2017, the Apprenticeship Electrician and Carpenter programs were re-accredited for the next five years. Apprenticeship programs include Levels 1, 2, 3, and 4 of Apprenticeship Carpenter; Levels 1, 2, and 3 of Apprenticeship Electrician (Construction); Levels 1, 2, and 3 of Apprenticeship Housing Maintainer; Levels 1 and 2 Apprenticeship Plumber/Gasfitter B; Levels 1 and 2 of Apprenticeship Heavy Equipment



The Centre for Mine & Industry Training will be completed by March 31, 2018.

Technician; and Oil Heat System Technician. Aurora College has a long history of delivering trades training in the NWT, an area that continues to have tremendous student success. For example, in 2016-17, 100 percent of students in Electrician, Plumber/Gasfitter B, Heavy Equipment Technician, and Oil Heat System Technician apprenticeship programs were successful, as were 25 of 29 Carpentry students.

Heavy Equipment Operator

Due to equipment requirements, HEO programs are normally based at Thebacha Campus in Fort Smith. However, in response to local needs and labour market requirements, HEO programs can be delivered in other NWT communities, if funding and appropriate equipment are available. HEO programs include the 15-week Heavy Equipment Operator, eight-week Abridged Heavy Equipment Operator,



Surface Miner students practice on simulators and with various pieces of equipment in addition to classroom work during their 12-week program.

Aurora Campus

The Building Trades Helper program was offered in Inuvik, with seven of the eight students completing.

Observer Communicator

Twelve students completed the Observer Communicator program during the academic year. It is delivered on behalf of the funder, NAV Canada.

Trades Awareness Program

Aurora College continues to welcome groups of junior and senior high school students and their chaperones to Thebacha Campus for the Introductory and Intensive Trades Awareness Programs (TAP). The College has partnered with South Slave Divisional Education Council and South Slave ECE Service Centre since 2005 to bring their students to the campus to experience college life and to be introduced to the trades. 2016-17 is the second

year that a partnership with Dehcho Divisional Education Council and Dehcho ECE Service Centre allowed junior and senior high school students from that region to attend TAP as well. The Introductory component has students spend one day in each of four trades, while the Intensive portion has students spend four days in a trade of their choice. Forty-eight South Slave students from the communities of Łutselk'e, Kát'odeeche First Nation, Hay River, Fort Resolution, and Fort Smith attended the Introductory to Trades Awareness Program. They participated in Carpentry, Plumbing, Mechanics, Electrical, and Cooking. In March 2017, 18 of those participants returned to complete the Intensive portion. From the Dehcho, 31 students from Fort Liard, Fort Providence and Fort Simpson took part in the Introductory TAP; 22 completed the Intensive TAP.

and nine-week Introduction to Heavy Equipment Operator. In 2016-17, two deliveries of the 15-week HEO program produced 20 successful graduates.

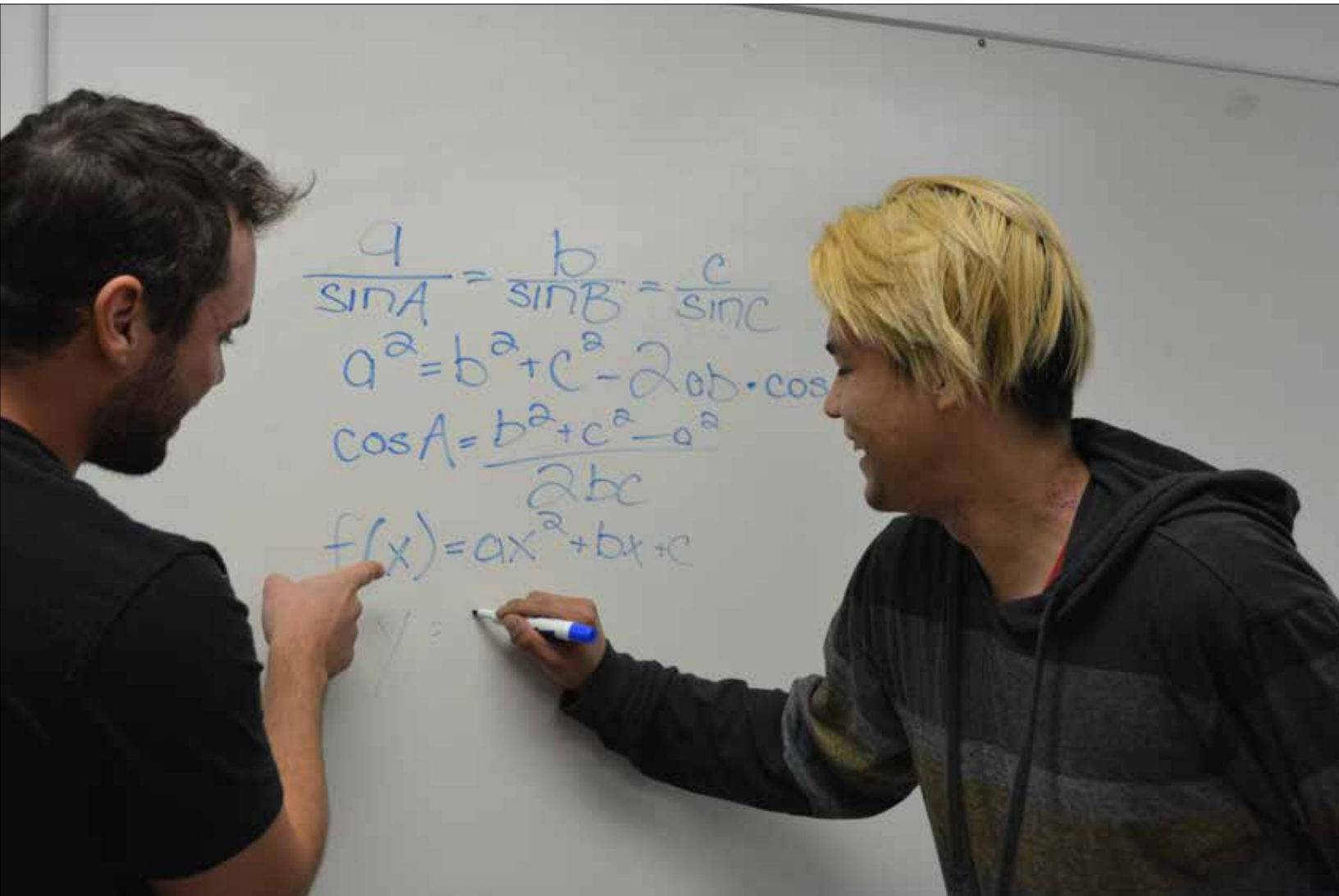
Mine Training

Mine training programs have been relocated to Fort Smith, where the new Centre for Mine and Industry Training is being constructed. The new Introduction to the Mining Industry program was delivered in Hay River, Yellowknife, and Kugluktuk, NU in 2016-17. In total, 22 out of 24 students completed. Ten students were enrolled in the second offering of the Surface Miner program, which started in May 2016.



Thebacha Campus offers six apprenticeship programs, including Carpenter, Electrician (Construction), Heavy Equipment Technician, Housing Maintainer, Oil Heat System Technician, and Plumber/Gasfitter B.

Community & Extensions Division



School of Developmental Studies
Community Programming
Continuing Education
Special Projects

School of Developmental Studies

Aurora Campus

In 2016-17, Aurora Campus Developmental Studies (DS) offered a full slate of programs which included ALBE and the new Occupations and College Access Program (OCAP) and University and College Access Program (UCAP). Most Access Students were successful in both their course material and the diploma examinations in English, Biology, and Math. One UCAP student attained 96 percent on her English 30-2 diploma exam.

Social and cultural activities were offered to DS students, in addition to quality academic courses. Held every six to eight weeks, activities were organized by the students' Social Events Committee. The events provide students opportunities to connect with their peers outside of the classroom, to develop/strengthen students' leadership and event planning skills, and provide students with an holistic and positive educational experience. Approximately 90 percent of the students attended the events and participated in the activities. For example, students learned both traditional and contemporary sewing skills at a puppet making workshop offered in the fall. It was encouraging to see male students defying stereotypes and participating in the workshop. Since the students enjoyed sewing and found it therapeutic, a sewing club was formed, where students learned traditional embroidery, beading, and sewing skills. In cooperation with the IRC, students took part in a Forgiveness Workshop. 2016-17 was the first year that Aurora Campus DS offered after school extracurricular activities and social events. The successes have led to plans to continue and expand in 2017-18.

Thebacha Campus

Thebacha Campus offered ALBE courses, OCAP, and UCAP. A total of 71 students received letters of participation. In total, students were



Students in Developmental Studies can take a variety of courses, including science, biology, chemistry, and physics, depending on their program.

registered for 67 Grade 12 diploma exams in June 2017, including English 30-1/30-2, Math 30-2, Social Studies 30-2, Biology 30, and Chemistry 30. Two instructors are expected to complete their Masters degrees in the near future, in Biology and Adult Education. DS students and instructors participated in two on-the-land learning days in the fall and spring. They were joined by local Elders and Traditional Knowledge Holders who shared various teachings.

Yellowknife

North Slave Campus

Yellowknife North Slave Campus offered courses in ALBE, OCAP, and UCAP. As part of the Access pilot project, new specialty courses were developed and piloted in 2016-17. Two students received their *NWT Secondary School Diplomas* (one UCAP and one ALBE student) through the Adult Recognition Model. Students and staff members participated in a

day of on-the-land learning in October with local Elders, organized by B Dene Adventures. Elders and Traditional Knowledge Holders shared activities such as bush skills, building a lean-to, and making dry-fish. Team building exercises included working together to move a teepee. During a Northern Games Day in April, students and staff members tried out Dene and Inuit games, including stick pull, head pull, seal kick, and high kick. As well, several students and staff participated in the Ice Road Trek, which for some students was their first time on an ice road.

Each year, Aurora College delivers academic upgrading, access, and community programs at three campuses and 22 Community Learning Centres (CLCs) throughout the NWT. Aurora College works with local educators and itinerant instructors to provide adult upgrading or other skills-based programs.

Community Programming



Literacy and Essential Skills courses were piloted and delivered in a number of communities. Fort Providence was one of the pilot sites for Introduction to Retail and Hospitality Service in 2016-17.

Akaiicho and South Slave Regions

Most CLCs in the region offered a combination of traditional upgrading courses (ALBE), literacy and essential skills courses (LES), online high school courses, and a range of continuing education courses in 2016-17. Program and course delivery was expanded through partnerships with regional Aboriginal Skills and Employment Training Strategy (ASETS) organizations, ECE, and through federal funding opportunities.

Several LES and training courses were offered throughout the region, including Ready to Work NWT in both Fort Resolution and Fort Smith, Construction Labourer Basics in the Kát'odeeche First Nation, Introduction to Northern Leadership in Ndilo, and both Introduction to Early Learning & Childcare, and Targeted Initiative for Older Workers in Hay River. Collectively, these courses enabled the College to offer a broad range of programming in the communities, boosting enrolment and reaching more students. Coordination with Thebacha Campus

Continuing Education facilitated regional deliveries of safety courses, small business support courses (in partnership with Industry, Tourism and Investment), and other employment-based short courses.

CLCs in the region continue to work towards balancing the need for academic upgrading classes with more LES and employment-based programs in order to reach as broad a base of northerners as possible. To this end, CLCs in Hay River and Kát'odeeche worked with the hamlet government of Enterprise as well as the Kát'odeeche First Nation to offer workplace education at their sites.

Beaufort Delta Region

The 2016-17 academic year saw a number of collaborative efforts to offer additional programming in the Beaufort Delta Region. Some of these offerings took four or five stakeholders working together to put them in place, usually involving the Gwich'in Tribal Council (GTC) and/or the Inuvialuit Regional Corporation (IRC) and several

government departments.

After being piloted in 2015-16, Country Foods Processing was again offered through the IRC. Four course offerings attracted 29 students from every community in the region. Using a state-of-the-art portable food processing facility, participants learned how to commercially preserve and add value to fish, meat, and berries. This initiative is expected to expand so that greater advantage of local food resources can be achieved, including the potential to spin off commercial activities.

Working with the Education & Training Division, Class 1 Driver Training was offered in Inuvik, supported by IRC and GTC, as well as the GNWT departments of Transportation (DOT), ECE, and Investment, Tourism and Innovation (ITI). Fifteen of 16 students completed, with good prospects of employment with regional road construction and maintenance.

Inuvik was one of three communities to pilot the Targeted Initiative for Older Workers program. This training,

aimed at preparing older workers to re-enter the workforce, attracted 11 participants, eight of whom completed. Campus staff worked with GTC to offer the Environmental Monitor program and Wilderness First Aid in both Tsiigehtchic and Fort McPherson. The courses were well received: Environmental Monitor saw 12 of 15 people complete in Fort McPherson, and eight of ten finish in Tsiigehtchic, while Wilderness First Aid had 11 of 13 successful in Fort McPherson and ten of ten in Tsiigehtchic.

Community & Extensions supported a GTC Communities at Risk initiative - a program aimed at working with at-risk youth - involving life skills, work preparation, and an on-the-land component. Aurora College participated by delivering Ready to Work NWT in Aklavik, Inuvik and Fort McPherson. After a year without an adult educator, the Tuktoyaktuk CLC reopened.

Dehcho Region

Aside from the regular ALBE programs delivered in the region's three CLCs, an influx of new Federal funding - Communities at Risk Fund - brought several partners together to collaborate in delivering a series of six-week LES courses within the region. Dehcho First Nations, ASETS, ECE, Smarter Communities Society, and Computers for Schools all contributed to successful deliveries of the LES courses, which included: Introduction to Office Skills in Wrigley; Introduction to Computers in Sambaa K'e (Trout Lake); Information and Communications Technology in Nahanni Butte; Foundations for Success in Jean Marie River; Introduction to Retail & Hospitality in Fort Providence; and Early Learning and Child Care in Fort Simpson. Each participant received a laptop computer on completion of their course. The LES courses were augmented by safety courses such as Standard First Aid, WHMIS, H2S Alive, Wilderness First Aid, and Firearms Safety. A new LES course, Introduction to Northern Leadership, was piloted



CLCs hold completion ceremonies at the end of courses and the academic year to celebrate the many successes of their learners. Norman Wells CLC enjoyed a picnic lunch next to the Mackenzie River as they recognized their students.

in Fort Providence and Fort Simpson. The course introduces learners to leadership styles, functions and roles. It was popular with both learners and community leadership and received support of all four levels of government in Fort Providence.

Sahtú Region

The Sahtú Region continued to build upon the strength of its team approach to teaching 130 and higher level courses in 2016-17. Math 130, English 130 and English 140 were taught via teleconference (distance delivery), and resulted in strong completion rates. There was a strong focus on incorporating more Indigenous content into the math and English curriculum as well as increasing the digital literacy of learners by having learners engage more with Schoology, the learning management system the Sahtú Region has been using to support their distance delivery. Writing pieces from several Sahtú ALBE English students were selected for inclusion in the publication of *Dene Heroes of the Sahtú: Volume 1, 2017*. Dèl̄ne was

selected to pilot the new Introduction to Northern Leadership course. Three strong community members completed the course and immediately began applying their increased skills and knowledge to their positions within the Dèl̄ne Gotine Government. Communities focused on delivering their academic courses in the fall term and then LES courses such as Ready to Work NWT in the winter term when attendance rates traditionally drop due to winter road openings. Three Sahtú students were recipients of ATCO Scholarships; this is the second year in a row that Sahtú students have been recognized for their hard work and perseverance.

Safety Training was delivered in all Sahtú communities, funded by the Health and Social Services Authority – Sahtú Region, in support of the anticipated fall 2017 opening of the new health centre and long-term care facility in Norman Wells. Aurora College was well represented at Community Healthy Living Fairs in all five Sahtú communities. The Sahtú region continues to look for innovative

ways to engage learners and meet community needs utilizing a *Skills 4 Success* approach.

Tłıchq and Yellowknife Regions

A twelve-week federally-funded pilot program – Targeted Initiative for Older Workers – was delivered at the Trades & Technology Centre in Yellowknife. This program proved popular with participants and largely met the objectives of supporting unemployed participants aged 55-64 to upgrade their skills, re-enter the workforce and/or change career direction. Of the nine participants who completed the program, at least six found employment in their chosen fields. Two participants who did not complete left the program for employment.

In addition to regular ALBE programming, such as Math and English, Tłıchq and Yellowknife Regions offered new programs and courses in the communities during 2016-17. Whatı CLC piloted the LES course Introduction to Northern Leadership, which was timed to coincide with the community's Chief and Council elections. In addition, the LES course Introduction to Construction Labourer Basics was delivered in Gamèti, Wekweèti, and Behchokò. The tourism-focused Introduction to Retail and Hospitality was delivered in all four Tłıchq communities, in response to development of regional and community tourism strategies. Ready to Work NWT modules were incorporated into the LES courses. Participation and completion rates for these courses remain high. Financial Literacy modules were offered in response to expressed Tłıchq Ndek'áowo priorities. Class 7 Driver education was offered in Wekweèti, Whatı, and Behchokò.

Yellowknife Literacy Outreach Centre (LOC) experienced increased demand for programs delivered in partnership with NWT Literacy Council, Computers for Schools, Aven Manor, Baker Centre, YWCA, Yellowknife Association for Community Living, and Healthy

Family Centre. Demand was especially strong for computer skills courses and tutoring services. Other programs included Family Literacy and Seniors' Book Club. Participants are from diverse demographics and ethnicities. The LOC's programs were supported by a \$10,000 donation from Dominion Diamond Corporation. In September 2017, the LOC will celebrate its 20th anniversary.

It was a busy year for both Integration Service and Language Instruction for Newcomers to Canada (LINC) programs, which provide settlement and language training services for newcomers to Canada and are funded by Immigration, Refugees and Citizenship Canada (IRCC). The Integration service offers settlement support, including direct services to newcomers such as orientation, translation, referrals, employment services, and general community information. Support is also provided (e.g. Health Care and SIN applications, housing, Canada Child Tax Benefits, school enrolment, banking and

finance.) The Integration Advisor coordinates community engagement/ social events - such as potlucks - for clients, and weekly informal conversational English language sessions facilitated by volunteers. The LINC program offers Canadian Language Benchmarks Placement Testing (CLBPT) language assessment and Portfolio Based Learning Assessment (PBLA), developed by IRCC for these programs, and instruction in language Levels 1-5.

In March 2017, Aurora College signed a new multi-year Contribution Agreement with IRCC, which will allow continued provision of Integration Service and LINC until March 2020. To maximize services and to avoid duplications, Aurora College has worked collaboratively with local organizations that provide Francophone services for newcomers. At the request of IRCC, a feasibility study has been commissioned into an integrated service centre for all Yellowknife settlement service providers, located in one space.



Whatı CLC was one of the communities that piloted the LES course Introduction to Northern Leadership, which was timed to coincide with the community's Chief and Council elections. The course received support from several local governments and was well received.

Continuing Education

Aurora Campus

The Continuing Education office offered 32 courses and workshops in Inuvik and Beaufort Delta communities. There were 297 course completions out of 329 enrolments. Most requested are short employment-related courses such as Standard First Aid, Wilderness First Aid, Possession and Acquisition License (PAL) training, business/office skills (especially bookkeeping at the community level), and personal development courses such as food preparation.

Thebacha Campus

Continuing Education at Thebacha Campus continues to expand. More than 500 people completed Continuing Education classes at Thebacha Campus between September 2016 and June 2017. Programming included safety certification courses such as Standard First Aid and GNWT Food Safety, as well as professional development courses such as Verbal Judo and the Vancouver Community College (VCC) Leadership Certificate series. Aurora College partnered with the Department of Industry, Tourism, and Investment to deliver a series of courses aimed at entrepreneurs and small businesses in Fort Smith, Fort Resolution, Hay River, and Fort Providence: courses included Reading and Understanding Financial Statements, QuickBooks Level 1, and Small Business Basics. Additionally, Aurora College partnered with the NWT Métis Nation to offer a series of safety courses in Fort Resolution, Hay River, and Fort Smith; the partnership also provided the delivery of Canadian Firearms Safety courses in each of the three communities, as well as the five-day Introduction to Environmental Monitoring course in Hay River, Fort Smith, and Fort Resolution.

Yellowknife

North Slave Campus

In the 2016-17 academic year, there were 810 continuing education students participating in workshops at Yellowknife North Slave Campus. There were two



The three Continuing Education offices deliver a variety of programs and courses, ranging from short general interest workshops to diplomas programs through partner institutions.

offerings of the Leadership Certificate Program through Vancouver Community College (VCC) with a total enrolment of 362. Seventeen participants completed all 13 modules and received a Continuing Education Certificate from VCC. Two offerings of the Project Management Program (PMP) had a total enrolment of 179. Students who complete all nine PMP workshops earn a record of participation that can be used to meet the educational requirements for the designation exam. Professional development courses, such as Verbal Judo, Supervisory Skills, Effective Workplace Communication, Public Speaking, Training Others, Minute Taking, and Tłı̄chǰ Agreement

attracted another 160 participants. The continuing education office coordinates the Northern Leadership Development Program and the Certificate in Adult Education with the Education & Training Division. In 2016-17, the Northern Leadership Program had 10 participants, one of whom completed the nine modules. The students were from the Yellowknives Dene First Nation, Dominion Diamond (Ekati) Corporation, and Diavik Diamond Mine. Adult education courses, including Math 30-1, English 30-1 and Medical Terminology, were offered during the evenings in the fall and winter semester.

Special Projects

Curriculum

Development Transfer

As a significant partner in meeting the educational needs of Northern society and its residents, Aurora College has traditionally worked with the Department of Education, Culture, and Employment (ECE) to develop Adult Literacy and Basic Education (ALBE) curriculum and in-servicing opportunities for program facilitators. In 2016-17, Aurora College received funding and support from ECE to assume that responsibility and to create a sustainable process for academic systems within the Community and Extensions Division at the College.

After an environmental scan of current best practices and research associated with skills development, Skills 4 Success, current NWT education statistics, and the changing needs of global, Canadian, and NWT labour force demands, a full program review was launched. The review included a discussion of existing courses, pathways, and future directions.

Regional in-services brought staff, instructors, community adult educators, and Non-Governmental Organization partner representatives together to create the response. A new vision and strategic direction for the program, a new curriculum development process, and a philosophy and process for continuous quality improvement for the School of Developmental Studies were produced.

The new program map identifies three access routes for education. These access routes are not linear in design, rather they are options for learners to choose depending on their personal learning plan. Learners may choose to engage in one course or they may choose to complete a whole learning pathway. A fitting

analogy is that of a long river canoe trip: participants map out their final destination, but can stop and camp along the way, take short detours, spend longer in one spot to explore, or just take a break. The canoe trip, like the proposed program map, is different for every adventurer and will braid innovative learning, emerging skill expectations, and a rich cultural history together. The emphasis in the newly developed program plan is on skill development from the essential skills level to pre-post-secondary entrance. In addition, processes have been identified to address Indigenizing the curriculum, standardizing document management, creating new committee structures, developing a continuous quality improvement model of curriculum management, and supporting the identification of benchmarks and key indicators of success.

Targeted Initiative for Older Workers

Early in 2017, Aurora College piloted the Targeted Initiative for Older Workers (TIOW) program in three locations: Hay River, Inuvik and Yellowknife. The program is geared to adults 55-64 years of age who want to upgrade their skills in order to return to the workforce or to find new employment opportunities. Community & Extensions staff drafted the program and course outlines, and built the content to suit the target demographic. The program was built from Ready to Work NWT and includes a computer course, a short work placement, and basic safety training. Participants developed employability skills, explored career options in the NWT, and learned about Canadian and GNWT labour practices and supports. They also received a tablet for use in the computer course and to become familiar with touch screen technologies. Other ways to engage in the labour market, such as volunteering, were examined. The 28 participants provided positive

feedback, noting they had increased their skills and had enjoyed the course structure and activities. The TIOW program and its content are being evaluated to find areas that can be improved or enhanced. Aurora College is interested in continuing to deliver the program if funding is available in the future.

Northern Adult

Basic Education (NABE)

The Tri-Territorial NABE Program is funded by the Canadian Northern Economic Development Agency (CanNor). NABE is designed to improve access to basic skills upgrades, including improved literacy and numeracy, so that working-age adults are better positioned to participate in the labour market. This program was created to address the unique challenges faced by Northerners. NABE programming prepares working age adults to either enter the workforce directly or to take vocational training before entering the workforce. The three territorial colleges, including Aurora College, have received NABE funding since 2012. At Aurora College, The Drumbeat of Success Project has been established to communicate and highlight the successes achieved with partners and stakeholders from 2012 to 2016.

The Drumbeat project includes:

- *Drumbeat of Success* Report;
- collaborative selection of 11 Community Student Role Models;
- multiple video productions on student success stories;
- formal Portraits of the Community Student Role Models; and
- posters of the Community Student Role Models with their success stories.

In the March 2017 budget, the federal government announced an extension to the NABE program to March 31, 2020 for the three northern colleges.







Aurora Research Institute

Aurora Research Institute

As the research division of Aurora College, the Aurora Research Institute (ARI) facilitates and conducts research in the NWT and acts as a hub of northern knowledge. ARI advances the territory's research capacity through discovery, outreach and education at its three regional centres – the Western Arctic Research Centre in Inuvik, the South Slave Research Centre in Fort Smith, and the North Slave Research Centre in Yellowknife. Territory-wide research administration is provided by ARI headquarters, which is located in the Western Arctic Research Centre (WARC).

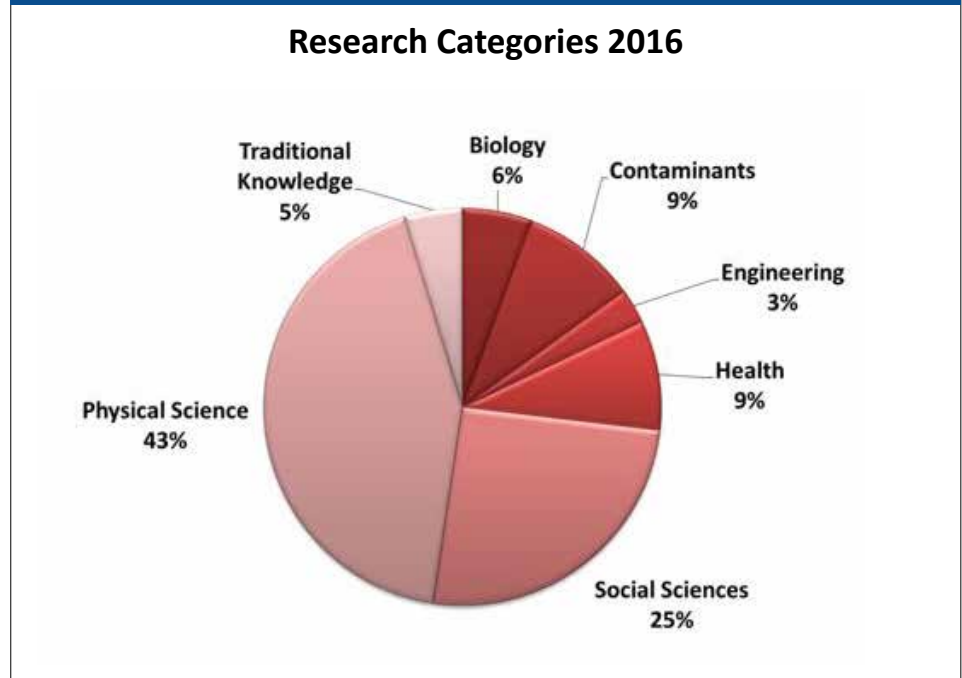
Strategic Planning

ARI released its strategic plan in 2016-17 and ARI staff members are working towards implementing the plan. The plan was developed in consultation with ARI's stakeholders and the Aurora College Research Advisory Council, and is available on the ARI website. <http://nwtresearch.com/about-us/strategic-plan>

Support for College Research and Tri-Council Eligibility

In 2014, Aurora College became eligible to hold funds from two granting councils that are major sources of research funding in Canada: the Social Science and Humanities Research Council (SSHRC) and the Natural Science and Engineering Research Council (NSERC). This 'institutional eligibility' is a significant accomplishment for Aurora College, as it allows faculty and staff to access these funds and increases the College's ability to retain northern-based research capacity. It also represents a significant national

Research category percentages for 2016 Research Licenses



recognition of the developing research capacity in the college and NWT. Over this academic year, ARI has been successful in receiving six grants from the tri-councils. Some examples of this research are:

Climate Change Risk Assessment for NT Hydro Corporation

Climate change poses serious challenges to northern infrastructure including the Northwest Territories Power Corporation's (NTPC) hydroelectric generation systems. Small reservoirs, lack connection to the North American grid, and reliance on remote systems makes NTPC's hydro system susceptible to a wide range of risk factors, many of which are exacerbated by climate change. This project will explore the potential to better understand, predict, and mitigate climate change risk for the hydro system. It will examine historical environmental and power generation data to look for correlations that can predict future events and help manage operations during increasingly severe climate events including drought and low water levels, changing temperatures, the fluctuating ENSO system, thawing permafrost, and atmospheric changes.

Development and Testing of Climate Change Monitoring Equipment in the Arctic

This project involves the testing and development of equipment for monitoring climate change, specifically Carbon Dioxide gas, temperature and Carbon dioxide flux. Measurements were made in Arctic conditions in the summer and during a winter season in Inuvik. The equipment was studied for usability by non-expert users, tested in several locations in and around Inuvik and finally situated in one location for over-winter testing.



Stories of Hope: Decolonizing learning

Canada's education system is failing its Indigenous students. Approaching education and learning through a decolonized lens may be a solution. Decolonizing school systems involves rethinking the way schooling is delivered, including curriculum, methodologies, and relationships with communities. In 2016, the School of Education and Aurora Research Institute secured a two-year SSHRC-funded partnership development grant to work with researchers across the country to explore different approaches to decolonizing learning. The partnership brings together researchers from University of New Brunswick, University of Alberta, University of Saskatchewan, University of Toronto, and Government of the Northwest Territories Department of Education, Culture and Employment (ECE) to tell the stories of efforts being made (and challenges faced) to decolonize education in their communities. Aurora College/ Aurora Research Institute are leading two case studies to highlight work taking place in the NWT. One focuses on decolonization within the K-12 and post-secondary institutions and the other looks at the process used by ECE to develop the recently-implemented Residential Schools curriculum. An on-the-land camp is planned for the late summer, to bring researcher, graduate student, and community voices together to develop a vision and tackle some tough questions related to moving forward with decolonial education.

Partnership with Terragon Environmental Technologies Inc to study feasibility of solid waste system, MAGS in Yellowknife

Waste disposal in remote areas of Canada is challenging and limited by transportation, cost, and other logistical issues. In a large Canadian metropolitan area, it is relatively simple to sort solid waste into several streams to maximize recycling and minimize the use to expensive landfill for all but a limited stream of material that cannot be recycled or composted. In remote Northern communities, recycling waste is often impractical due to the costs and limited transportation options, with winter roads for a few months a year and air travel being the extent of transportation options in many parts of the North. Having the ability to dispose of all combustible waste with a single appliance such as the MAGSTM (Micro Auto Gasification System) has a number of advantages and benefits over current processes and practices both in larger communities and in remote locations. This project is investigating the feasibility of the MAGSTM auto gasification system for the disposal of all combustible waste in northern communities and organizations in the North Slave Region. Terragon Environmental Technologies Inc. (Montreal, QC) develops and manufactures a range of solid and liquid waste disposal systems including the MAGSTM. The MAGSTM system could represent a component of the waste disposal process and heat production systems of remote communities, industrial installations and other commercial and government buildings and infrastructure in the Northwest Territories.



Elders, researchers, and academics gathered in Wood Buffalo Park near Fort Smith to discuss the progress of their projects under the Stories of Hope research project, and to seek guidance from the Elders who were present.

Partnership with MGM Energy Seeds for Reclamation Study

In partnership with MGM Energy, ARI was awarded an Engage Grant through the NSERC College and Community Innovation Program. The purpose of this research is to evaluate the viability, purity, and suitability of seed species for the reclamation of MGM Seed's industrial sites.

Country Food Strategy

In partnership with the Government of the Northwest Territories Department of Environment and Natural Resources, ARI is conducting a territorial-wide study on the state and sustainability of country food to support the development of a country food strategy for the NWT. In 2017, ARI received a SSHRC Connections Grant to support this project.

Licensing

ARI issued 212 NWT research licences in the 2016 calendar year (Fig. 1), which is one of the highest years on record. The physical sciences accounted for 40% of the issued licences (Fig. 2), followed by the social sciences (28%), and health (11%). All remaining fields (contaminants, biology, traditional knowledge, and engineering) collectively accounted for the remaining 22% of licensed NWT research projects.

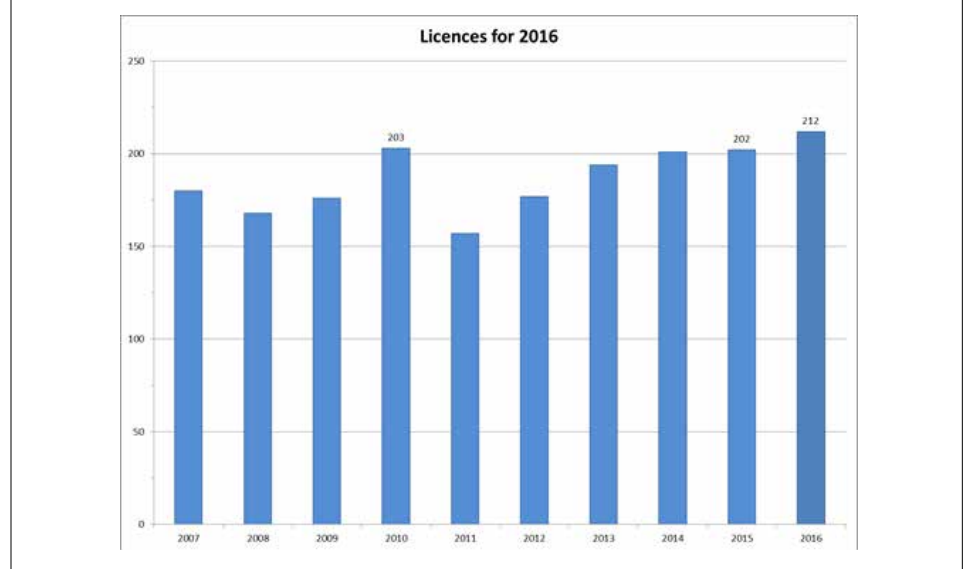
Conducting Research

Many ARI staff members are actively involved in research projects across the NWT.

The *Rural and Northern Community Response to Intimate Partner Violence (IPV)* study was funded by SSHRC for 2011-2017.

The rate of intimate partner violence in the territories is the highest in Canada. This study used a mixed method with frontline service providers (n=56) to address three research questions: What are the needs of women who

Total license numbers for the past ten years (2008-2017)



experience intimate partner violence in the NWT?; What are the gaps in meeting the needs of women who experience violence in the NWT?; and How can we create and sustain nonviolent communities in the NWT? The findings were: Geographical information systems maps (n=5) that depict the number of incidents of IPV, services for victims of IPV, comparison of incidents and services, domestic homicides and emergency protective orders; a grounded theory entitled *Our Hands are Tied* was explicated that details the community response to IPV; an action plan with strategies to address IPV in the NWT was created; a *Report for Stakeholders and Communities* was developed; Knowledge Translation occurred in eight communities (Inuvik, Tuktoyaktuk, Norman Wells, Fort Good Hope, Ndiloq, Yellowknife, Hay River, Fort Smith); a workshop was held with post-secondary students in Yellowknife and a video was created. Dissemination will continue with further publications.

In 2016-2017, staff engaged in a broad range of research programs including the use of UAVs for research and monitoring, diabetes prevention

strategies, food sustainability, and climate change. WARC has partnered on the Arctic Great Rivers Observatory (Arctic GRO) program which is a coordinated, international effort to collect and analyze a time-series of water samples from the six largest rivers entering the Arctic Ocean. On-going monitoring programs that ARI is involved in include air quality, alternative energy potential (wind and solar), permafrost, and space science (monitoring of neutron fluxes and the aurora borealis). ARI staff have actively pursued funds and research grants from many territorial and federal sources in order to conduct new research projects.

WARC Research Logistics

ARI facilities supported researchers across the NWT. During the 2016-2017 fiscal year, WARC has provided support to approximately 250 researchers and provided 2,228 days of accommodation, 670 days of short-term facility use, and 720 days of long-term facility use.

WARC has become a partner of the International Network for Terrestrial

Research and Monitoring in the Arctic (INTERACT). INTERACT is a circumpolar network of field site leaders, with the goal of working cooperatively to improve environmental research and monitoring efforts at Arctic field stations. During the years 2016 to 2019, INTERACT will be providing Transnational Access to researchers from the European Union to support work at all INTERACT stations.

WARC Infrastructure

In collaboration with the Gwich'in Tribal Council's Department of Cultural Heritage and the Inuvialuit Cultural Resource Centre, WARC received funding from the Canadian Northern Economic Development Agency (CANNOR) to develop and install informational placards in our garden. Highlighting plants with ethnobotanical significance, placards include plant names in Latin, English, Gwich'in, Inuvialuit, and French, and the plants' traditional uses.

The federal and territorial governments allocated \$200,000 in funding to install a 25-kilowatt rooftop photovoltaic system on WARC. The array will provide up to 25 percent of the building's annual electrical needs. It was provided by the Post-Secondary Institutions Strategic Investment Fund.

Science Outreach

WARC continues to deliver education and training to the people of the Beaufort Delta Region. Through a number of different initiatives, WARC staff have reached more than 900 people during the 2016-2017 fiscal year. In July 2016, ARI partnered with *Let's Talk Science* and the Beaufort Delta Divisional Education Council to improve youth engagement in science, technology, engineering, and math (STEM) careers, and to improve educator confidence in providing STEM-based learning experiences. During the 2016-2017 school year, WARC reached 243 unique students and 31 unique teachers. In May 2017, WARC



ARI has hosted Science Rendezvous in Inuvik since 2015 as part of their community outreach. More than 300 people attend the event each year.

organized and facilitated Science Rendezvous in Inuvik. Science Rendezvous is an annual, nation-wide festival that takes science out of the lab and into the community. Twenty-one organizations contributed to Science Rendezvous and 300 people attended.

The Inuvik Robotics & Engineering Club finished its fifth year of operation. The club met more than 30 times with 3D printing, Lego robotics, Python programming, and CNC milling as the focus for the year. The club received Skills Canada funding to add an underwater Remotely Operated Vehicle (ROV) platform for exploring the use of robotics in industry and research and a virtual reality setup to allow for participants to learn to develop

virtual reality environments using 360 photography, photogrammetry, and programming skills.

South Slave Research Centre participated in a number of outreach activities this year in the Fort Smith region including: Water Day at Joseph Burr Tyrrell elementary school, BioBlitz in Wood Buffalo National Park, and assisting with environmental education training through the GNWT Department of Environment and Natural Resources.

College Instruction

ARI staff continue to support instruction at Aurora College. ARI staff teach in the nursing, education, and ENRTP programs, and provide support for the college's on-the-land educational programming.

Student Support Services



Student Support Services

The Student Services Division prides itself on the types and quality of supports provided to students. Some of the many services provided are outlined below:

Admissions and Registration

The admissions/registration office at each campus is responsible for student admissions, registrations and course changes and maintaining student records. This office also issues marks, transcripts, certificates, diplomas, and all other documents of recognition.

Accommodation

Aurora College has single and family housing at all three campuses. The number and types of units are outlined in the table to the right.

Student Success Centres

As part of an overall student success initiative, each of the Aurora College campuses has a Student Success Centre. These centres are equipped to assist students in achieving personal and academic success at the College. The Student Success Centres provide academic assistance to students in the form of tutoring, workshops and career counselling.

Counselling

Aurora College has trained counsellors at all three campuses to assist students with personal and other matters. In addition to one-on-one services, the counsellor offers workshops and presentations, assistance in finding on-line and community resources, and self-help materials.

Computer Labs

Aurora College students have access to modern, well-equipped computer labs at all three campuses. Most of the 22 Community Learning Centres also have computer labs and/or workstations. In addition, Aurora College students at each campus are assigned a "myauroracollege" email account. This email service enables students and instructors to connect, and also provides an email address to students for their personal use.

Library Services

Aurora College maintains libraries at each of the three campuses and at the Aurora Research Institute. Libraries support students and staff with a full range of library services. Library collections across the three campuses include more than 25,000 books, periodicals, subscriptions, videos, Canadian and government documents, pamphlets, and CD-ROM and web-based resources. Internet access and interlibrary loan services are available at all campus locations.

Campus Location	Type of Units	Total Number of Units
Aurora Campus	Single	30 Units
	Family	24 Units
Thebacha Campus	Single	62 Units
	Family	66 Units
Yellowknife North Slave Campus	Single	16 Units
	Family	48 Units





2016 - 2017 Enrolment

Enrolments for the 2016-17 Academic Year are shown on the opposite page. Previous year enrolments are shown for comparative purposes.

Student enrolments are converted to Full Time Equivalents (FTEs). Full-time equivalents are a way of standardizing student counts to compare enrolment from year to year, program to program, and institution to institution. Typically, 1 FTE represents 1 student enrolled in a full course load in a program for 1 academic year. Full-time and part-time students are converted to FTEs based on the proportion of a full program load they are studying. Full-time students must be enrolled in at least 60% of a full program load, in a program that lasts 12 weeks or more. Part-time students are students who do not meet that minimum threshold.

Up until 2014-15, part-time students were converted to FTEs by totaling all courses taken by part-time

students and dividing by 10. Apprenticeship programs were an exception; the ratio used was 4 courses per 1 FTE. However, recent changes in the number of courses offered in several programs has resulted in some inaccuracies in calculations. Research was conducted into how other institutions calculate FTEs, and modifications have been made.

The revised method of calculating FTEs is based on course hours rather than the number of courses. This eliminates over- or under-reporting due to differing lengths and number of courses. The ratio of enrolment to FTEs will be based on the full program load for a student's program. For example, 1 FTE may be given for a full program of 450 hours over two semesters. A student who enrolls in 360 hours of classes in that program will equal 0.8 FTE (360 divided by 450). Apprenticeship students will equal 0.5 FTE per 240 hours of courses.



Enrolment Information

Student Enrolment by Campus - Full Time Equivalency

Campus	2016-17	2015-16	2014-15	% Change 16-17	% Change 15-16	% Change 14-15
Aurora	183.9	199.6	235.9	-8%	-15%	5%
Thebacha	310.7	358.2	360.0	-13%	-1%	-10%
Yellowknife North Slave	285.2	308.6	300.9	-8%	3%	-8%
Total College	779.8	866.4	896.8	-10%	-3%	-5%

Full Time Equivalent Students by Program Division

School/Division	16-17	15-16	14-15	% Change 16-17	% Change 15-16	% Change 14-15
Continuing Education	54.8	105.2	114.1	-48%	-8%	50%
Developmental Studies	342.9	371.0	412.1	-8%	-10%	0%
Arts & Science	49.1	33.1	41.4	48%	-20%	-14%
Business & Leadership	61.7	47.3	57.7	30%	8%	-40%
Education	64.0	64.2	59.2	0%	8%	20%
Health & Human Services	148.2	152.2	140.5	-3%	8%	8%
Trades, Apprenticeship & Industrial Training	59.1	93.4	71.8	-37%	30%	-48%
Total	779.8	866.4	896.8	-10%	-3%	-5%

Student Enrolment by Campus (student count)

Campus	16-17 FTE	16-17 PTE	15-16 FTE	15-16 PTE	14-15 FTE	14-15 PTE	% Change 16-17 FT	% Change 16-17 PT	% Change 15-16 FT	% Change 15-16 PT	% Change 16-17 Total	% Change 15-16 Total
Aurora	105	483	99	683	124	912	6%	-29%	-20%	-25%	-25%	-25%
Thebacha	164	765	190	988	190	948	-14%	-23%	0%	4%	-21%	4%
Yellowknife	174	488	174	781	185	731	0%	-38%	-6%	7%	-31%	4%
Total College	443	1736	463	2452	499	2591	-4%	-29%	-7%	-5%	-25%	-6%

(Source: Registrar - Student Records System)



AURORA COLLEGE SPRING CONVOCATION 2017



School of Arts & Science

Environment & Natural Resources Technology Diploma - 3

School of Business & Leadership

Business Administration Certificate - 18

Business Administration Diploma - 12

Office Administration Certificate - 18

School of Education

Aboriginal Language & Culture Instructor Certificate - 3

Aboriginal Language & Culture Instructor Diploma - 6

Early Childhood Development Certificate - 13

Bachelor of Education - 2

School of Health & Human Services

Community Health Representative Certificate - 1

Personal Support Worker Certificate - 12

Social Work Diploma - 3

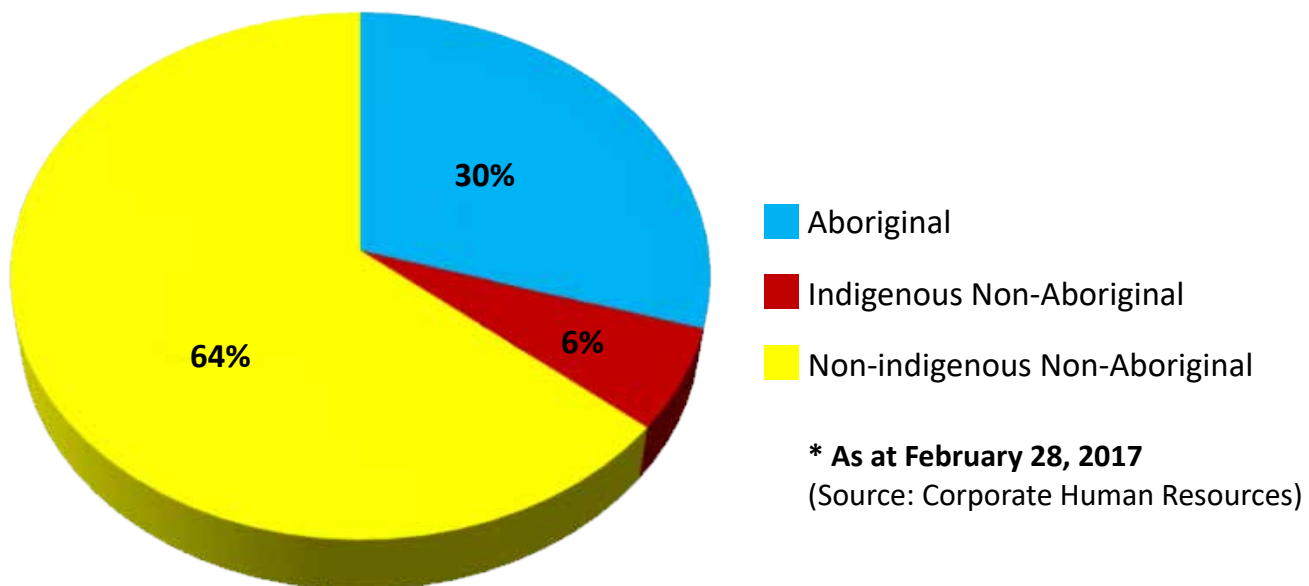
Bachelor of Science in Nursing - 11

Post Graduate Certificate in Remote Nursing - 9

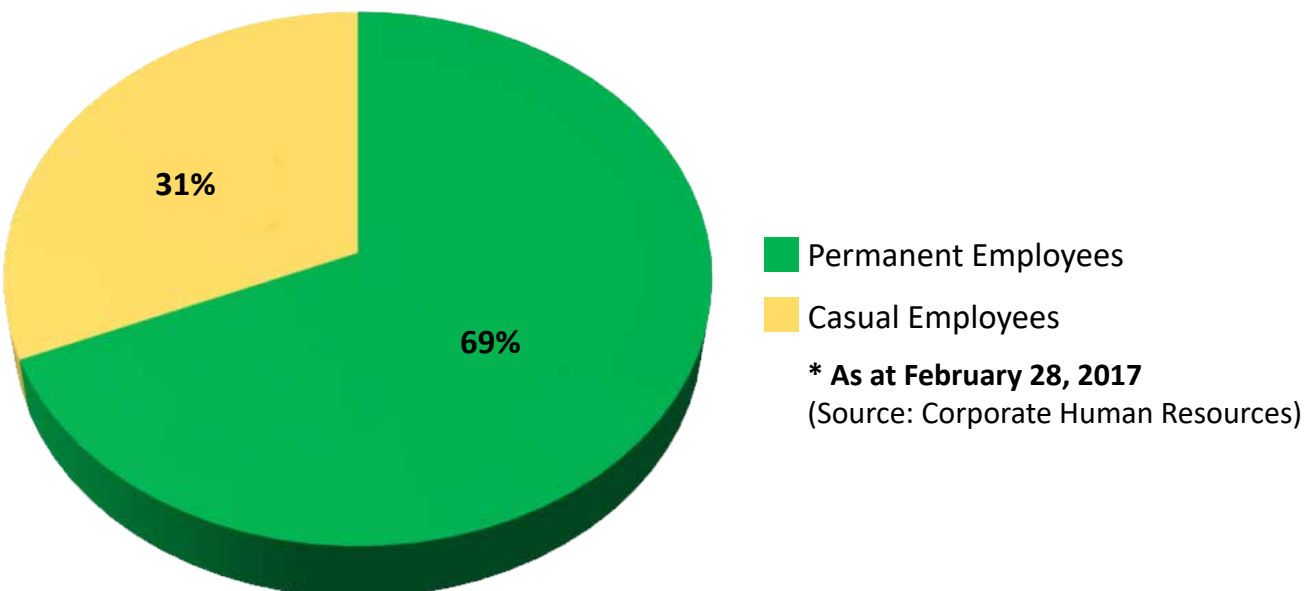


Supplementary Information

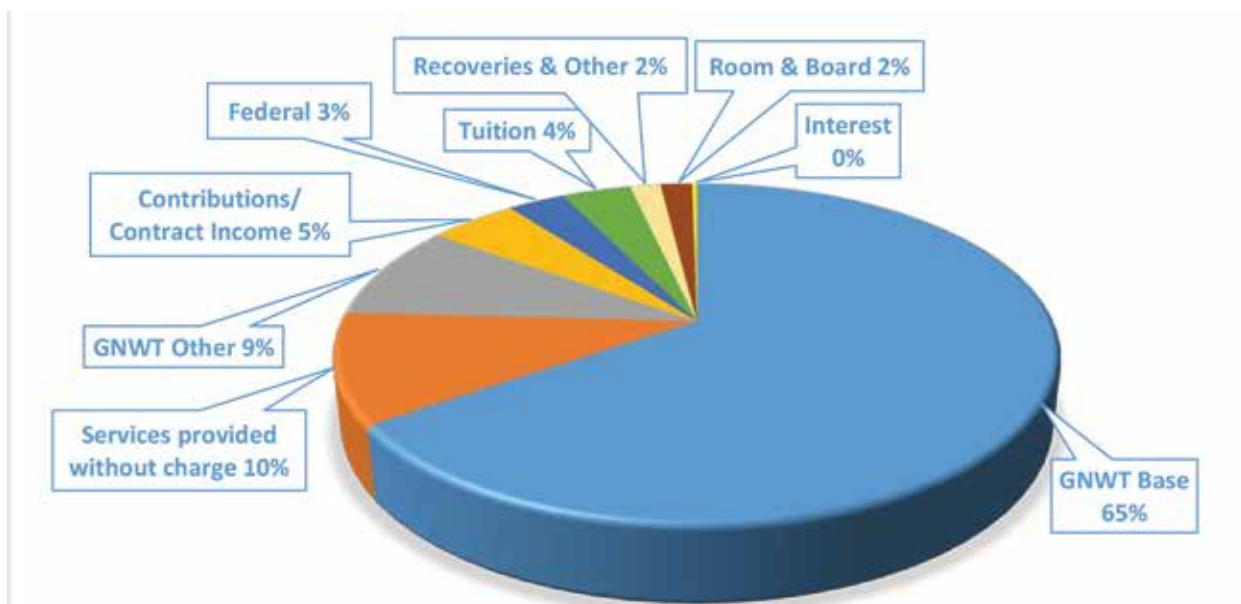
Employees by Priority Status



Employees by Employee Type



2016-17 Revenue by Source



2016-17 Write-offs

A total of \$7,220.87 was approved to be written off in 2016-17. See Appendix A (page 69) for details.

AURORA COLLEGE

Audited Financial Statements

June 30, 2017



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Education, Culture and Employment

Report on the Financial Statements

I have audited the accompanying financial statements of Aurora College, which comprise the statement of financial position as at 30 June 2017, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flow 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 Aurora College as at 30 June 2017, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Aurora College Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by Aurora College and the financial statements are in agreement therewith. In addition, the transactions of Aurora College 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, the *Aurora College Act* and regulations and the by-laws of Aurora College.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

22 November 2017
Edmonton, Canada

AURORA COLLEGE

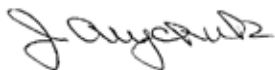
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Aurora College (the "College") and all information in this annual report are the responsibility of the College's management and have been reviewed and approved by the Public Administrator. The financial statements have been prepared in accordance with Canadian public sector accounting standards and include some amounts that are necessarily based on management's best estimates and judgment. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized and recorded, proper records are maintained, assets are safeguarded, and the College complies with applicable laws. These controls and practices ensure the orderly conduct of business, the timely preparation of reliable financial information and adherence to the College's statutory requirements and policies.

The Public Administrator is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Public Administrator meets regularly with management and the external auditors. The external auditors also have full and free access to the Public Administrator.

The College's external auditor, the Auditor General of Canada, audits the financial statements and issues his report thereon to the Minister of Education, Culture and Employment.



Jane Arychuk
President



Celestine Starling
Director of Finance/Chief Financial Officer

Fort Smith, Canada
November 22, 2017

AURORA COLLEGE
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017
(in thousands of dollars)

	<u>2017</u>	<u>2016</u>
Financial assets		
Cash	\$ 13,576	9,060
Accounts receivable (Note 3)	<u>1,390</u>	<u>1,673</u>
	<u>14,966</u>	<u>10,733</u>
 Liabilities		
Accounts payable and accrued liabilities	1,051	899
Payroll liabilities	1,538	1,262
Deferred revenue	485	339
Due to the Government of the Northwest Territories (Note 9)	2,216	730
Employee future benefits (Note 4)	1,932	2,170
Professional development fund (Note 5)	<u>1,977</u>	<u>2,031</u>
	<u>9,199</u>	<u>7,431</u>
 Net financial assets	 <u>5,767</u>	 <u>3,302</u>
 Non-financial assets		
Prepaid expenses	566	571
Tangible capital assets (Note 6)	<u>4,545</u>	<u>4,802</u>
	<u>5,111</u>	<u>5,373</u>
 Accumulated surplus (Note 7)	 <u>\$ 10,878</u>	 <u>\$ 8,675</u>

Contingent liabilities and commitments (Notes 11 and 12)

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

Approved by the Public Administrator:



Denny Rodgers
Public Administrator



Jane Arychuk
President

AURORA COLLEGE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for the year ended June 30, 2017
(in thousands of dollars)

	<u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Revenues			
Government contributions (Note 8)	\$ 31,893	\$ 32,681	\$ 33,404
Project income			
Government of the Northwest Territories	4,385	4,533	3,274
Other third party contributions	2,136	2,370	2,558
Government of Canada	1,720	1,537	1,663
Own source revenues			
Tuition fees	891	1,830	1,836
Recoveries and other	411	822	1,269
Room and board	711	845	798
Interest income	95	126	104
Services provided without charge (Note 10)	<u>6,000</u>	<u>5,214</u>	<u>5,730</u>
	<u>48,242</u>	<u>49,958</u>	<u>50,636</u>
Expenses			
Financial and accounting services	1,899	1,806	1,966
Pooled services	4,639	5,302	5,169
Student services	9,669	9,855	10,512
Education and training	20,618	17,259	18,970
Community and extensions	9,003	10,769	10,450
Aurora Research Institute	<u>2,788</u>	<u>2,764</u>	<u>2,691</u>
	<u>48,616</u>	<u>47,755</u>	<u>49,758</u>
Annual surplus (deficit)	(374)	2,203	878
Accumulated surplus at beginning of year	<u>8,675</u>	<u>8,675</u>	<u>7,797</u>
Accumulated surplus at end of year	<u>\$ 8,301</u>	<u>\$ 10,878</u>	<u>\$ 8,675</u>

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

AURORA COLLEGE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended June 30, 2017
(in thousands of dollars)

	<u>2017</u>	<u>2016</u>
	<u>Budget</u>	<u>Actual</u>
Annual surplus / (deficit)	\$ (374)	\$ 2,203
Acquisition of tangible capital assets	-	(718)
Disposal of tangible capital assets	-	76
Amortization of tangible capital assets	<u>871</u>	<u>975</u>
	<u>871</u>	<u>312</u>
Decrease in prepaid expenses	<u>-</u>	<u>5</u>
Increase in net financial assets	497	1,275
Net financial assets at beginning of year	<u>3,303</u>	<u>2,028</u>
Net financial assets at end of year	<u>\$ 3,800</u>	<u>\$ 3,303</u>

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

AURORA COLLEGE
STATEMENT OF CASH FLOW
for the year ended June 30, 2017
(in thousands of dollars)

	<u>2017</u>	<u>2016</u>
Operating transactions		
Cash received from:		
Government of the Northwest Territories	\$ 37,203	\$ 36,837
Students and other third parties	6,165	6,944
Government of Canada	1,537	1,663
Interest	126	104
 Cash paid for:		
Cash paid for compensation and benefits	(27,598)	(31,027)
Cash paid to suppliers	<u>(12,466)</u>	<u>(13,692)</u>
 Cash provided by operating transactions	 <u>4,967</u>	 <u>829</u>
 Capital transactions		
Acquisition of tangible capital assets	(458)	(693)
Proceeds on disposal of tangible capital assets	<u>7</u>	<u>76</u>
 Cash used for capital transactions	 <u>(451)</u>	 <u>(617)</u>
 Increase in cash	 4,516	 212
 Cash at beginning of year	 <u>9,060</u>	 <u>8,848</u>
 Cash at end of year	 <u>\$ 13,576</u>	 <u>\$ 9,060</u>

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

Aurora College
Notes to the Financial Statements
June 30, 2017

1. AUTHORITY AND MANDATE

a) Authority and purpose

Aurora College (“College”) was established under the *Aurora College Act* and is named as a territorial corporation under the *Financial Administration Act* of the Northwest Territories. The College is exempt from income taxes.

The College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities throughout the NWT. Through the work of the Aurora Research Institute, the College is also responsible to conduct and facilitate research activities in the NWT.

b) Contributions from the Government of the Northwest Territories

The College receives monthly contributions from the Government of the Northwest Territories (“Government”) based on appropriations consistent with the Government’s Main Estimates and adjusted for supplementary appropriations. The contributions are to be utilized for the administration and delivery of the College’s adult and post-secondary education programs in the NWT. The College is allowed to retain all surpluses and is responsible for all deficits.

The College is economically dependent upon the contributions received from the Government for its ongoing operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards (“PSAS”). The following is a summary of the significant accounting policies.

a) Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires the College to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the College

Aurora College
Notes to the Financial Statements
June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Measurement uncertainty (continued)

believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the allowance for doubtful accounts, employee future benefits, amortization, and revenue accruals.

b) Cash

Cash is comprised of bank account balances, net of outstanding cheques.

c) Tangible capital assets

Tangible capital assets transferred to the College when it was established were recorded at their estimated fair market value. Subsequent acquisitions are recorded at cost. Tangible capital assets are amortized over their estimated remaining useful lives on a straight-line basis at the following annual rates:

Mobile equipment	3 to 20 years
Building additions and renovations	20 years
Furniture and equipment	2 to 10 years
Leasehold improvements	over the remaining term of the lease

d) Employee future benefits

i) Pension benefits

All eligible employees participate in the Public Service Pension Plan (the "Plan") administered by the Government of Canada. The College's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The College's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the College. The College is not currently required to make contributions with respect to any actuarial deficiencies of the Plan.

ii) Severance, removal and compensated absences

Under the terms and conditions of employment, employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment.

Aurora College
Notes to the Financial Statements
June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Employee future benefits (continued)

ii) Severance, removal and compensated absences (continued)

Eligibility is based on variety of factors including place of hire, date employment commenced, reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits has been prepared using data provided by management and assumptions based on management's best estimates.

e) Government contributions

Government contributions are recognized as revenue when the funding is authorized and all eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability.

The College receives its appropriations on a monthly basis from the Government of the Northwest Territories, as the College has a different fiscal year. These contributions are recognized as revenue in the period in which the funding relates once all eligibility criteria have been met and it has been authorized.

f) Government contributions – services provided without charge

The Government provides certain services without charge to the College. The Government's cost for these services are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the College's operations in its financial statements.

g) Own source revenues

Tuition fees, room and board, and recoveries and other are reported as revenue at the time the services are substantially provided, or the products are delivered. Tuition fees received in advance of courses being delivered are deferred and recognized when the courses are delivered.

Interest income is recognized on an accrual basis.

Aurora College
Notes to the Financial Statements
June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Project income and deferred revenue

The College provides education and research services to private companies, federal and territorial government departments, agencies, and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the stipulations of these agreements.

Revenue from federal and territorial government departments, agencies and corporations is recorded once the eligibility criteria are met; the payments are authorized, except to the extent that funding stipulations give rise to an obligation that meets the definitions of a liability.

i) Contract services

Contract services acquired by the College include printing services, food service contracts, instruction contracts, leases and rental agreements. These amounts are recognized as expenses in the year the services are rendered.

j) Contingent liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

k) Prepaid expenses

Prepaid expenses are charged to expense over the periods expected to benefit from it.

l) Funds and reserves

Certain amounts, as approved by the Public Administrator, are set aside as reserves in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are recorded when approved.

Aurora College
Notes to the Financial Statements
June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial instruments

Financial instruments are identified by financial asset and financial liability classifications. The College's financial assets include cash and accounts receivable which are both measured at cost. Financial liabilities include accounts payable and accrued liabilities, payroll liabilities, due to Government of the Northwest Territories and professional development fund which are all measured at cost.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus. The allowance for doubtful accounts is based on management's best estimate of probable losses. The allowance is calculated based on a percentage of specific aged receivables where management believes an impairment has occurred. The allowance is shown as a reduction to accounts receivable. Management recommends write-offs of student accounts that are deemed uncollectible. Student and other receivables related to write-offs are submitted to the Public Administrator for approval.

n) Budget

Canadian public sector accounting standards require a government organization to present in its financial statements a comparison of the results of operations and changes in net financial assets for the period with those originally planned. The budgeted figures represent the College's original fiscal plan for the year approved by the College's Public Administrator and do not reflect any subsequent adjustments made during the course of the year.

3. ACCOUNTS RECEIVABLE

	<u>2017</u>		<u>2016</u>	
	(in thousands)			
Accounts				
<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>		<u>Net</u>
Government of the Northwest Territories	\$ 320	\$ 11	\$ 309	\$ 297
Federal Government	339	21	318	472
Other	747	51	696	845
Students	<u>209</u>	<u>142</u>	<u>67</u>	<u>59</u>
	<u>\$ 1,615</u>	<u>\$ 225</u>	<u>\$ 1,390</u>	<u>\$ 1,673</u>

Aurora College
Notes to the Financial Statements
June 30, 2017

4. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

The College and all eligible employees contribute to 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 College. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.01 (2016 - \$1.15) for every dollar contributed by the employee, and \$7.74 (2016 - \$6.67) for every dollar contributed by the employee for the portion of the employee's salary above \$163 thousand (2016 - \$162 thousand).

For new employees who are participating in the Plan on or after January 1, 2013, the College contributes \$1.00 (2016 - \$1.11) for every dollar contributed by the employee, and \$7.74 (2016 - \$6.67) for every dollar contributed by the employee for the portion of the employee's salary above \$163 thousand (2016 - \$162 thousand).

The College's and employees' contributions to the Public Service Pension Plan for the year were as follows:

	<u>2017</u>	<u>2016</u>
	(in thousands)	
College's contributions	\$ 2,154	\$ 2,477
Employees' contributions	<u>1,990</u>	<u>1,966</u>
	<u>\$ 4,144</u>	<u>\$ 4,443</u>

b) Severance, removal and compensated absences

The College provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the College's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such

Aurora College
Notes to the Financial Statements
June 30, 2017

4. EMPLOYEE FUTURE BENEFITS (continued)

as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at June 30, 2017. The effective date of the next actuarial valuation is June 30, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for Aurora College.

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>2017</u> (in thousands)	<u>2016</u>
Changes in Obligation				
Accrued benefit liability, beginning of year	\$1,216	\$465	\$1,681	\$2,270
Current period benefit cost	57	42	99	443
Interest accrued	36	15	51	58
Benefits payments	(230)	(101)	(331)	(601)
Actuarial (gains)/losses	204	60	264	(489)
Accrued benefit liability, end of year	1,283	481	1,764	1,681
Unamortized net actuarial gain	175	(7)	168	489
Accrued benefit obligation	\$1,458	\$474	\$1,932	\$2,170

Aurora College
Notes to the Financial Statements
June 30, 2017

4. EMPLOYEE FUTURE BENEFITS (continued)

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>2017</u> (in thousands)	<u>2016</u>
Benefits Expense				
Current period benefit cost	\$57	\$42	\$99	\$443
Interest accrued	36	15	51	58
Amortization of net actuarial gain	(50)	(7)	(57)	-
Total	\$43	\$50	\$93	\$501

Assumptions

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Discount rate	3.3% per annum	3.2% per annum
Rate of compensation increase	2.0% per annum	2.0% per annum
Inflation rate	Nil	Nil

The expected payments during the next five fiscal years are:

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>Total</u>
	(in thousands)		
2018	\$306	\$112	\$418
2019	187	68	255
2020	134	50	184
2021	108	44	152
2022	107	44	151
Total	\$842	\$318	\$1,160

Aurora College
Notes to the Financial Statements
June 30, 2017

5. PROFESSIONAL DEVELOPMENT FUND

Under collective agreements, the College is required annually to make contributions to the professional development fund, in the amount of a) 3% of eligible instructor's salaries, and b) \$750 for each eligible instructor. Contributions made to the professional development fund are recorded as an expense in the Statement of Operations and accumulated Surplus.

The professional development fund represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses. The College expects to settle the obligation based on future eligible expense claims.

	<u>2017</u>	<u>2016</u>
	(in thousands)	
Professional development fund, beginning of year	\$ 2,031	\$ 1,946
Contributions	439	410
Recovery of funds	0	42
Professional development paid during the year	<u>(493)</u>	<u>(367)</u>
Professional development fund, end of year	<u>\$ 1,977</u>	<u>\$ 2,031</u>

Aurora College
Notes to the Financial Statements
June 30, 2017

6. TANGIBLE CAPITAL ASSETS

(in thousands)

June 30, 2017	Mobile equipment	Building additions and renovations	Furniture and equipment	Leasehold improvements	2017 Total	2016 Total
Cost						
Opening balance	\$ 5,054	\$ 1,991	\$ 6,006	\$ 2,245	\$ 15,296	\$ 15,032
Additions	517	-	201	-	718	693
Disposals	(126)	-	(223)	(83)	(432)	(429)
Closing balance	<u>5,444</u>	<u>1,991</u>	<u>5,984</u>	<u>2,162</u>	<u>15,582</u>	<u>15,296</u>
Accumulated amortization						
Opening balance	2,783	1,842	4,387	1,482	10,494	9,918
Amortization	243	149	456	126	975	929
Disposals	(126)	-	(223)	(83)	(432)	(353)
Closing balance	<u>2,900</u>	<u>1,991</u>	<u>4,620</u>	<u>1,525</u>	<u>11,037</u>	<u>10,494</u>
Net book value	<u>\$ 2,544</u>	<u>\$ 0</u>	<u>\$ 1,364</u>	<u>\$ 637</u>	<u>\$ 4,545</u>	<u>\$ 4,802</u>

Aurora College
Notes to the Financial Statements
June 30, 2017

7. ACCUMULATED SURPLUS

The accumulated surplus balance includes the net book value of tangible capital assets transferred to the College when it was established and the results of operations since that date. The following appropriations have been made from accumulated surplus:

	(in thousands)				
Reserves	Balance, opening July 1, 2016	Net results of operations	Appropriated	Used in operations	Balance, ending June 30, 2017
a) Mallik research reserve	\$ 100	\$ -	\$ (100)	\$ -	-
b) Northern strategic research reserve	498	-	105	-	603
c) Program delivery	300	-	-	-	300
d) Research & development	144	-	-	-	144
f) Restricted donations	35	-	-	-	35
Total reserves	1,077	-	5	-	1,082
Operating surplus (deficit)	7,598	2,203	(5)	-	9,796
Total accumulated surplus	\$ 8,675	\$ 2,203	\$ -	\$ -	\$ 10,878

Aurora College
Notes to the Financial Statements
June 30, 2017

7. ACCUMULATED SURPLUS (continued)

a) Mallik research reserve

This appropriation was established from the surplus of the Methane Hydrate Research project to set funds aside to complete the scientific publishing. During the year, Inuvialuit Water Board (IWB) passed Motion 430-04 to close Water License N7L1-1817 that was issued for the project, after reviewing the final inspection report by Environment and Natural Resources (ENR) and recommended to the Minister of ENR to refund the security deposit held in association with the license. At year end, the surplus from this reserve was transferred to Northern strategic research reserve.

b) Northern strategic research reserve

This appropriation was established from the surplus of the Methane Hydrate Research project to set funds aside for strategic research conducted in the north which will benefit northerners.

c) Program delivery

This appropriation is established to cover program costs contemplated in the annual Programs and Services Proposal prepared by the College, for which Government funding has not been approved. Allocations to and from this appropriation must be approved by the Public Administrator.

d) Research & development

This appropriation is established to help fund research and development of the Research Associate and Fellowship programs at the Aurora Research Institute (ARI). Annually all unencumbered ARI administration revenue after fulfillment of third party contracts is transferred to this appropriation. Use of the appropriation must be approved by the Research Advisory Council.

e) Restricted donations

From time to time, the College receives donations from individuals and corporations with conditions attached to them. In order to ensure that the wishes of the contributors are carried out, the donations are transferred to restricted donations until the conditions are met.

Aurora College
Notes to the Financial Statements
June 30, 2017

8. GOVERNMENT CONTRIBUTIONS

	<u>2017</u>	<u>2016</u>
	(in thousands)	
Operating contributions	\$31,893	\$ 32,947
Capital contributions	<u>788</u>	<u>457</u>
	<u>\$32,681</u>	<u>\$ 33,404</u>

This year included in Government capital contributions is an additional \$400,000 for heavy equipment (2016 – nil).

9. RELATED PARTIES

The College is related in terms of common ownership to all Government created departments, territorial corporations and public agencies. The College enters into transactions with these entities in the normal course of business at normal trade terms and the accounts are non-interest bearing.

The College has Government receivables from tuition revenue, contract revenue and the base funding contribution. The College also owes funds to the Government from administrative agreements for facility operating and utility costs, employee benefits and other expenses.

	<u>2017</u>	<u>2016</u>
	(in thousands)	
Accounts receivable (Note 3)	\$ 309	\$ 299
Due to the Government of the Northwest Territories		
Liability for payroll services provided	\$ 1,679	\$ 635
Repayable program advances	<u>\$ 537</u>	<u>\$ 95</u>
Amounts	\$ 2,216	\$ 730
Accounts Payable		
Due to Sahtu Divisional Education Council	\$ 155	Nil

The above liabilities are payable on demand within a year.

Expenses

Under the terms of administrative agreements, the Government charges for certain support services provided to the College. The College reimbursed the Government \$865,000 (2016 – \$1,072,000) for facility operating and utility costs, employee benefits and other expenses recorded in these statements.

Aurora College
Notes to the Financial Statements
June 30, 2017

9. RELATED PARTIES (continued)

This year the College transferred \$456,000 of heavy equipment to the Government, which is included in small equipment expense (2016 – nil).

10. SERVICES PROVIDED WITHOUT CHARGE

During the year, the College received without charge from the Government services including utilities \$1,820,000 (2016 – \$2,048,000) and repairs and maintenance \$1,401,000 (2016 – \$ 1,237,000).

Payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services were also provided to the College without charge.

These services would have cost the College an estimated \$133,000 (2016 – \$ 257,000) based on exchange amount confirmed by the related parties.

The College also receives from the Government, without any rental charges, the use of facilities for two of its campuses, certain student housing units and community learning centres. The use of these facilities would have cost the College an estimated \$1,860,000 (2016 – \$ 1,841,000) based on the Government’s amortization expense for these assets.

The Government also pays for medical travel costs for the College. The medical travel costs paid by the Government on behalf of the College for the period cannot be quantified because the government ceased tracking each individual medical travel assistance claim by type of originating department, and could not reasonably measure the dollar value of all services provided by the Financial and Employee Shared Services (2016 – \$ 347,000).

	<u>2017</u>	<u>2016</u>
	(in thousands)	
Contract services	\$ 133	\$ 257
Repairs and maintenance	1,401	1,237
Building utilities	1,820	2,048
Building leases	1,860	1,841
Medical travel	-	347
	<u>\$ 5,214</u>	<u>\$ 5,730</u>

Aurora College
Notes to the Financial Statements
June 30, 2017

11. CONTINGENT LIABILITIES

The College is subject to claims and lawsuits arising in the ordinary course of operations. While the outcome of these matters is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually and in the aggregate, the probable ultimate resolution of such matters will not have a material financial impact on the College's financial position, results of operations or liquidity.

12. COMMITMENTS

In addition to facilities provided by the Government, the College has operating leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to basic payments as follows:

	<u>Service agreements</u>	<u>Operating leases</u>
	(in thousands)	
2018	\$ 197	\$ 4,827
2019	128	3,560
2020	118	2,762
2021	86	2,232
Thereafter	2	2,605
	\$ 531	\$ 15,986

13. FINANCIAL RISK MANAGEMENT

The College's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities, due to Government of the Northwest Territories and the professional development fund are all measured at cost. The Corporation has exposure to the following risks from its use of financial instruments:

a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The College manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The College does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities.

b) Credit risk

The College is exposed to credit risk on its cash and accounts receivable.

Aurora College
Notes to the Financial Statements
June 30, 2017

13. FINANCIAL RISK MANAGEMENT (continued)

Cash

Credit risk on cash is minimized as these assets are held with a Canadian Chartered bank, the maximum exposure to credit risk is \$13,576,000 (2016 - \$9,060,000).

Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. This risk is influenced by the type of debtor and at 30 June 2017

The College's debtors are the Government of the Northwest Territories, federal government, students, and others.

In order to manage this risk, the College monitors the age of accounts receivable and initiates collection action. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as government agencies and the College also enforces approved collection policies for student accounts. The maximum exposure to credit risk is \$1,390,000 (2016 - \$1,673,000).

At 30 June 2017 there are accounts receivable past due but not impaired. These amounts for students are: 31-60 days \$8,000; 61-90 days \$6,000; and over 90 days \$15,000.

These amounts for the Government and for other parties are shown below.

	91-365 days	1 to 2 years	over 2 years
Government of the Northwest Territories	\$21,000	\$1,000	Nil
Other third parties	\$90,000	\$12,000	Nil
Federal Government	\$83,000	Nil	Nil

The College establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The allowance is based on specific amounts and is determined by considering the College's knowledge of the financial condition of customers, the aging of accounts receivable, current business condition and historical experience.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The College is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the interest revenue

Aurora College
Notes to the Financial Statements
June 30, 2017

13. FINANCIAL RISK MANAGEMENT (continued)

from cash. This risk is not significant due to the short terms to maturity of cash.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

The College is not exposed to significant currency or other price risks.

14. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities, due to Government of the Northwest Territories and professional development fund approximate their carrying amounts because of the short term to maturity.

15. SEGMENT DISCLOSURE

The College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). For management reporting purposes the College's operations and activities are organized and reported by funds (Schedule A). Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with the budget, strategy and work plan, restrictions or limitations. The College's services are provided by departments and their activities are reported in these funds.

Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Finance and accounting

Finance's role is to ensure the long term viability of the College including the preparation and controls over the budgets, financial reporting, the implementation and oversight of financial controls, and management of the cash flows. Finance includes the functioning of the head office and regional offices.

Pooled services

This represents College wide expenditures which are required for the global operation. These represent allocation of costs related to professional development, amortization, cost of employee future benefits, and costs for the President's Office. The Office of the President includes services related to the operations of the College, plus communications and public relations. The Office of the President is mandated to manage the daily operations of the College, pursue its missions and vision, and develop and implement a strategic plan to ensure the long term success of the College.

Aurora College
Notes to the Financial Statements
June 30, 2017

15. SEGMENT DISCLOSURE (continued)

Student services

Student services include Fort Smith, Yellowknife, and Inuvik locations facilities and the registrar and regional admission offices.

Education and training

Education and training includes the vice-president education and training, school of trades, school of education, school of business and leadership, school of health and human services, school of arts and science, information systems and technology, and the library.

Community and extensions

Community and extensions represents special programs and additional resources provided to the communities through the College. This includes the school of developmental studies, the Beaufort Delta region, the Sahtu region, the Dehcho region, the Tlicho region, and the Akaitcho and South Slave region.

Aurora Research Institute

Through the work of the Aurora Research Institute, the College is also responsible to conduct and facilitate research activities in the NWT.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

**Aurora College
Segmented disclosures
June 30, 2017**

Schedule A

	Financial and accounting (in thousands)	Pooled services ** (in thousands)	Student services (in thousands)	Education and training (in thousands)	Community and extensions (in thousands)	Aurora Research Institute (in thousands)	2017 Total (in thousands)	2017 Budget (in thousands)	2016 Total (in thousands)
For the period ended June 30, 2017									
Revenues									
Government Contributions	\$ 1,805	\$ 3,242	\$ 8,745	\$10,795	\$ 6,226	\$ 1,868	\$ 32,681	\$ 31,893	\$ 33,404
Project income									
Government of the Northwest Territories	5	50	87	2,066	2,195	130	4,533	4,385	3,274
Other third party contributions	-	10	14	1,408	647	291	2,370	2,136	2,558
Federal government	-	-	-	-	1,371	166	1,537	1,720	1,663
Own Source Revenue									
Tuition fees	-	-	70	1,022	738	-	1,830	891	1,836
Recoveries and other	11	386	59	213	48	105	822	411	1,269
Room and board	-	-	770	-	-	75	845	711	798
Interest income	126	-	-	-	-	-	126	95	104
Services Provided without Charge	-	1,534	-	3,680	-	-	5,214	6,000	5,730
	<u>1,947</u>	<u>5,222</u>	<u>9,745</u>	<u>19,184</u>	<u>11,225</u>	<u>2,635</u>	<u>49,958</u>	<u>48,242</u>	<u>50,636</u>
Expenses									
Compensation and benefits	1,581	1,238	4,296	10,959	8,648	2,032	28,754	28,970	30,047
Building leases	-	-	4,861	1,860	5	-	6,726	5,310	6,815
Materials and supplies	10	297	149	712	250	91	1,509	1,833	1,587
Utilities	-	1	122	1,824	5	10	1,962	2,759	2,227
Contract services	28	230	72	509	287	173	1,299	4,325	1,391
Repairs and maintenance	4	1,401	140	165	77	13	1,800	1,393	1,803
Small equipment	-	457	34	180	21	147	839	188	589
Fees and payments	79	525	40	311	168	76	1,199	1,226	1,247
Travel and accommodation	30	79	47	289	197	125	767	1,103	861
Professional services	12	-	8	255	898	-	1,173	1	1,562
Amortization of tangible capital assets	-	975	-	-	-	-	975	871	929
Communication, postage and freight	62	99	86	195	213	97	752	637	700
	<u>1,806</u>	<u>5,302</u>	<u>9,855</u>	<u>17,259</u>	<u>10,769</u>	<u>2,764</u>	<u>47,755</u>	<u>48,616</u>	<u>49,758</u>
Annual surplus (deficit)	\$ 141	\$ (80)	\$ (110)	\$ 1,925	\$ 456	\$ (129)	\$ 2,203	\$ (374)	\$ 878

** Pooled Services includes the revenues and expenses for the President's Office

Appendix A

Write-offs

A total of \$7,220.87 was approved to be written off in 2016-17. This figure includes seven-year write-offs, write-offs of debts less than \$30.00, and credits less than \$10.00.

Name	Date	Amount
Under \$29.00 Write Off		
ALEXIE, AUTUMN	5/1/2017	28.00
APPLES, VICTORIA	2/3/2015	0.50
CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY	3/1/2017	0.20
COCHRANE, ALYSSA	3/6/2017	2.05
DANIELS, CHELSEY ALEXANDRA	1/10/2014	15.12
EDUCATION CULTURE & EMPLOYMENT	4/30/2016	0.70
EDUCATION, CULTURE & EMPLOYMENT	11/17/2016	0.01
ELLTON, PRESCILLA	5/2/2016	7.00
FABIAN, JUDITH	6/8/2016	4.10
FRANCIS, ALEXANDER JOHN	7/29/2016	2.00
HENDERSON, STEPHEN	10/12/2016	21.00
JONES, LEVI	10/31/2016	7.00
KOE, JOHN JAKE	7/29/2016	3.00
LANDRY, MARTHA	7/6/2016	7.00
LEBLANC, MARK REYNALD	10/18/2016	7.00
MERCREDI, STEPHANIE	2/19/2014	0.01
RADDI, TYRONE	10/12/2016	7.00
SABOURIN, DENNIS	5/2/2016	7.00
TUNGILIK, LEE ANN	1/26/2016	1.00
UKUQTUNUJAO, ANDREW	5/5/2016	10.00
UNIVERSITY OF EDINBURGH	6/30/2016	15.00
UNIVERSITY OF EDINBURGH	8/22/2016	15.00
UNIVERSITY OF EDINBURGH	11/15/2016	15.00
WOLKIE, NEIL	10/31/2016	7.00
Total Under \$29.00 Write off		181.69

Name	Date	Amount
7 Years Write Off		
ATKINSON, EMILY	6/1/2012	70.00
CLEARY, LENA	2/4/2010	481.19
LAFFERTY, FRANK	2/22/2010	56.00
LAFFERTY, FRANK	3/22/2010	21.00
LAROCQUE, TRAVIS	7/8/2010	100.00
LENNIE, ROBYN	10/1/2015	155.00
LENNIE, ROBYN	9/8/2015	548.81
MCLEOD, DOUG	12/4/2013	4,000.07
NORBERT, MARTINA	5/19/2010	75.00
OVILOK, ELSIE	3/30/2010	141.55
OVILOK, ELSIE	4/27/2010	465.00
OVILOK, ELSIE	5/31/2010	465.00
PAYNE, MELISSA MARIE	2/17/2012	315.00
PAYNE, MELISSA MARIE	2/20/2012	70.00
PAYNE, MELISSA MARIE	1/16/2012	133.00
Total Over 7 Years		7,096.62
Under \$10.00 Credit Write Off		
BUCKNER, MADISON	7/27/2016	-1.00
CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY	1/18/2017	-0.37
CARDINAL-BLAKE, MARIAH	4/13/2017	-2.00
CITIZENSHIP & IMMIGRATION	3/11/2016	-0.22
CITIZENSHIP & IMMIGRATION	6/21/2016	-0.03
CITIZENSHIP & IMMIGRATION	9/28/2016	-0.12
GREENLAND, JOYCE	1/14/2016	-9.20
JALIL AGA, RANA	9/7/2016	-3.00
LAITY, DANIEL	1/9/2017	-7.00
LOUTT, MICHAEL	2/27/2017	-0.02
NEYANDO, KIMBERLY J.R	4/7/2017	-0.35
NORMAN-GOOSE, JORDAN WADE	10/14/2016	-9.25
RADDI, BERNICE	12/2/2016	-7.00
SHAE, CASSIA	1/13/2017	-4.46
SNOWSHOE, WILLIAM	12/8/2016	-7.00
WRIGGLESWORTH, PATRICK	4/12/2017	-6.42
Total Under \$10.00 Credits		-57.44
Total Write-offs 2016-17		7,220.87



ARCTIC ENERGY ALLIANCE
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2018

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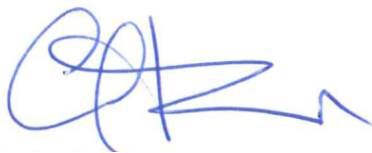
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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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



Craig Thomas
Interim Executive Director

June 19, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of
Arctic Energy Alliance

We have audited the accompanying financial statements of Arctic Energy Alliance, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations, Changes in Net Assets, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society'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 Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arctic Energy Alliance as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Avery Cooper & Co. Ltd.

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

June 19, 2018

ARCTIC ENERGY ALLIANCE

STATEMENT OF FINANCIAL POSITION

March 31, 2018

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT		
Cash	\$ 224,710	\$ 27,581
Short term investments (note 3)	401,802	1,095,701
Accounts receivable (note 4)	651,880	523,266
Prepaid expenses	<u>10,408</u>	<u>13,314</u>
	1,288,800	1,659,862
TANGIBLE CAPITAL ASSETS (note 5)	<u>38,716</u>	<u>69,521</u>
	<u><u>\$ 1,327,516</u></u>	<u><u>\$ 1,729,383</u></u>

LIABILITIES

CURRENT		
Bank indebtedness	\$ -	\$ 229,958
Wages and benefits payable	79,754	165,455
Government remittances payable (note 6)	10,879	744
Trade payables and accruals (note 7)	255,327	320,192
Provision for rebates (note 8)	12,000	29,066
Contributions payable	49,056	-
Deferred revenue (note 9)	<u>9,457</u>	<u>160,393</u>
	416,473	905,808
DEFERRED GOVERNMENT ASSISTANCE (note 10)	<u>14,738</u>	<u>18,444</u>
	<u>431,211</u>	<u>924,252</u>

NET ASSETS

RESERVES per page 3	841,335	731,212
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	15,978	43,076
ACCUMULATED SURPLUS per page 3	<u>38,992</u>	<u>30,843</u>
	<u>896,305</u>	<u>805,131</u>
	<u><u>\$ 1,327,516</u></u>	<u><u>\$ 1,729,383</u></u>

Approved:



Director



Director

ARCTIC ENERGY ALLIANCE

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

	(note 13) 2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
REVENUES			
Contributions from GNWT	\$ 2,861,230	\$ 3,003,553	\$ 3,803,471
Contributions from Canada	202,200	202,200	81,186
Other source income	125,499	111,807	149,140
Membership fees	227,500	277,500	277,500
Interest income	<u>6,000</u>	<u>12,900</u>	<u>10,065</u>
	<u>3,422,429</u>	<u>3,607,960</u>	<u>4,321,362</u>
EXPENSES			
Advertising and promotion	55,930	34,743	47,577
Amortization	14,150	30,804	18,450
Consulting fees	73,200	93,605	168,183
Equipment rental	8,350	3,279	3,279
Facility rental and tradeshow fees	19,850	9,622	10,317
Fees and dues	16,701	6,795	12,725
Hospitality	17,000	6,725	13,892
Insurance	13,000	12,546	13,265
Interest and bank charges	5,500	4,032	5,010
Project materials	75,000	163,070	500,284
Office and general	83,450	54,870	52,100
Professional development	50,397	36,572	25,825
Professional fees	20,000	24,309	22,433
Rebates	545,000	651,729	709,901
Rent and utilities	158,600	154,416	155,981
Telephone, Internet and Website	37,100	38,466	36,689
Travel and accommodation	212,330	199,870	288,835
Wages and benefits	<u>2,017,174</u>	<u>1,991,333</u>	<u>2,249,512</u>
	<u>3,422,732</u>	<u>3,516,786</u>	<u>4,334,258</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (303)</u>	<u>\$ 91,174</u>	<u>\$ (12,896)</u>

ARCTIC ENERGY ALLIANCE

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2018

	2018			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	\$ 30,843	\$ 731,212	\$ 43,076	\$ 805,131
Excess of revenues over expenses	91,174	-	-	91,174
Transfer to reserves (note 16)	(110,123)	110,123	-	-
Amortization of tangible capital assets	30,804	-	(30,804)	-
Amortization of deferred government assistance	(3,706)	-	3,706	-
BALANCE, closing	<u>\$ 38,992</u>	<u>\$ 841,335</u>	<u>\$ 15,978</u>	<u>\$ 896,305</u>
	2017			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	\$ 50,602	\$ 709,605	\$ 57,820	\$ 818,027
Deficiency of revenues over expenses	(12,896)	-	-	(12,896)
Transfer to reserves	(21,607)	21,607	-	-
Amortization of tangible capital assets	18,450	-	(18,450)	-
Amortization of deferred government assistance	(3,706)	-	3,706	-
BALANCE, closing	<u>\$ 30,843</u>	<u>\$ 731,212</u>	<u>\$ 43,076</u>	<u>\$ 805,131</u>

ARCTIC ENERGY ALLIANCE

STATEMENT OF CASH FLOWS

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES (note 17)		
Cash received from:		
GNWT contributions	\$ 2,983,066	\$ 3,589,979
Canada contributions	167,330	-
Other source income	163,819	138,003
Membership fees	140,000	322,500
Interest income	6,799	7,663
	<u>3,461,014</u>	<u>4,058,145</u>
Cash paid for:		
Wages and benefits	2,054,957	2,220,748
Materials and services	1,684,564	1,911,214
GNWT contributions returned	9,934	98,948
	<u>3,749,455</u>	<u>4,230,910</u>
	<u>(288,441)</u>	<u>(172,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of short term investments	1,105,528	544,861
Purchase of short term investments	<u>(390,000)</u>	<u>(1,090,000)</u>
	<u>715,528</u>	<u>(545,139)</u>
DECREASE (INCREASE) IN BANK INDEBTEDNESS	427,087	(717,904)
(BANK INDEBTEDNESS) CASH, opening	<u>(202,377)</u>	<u>515,527</u>
CASH (BANK INDEBTEDNESS), closing	<u>\$ 224,710</u>	<u>\$ (202,377)</u>
REPRESENTED BY:		
Cash	\$ 224,710	\$ 27,581
Cheques issued in excess of deposits	<u>-</u>	<u>(229,958)</u>
	<u>\$ 224,710</u>	<u>\$ (202,377)</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

Arctic Energy Alliance (the "Society") is a government not-for-profit organization of the Government of the Northwest Territories ("GNWT") and was incorporated July 29, 1997 under the *Societies Act* of the Northwest Territories. As a public service entity, the Society's function is to support the objectives of the GNWT by promoting awareness and conservation of energy and utility use and to identify, promote, and implement opportunities to reduce energy and utility costs in the Northwest Territories.

The Society is exempt from income tax under paragraph 149(1)(c) of the *Income Tax Act* (Canada). The Society is economically dependent on funding received from the GNWT.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) applicable to government not-for-profit organizations as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The significant policies are detailed as follows:

(a) Cash equivalents

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

(b) Financial instruments

The Society measures all its financial assets and financial liabilities at amortized cost except for short term investments which are measured at fair value.

(c) Tangible capital assets

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

Computer equipment	60% Declining balance
Computer software	5 years Straight-line
Heating equipment	20 years Straight-line
Office equipment	40% Declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease plus one renewal option.

The Society considers capital expenditures with individual items costing \$5,000 or more to be tangible capital assets.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Revenue recognition

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

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

The Society recognizes revenue from customers upon completion of customer orders and/or completion of services. Estimated losses, if any, are recorded when they become apparent.

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

Interest income that is not externally restricted is recognized in the Statement of Operations when earned.

(e) Government assistance

Restricted contributions for the purchase of tangible capital assets that will be amortized are accounted for as deferred government assistance and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets.

(f) Allocated expenses

The Society allocates certain general support expenses by identifying the appropriate basis of allocating each component of expense, and applies that basis consistently each year in accordance with applicable contribution agreements. Wages and benefits expenses are allocated to programs, as applicable, based on actual hours worked.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards applicable to government not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary they are reported in the period in which they become known.

Significant estimates include the determination of the useful lives of tangible capital assets, the provision for EEIP rebates, credit losses, and asset retirement obligations, the allocation of administrative expenses to programs, and the allocation of certain wages and benefits expenses to programs.

3. SHORT TERM INVESTMENTS

Short term investments consist of guaranteed investment certificates (GICs) held with the Bank of Nova Scotia as detailed below:

	<u>2018</u>	<u>2017</u>
1.10% interest, cashable, matures July 20, 2018	\$ 300,000	\$ 1,000,000
1.70% interest, non-redeemable, matures December 4, 2018	90,000	90,000
Accrued interest	<u>11,802</u>	<u>5,701</u>
	<u>\$ 401,802</u>	<u>\$ 1,095,701</u>

4. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Contributions receivable:		
Government of the Northwest Territories	\$ 298,456	\$ 304,176
Government of Canada	<u>115,252</u>	<u>80,382</u>
Total contributions receivable	413,708	384,558
Members	125,000	37,500
Other	127,484	115,520
Allowance for doubtful accounts	<u>(14,312)</u>	<u>(14,312)</u>
	<u>\$ 651,880</u>	<u>\$ 523,266</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

5. TANGIBLE CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 36,010	\$ 32,814	\$ 3,196	\$ 16,980
Computer software	33,028	26,531	6,497	10,829
Heating equipment	36,242	9,166	27,076	28,888
Leasehold improvements	27,396	27,396	-	-
Office equipment	42,460	40,513	1,947	12,824
	\$ 175,136	\$ 136,420	\$ 38,716	\$ 69,521

Net assets invested in tangible capital assets as at March 31, 2018 are as follows:

	2018	2017
Tangible capital assets	\$ 38,716	\$ 69,521
Asset retirement obligation (note 7)	(8,000)	(8,000)
Deferred government assistance (note 10)	(14,738)	(18,445)
Net assets invested in tangible capital assets per page 3	\$ 15,978	\$ 43,076

6. GOVERNMENT REMITTANCES PAYABLE

	2018	2017
GST receivable	\$ (17,273)	\$ (5,331)
Payroll remittances payable	22,519	-
Related parties:		
Workers' Safety and Compensation Commission	2,833	2,786
GNWT - Department of Finance	2,800	3,289
	\$ 10,879	\$ 744

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

7. TRADE PAYABLES AND ACCRUALS

	2018	2017
Accrued liabilities:		
EEIP rebates	\$ 8,300	\$ 10,234
Other	25,304	207,258
Pellet boiler asset retirement obligation	8,000	8,000
	41,604	225,492
Trade payables	213,723	94,700
	\$ 255,327	\$ 320,192

8. PROVISION FOR REBATES

Under the Energy Efficiency Incentive Program (EEIP) with the GNWT, the Society assists homeowners and consumers in the purchase of new, more efficient models of products used every day to help reduce their energy costs and greenhouse gas emissions.

In accordance with the program guidelines, rebates are issued where qualifying products are applied for within the required time frame of purchasing eligible products and have been approved by the Society. Rebates are available as long as funds allocated by the Legislative Assembly of the Northwest Territories remain available for the program year.

The Society provides for such rebates by using best estimates based on previous past purchases history. Actual rebates paid could materially differ from those estimates. The provision is reviewed periodically, and as adjustments become necessary, any rebates paid during the year previously provided for, which are in excess of the provision amount, are reported below as additional prior year rebates. Changes during the year in the provision for EEIP rebates are as follows:

	2018	2017
Provision for the current year	\$ 12,000	\$ 29,066
Rebates paid previously provided for	(18,276)	(4,798)
Unused provision reversed	(10,790)	(12,002)
Change in provision during the year	(17,066)	12,266
Provision for rebates, opening	29,066	16,800
Provision for rebates, closing	\$ 12,000	\$ 29,066

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

9. DEFERRED REVENUE

During the year, the Society entered into contribution agreements with the GNWT, Department of Infrastructure (INF). Contribution agreements stipulate that any unexpended funds must be repaid on demand.

Deferred revenue represents unspent restricted contributions for which the related expenses will not be recognized until a later period. Changes in deferred revenue balances during the year are summarized below and detailed in Schedule I.

	2018	2017
Restricted contributions balance, opening	\$ 86,000	\$ 321,420
Receipts	2,820,986	3,400,000
Funding receivable	367,214	347,383
Repayments	(58,990)	(98,949)
Funding expended	(3,205,753)	(3,883,854)
Restricted contributions balance, closing	9,457	86,000
Fee for service received in advance	-	24,393
Membership fees received in advance: GNWT-ENR	-	50,000
Total deferred revenue	\$ 9,457	\$ 160,393

10. DEFERRED GOVERNMENT ASSISTANCE

	2018		2017	
	Cost	Accumulated amortization	Net	Net
GNWT-ENR - Alternative Energy Technology:				
Wood pellet boiler	\$ 14,121	\$ 3,883	\$ 10,238	\$ 10,944
GNWT-ENR - Energy Efficiency Incentive Program: Database	15,000	10,500	4,500	7,500
	\$ 29,121	\$ 14,383	\$ 14,738	\$ 18,444

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

11. RESERVES

During the year, Arctic Energy Alliance transferred \$110,123 (2017 - \$21,607) from unrestricted net assets to meet its capital management objectives as described in Note 16. The reserves at March 31, 2018 of \$841,335 (2017 - \$731,212) represent the minimum required net assets to support the reserves. These internally restricted reserves are not available for unrestricted purposes without approval of the Board of Directors.

The Society continually monitors net financial assets to measure the future revenues required to pay for past transactions and events, and the extent to which the costs of services provided in the year have been met by the revenues recognized in the year. Net financial assets at year end represents the difference between the Society's financial assets and its liabilities.

Changes in net financial assets during the year are as follows:

	<u>2018</u> Budget	<u>2018</u> Actual	<u>2017</u> Actual
Excess (deficiency) of revenues over expenses per page 2	\$ (303)	\$ 91,174	\$ (12,896)
	-	-	-
Amortization of tangible capital assets	14,150	30,804	18,449
Acquisition of prepaid expenses	-	(27,191)	(9,624)
Use of prepaid expenses	-	30,098	183,374
Amortization - deferred government assistance	-	(3,706)	(3,706)
	<u>13,847</u>	<u>121,179</u>	<u>175,597</u>
Increase in net financial assets			
Net financial assets, opening	<u>740,740</u>	<u>740,740</u>	<u>565,143</u>
Net financial assets, closing (note 16)	<u>\$ 754,587</u>	<u>\$ 861,919</u>	<u>\$ 740,740</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

12. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	2018	2017
Government of the Northwest Territories	\$ 150,000	\$ 150,000
Government of Nunavut	50,000	50,000
GNWT - Crown Corporations	67,500	67,500
Other	10,000	10,000
	\$ 277,500	\$ 277,500

Included in membership fees are amounts from the following related parties:

	2018	2017
GNWT:		
Department of Environment and Natural Resources	\$ 50,000	\$ 50,000
Department of Infrastructure	50,000	-
Department of Municipal and Community Affairs	50,000	50,000
Department of Public Works and Services	-	50,000
	150,000	150,000
GNWT - Crown Corporations:		
NWT Housing Corporation	50,000	50,000
Northwest Territories Power Corporation	5,000	5,000
Public Utilities Board of the Northwest Territories	12,500	12,500
	67,500	67,500
	\$ 217,500	\$ 217,500

13.

The 2018 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited. The budget was approved by the Board of Directors on September 18, 2017.

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

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

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

13. , continued

	Revenues	Expenses	Net
Budget as approved by the Board of Directors	\$ 3,422,429	\$ 3,422,732	\$ (20,303)
Less:			
Transfer to contingency reserve	-	(20,000)	20,000
Budget for financial statement purposes	\$ 3,422,429	\$ 3,402,732	\$ (303)

14. FINANCIAL INSTRUMENTS

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

15. COMMITMENTS

The Society has entered into operating leases for office space expiring February 28, 2019 and office equipment expiring June 12, 2020 in Yellowknife. Future minimum lease payments are as follows.

	Office Space	Office Equipment	Total
2019	\$ 60,885	\$ 3,201	\$ 64,086
2020	-	801	801
	\$ 60,885	\$ 4,002	\$ 64,887

The lease for office space carries an extension of term option from March 1, 2019 to March 1, 2020.

During the year, included in other source income revenue are in-kind contributions with a total fair value of \$15,612 (2017 - \$nil) received from Jean Marie River First Nation. These services are in connection with the NRCan Northern Smart Energy Communities Pilot project and consist of wages and benefits of \$8,050, hospitality of \$512, travel and accommodation of \$5,050, and facility rental of \$2,000.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

16. CAPITAL MANAGEMENT

In managing capital, the Society focuses on liquid resources available for operations. The Society's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purpose.

The Society manages funding risk by establishing internally restricting net assets. Funding risk may result from an inability to obtain government funding in a timely manner during contribution agreement negotiations. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget.

At March 31, 2018, the Society has not met its objectives of having sufficient liquid resources to meet its current obligations. The Society's net financial assets at March 31, 2018 are as follows:

	<u>2018</u>	<u>2017</u>
Accumulated Surplus	\$ 38,992	\$ 30,843
Reserves	841,335	731,212
Invested in Tangible Capital Assets	<u>15,978</u>	<u>43,076</u>
Net assets per page 3	<u>896,305</u>	<u>805,131</u>
Less: Non-financial assets:		
Prepaid expenses	10,408	13,314
Tangible capital assets	38,716	69,521
Deferred government assistance	<u>(14,738)</u>	<u>(18,444)</u>
	<u>34,386</u>	<u>64,391</u>
Net financial assets (note 11)	<u>\$ 861,919</u>	<u>\$ 740,740</u>

The Society's three internally restricted reserves and changes therein are as follows:

Operating Reserve - To support the minimum required net assets of at least three months of operating costs.

Credit Card Reserve - To secure the Society's credit card funded by short term investments as described in Note 3.

Contingency Reserve - To set aside funds for contingencies which may arise. This \$70,000 capped reserve is increased annually based on one half of one percent of the Society's total revenue for the year.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

16. CAPITAL MANAGEMENT, continued

	Opening Balance	Transfers	Closing Balance
Operating Reserve	\$ 600,000	\$ 92,000	\$ 692,000
Credit Card Reserve	90,000	-	90,000
Contingency Reserve	41,212	18,123	59,335
	\$ 731,212	\$ 110,123	\$ 841,335

17. SUPPLEMENTAL CASH FLOW INFORMATION

A reconciliation of the excess (deficiency) of revenues over expenses during the year to cash flows used for operating activities is as follows:

	2018	2017
Excess (deficiency) of revenues over expenses per page 2	\$ 91,174	\$ (12,896)
Items not affecting cash:		
Amortization of tangible capital assets	30,804	18,450
Amortization of deferred government assistance	(3,706)	(3,706)
Change in accrued interest from GICs	(6,101)	(2,402)
Interest income received relating to short term investments	(15,527)	(4,862)
	96,644	(5,416)
Net change in non-cash operating working capital accounts:		
Increase in accounts receivable	(128,614)	(164,623)
Decrease in prepaid expenses	2,906	173,750
Increase (decrease) in wages and benefits payable	(85,701)	53,414
Increase (decrease) in government remittances payable	10,135	(24,651)
Decrease in trade payables and accruals	(64,865)	(26,070)
Increase (decrease) in provision for rebates	(17,066)	12,266
Increase in contributions repayable	49,056	-
Decrease in deferred revenue	(150,936)	(191,435)
	(385,085)	(167,349)
Cash flows used for operating activities per page 4	\$ (288,441)	\$ (172,765)

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

18. RELATED PARTIES

The Society is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. The Society enters into transactions with these entities in the normal course of operations and on normal trade terms applicable to all parties. The Workers' Safety and Compensation Commission is significantly influenced by the GNWT. The amounts due to and from related parties are unsecured, non-interest bearing and due on demand.

Transactions with related parties during the year and balances at year end, not disclosed elsewhere in the financial statements, are disclosed in this note.

	<u>2018</u>	<u>2017</u>
Expenses		
Aurora College:		
Rent, hospitality, office, telephone, and professional development	\$ 17,381	\$ 15,260
Workers' Safety and Compensation Commission	<u>10,383</u>	<u>10,342</u>
	<u>\$ 27,764</u>	<u>\$ 25,602</u>
Receivables from related parties:		
GNWT-ENR	\$ 37,176	\$ 37,176
GNWT-Department of Health and Social Services	-	132
GNWT-Department of Infrastructure	310,000	-
GNWT-Department of Public Works and Services	1,280	267,000
GNWT-MACA	50,000	-
Northwest Territories Power Corporation	15,000	15,000
NWT Housing Corporation	79,280	73,085
Public Utilities Board of the Northwest Territories	<u>-</u>	<u>12,500</u>
	<u>\$ 492,736</u>	<u>\$ 404,893</u>
Payables to related parties: Aurora College	<u>\$ -</u>	<u>\$ 3,478</u>

19. CHANGE IN ACCOUNTING ESTIMATES

During fiscal 2017-18, as described in Note 2(c), the Society increased the declining balance annual amortization rates for computer equipment from 30% to 60%, and office equipment from 20% to 40%. The effect of the change in the accounting estimates on the current and applicable future periods is not material.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

20. CONTRACTUAL RIGHTS

The Society entered into an agreement with Government of Canada, Department of Natural Resources (NRCan) for a two-year energy efficiency project called, "A practical, culturally relevant approach to delivering home energy efficiency upgrades to homes in First Nation communities." The two-year agreement calls for a maximum annual contribution of \$102,200 expiring on March 31, 2019.

21. COMPARATIVE FIGURES

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

22. SUBSEQUENT EVENTS

Subsequent to year-end, the Society entered into a contribution agreement with GNWT, Department of Infrastructure, for 2018-19 core and program funding for a maximum of \$2,740,000 of which \$2,500,000 is received.

ARCTIC ENERGY ALLIANCE

Schedule I

SCHEDULE OF DEFERRED REVENUE

For the year ended March 31, 2018

Program	Opening balance	Cash funding received	Funding receivable	Repayments	Transfers	Total funding available	Funding expended	Closing balance
CONTRIBUTIONS								
GOVERNMENT OF CANADA								
Department of Natural Resources (NRCan)								
Home Energy Efficiency Upgrades	\$ -	\$ 53,440	\$ 46,560	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
Northern Smart Energy Communities Pilot	-	41,546	60,654	-	-	102,200	102,200	-
Total Government of Canada	-	94,986	107,214	-	-	202,200	202,200	-
GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)								
Department of Environment and Natural Resources (ENR)								
Energy Efficiency Incentive Program (EEIP)	24,920	-	-	(24,920)	-	-	-	-
Department of Infrastructure (INF)								
Base Funding	-	1,376,000	240,000	-	33,213	1,649,213	1,649,213	-
Alternative Energy Technologies Program (AETP)	-	200,000	-	-	(7,947)	192,053	192,053	-
Biomass Energy	-	90,000	-	-	(34,225)	55,775	55,775	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	200,000	-	-	(15,033)	184,967	184,967	-
Community Government Energy Retrofits (CGERP)	-	200,000	-	-	-	200,000	200,000	-
Community Renewable Energy Program (CREP)	-	100,000	-	-	(42,500)	57,500	57,500	-
Community Wood Stove Program	-	150,000	-	-	1,239	151,239	151,239	-
Energy Efficiency Incentive Program (EEIP)	-	200,000	20,000	-	65,026	285,026	285,026	-
Energy Rating Services Support (ERS)	-	150,000	-	-	227	150,227	150,227	-
Home Energy Retrofit Program - Jean Marie River	-	60,000	-	-	-	60,000	60,000	-
Total INF	-	2,726,000	260,000	-	-	2,986,000	2,986,000	-
Department of Public Works and Services (PWS)								
Base Funding	32,860	-	-	(1,344)	-	31,516	22,059	9,457
Alternative Energy Technologies Program (AETP)	236	-	-	-	-	236	236	-
Biomass Energy	1,618	-	-	-	-	1,618	1,618	-
Commercial Energy Conservation & Efficiency Program (CECEP)	236	-	-	-	-	236	236	-
Energy Efficiency Incentive Program (EEIP)	12,452	-	-	(22,792)	-	(10,340)	(10,340)	-
Energy Rating Services Support (ERS)	553	-	-	-	-	553	553	-
REACHE LED & Energy Efficiency Retrofits	9,934	-	-	(9,934)	-	-	-	-
Regional Offices	3,191	-	-	-	-	3,191	3,191	-
Total PWS	61,080	-	-	(34,070)	-	27,010	17,553	9,457
Total GNWT	86,000	2,726,000	260,000	(58,990)	-	3,013,010	3,003,553	9,457
Total contributions (note 9)	\$ 86,000	\$ 2,820,986	\$ 367,214	\$ (58,990)	\$ -	\$ 3,215,210	\$ 3,205,753	\$ 9,457

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF BASE FUNDING AND ENERGY PROGRAMS

Schedule II

For the year ended March 31, 2018

	Total	Base Funding	NRCan Home Energy Efficiency Upgrades	NRCan Northern Smart Energy Communities Pilot	Alternative Energy Technologies Program (AETP)	Biomass Energy
REVENUES						
Contributions from GNWT	\$ 3,003,553	\$ 1,666,766	\$ -	\$ 60,000	\$ 192,053	\$ 55,775
Contributions from Canada	202,200	-	100,000	102,200	-	-
Other source income	108,101	65,255	-	18,462	-	-
Membership fees	277,500	277,500	-	-	-	-
Interest income	12,900	12,900	-	-	-	-
	3,604,255	2,022,421	100,000	180,662	192,053	55,775
EXPENDITURES						
Advertising and promotion	33,429	26,907	2,513	-	-	59
Consulting fees	91,946	41,723	-	42,461	-	2,049
Equipment rental	3,279	3,279	-	-	-	-
Facility rental and tradeshow fees	9,622	5,816	1,806	2,000	-	-
Fees and dues	6,795	5,968	-	-	427	329
Hospitality	6,725	4,443	1,271	1,011	-	-
Insurance	12,546	12,546	-	-	-	-
Interest and bank charges	4,032	4,032	-	-	-	-
Office	53,313	50,611	-	-	-	-
Professional development	32,773	32,773	-	-	-	-
Professional fees	24,309	24,309	-	-	-	-
Project materials	163,070	(263)	-	69,849	-	-
Rebates	651,729	(13,751)	-	-	135,569	-
Rent and utilities	154,416	154,416	-	-	-	-
Telephone, Internet and Website	38,466	38,466	-	-	-	-
Travel and accommodation	205,295	127,560	27,991	21,375	27	3,334
Wages and benefits	1,991,333	1,375,888	64,909	52,669	56,030	50,004
	3,483,078	1,894,722	98,490	189,366	192,053	55,775
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	121,177	127,699	1,510	(8,704)	-	-
TRANSFERS						
Amortization of tangible capital assets	(30,804)	(30,804)	-	-	-	-
Acquisition of prepaid expenses	27,191	26,030	-	-	-	-
Use of prepaid expenses	(30,097)	(29,806)	-	-	-	-
Amortization of government assistance	3,706	3,706	-	-	-	-
	(30,003)	(30,874)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 91,174	\$ 96,825	\$ 1,510	\$ (8,704)	\$ -	\$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF BASE FUNDING AND ENERGY PROGRAMS

Schedule II

For the year ended March 31, 2018

	Commercial Energy Conservation & Efficiency Program (CECEP)	Community Government Energy Retrofits (CGERP)	Community Renewable Energy Program (CREP)	Community Wood Stove Program	Energy Efficiency Incentive Program (EEIP)	Energy Rating Services Support (ERS)
REVENUES						
Contributions from GNWT	\$ 184,967	\$ 200,000	\$ 57,500	\$ 151,239	\$ 285,025	\$ 150,227
Contributions from Canada	-	-	-	-	-	-
Other source income	-	13,776	-	1,609	-	9,000
Membership fees	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
	<u>184,967</u>	<u>213,776</u>	<u>57,500</u>	<u>152,848</u>	<u>285,025</u>	<u>159,227</u>
EXPENDITURES						
Advertising and promotion	-	1,500	-	730	1,720	-
Consulting fees	-	-	-	3,810	1,903	-
Equipment rental	-	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-	-	-
Fees and dues	-	-	-	-	-	71
Hospitality	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Interest and bank charges	-	-	-	-	-	-
Office	118	-	-	-	-	2,584
Professional development	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-
Project materials	-	-	-	93,483	-	-
Rebates	126,964	95,775	57,500	12,117	237,556	-
Rent and utilities	-	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-	-
Travel and accommodation	1,372	11,131	-	11,914	-	592
Wages and benefits	56,513	104,699	-	30,794	43,846	155,981
	<u>184,967</u>	<u>213,105</u>	<u>57,500</u>	<u>152,848</u>	<u>285,025</u>	<u>159,227</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TRANSFERS						
Amortization of tangible capital assets	-	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	1,162	-
Use of prepaid expenses	-	-	-	-	(290)	-
Amortization of government assistance	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>871</u>	<u>-</u>
EXCESS (DECIENCY) OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ 671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871</u>	<u>\$ -</u>

See accompanying notes.



June 18, 2018

The Honourable Robert C. McLeod
Minister of Environment and Natural Resources
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NT X1A 2L9

Dear Minister McLeod:

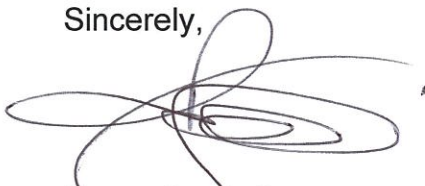
Inuvialuit Water Board 2017 – 2018 Annual Report and Financial Statements

As per the *Waters Act* Section 57 (1), the Inuvialuit Water Board is pleased to provide you with its 2017 – 2018 Annual Report and attached Financial Statements.

As outlined in our report, in addition to ongoing water licensing activities the IWB was active throughout the year in communicating and working with communities, GNWT departments and other regulatory bodies on issues of common interest or concern regarding the conservation, development and utilization of waters within the Inuvialuit Settlement Region.

The Board will be pleased to respond to any questions or concerns you may have regarding these documents.

Sincerely,



Roger Connelly
Chairperson

Attachments

cc: Dr. Joe Dragon, Deputy Minister - Environment and Natural Resources (ENR)
Dennis Marchiori, Director – Corporate Services - ENR



Inuvialuit Water Board Annual Report April 1, 2017 – March 31, 2018

1.0 Overview

The mandate of the Inuvialuit Water Board (IWB) is described in the *Waters Act* (s. 24) as being: “*To provide for the conservation, development and utilization of waters in a manner that will provide the optimum benefit for all Canadians in general and, in particular, for the residents of the portion of the Inuvialuit Settlement Region located in the Northwest Territories for which the Board is authorized to issue licences.*”

While the IWB operates within the authority and direction of the *Waters Act* and *Waters Regulations*, its activities are also subject to the requirements of the *Canadian Environmental Assessment Act 2012* (CEAA) and the *Inuvialuit Final Agreement* (IFA). Before the IWB may issue a water licence, the environmental and socio-economic impacts of any proposed development must be assessed as set out in CEAA and the IFA. The results of these assessment processes are used by the IWB members in their consideration of water licence applications and the potential terms and conditions to be included.

It is important to note that while the IWB issues water licences, it is not responsible for the enforcement of the terms and conditions included in those licences. Enforcement of the terms and conditions of water licences is the responsibility of the Government of the Northwest Territories (GNWT) Department of Environment and Natural Resources (ENR).

2.0 IWB Board Membership and Operations

The IWB is composed of a Board, made up of five members including a Chairperson, and an administrative structure established to support the IWB’s mandated activities. Board members are appointed by the GNWT Minister of ENR. Two members of the Board are appointed based upon nominations from the Inuvialuit Regional Corporation, and one member of the Board is appointed on the nomination of the authorized federal Minister. All members of the Board hold office for a term of three years.

The Chairperson of the Board serves as the Chief Executive Officer of the IWB.

As of March 31, 2018, the members of the IWB were:

- Mr. Roger Connelly, Chairperson
- Mr. Richard Binder, member
- Mr. Mark Cleveland, member
- Mrs. Elizabeth Arey, member
- Mr. Louis Covello, alternate member

During the year the Board met six (6) times as follows:

Meeting 431	July 13, 2017	Teleconference
Meeting 432	August 20 – 22, 2017	Inuvik, NT
Meeting 433	November 16, 2017	Teleconference
Meeting 434	December 19, 2017	Teleconference
Meeting 435	January 19, 2018	Teleconference
Meeting 436	February 22 – 23, 2018	Inuvik, NT

3.0 IWB Operations

Based in Inuvik, NT, the IWB administrative personnel are members of the GNWT Public Service. The staff members are:

- Mardy Semmler – Executive Director
- Freda Wilson – Office Administrator
- Bijaya Adhikari, PhD – Science and Regulatory Coordinator

The IWB also utilized casual staff during the fiscal year who contributed to the ongoing daily activities of the IWB. The casual staff were:

- Kendra Tingmiak – Summer Student Administrative Assistant; and
- Delores Harley – Administrative Assistant – Office move support.

Core funding of IWB activities is provided through a contribution agreement between the GNWT (ENR) and the IWB. In addition, in any particular year, the IWB may also receive financial support from various organizations and/or governments for specific projects or activities. During 2017/2018 the IWB received \$913,000 under the contribution agreement with ENR. In addition, non cash contribution for office facilities with a value of \$48,000 was provided by GNWT. Financial details related to IWB activities during the past year are outlined in the IWB's 2017/2018 audited financial statements. The financial statements are enclosed with this report.

IWB's auditor for the 2017/2018 year was the firm of Crowe MacKay LLP, chartered accountants, located in Yellowknife, NT.

In support of its mandate, the IWB has established standardized licensing rules and procedures. These include documentation to guide administrative licensing matters as well as specific rules to guide the conduct of water licence application reviews and assessments.

To promote public understanding of the mandate and ongoing activities of the IWB, a newsletter is published on a periodic basis. The IWB Newsletters – July 2017 and April 2018 – were distributed to GNWT and Federal departments, Inuvialuit organizations and other stakeholders. The newsletters can also be viewed on the IWB website (www.inuvwb.ca).

4.0 IWB Water Licensing Activities 2017 – 2018

Water Licensing

The IWB issues Type A and Type B Water Licences. A determination of the type of licence to be issued is largely dependent upon the volume of water and waste involved.

In general terms:

- Type A Water Licences - larger scale industrial and commercial developments such as the Inuvik to Tuktoyaktuk Highway
- Type B Water Licences - Municipalities Water/Waste Services and smaller scale developments such as many environmental clean-ups

As of March 31, 2018, there were thirty-five (35) water licences recorded in the area for which the IWB holds responsibility. Of this number, twelve (12) were considered active licences with the remainder, although expired, have not been closed pending a required final inspection.

Type A or B Water Licences Issued (New)

- The IWB issued one (1) new water licence during the 2017/18 fiscal year:
 - N3L1-1839 – Hamlet of Aklavik – Bridge Construction and Culvert Installation – Bickish Road
- The IWB received several other water licence enquiries and applications for new water licences during the year. Upon review by the IWB, none of these enquiries and applications met the criteria described in Water Regulations Schedule D through H that would make it necessary for a water licence to be obtained.

Type A or B Water Licences Issued (Renewed):

- Type B Licence N7L3-1531, issued with a related Reasons for Decision to the Hamlet of Sachs Harbour on November 17, 2017. This licence renewed a prior licence and authorized the use of water and the deposit of waste, including both solid waste and sewage in established facilities operated by the Hamlet.

Prior to licence renewal the IWB Board and senior staff members visited the community of Sachs Harbour, toured the fresh water intake, solid waste and sewage disposal facilities and met with the Mayor, hamlet councillors and staff to discuss a broad range of issues related to the provision of water and waste services in their community. The ENR Environmental Protection Officer also accompanied the Board on the community tour.

Type A or B Water Licence Assignment, Cancellation, Amendment or Closure

- The IWB received one amendment application during the 2017/2018 fiscal year:
 - N7L1-1834 – Shell Canada, Camp Farewell – Request for Extension

Following consideration of the comments received from reviewing bodies, the IWB members approved the amendment request extending the licence to July 17, 2029 which includes eight years of monitoring following closure and reclamation.

- The IWB received a request for closure of three (3) water licences:
 - N7L1-1826 – MGM Energy Corporation, Umiak, N-05 Seismic Program;
 - N7L1-1828 – MGM Energy Corporation, Aput C-43 Site; and
 - N7L1-1829 – MGM Energy Corporation, West Langley Drilling Program.

Following consideration of final inspection reports and recommendations from the GNWT Water Resources Officer, these licences were closed through Board motion on November 16, 2017.

Type A or B Water Licences Expiring During the Year

- Other than the licence renewals noted above, no Type A or B Water Licences expired during this fiscal year.

Licence Management Activities

In addition to processing licence applications, the IWB is charged with reviewing and approving management plans associated with licences as well as reviewing water licence inspection reports and annual reports from licence holders.

Management Plan reviews and approvals

N7L1-1835 – GNWT – Department of Transportation (DOT) – Inuvik to Tuktoyaktuk (ITH) Highway

- Embankment Height Modification - Long Term Impacts and Mitigative Measures
- 2016 - 2017 ITH Annual Report

N5L8-1837 – Repsol Oil and Gas Canada Inc. – Prince Patrick Island – Site Remediation

- SNP Plan
- Spill Contingency Plan
- Pre-Design, Construction Specifications – Quality Assurance and Quality Control (QA/QC) Plan
- Reclamation, Closure and Monitoring Plan
- Remedial Action Plan
- SNP QA/QC Plan
- Waste Management Plan - revised

- Trench Design Deviation documents
- Design Change of Containment Structure - Notice of Modifications
- 2017 Annual Report

N3L8-1838 – Northwest Territories Power Corporation, Aklavik Former Site Remediation Project

- SNP QA/QC Plan – Analyst approved
- Bio-Augmentation documents
- Remediation and Reclamation Action Plan
- Effluent Criteria Change request
- 2017 Annual Report

Annual and Sump Monitoring Reports Reviewed

- N3L3-0570 – Hamlet of Aklavik – 2016 Annual Report – additional information
- N3L3-0570 – Hamlet of Aklavik – 2017 Annual Report
- N5L3-0714 – Hamlet of Tuktoyaktuk – 2016 Annual Report
- N7L3-1525 – Hamlet of Ulukhaktok – 2016 Annual Report
- N7L3-1619 – Hamlet of Paulatuk – 2016 Annual Report
- N7L3-1619 – Hamlet of Paulatuk – Sewage Waste Disposal Facility Operation and Maintenance Plan - revised
- N7L3-1619 – Hamlet of Paulatuk – Solid Waste Disposal Facility Operation and Maintenance Plan - revised
- N7L3-1619 – Hamlet of Paulatuk – Spill Contingency Plan – revised
- N7L1-1834 – Shell Canada, Camp Farewell – 2016 Annual Report
- N7L1-1836 – Imperial Oil Resources, Bar “C” - 2017 Annual Report
- N7L1-1836 – Imperial Oil Resources, Bar “C” – Site Remediation Closure Report
- N7L1-1787 – Chevron Canada Ltd (submitted by MGM Energy Corporation) – 2016 Environmental Site Monitoring Report
- N7L1-1797 – MGM Energy Corporation – 2016 Environmental Site Monitoring Report
- N7L1-1802 – MGM Energy Corporation – 2016 Environmental Site Monitoring Report
- N7L1-1815 – MGM Energy Corporation – 2016 Environmental Site Monitoring Report
- N7L1-1835 – GNWT – Department of Transportation (DOT) ITH - 2016/2017 Annual Report, including SNP Results

Inspection Reports Received and Reviewed

- N3L3-0570 – Hamlet of Aklavik – August 24, 2017
- N5L3-0714 – Hamlet of Tuktoyaktuk – September 11, 2017
- N7L1-1769 – Japex Canada Limited, Mallik Sump – August 2, 2017
- N7L1-1797 – MGM Energy Corporation, Burnt Lake – Umiak N-16 Sump – August 2, 2017
- N7L1-1802 – MGM Energy Corporation, Umiak N-05 Drilling Sump – August 2, 2017

- N7L1-1826 – MGM Energy Corporation, Umiak Seismic Program – August 2, 2017
- N7L1-1828 – MGM Energy Corporation, Aput C-43 Well Site – August 2, 2017
- N7L1-1829 – MGM Energy Corporation, West Langley Drilling – August 2, 2017
- N7L1-1835 – GNWT – DOT – ITH – four (4) inspections between August 18, 2017 – November 22, 2017

5.0 Other IWB Activities

During the year the IWB was engaged in a number of additional activities in support of its mandate. These included:

IWB Communication Strategy

The IWB approved a Communications Strategy on March 24, 2016. The strategy, when implemented, will ensure that all participants in water licensing processes, including communities, industry and governments, have a sound understanding of water licensing requirements, the Board's mandate and procedures, and the responsibilities of applicants and licence holders.

A major component identified in the IWB's Communications Strategy is the restructuring and updating of the IWB website. During the fiscal year, the IWB's website was modernized and redesigned in user-friendly format.

Municipal Water and Waste Management Workshop

The Inuvialuit Water Board (IWB) hosted the Annual Municipal Water and Waste Management Workshop in Inuvik on February 21 – 22, 2018. These annual workshops provide information to assist municipal governments in providing adequate, safe and reliable water and waste services while ensuring the provision of these services do not negatively impact waters in the receiving environment:

The specific objectives of the annual workshops are:

1. To increase the collective awareness of current issues and concerns related to the provision of municipal water and waste services;
2. To identify actions to address or mitigate these concerns (updated at each meeting);
3. To provide a forum for the exchange on evolving standards, emerging issues and new initiatives related to municipal water and waste services; and
4. To promote and support community understanding and compliance with water licensing requirements.

The 2018 workshop was attended by representatives from the Hamlets of Aklavik, Sachs Harbour, Paulatuk and Ulukhaktok. Representatives from the Hamlet of Tuktoyaktuk were also invited but could not attend due to road closures. GNWT departmental representatives from the Departments of Municipal and Community Affairs (MACA) and ENR provided presentations related to their ongoing projects and activities related to

water licensing in the region. The Northwest Territories Association of Communities also presented their work with standards development for the NWT with the Canada Standards Association.

The workshop was successful in bringing together all the parties involved in the provision of municipal water and waste services and in identifying areas of concern and subsequent actions to be undertaken by the parties in attendance at the workshop.

Roles and Responsibilities – Community Water and Waste Management

In concert with all parties involved in the provision of municipal water and waste services, from water intake at source to solid waste site runoff and sewage outflow, the IWB finalized and distributed a document that describes the respective roles and responsibilities of all organizations and agencies involved - municipal governments, GNWT departments and regulators. The document was also produced in a poster format and distributed. These documents serve, on an on-going basis, as 'easy reference' tools for all involved parties.

Devolution Agreement Chapter 6 Waste Sites Workshop

Responsibility for the ongoing management of water and waste throughout the Northwest Territories moved from the federal government to the Government of the Northwest Territories (GNWT) in 2014 through the "Land and Resources Devolution Agreement". Chapter 6 of the Agreement outlines the provisions related to waste sites identification, management and environmental remediation.

In order to ensure the IWB was fully aware of the impacts of Chapter 6 on its operations, including the need to ensure that any water licence issued by the IWB would not inadvertently effect a transfer of environmental liability from the federal government to the GNWT, the IWB requested the GNWT to develop and present an information sharing workshop on this chapter of the Agreement.

A Waste Sites workshop, coordinated by the IWB and attended by environmental review and other licensing authorities within both the Inuvialuit Settlement Region and the Gwich'in Settlement Area, was subsequently held in Inuvik on September 12, 2017 with presentations by the GNWT Department of Lands and the Department of Environment and Natural Resources.

Inuvialuit Water Board Governance and Administrative Review

As a quasi-judicial agency under GNWT legislation, the IWB recognizes the importance of ensuring the operations of both the IWB Board and administration are undertaken in an objective and efficient manner consistent with enabling legislation, regulation and Ministerial directive. To this end the IWB arranged, through a public Request for Proposal process, for an arm's length review and evaluation of the IWB activities. The review was undertaken by Avery Cooper Ltd. and completed during the period October 2017 to February 2018. A copy of the evaluation report and recommendations, along with the IWB responses to the recommendations, can be viewed on the IWB website.

NWT Board Forum

The IWB and the Gwich'in Land and Water Board co-hosted the 23rd meeting of the NWT Board Forum in Inuvik from November 27 - 30, 2017. The Board Forum provides an opportunity for senior representatives of regional and territorial environmental review, licensing/permitting, wildlife management and land use planning authorities to meet and discuss a broad range of issues related to their collective mandates.

Common Objectives include:

- a. Increasing mutual awareness among Forum members regarding their respective activities;
- b. Identifying and developing collaborative approaches to resolve issues of common concern;
- c. Collaborating on strategic and operational planning initiatives;
- d. Identifying opportunities to share resources and expertise;
- e. Providing a venue for Forum members to hear from industry, governments and other interested parties on issues of common interest; and
- f. Pursuing collaborative training and development initiatives.

Participants also enjoyed the opportunity to view first hand two significant development activities - the newly constructed Inuvik Water Treatment Plant and a drive on the recently opened Inuvik to Tuktoyaktuk all weather highway.

Review of Waters Act (NWT)

To assist in gaining a full and accurate understanding of its mandate and authorities, the IWB undertook a thorough review of the current *Waters Act and Waters Regulations*. This review identified several areas of the legislation in which further clarification may be required to ensure accurate and consistent application of the law. The findings of this review were forwarded to the Department of ENR. Correspondence and discussions between the IWB and ENR related to this review continued during the fiscal year. A Technical Working Group has now been established by GNWT to review the *Waters Act and Regulations* and the IWB has been participating as the review progresses.

Involvement in Meetings and Conferences

IWB Board members and staff are regularly asked to participate in meetings and conferences related to the IWB mandate. Some of the meetings and conferences attended in the past year include:

- ITH Regulatory meetings – April to November 2017
- ITH Working Group meetings – April and November 2017
- Imperial Oil Resources meetings – Bar C / Tununuk Point Remediation Project, December 2017
- Pan Territorial Regulatory Forum – August 2017
- NWT Board Forum – November 27 – November 30, 2017
- Arctic Oil and Gas Symposium – March 2018
- Waters Act Legislation review – June - March 2018

Activities with other Regulatory Boards within the NWT

The IWB has been in discussions and is participating with the Mackenzie Valley Land and Water Board and ENR in the development of Hydrocarbon Contaminated Soil Treatment Facilities Guidelines.

Other Administrative and Board Activities

The IWB maintains a Public Register (all documents related to all water licence applications, licensing and reporting). The Public Register is housed in the Inuvik IWB office. The IWB maintains a copy of the Public Register on-line and can be accessed through the IWB website (www.inuvwb.ca). All documents related to a water licence application or licence are posted on a timely basis.

IWB Office Relocation

The IWB office facilities are provided in kind by the GNWT Department of Infrastructure. Due to space availability, the IWB relocated offices from the Professional Building to the Mack Travel Building in March 2018.

6.0 Areas of Focus for 2018/2019

During the 2018/2019 year the IWB will focus on the following priorities:

- As per Goal 1 of the IWB Strategic Plan, the IWB will make efficient, effective and timely decision in all licensing processes: will develop clear policies and procedures that are generally consistent with other jurisdictions and reflect best practices; and will engage in regulatory improvement processes and discussions related to water and waste management.
- As per Goal 2 of the IWB Strategic Plan, the IWB will implement the communications strategy to ensure all parties are aware of the IWB's processes, decisions and actions and the responsibilities of applicants and licence holders - including but not limited to the development of fact sheets and brochures for general distribution.
- As per Goal 3 of the IWB Strategic Plan, the IWB will continue to work in partnership with government, resource management boards and communities with the aim of collaboratively improving community capacity in water use management.
- As per Goal 4 of the IWB Strategic Plan, the IWB will review its staffing requirements including a reassessment of the positions required to ensure the IWB is functioning efficiently and effectively.
- Follow up on commitments made during the 2018 Municipal Water and Waste Management Workshop and planning for the next Water and Waste Management Workshop in February 2019.

- In advance of considering a renewal of the community of Tuktoyaktuk water licence (that expires in November 2018), Board members and senior staff will tour the communities municipal water and waste management facilities and meet with the Mayor, Council members and senior staff to discuss issues related to the provision of water and waste services in their community.

7.0 Conclusion

In addition to fulfilling its core-mandated responsibilities, the IWB channelled significant time and effort throughout the year in communicating with and discussing issues of shared interest or concern with other regional and territorial parties holding contributing responsibilities in the overall management of the regional and territorial environment. This beneficial sharing of information and coordination of approach and effort will continue throughout 2018.

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Inuvialuit Water Board

Financial Statements

March 31, 2018

Inuvialuit Water Board

Financial Statements

March 31, 2018

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Management's Responsibility for Financial Reporting

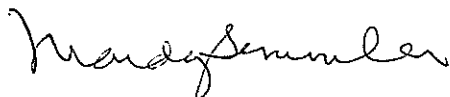
June 07, 2018

**To the Directors of
Inuvialuit Water Board**

The accompanying financial statements were prepared by management in accordance with Canadian Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, with the information contained in the financial statements.

Inuvialuit Water Board maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Board acts in accordance with the laws of the Northwest Territories. The Board's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an organization of this type.

The external auditors annually provide an independent, objective audit for the purposes of expressing an opinion on the financial statements. They also consider whether transactions which come to their notice in the course of this audit are, in all significant respect, in accordance with the specified legislation.



Mardy Semmler
Executive Director
Inuvialuit Water Board



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Independent Auditors' Report

To the Directors of Inuvialuit Water Board

We have audited the accompanying financial statements of the Inuvialuit Water Board, which comprise of the statement of financial position as at March 31, 2018, and the statements of operations, change in accumulated surplus 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 preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether to due 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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Inuvialuit Water Board as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

A handwritten signature in black ink that reads "Crowe MacKay LLP".

**Yellowknife, Northwest Territories
June 15, 2018**

Chartered Professional Accountants

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget	2018	2017
Revenue			
Government of the Northwest Territories	\$ 913,000	\$ 913,000	\$ 913,000
Expense reimbursement - special project	-	11,047	-
Donation in kind	48,000	48,000	48,000
Other revenue	-	47	5,499
Total revenues before contribution repayable	-	972,094	966,499
Contribution repayable	-	(113,197)	(164,574)
Total revenues	961,000	858,897	801,925
Expenses			
Advertising	2,000	3,829	7,246
Amortization	3,000	15,144	10,286
Board Review and Evaluation	25,000	35,873	-
Board Travel and Training	28,000	21,954	13,366
Communications	6,000	25,321	24,134
Communication Strategy Implementation	35,000	8,809	33,825
Community Capacity Initiative	35,000	29,719	30,630
Community Tour	15,000	9,349	16,062
Conferences	-	7,210	2,983
Consulting	20,000	11,340	8,825
Equipment Maintenance	1,000	1,861	877
Equipment Rental	6,000	5,028	5,038
Honoraria	89,300	83,214	76,708
Hospitality	-	776	613
Interest and Bank Charges	1,000	561	561
Office Supplies	35,700	44,122	4,099
Policy Development	-	-	5,000
Postage	2,000	1,786	1,398
Professional Fees	55,000	41,873	54,262
Rent	48,000	48,000	48,000
Roles and Responsibilities Document	-	47	3,840
Salaries and Benefits	515,000	419,376	411,545
Special project - Board forum	-	11,046	-
Staff Training	4,000	-	388
Staff Travel	35,000	22,699	12,104
Strategic Plan Updates	-	431	2,613
Total expenses	961,000	849,368	774,403
Surplus (deficit) before other items	-	9,529	27,522
Operating surplus of revenues over expenses	-	9,529	27,522
Transfer to capital assets	-	(9,006)	(22,023)
Surplus	\$ -	\$ 523	\$ 5,499

Inuvialuit Water Board

Statement of Accumulated Surplus

For the year ended March 31,	2018			2017	
	Capital Asset Fund	Operating Fund	Total	Total	
Balance, beginning of year	\$ 28,865	\$ 290,434	\$ 319,299	\$ 291,777	
Operating surplus	-	9,529	9,529	27,522	
Acquisition of tangible capital assets	24,150	(24,150)	-	-	
Amortization	(15,144)	15,144	-	-	
Balance, end of year	\$ 37,871	\$ 290,957	\$ 328,828	\$ 319,299	

Inuvialuit Water Board

Statement of Change in Net Financial Resources

For the year ended March 31,	2018	2017
Operating surplus	\$ 9,529	\$ 27,522
Acquisition of tangible capital assets	(24,150)	(32,309)
Amortization of tangible capital assets	15,144	10,286
Net change in financial resources	523	5,499
Net financial resources at beginning of year	290,434	284,935
Net financial resources at end of year	\$ 290,957	\$ 290,434

Inuvialuit Water Board

Statement of Financial Position

As at March 31, 2018 2017

Assets

Cash	\$ 554,264	\$ 561,747
Accounts receivable (Note 4)	6,104	6,905
	560,368	568,652

Liabilities

Accounts payable and accrued liabilities	156,214	113,644
Repayable contributions (Note 5)	113,197	164,574
	269,411	278,218

Net financial resources **290,957** 290,434

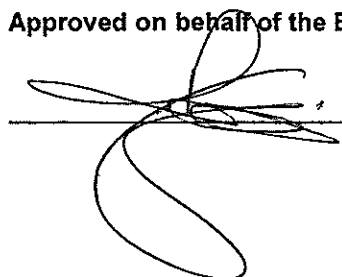
Non-Financial Assets

Tangible capital assets (Note 6)	37,870	28,865
	37,870	28,865

Accumulated surplus **\$ 328,828** \$ 319,299

Commitments (Note 8)

Approved on behalf of the Board



Director



Director

Inuvialuit Water Board

Statement of Cash Flows

For the year ended March 31,	2018	2017
Cash provided by (used in)		
Operating activities		
Surplus (deficit)	\$ 9,529	\$ 27,522
Item not affecting cash		
Amortization	15,144	10,286
Change in non-cash operating working capital		
Accounts receivable	801	467
Accounts payable and accrued liabilities	42,570	(39,036)
Repayable contributions	(51,377)	139,167
	16,667	138,406
Capital activity		
Investment in tangible capital assets	(24,150)	(32,309)
Change in cash position	(7,483)	106,097
Cash position, beginning of year	561,747	455,650
Cash position, end of year	\$ 554,264	\$ 561,747

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2018

1. Organization and Jurisdiction

The Inuvialuit Water Board (the "Board") is established under the *Northwest Territories Waters Act* (Federal) and continued under the *Waters Act* (Territorial). It monitors and approves water use and disposal of waste in that portion of the Northwest Territories located in the Inuvialuit Settlement Region.

The Board is exempt from income tax under section 149(1)(d) of the *Income Tax Act*.

2. Accounting Policies

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS") as established by the Public Sector Accounting Board of the Canadian Chartered Professional Accountants. The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Financial Instruments

The Board classifies its financial instruments at cost or amortized cost. The Board's accounting policy for this financial instrument category is as follows:

This category includes cash, accounts receivable, accounts payable and accrued liabilities, and repayable contributions. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(b) Tangible Capital Assets

Tangible capital assets are recorded in the capital asset fund at cost. Amortization is recorded in the capital asset fund using the declining balance method at the annual rates set out in Note 6.

(c) Fund Accounting

The Board uses fund accounting to segregate transactions between its Operating and Capital Asset Fund. The Operating Fund accounts for the Board's operating and administrative activities. The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to capital assets.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2018

2. Accounting Policies (continued)

(d) Revenue Recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured. Restricted contributions which are not used in the current year are set up as refundable contributions and must be repaid to the contributor.

Funding received for restricted purposes that has not been expended is required to be deferred.

The Board receives services in kind. The Board has estimated the value of these services and recognized them as donation in kind revenue.

Other revenue is recognized when services and goods are provided.

(e) Allocation of Expenses

The Board allocates expenditures according to their function, and are classified as core expenditures.

(f) Use of Estimates

The preparation of financial statements in conformity with Public Sector Accounting Standards 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 updated amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(g) Government Transfers

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2018

3. Future Accounting Standards

Restructuring Transactions, Section PS 3430

PSAB approved Section PS 3430, Restructuring Transactions. This Section establishes standards on how to account for and report restructuring transactions such as but not limited to amalgamations of entities or operations within the government entity, amalgamation of local governments, and shared service arrangements entered into by local governments in a region, by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

This Section is effective for fiscal periods beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to this accounting standard has not yet been determined.

4. Accounts Receivable

	2018	2017
Accounts Receivable	\$ 103	\$ 1,390
Goods and Services Tax	6,001	5,515
	\$ 6,104	\$ 6,905

As at March 31, 2018 allowance for doubtful accounts is nil (2017 - nil).

5. Repayable Contributions

	2018	2017
Government of Northwest Territories	\$ 113,197	\$ 164,574

6. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Furniture and equipment	20%	\$ 40,503	\$ 12,669	\$ 27,834	\$ 9,690
Computer equipment	30%	93,434	83,398	10,036	19,175
Computer software	100%	609	609	-	-
		\$ 134,546	\$ 96,676	\$ 37,870	\$ 28,865

7. Economic Dependence

The Board is dependent upon funding in the form of contributions from the Government of the Northwest Territories. Management is of the opinion that if the funding was reduced or altered, operations would be significantly affected.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2018

8. Lease Commitments

The Board's total commitments under various operating leases are as follows:

2018	4,746
2019	3,559
	<hr/>
	\$ 8,305

9. Risk Management

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

(i) Credit risk

Credit risk is the risk of financial loss to the Board if a debtor fails to make payments of interest and principal when due. The Board is exposed to this risk relating to its, cash and accounts receivable.

Accounts receivable are due from various governments, government agencies and corporations. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable required impairment.

The Board's maximum exposure to credit risk is represented by the financial assets balance for a total of \$560,368 (2017 - \$568,652)

(ii) Concentration of credit risk

Concentration risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Board in the event of a default. The Board does not have concentration risk.

Concentration risk is the risk that a significant proportion of the Board's cash is held with one financial institution, exposing the Board to the risk that this institution may not have the liquidity to honour withdrawals of the Board's funds. At March 31, 2018, 100% (2017 - 100%) of the Board's cash were held with in one of Canada's chartered banks. This risk has not changed from the prior year.

(iii) Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet all cash outflow obligations as they come due. The Board does have a liquidity risk in accounts payable and accrued liabilities \$269,411 (2017 - \$278,218). The Board mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All of the Board's financial assets and financial liabilities at March 31, 2018 mature within the next six months. The Board has disclosed future financial liabilities and commitments in Note 8.

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

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2018

10. Related Party Transactions

During the year, honoraria and travel expenditures were paid to members of the Board of Directors. These expenditures were in the normal course of the Board's operations and were measured at the exchange amount.

The Board regularly transacts with the Government of the Northwest Territories including contribution funding, salaries and wages, donation in kind and rent expense. These transactions were in the normal course of the Board's operations and were measured at the exchange amount.

11. Budget Amounts

The budget figures presented are unaudited, and are those approved by the Board.

Northwest Territories Business Development and Investment Corporation
Consolidated Financial Statements

For the year ended

March 31, 2018

Northwest Territories Business Development and Investment Corporation

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation (the Corporation) are the responsibility of the Corporation's management and have been reviewed and approved by its board of directors.

Management is responsible for preparing these consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these consolidated financial statements.

In discharging its responsibility for the integrity, fairness and quality of the consolidated financial statements, management is responsible for maintaining financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, proper records are maintained, and the Corporation complies with applicable laws and conflict of interest rules. These controls and practices help to ensure the orderly conduct of business, the accuracy of the accounting records, the timely preparation of financial information, and adherence to the Corporation's policies and statutory requirements.

The board of directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. It exercises this responsibility through the Audit Committee, which is comprised of members who are not employees of the Corporation. The Audit Committee meets with management on a regular basis. The external auditors also have full and free access to the Audit Committee.

The Corporation's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and consolidated financial statements of the Corporation and for issuing his report thereon.



Pawan Chugh
Chief Executive Officer



Leonard Kwong
Director, Finance and Programs

August 27, 2018



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Business Development and Investment Corporation

I have audited the accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Business Development and Investment Corporation as at 31 March 2018, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in cursive script that reads "David Irving".

David Irving, CPA, CA
Principal
for the Auditor General of Canada

27 August 2018
Edmonton, Canada

Northwest Territories Business Development and Investment Corporation**Consolidated Financial Statements (March 31, 2018)**


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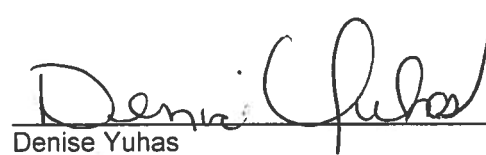
Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Financial Position (000's)**

	March 31, 2018	March 31, 2017
	\$	\$
Financial Assets		
Cash (Note 3)	15,574	19,385
Accounts receivable	103	78
Inventories held for resale (Note 4)	566	552
Loans receivable (Notes 5 and 6)	38,497	37,038
	<u>54,740</u>	<u>57,053</u>
Liabilities		
Accounts payable and accrued liabilities (Note 10)	1,209	1,272
Post-employment benefits (Note 8)	321	278
Advances from the Government (Note 9)	20,935	24,794
Asset retirement obligations	25	24
	<u>22,490</u>	<u>26,368</u>
Net financial assets	<u>32,250</u>	<u>30,685</u>
Non-financial assets		
Tangible capital assets (Schedule A)	243	275
Prepaid expenses	26	9
	<u>269</u>	<u>284</u>
Accumulated surplus	<u>32,519</u>	<u>30,969</u>

Venture investments (Note 7)

Commitments and contingencies (Notes 12 and 13)

*The accompanying notes and Schedule A are an integral part of these consolidated financial statements.***Approved by:**

Darrell Beaulieu
Chairperson of the Board of Directors

Denise Yuhas
Chairperson of the Audit Committee

Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Change in Net Financial Assets (000's)**

For the year ended March 31	Budget 2018	Actual 2018	Actual 2017
	\$	\$	\$
Annual surplus	1,767	1,550	2,022
Acquisition of tangible capital assets	-	(7)	(39)
Disposal of tangible capital assets	-	-	1
Amortization of tangible capital assets	40	39	44
	40	32	6
Acquisition of prepaid expenses	-	(26)	(9)
Use of prepaid expenses	-	9	1
	-	(17)	(8)
Increase in net financial assets	1,807	1,565	2,020
Net financial assets, beginning of year	30,685	30,685	28,665
Net financial assets, end of year	32,492	32,250	30,685

The accompanying notes and Schedule A are an integral part of these consolidated financial statements.

Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Operations and Accumulated Surplus (000's)**

For the year ended March 31	Budget 2018	Actual 2018	Actual 2017
	\$	\$	\$
Revenues			
Interest on loans receivable	2,300	2,054	2,394
Sales and other income	754	773	814
Interest on pooled cash (Note 3)	-100	224	152
Dividends	-	-	1
	3,154	3,051	3,361
Government transfers (Note 10)	3,753	3,695	4,189
	6,907	6,746	7,550
Expenses (Note 11)			
Lending and investments	3,808	3,778	4,178
Retail and manufacturing	1,332	1,418	1,350
	5,140	5,196	5,528
Annual surplus	1,767	1,550	2,022
Accumulated surplus, beginning of year	30,969	30,969	28,947
Accumulated surplus, end of year	32,736	32,519	30,969

The accompanying notes and Schedule A are an integral part of these consolidated financial statements.

Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Cash Flows (000's)**

For the year ended March 31	2018	2017
	\$	\$
Operating transactions		
Cash received from:		
Governments	2,782	3,056
Customers	776	883
Interest	2,275	2,578
Dividends	-	1
	<hr/> 5,833	<hr/> 6,518
Cash paid for:		
Compensation and benefits	2,261	2,268
Payments to suppliers	1,149	1,322
Interest on advances from the Government	341	179
Grants and contributions	186	217
	<hr/> 3,937	<hr/> 3,986
Cash provided by operating transactions	<hr/> 1,896	<hr/> 2,532
Capital transactions		
Acquisition of tangible capital assets	(7)	(39)
Cash (used for) capital transactions	<hr/> (7)	<hr/> (39)
Investing transactions		
Loans receivable disbursed	(6,738)	(4,081)
Loans receivable repaid	4,897	5,679
Redemptions of venture investments	-	7
Cash (used for) provided by investing transactions	<hr/> (1,841)	<hr/> 1,605
Financing transactions		
Repayment of advances from the Government	(3,859)	(321)
Cash (used for) financing transactions	<hr/> (3,859)	<hr/> (321)
(Decrease) increase in cash	<hr/> (3,811)	<hr/> 3,777
Cash, beginning of year	19,385	15,608
Cash, end of year	<hr/> 15,574	<hr/> 19,385

The accompanying notes and Schedule A are an integral part of these consolidated financial statements.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements

March 31, 2018

1. The Corporation

(a) Authority

The Northwest Territories Business Development and Investment Corporation (the Corporation) was established on April 1, 2005 pursuant to the *Northwest Territories Business Development and Investment Corporation Act* (the Act).

The Corporation is a territorial corporation of the Government of the Northwest Territories (the Government) named in Schedule B of the *Financial Administration Act* (the FAA). Accordingly, the Corporation operates in accordance with Part 3 of the FAA, the Act and its regulations, and any directives issued to it by the Minister responsible for the Corporation (the Minister) under Section 4 of the Act.

(b) Mandate

The mandate of the Corporation is to support the economic objectives of the Government by encouraging the creation and development of business enterprises in the Northwest Territories and by providing information and financial assistance to, and making investments in, such enterprises.

(c) Government transfers and advances

In accordance with Section 30 of the Act, the Corporation must annually submit a corporate plan, operating budget and capital budget identifying the transfers requested from the Government for approval by the Financial Management Board (the FMB) prior to the commencement of the fiscal year. The transfers received from the Government are for the purposes of financing the Corporation's general operations; making capital investments in, and providing working capital advances and operating subsidies to, business enterprises based on need; providing transfers for business development projects; and purchasing tangible capital assets for the Corporation. The transfers are repayable to the Government if not completely spent within the fiscal year in which they were provided.

The Corporation and its organizations are economically dependent upon the transfers received from the Government for their ongoing operations (Note 17).

Section 26 of the Act also authorizes the Government to advance to the Corporation an amount out of the Consolidated Revenue Fund not exceeding \$150 million for the purposes of providing financial assistance to, or making investments in, business enterprises. These advances are repayable to the Government on demand.

(d) Taxes

The Corporation and its organizations are exempt from the payment of municipal and territorial taxes pursuant to Section 35 of the Act and federal income tax pursuant to Section 149 of the *Income Tax Act* of Canada.

(e) Budget

The consolidated budget figures have been derived from the budgets approved by the FMB and the Corporation's board of directors. Other budgeted amounts have been approved by the Corporation's senior management.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2018**

2. Summary of significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board (the PSAB).

(a) Measurement uncertainty

The preparation of the consolidated financial statements, in accordance with PSAS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect on the consolidated financial statements of changes to such estimates and assumptions in future periods could be significant, although at the time of preparation of these consolidated financial statements, management believes the estimates and assumptions to be reasonable.

The more significant estimates relate to the determination of the allowance for credit losses, the provision for termination and removal benefits, and services received without charge. A variation in the quality of the loan portfolio or economic conditions under which these estimates are made could result in significant changes in these management estimates.

The significant accounting policies followed by the Corporation in the preparation of these consolidated financial statements are summarized below:

(b) Principles of consolidation

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity, which includes the Corporation and the organizations it controls. All inter-entity transactions and balances have been eliminated upon consolidation. These consolidated financial statements include the accounts of the following organizations:

Organization	Location	Percentage Ownership	Incorporation Date
Light manufacturing			
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	Fort McPherson, NT	100%	September 25, 1991
Aklavik & Tuktoyaktuk Furs Ltd.	Tuktoyaktuk, NT	100%	June 30, 1997
Dene Fur Clouds Ltd.	Fort Providence, NT	100%	December 18, 1997
Fine arts and souvenirs			
Acho Dene Native Crafts Ltd. 5983 N.W.T. Ltd. (o/a Ulukhaktok Arts Centre)	Fort Liard, NT	100%	October 15, 1992
	Ulukhaktok, NT	100%	February 12, 2008
Wholesale/retail stores			
Arctic Canada Trading Co. Ltd.	Yellowknife, NT	100%	June 28, 1997
Muskox Harvesting			
6355 N.W.T. Ltd.	Sachs Harbour, NT	100%	May 12, 2011

2. Summary of significant accounting policies (continued)**(c) Cash**

Cash is comprised of bank account balances (net of outstanding cheques). Surplus cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets which can be withdrawn at any time, and are not restricted by maturity dates on investments made by the Government. Cash also includes funds and reserves subject to restrictions as described in Note 3.

(d) Inventories

Inventories held for resale consist of finished goods, work-in-process and raw material and are carried at the lower of cost and net realizable value, with cost being determined on a first in, first out basis.

(e) Loans receivable

Loans receivable are initially recognized at cost. Valuation allowances are used to adjust the carrying amount of loans receivable to the lower of cost and net recoverable value. Loans are classified as impaired when, in management's opinion, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. When payment is three months past due (unless the loan is fully secured), or six months past due (regardless of whether or not the loan is fully secured), the underlying loan is classified as impaired.

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated net recoverable value through an adjustment to the allowance for credit losses. Changes in the estimated net recoverable value arising subsequent to initial impairment are adjusted through the allowance for credit losses.

Interest income is recognized on an accrual basis using the effective interest rate method until such time as the loan is classified as impaired. All payments received (i.e. recoveries) on an impaired loan are credited against the carrying amount of the loan and recognized as an adjustment to the allowance for credit losses. The loan reverts to performing status when all provisions for credit losses are reversed and, in management's opinion, the ultimate collection of principal and interest is reasonably assured. At that time, previously non-accrued interest income is recognized as interest income.

In accordance to the updated FAA that came into effect on April 1 2016, the Corporation's board of directors may approve the write-off of debts owing to the Corporation. An account that has been written off is still subject to collection action. An account can only be approved for forgiveness by the board of directors (\$500 or less) or the FMB (over \$500). Once an account has been forgiven, no further collection action is possible.

(f) Allowance for credit losses

The allowance for credit losses represents management's best estimate of the probable credit losses existing in the loan portfolio. In determining the allowance for credit losses, management segregates probable credit losses into two components: specific and general.

2. Summary of significant accounting policies (continued)

(f) Allowance for credit losses (continued)

The specific allowance is established on an individual loan basis to recognize credit losses. When a loan is considered impaired, the carrying amount of the loan is reduced to its estimated net recoverable value by discounting the expected future cash flows at the effective interest rate inherent in the loan. If the expected future cash flows cannot be reasonably determined, the fair value of the underlying security of the loan is used to determine net recoverable value.

The general allowance is established using management's best judgement to reflect the probable losses on performing loans which cannot yet be specifically identified as impaired. The general allowance is based on the Corporation's historical loan loss experience, aggregate exposure to particular industries or geographical regions and prevailing economic conditions.

The allowance for credit losses is an accounting estimate based on historical loan loss experience and an assessment of current economic conditions. Events may occur that render the underlying assumptions invalid and thus cause actual credit losses to vary significantly from management's best estimate.

The allowance is increased or decreased by changes in the estimated net recoverable values during the current period and is reduced by recoveries and loan write-offs.

(g) Venture investments

Venture investments are recognized at cost less any write-downs to reflect impairment in value.

Gains and losses on disposal are recognized in income when realized. Where there has been a significant and other than temporary decline in value, the investment is written down to recognize the loss. Dividends from venture investments are included in revenue when received. When they are received they are deposited to the Venture Investment Fund to be used for additional investments in venture activities.

There is no active quoted market.

(h) Asset retirement obligations

The fair value of an asset retirement obligation is recognized in the period in which the obligation is incurred and is discounted from the expected date of settlement back to its present value using the Corporation's credit-adjusted risk-free rate. The fair value of the estimated obligation is recognized as a liability, with a corresponding increase in the carrying amount of the related asset.

The costs capitalized to the related assets are amortized to earnings in a manner consistent with the amortization of the underlying asset. The liability amount is increased in each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted costs could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of a retirement obligation are charged against the obligation to the extent of the liability recognized.

2. Summary of significant accounting policies (continued)**(i) Government transfers**

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

The Government provides certain services without charge to the Corporation. The estimated cost of these services is recognized as services received without charge, which is included in government transfers, and is included in the Corporation's expenses.

(j) Employee future benefits

i) Pension benefits: Substantially all of the employees of the Corporation 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 Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation 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 Corporation.

ii) Termination and removal benefits: Employees are entitled to termination benefits and reimbursement of removal costs, as provided for under labour contracts and conditions of employment, based upon years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these benefits is accrued as employees render the services necessary to earn them. Termination benefits are also recognized when employees are identified for lay-off. The cost of the benefits has been determined based on an actuary assessment.

(k) Tangible capital assets

Tangible capital assets are carried at cost less accumulated amortization and write-downs. Amortization is recognized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Vehicle and Equipment	4 years
Leasehold improvements	4 years
Computer equipment	4 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

(l) Financial instruments

The Corporation's financial instruments consists of cash, accounts receivable, loans receivable, venture investments, accounts payable and accrued liabilities, and the advances from the Government. These financial instruments are measured at cost.

2. Summary of significant accounting policies (continued)**(m) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in 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 revenues over expenses, provides the change net financial assets during the year.

(n) Segment disclosure

The Corporation presents segment information for lending and investment and retail and manufacturing activities. Lending and investment represents the activities of the Corporation and retail and manufacturing represents the activities of the organizations the Corporation controls. All revenues except for sales and other income are generated from lending and investment activities.

(o) New accounting standards

The Corporation adopted the following handbook sections which became effective on April 1, 2017, Related party disclosures (PS 2200) (Note 14), Inter-entity transactions (PS 3420) (Note 14 and 15) and Contractual Rights (PS 3380) (Note 19). The adoption of these standards did not have a material impact on the Corporation's financial statements.

(p) Future accounting changes

The PSAB issued a new section that applies to fiscal year beginning on or after April 1, 2018 with earlier adoption permitted. The Corporation is currently assessing the impact of the following section:

Section PS 3430, "Restructuring Transactions": This section establishes standards on how to record assets, liabilities, revenues and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor. The Corporation does not expect this new standard to impact the financial statements.

3. Cash

Cash is comprised of cash held by the Corporation for operations, in funds and reserves established under the Act, and for employee future benefits, as well as cash held by the Corporation's organizations. Cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. Cash can be withdrawn at any time, and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service Limited. The Corporation's average investment yield was 1.42% during the year (2017: 1.05%).

In accordance with Section 27 of the Act, the Corporation is required to establish a Loan and Investments Fund for its lending and investing activities. The Program, Projects and Services Continuation Regulations (Regulations) of the Corporation specifies in Part 1 Section 4 (2), that a Loans and Bonds Fund will be used to record the lending operations while in Part 2 Section 19 (2), a Venture Investment Fund will be used to record the venture investment operations. Furthermore, under the Regulations Part

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2018

3. Cash (continued)

2 Section 18 (2), the Corporation has the obligation to continue to maintain a Capital Fund and the Subsidy Fund.

In addition to these funds, the Corporation is required under the Regulations Part 2 Sections 18 (6) and 19 (5) to establish a Capital Reserve Fund and Venture Reserve Fund respectively. The Corporation will continue to deposit to the reserve funds an amount equal to 10% of each capital or venture investment made. The Corporation may use the reserve funds for further investment or financing for its organizations and venture investments through approved drawdowns.

The Corporation is responsible for administering post-employment benefits including the cash held (Note 8b).

	000's	
	2018	2017
	\$	\$
Cash held by the Corporation for operations	6,984	6,993
Cash held by the Corporation's organizations	1,433	1,334
Cash held for post-employment benefits	321	278
	8,738	8,605
Venture Investment Fund	4,190	4,190
Capital Fund	873	873
Subsidy Fund	485	471
Venture Reserve Fund	486	486
Loans and Bonds Fund	655	4,613
Capital Reserve Fund	147	147
	6,836	10,780
	15,574	19,385

4. Inventories

	000's	
	2018	2017
	\$	\$
Inventories held for resale:		
Arts and crafts	307	293
Canvas products	259	259
	566	552

During the year, \$59,000 of inventories were written down (2017: \$97,000) and no inventories were pledged as security. Also during the year, the Corporation had \$9,000 recoveries on inventory that had been previously written down (2017: \$24,000). Inventory write-downs and recoveries are included in the cost of goods sold.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2018

5. Loans receivable

The Corporation provides variable and fixed rate loans for periods up to five years with the amortization period not to exceed twenty-five years.

The Corporation charges its clients prime plus 2%, 3%, or 4%, depending on the security provided, client's management ability, the client's investment, and the amortization period. The Corporation holds various types of security on its loans, including real property, aircraft, heavy equipment, and general security agreements.

Loans receivable are expected to mature as follows:

		000's			
		2018		2017	
		Rate	Balances	Rate	Balances
		%	\$	%	\$
Performing	1 year	5.39	4,161	5.62	4,141
loans due	1-2 years	5.48	5,287	5.08	2,896
within:	2-3 years	5.49	5,365	5.43	5,969
	3-4 years	5.06	11,878	5.46	6,420
	over 4 years	5.42	10,703	5.06	16,035
			37,394		35,461
Accrued loan interest receivable			153		169
Impaired loans			4,477		6,771
			42,024		42,401
Less: allowance for credit losses (Note 6)			3,527		5,363
			38,497		37,038

In 2018, nine accounts totalling \$3,329,000 were written off by the board of directors (2017: five accounts totalling \$839,000). There were no accounts forgiven (2017: none) and recoveries on loans previously written off totalled \$21,000 (2017: \$26,000).

Concentration of credit risk

Concentration of credit risk may arise from exposure to groups of debtors having similar characteristics such that their ability to meet their obligations may be affected similarly by changes in economic or other conditions. The concentrations of performing loans and impaired loans by geographic and enterprise concentrations are displayed in the following tables:

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2018

5. Loans receivable (continued)

Enterprise concentration

Enterprise	000's			
	2018		2017	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
Construction	10,103	208	7,636	103
Retail trade	6,924	306	6,272	779
Real estate and rentals	5,811	-	4,291	-
Accommodations, food and beverage	5,500	1,684	6,219	3,225
Transportation and storage	3,595	63	4,317	-
Other services	1,613	86	1,600	86
Wholesale trade	934	-	1,961	-
Manufacturing	860	21	888	26
Management of companies	475	-	548	-
Communication	418	-	454	-
Arts and craft	393	-	380	-
Finance and insurance	386	84	410	129
Business services	255	370	450	268
Fisheries and wildlife	110	-	-	40
Travel and tourism	13	1,282	22	1,571
Forestry and logging	4	-	13	-
Oil and gas	-	334	-	484
Educational services	-	39	-	60
	37,394	4,477	35,461	6,771

The loans receivable balance contains one loan, value at \$0 that was made to a venture investee (2017: \$2,000). This loan is in addition to the venture investments shown in Note 7.

Geographic concentration

Region	000's			
	2018		2017	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
South Slave	19,792	1,368	18,204	2,085
Dehcho	7,318	-	8,167	2
North Slave	5,320	2,418	5,677	3,920
Sahtu	2,804	285	1,920	68
Inuvik	2,160	406	1,493	696
	37,394	4,477	35,461	6,771

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2018

5. Loans receivable (continued)

The following table illustrates performing loans outstanding classified by the Corporation's credit risk rating system:

Credit risk rating	000's	
	2018	2017
	\$	\$
Low	22,884	21,875
Medium	13,941	12,904
High	569	682
	37,394	35,461

The Corporation considers a loan past due when a client has not made a payment in accordance with the payment terms. The following table presents the carrying value of loans that are past due but not classified as impaired because they did not meet the criteria of impairment:

Loans past due but not impaired	000's	
	2018	2017
	\$	\$
31 – 60 days	10	27
61 – 90 days	6	14
Over 90 days	1	-
	17	41

The risk exposure relating to loans is directly impacted by the clients' ability to meet their obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of the Northwest Territories. To mitigate this risk, the Corporation limits the concentration of loans with any individual client. Under its regulations, the maximum the Corporation can lend to or invest in any one business enterprise or group of related enterprises is \$2 million. Amounts greater than \$2 million must be approved by the FMB. There were no loans approved by the FMB in 2018 (2017: nil).

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2018

6. Allowance for credit losses

	000's	
	2018	2017
	\$	\$
Balance, beginning of year	5,363	5,141
Provision for credit losses	713	746
Loans written off	(2,226)	(346)
Recoveries from repayments	(323)	(178)
Balance, end of year	3,527	5,363
Comprised of:		
Specific allowance	2,779	4,654
General allowance	748	709
	3,527	5,363

7. Venture investments

The Corporation's portfolio of venture investments is focused on providing financing in the form of preferred shares and debt to companies in the Northwest Territories. As at March 31, 2018, the Corporation does not have significant influence in the companies in which it has invested.

	000's	
	2018	2017
	\$	\$
Balance, beginning of year	-	7
Recoveries	-	-
Redemptions	-	(7)
Balance, end of year	-	-

The total cumulative venture investments at March 31, 2018 was \$654,000 (2017: \$654,000) with accumulated write-downs of \$654,000 (2017: \$654,000). In 2018, no venture investments were approved for write-off (2017: nil) or forgiveness (2017: nil).

Preferred shares and dividends

Investments in preferred shares carry the right of conversion to common shares. This right, if exercised, may result in the holding of a controlling interest under certain circumstances. Preferred shares are redeemable at the option of the Corporation, and earn dividends at variable rates. Investment yields vary from year to year due to the amount and timing of the dividends received.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2018

8. Employment and post-employment benefits**(a) Pension benefits**

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(j)(i)). Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate is dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate effective at year-end was 1.3 times (2017: 1.5) the employee's contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate effective at year-end was 1.0 times (2017: 1.3) the employee's contribution. Total contributions of \$192,000 (2017: \$214,000) were recognized as an expense in the current year. The Corporation's and employees' contributions to the Plan for the year were as follows:

	000's	
	2018	2017
	\$	\$
Corporation's contributions	192	214
Employees' contributions	155	150

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan and they are indexed to the increase in the Consumer Price Index.

(b) Termination, removal benefits and leave

The Corporation provides termination benefits to employees based on years of service and final salary (Note 2(j)(ii)). It also provides removal assistance, along with sick and special leave to employees, as provided under labour contracts. This benefit plan is pre-funded from current contributions and recognized as part of cash.

The most recent actuarial valuation was completed as at March 31, 2018. This valuation was based on data completed as at February 17, 2017 that has been extrapolated to year-end. The values presented below are for the benefits under the severance, removal and compensated absences for the Corporation.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2018**

8. Employment and post-employment benefits (continued)**(b) Termination, removal benefits and leave (continued)****Change in Obligation**

	000's	
	2018	2017
	\$	\$
Accrued benefit obligation, beginning of year	434	306
Current period benefit cost	15	10
Interest cost	13	8
Benefit payments	(5)	(7)
Actuarial (gain) loss	(119)	117
Accrued benefit obligation, end of year	338	434
Unamortized net actuarial gain (loss)	(17)	(156)
Accrued benefit liability (asset)*	321	278

*Total retirement, post-employment, and other leave benefits includes \$264,004 (2017 - \$226,104) related to severance and removal and \$56,867 (2017 - \$52,377) related to compensated absences.

Benefit Expense

	000's	
	2018	2017
	\$	\$
Current period benefit cost	15	10
Interest cost	13	8
Amortization of actuarial (gain) loss	20	5
Post-employment benefits	48	23

The discount rate used to determining the accrued benefit obligation is an average of 3.80% (2017: 3.30%). The assumed rate of compensation increase is 2% (2017: 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8 years (2017: 8 years). No inflation was applied.

9. Advances from the Government

The Act authorizes the Corporation to borrow, for the purpose of providing financial assistance to or making investments in business enterprises, up to \$150 million from the Government through advances. Increases to the outstanding balance of the advances must be approved by the FMB based on the needs of the Corporation. The balance was not to exceed \$45 million (2017: \$45 million) as at March 31, 2018.

Interest on the advances is based on the rate set during the last week of each month for the Government of Canada 3-year bonds, compounded annually. The rate varied from 0.75% to 1.96% (2017: 0.51% to 0.99%) during the year.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2018

10. Government transfers

	000's					
	Lending/ Invest- ments	2018 Retail/ Manufac- turing	Total	Lending/ Invest- ments	2017 Retail/ Manufac- turing	Total
	\$	\$	\$	\$	\$	\$
Government:						
Operations and maintenance	2,154	665	2,819	2,568	645	3,213
Services received without charge (Note 15)	779	-	779	786	-	786
	2,933	665	3,598	3,354	645	3,999
Federal programs	97	-	97	190	-	190
	3,030	665	3,695	3,544	645	4,189

At the end of the fiscal year, the Corporation had no unspent funds from the Government (2017: \$105,000). A stipulation included in the agreement is for any unspent funds to be repaid to the Government. The 2017 unspent amount was recognized in accounts payable and accrued liabilities and repaid through a reduction in the 2018 contribution.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2018

11. Expenses by object

	000's					
	2018		Total	2017		Total
	Lending/ Invest- ments	Retail/ Manu- factur- ing		Lending/ Invest- ments	Retail/ Manu- factur- ing	
\$	\$	\$	\$	\$	\$	
Advertising and promotion	23	20	43	25	10	35
Amortization	5	34	39	11	33	44
Asset retirement	-	1	1	-	1	1
Bad debts (recovery)	-	(4)	(4)	-	(14)	(14)
Bank charges and interest	2	25	27	2	27	29
Board members	26	1	27	25	1	26
Business Development Fund	186	-	186	221	-	221
Business Service Centre	245	-	245	239	-	239
Computers and communications	105	22	127	88	19	107
Cost of goods sold	-	801	801	-	806	806
Credit losses (net)	390	-	390	568	-	568
Insurance	-	26	26	-	26	26
Interest expense on advances from the Government	341	-	341	179	-	179
Office and general	30	21	51	49	30	79
Professional services	80	51	131	197	76	273
Rent	183	16	199	200	16	216
Repairs and maintenance	-	18	18	-	20	20
Salaries and benefits	2,155	253	2,408	2,342	240	2,582
Site clean up	-	50	50	-	-	-
Training and workshops	1	1	2	10	-	10
Travel	6	33	39	22	4	26
Utilities	-	49	49	-	55	55
	3,778	1,418	5,196	4,178	1,350	5,528

12. Commitments

As at March 31, 2018, loans to businesses approved but not yet disbursed, totalled \$2.0 million at a weighted average interest rate of 4.7% (2017: \$2.8 million at a weighted average interest rate of 4.2%). These loans do not form part of the loans receivable balance until disbursed. Also as at March 31, 2018, contributions to businesses approved but not yet disbursed totalled \$18,000 (2017: \$8,000).

13. Contingencies

Loans

The Corporation has four outstanding loans to three Northern Community Futures organizations for their own lending purposes totalling \$471,000 (2017: four outstanding loans totalling \$538,000). Loans provided by these three organizations may be assigned to the Corporation when impaired. If assigned,

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2018**

13. Contingencies (continued)

the Corporation would then write off the Northern Community Futures organization loan balance and would attempt to recuperate its loss directly from the borrowers. In 2018, no accounts were assigned to the Corporation (2017: nil).

Letters of credit

The Corporation has three outstanding irrevocable standby letters of credit. The amounts of these letters of credit totalled \$2,101,000 (2017: \$2,155,000) and expire in fiscal 2019 (3). Payment by the Corporation is due from these letters in the event that the applicants are in default of the underlying debt. To the extent that the Corporation has to pay out to third parties as a result of these agreements, these payments will be owed to the Corporation by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2017: nil).

14. Related party transactions

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations, public agencies, its board of directors and key management personnel and their close family members. The Corporation enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services are provided without charge (Note 15).

Transactions with related parties during the year and balances at year end are as follows:

	000's	
	2018	2017
	\$	\$
Revenues		
Sales	28	42
Government transfers (Note 10)	3,598	3,999
Expenses		
Purchases	241	208
Interest on advances from the Government	341	179
Balances at year end		
Accounts receivable	6	1
Accounts payable and accrued liabilities	135	137
Advances from the Government	20,935	24,794

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2018

15. Services received without charge

The Corporation records the estimated cost of services provided by the Government without charge. Services received without charge from the Government include regional and human resource services and office accommodation. The estimated cost of such services is as follows:

	000's	
	2018	2017
	\$	\$
Staff support	549	558
Accommodation	230	228
	779	786

16. Budgeted figures

Budgeted figures have been derived from the budgets approved by the Minister and the FMB. The budget figures for the Corporation's organizations have been approved by the Corporation's senior management.

The 2018 and 2017 budgeted expenses are as follows:

	000's					
	2018			2017		
	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total
	\$	\$	\$	\$	\$	\$
Advertising and promotion	25	12	37	22	9	31
Amortization	6	34	40	6	27	33
Bad debts	-	6	6	-	5	5
Bank charges and interest	-	27	27	-	26	26
Board members	40	2	42	45	1	46
Business Development Fund	200	-	200	200	-	200
Business Service Centre	220	-	220	194	-	194
Computers and communications	115	18	133	91	19	110
Cost of goods sold	-	786	786	-	745	745
Freight and courier	-	2	2	-	4	4
Insurance and licenses	-	26	26	-	25	25
Interest expense	165	-	165	180	-	180
Office and general	40	22	62	45	18	63
Professional services	80	54	134	90	80	170
Provision for credit losses, net	100	-	100	100	-	100
Rent	237	16	253	237	16	253
Repairs and maintenance	-	11	11	-	11	11
Salaries and benefits	2,530	248	2,778	2,536	238	2,774
Travel and vehicles	50	30	80	90	20	110
Utilities	-	38	38	-	55	55
	3,808	1,332	5,140	3,836	1,299	5,135

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2018

17. Economic dependence

The Corporation received 53.3% (2017: 53.0%) of its revenues in the form of a contribution and services without charge from the Government. The Corporation's continued operations are dependent on these arrangements.

18. Risk management

The Corporation is exposed to the following risks as a result of holding financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligations.

The risk associated with cash is minimized substantially by ensuring that these financial assets are placed with well-capitalized financial institutions.

Credit granting and loan management are based on established credit policies. The maximum exposure to credit risk from borrowers and investees is limited to the carrying amount of the loans and investments. The Corporation's management of credit exposures from borrowers and investees includes:

- a standardized credit risk rating classification system established for all loans;
- credit policies and directives, communicated to lending officers whose activities and responsibilities include credit granting and monitoring client performance;
- independent review of loan applications in excess of \$1 million; and,
- limiting the concentration of loans and investments with any one business enterprise or group of related enterprises to \$2 million. Amounts greater than \$2 million must be approved by the FMB.

The principal collateral held as security and other credit enhancements for loans include: (i) real estate; (ii) equipment; (iii) corporate and personal guarantees; and (iv) assignment of leases.

As at March 31, 2018, \$334,000 (2017: \$559,000) of the impaired loans are secured by assets the Corporation has the ability to sell in order to satisfy borrowers' commitments. There were no significant changes to the Corporation's credit risk management policies and practices from the prior year.

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2018:

	000's	
	2018	2017
Cash	\$ 15,574	\$ 19,385
Accounts receivable	103	78
Loans receivable	38,497	37,038
Letters of credit	2,101	2,155

18. Risk management (continued)**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the future cash flows of the advances from the Government, fluctuations in the fair value and future cash flows of loans receivable, and interest revenue from cash.

The Corporation's borrowing from the Government is based on a variable market rate and it lends to the majority of its clients at fixed term rates. The Corporation's interest rate margin or spread widens when interest rates fall and it narrows when interest rates rise.

The Corporation manages its interest rate risk by paying down the advances from the Government with cash available from the Loans and Bonds fund. During the year, the Corporation repaid \$3,859,000 (2017: \$321,000) to the Government.

Based on the Corporation's advances from the Government as at March 31, 2018 and the monthly cash balance on hand, a 100 basis point increase in interest rates would decrease annual surplus by \$49,000 (2017: \$90,000). A 100 basis point decrease in interest rates would increase annual surplus by \$41,000 (2017: \$18,000).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows.

The advances from the Government are due on demand with no fixed repayment terms. Repayment on advances is made whenever the Corporation has sufficient cash on hand which is not earmarked for lending purposes.

19. Contractual rights

In March 2018, the Corporation entered into a shared cost agreement with the Canadian Northern Economic Development Agency (CANNOR) to co-fund the operations of the Canada-NWT Business Service Centre (Centre) for one year beginning on April 1, 2018. The Corporation is responsible for managing the Centre and operational costs above CANNOR's share of up to \$97,100.

20. Subsequent events

In May 2018, the FMB approved the forgiveness of three accounts totalling \$253,000. Two were loan accounts totalling \$192,000 and one was a venture investment account in the amount of \$61,000.

In June 2018, the Legislative Assembly approved an amendment to the Act. The amendment authorizes the Corporation to use monies received from loan interest in one year be used for operational needs in the following year subject to conditions.

21. Comparative Figures

Certain comparative figures have been reclassified to conform to current year's presentation.

Northwest Territories Business Development and Investment Corporation

Consolidated Schedule of Tangible Capital Assets

Schedule A
000's

	Land	Buildings	Vehicle and Equipment	Leasehold Improvements	Computer Equipment	March 31, 2018	March 31, 2017
Cost of tangible capital assets, opening	\$ 80	\$ 1,950	\$ 695	\$ 457	\$ 20	\$ 3,202	\$ 3,164
Acquisitions	-	-	-	3	4	7	39
Disposals	-	-	-	-	(8)	(8)	(1)
Cost of tangible capital assets, closing	80	1,950	695	460	16	3,201	3,202
Accumulated amortization, opening	-	1,809	647	451	20	2,927	2,883
Amortization expense	-	14	21	3	1	39	44
Disposals	-	-	-	-	(8)	(8)	-
Accumulated amortization, closing	-	1,823	668	454	13	2,958	2,927
Net book value	80	127	27	6	3	243	275

NORTHWEST TERRITORIES HERITAGE FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(unaudited)

Northwest Territories Heritage Fund

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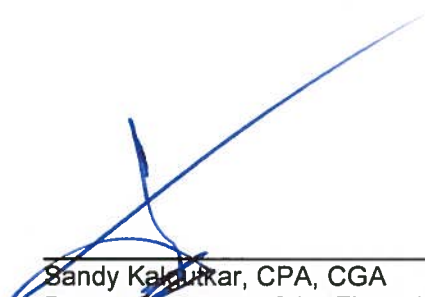
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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These accompanying financial statements of the Northwest Territories Heritage Fund ("the Fund") have been prepared by management in accordance with Canadian public sector accounting standards. Management is responsible for the integrity and objectivity of the data in these financial statements and, where appropriate, the financial statements include estimates based on careful consideration of the information available to management.

Management maintains financial and management systems and practices which are designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, proper books of account are maintained, reliable financial information is available on a timely basis, and the Fund complies with the relevant authorities and policies approved by the Financial Management Board. Management also recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and for maintaining the standards of conduct that are appropriate for a public agency of the Government of the Northwest Territories.

On behalf of the Northwest Territories Heritage Fund



Sandy Kalnaukar, CPA, CGA
Deputy Secretary of the Financial Management Board
Government of the Northwest Territories

Yellowknife, Northwest Territories
June 15, 2018

Northwest Territories Heritage Fund

Statement of Financial Position (unaudited)

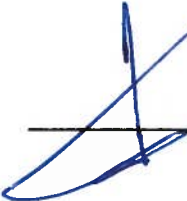
as at March 31, 2018

	2018 \$	2017 \$
Financial assets:		
Cash (Note 3)	17,144,155	10,604,340
Accounts Receivable	26,209	9,457
	17,170,364	10,613,797
Liabilities	-	-
Net financial assets	17,170,364	10,613,797
Accumulated surplus	17,170,364	10,613,797

Approved:



Robert C. McLeod
Chairman of the Financial Management Board



Sandy Kalgutkar
Deputy Secretary of the Financial Management Board

Northwest Territories Heritage Fund

Statement of Change in Net Financial Assets (unaudited)

for the year ended March 31, 2018

	2018	2017
	\$	\$
Net financial assets, beginning of year	10,613,797	5,525,415
Items affecting net financial assets:		
Annual surplus	6,556,567	5,088,382
Net financial assets, end of year	17,170,364	10,613,797

Northwest Territories Heritage Fund

Statement of Operations and Accumulated Surplus (unaudited)

for the year ended March 31, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenues:			
Interest	136,000	212,464	88,002
Contribution from GNWT	7,600,000	6,344,103	5,000,380
	7,736,000	6,556,567	5,088,382
Expenses	-	-	-
Annual surplus	7,736,000	6,556,567	5,088,382
Accumulated surplus, beginning of year	10,613,797	10,613,797	5,525,415
Accumulated surplus, end of year	18,349,797	17,170,364	10,613,797

Northwest Territories Heritage Fund

Statement of Cash Flow (unaudited)

for the year ended March 31, 2018

	2018 \$	2017 \$
Cash provided by (used in) Operating transactions		
Annual surplus for the year	6,556,567	5,088,382
Changes in non-cash assets and liabilities:		
Increase in accounts receivable	(16,752)	(4,534)
Increase in cash	6,539,815	5,083,848
Cash, beginning of year	10,604,340	5,520,492
Cash, end of year	17,144,155	10,604,340

Northwest Territories Heritage Fund

Notes to Financial Statements (unaudited)

March 31, 2018

1. AUTHORITY AND OPERATIONS

The Northwest Territories Heritage Fund ("the Fund") was established by the Government of the Northwest Territories (the Government) under the *Northwest Territories Heritage Fund Act* to set aside a portion of resource revenues to provide financial resources for the Government to fund long-term investments that would allow Northwest Territories residents to receive benefits from the development of the territory's non-renewable resources. Oversight of the Fund's operations is provided by the Financial Management Board. Administration of the Fund is the responsibility of the Secretary of the Financial Management Board, appointed by the Minister of Finance under subsection 3(5) of the *Financial Administration Act*. The Fund's single objective is to maximize the long-term growth in the Northwest Territories Heritage Fund while avoiding undue risk. The investment management will be guided by the Government's approved investment principles. The Fund is not subjected to taxation under the *Income Tax Act* of Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances and short-term highly liquid investments that are readily convertible to cash with an original maturity date of 90 days or less.

(c) Interest income

Interest income is recognized when earned.

3. Cash and cash equivalents

The Fund's cash balances are held in a trust account. The Fund's yield for the year ended March 31, 2018 was 1.80% (2017 - 1.05%). Investments made by the Fund are subject to the Investment Regulations of the *Financial Administration Act*.

4. Financial Instruments

Financial instruments consist of cash and cash equivalents and accrued interest receivable. It is management's opinion that the Fund is not exposed to significant interest rate, market, currency, credit, liquidity, cash flow, or other price risks. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

**Northwest Territories
Housing Corporation
Annual Report
2017/2018**

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MESSAGE FROM THE MINISTER



The past fiscal year for the Northwest Territories Housing Corporation (NWT HC) has been ambitious, exciting, and very busy in planning, revitalizing, and accomplishing improvements and enhancements under the NWT HC's Strategic Renewal plan and actions.

Changes have begun under our Strategic Renewal, and efforts will continue as we work with other partners that provide housing-related services, to align and improve program policies and services. This Strategic Renewal is informed by the results of the 2017 Housing Engagement Survey. The findings of the 2017 Survey helped inform on the needs and priorities of stakeholders in every NWT community. A survey report was released, *Voices on Housing*, in which the facts, issues, and perspectives of the diverse representation of participants were considered.

Some of the new initiatives include the Fuel Tank Replacement Initiative, the Seniors-Aging-in-Place Retrofit Program and the Community Housing Support Initiative. The Community Housing Support Initiative shows promise to be one of the flagship programs for the NWT HC going forward.

The initiative involves working closely with communities to address their housing needs. Partnering with Indigenous and community governments on meeting their housing aspirations is the type of forward-thinking approach to housing that northerners expect from their government.

Strategic Renewal began in 2017-18, but will continue over the next few years. Looking ahead, the direction to support communities in the development of Community Housing Plans will be transformational. Communities, governments, stakeholders, investors and residents will have the housing planning information they require at their disposal in order to more effectively impact their community's housing future.

As always, I would like to express appreciation for the work of the NWT HC staff and our partners in Local Housing Organizations. We have made significant changes towards improved customer service and implementing actions based on public input informed by the results of the 2017 Housing Engagement Survey.

I am proud of the work we have done this year but much remains to be done. I am confident that our work to improve the quality of life for people with low-to-moderate incomes in the NWT, along with the hard work and dedication of everyone at the NWT HC and our other partners, we will continue to take further major strides to achieve our goals through renewal and revitalization of the NWT HC.

The Honourable Alfred Moses

Minister Responsible for the Northwest Territories Housing Corporation

MESSAGE FROM THE PRESIDENT AND CEO



In 2017-2018, the Northwest Territories Housing Corporation (NWTHC) continued to engage in addressing the GNWT housing-related mandate commitments as set out by the 18th Legislative Assembly, and in completing many actions in its Strategic Renewal process. We continue to fulfill our mission of implementing northern solutions for northern housing to ensure access to affordable, adequate, and suitable housing for NWT residents.

In 2017-18, the NWTHC spent over \$97 million on housing operations in the NWT. In addition to this amount, the NWTHC expended approximately \$19 million on capital investments that included the construction of 8 Market Housing Units; 17 Public Housing replacements and 92 major modernization and improvement projects. These investments included much needed market housing for community workers in a number of our communities, such as Fort Simpson, a new 9-unit seniors independent living complex in Whati, a 4-unit transitional supportive house in Fort Simpson and a 4-plex in Tuktoyaktuk, which is the first project delivered under the NWTHC's strategic partnership with the Inuvialuit Regional Corporation. During this past year, the NWTHC also completed a renovation project for the Centre for Northern Families in Yellowknife delivering 8 additional semi-independent units for the community and advanced the construction of two additional transitional supportive housing projects for Behchoko and Aklavik that are scheduled for completion this coming year.

Many Strategic Renewal initiatives and activities were rolled out in 2017-18. The new Community Housing Support Initiative, which involves partnerships with Indigenous governments, and other orders of government supports innovative, and environmentally safe and responsible, housing projects that meet their housing aspirations. We enjoyed a particularly strong partnership with the Salt River First Nation this year that resulted in the creation of two homes on the Salt River First Nation reserve.

The NWTHC also introduced a Seniors Aging-in-Place retrofit program, which provides up to \$10,000 annually to make the homes of seniors more durable and energy-efficient. A Fuel Tank Replacement Initiative was also rolled out, which supports homeowners in replacing their aging fueling tanks preempting high environmental clean-up costs down the road should their tanks have failed. Also, to make repair programming more accessible, the co-pay requirement was removed for low-to-modest income households.

As the NWTHC interacts with all kinds of people across the NWT, from students to seniors and everyone in between, a renewed commitment to customer service was made. This year, all frontline staff and all senior managers have received up-to-date customer service training to improve our interactions with the public. I would like to thank all of the staff of the NWTHC and the Local Housing Organizations for their work in this area.

I am pleased with the progress we have made, and I am confident in our efforts to face our challenges, celebrate our achievements, and accomplish the work we have ahead of us.

Mr. Tom R. Williams

President and CEO

Northwest Territories Housing Corporation

Corporate Profile

Mission Statement

The Northwest Territories Housing Corporation (NWTHC) works in partnership with residents to ensure access to adequate, suitable and affordable housing.

Goals

- Ensure a sufficient supply of adequate, suitable and affordable housing to address the housing needs of NWT residents.
- Promote personal responsibility and accountability for housing.
- Provide homeownership and rental programs and services that are effective and appropriate.
- Help address homelessness through supporting the infrastructure needs of emergency shelters and transitional housing.
- Acquire housing in an effective and efficient manner for program delivery through appropriate designs, land planning and acquisition, and appropriate construction standards.
- Enhance the long term sustainability of NWTHC housing assets through on-going maintenance and repairs and implementing energy efficiency technologies.



Corporate Structure

Corporate Summary

The NWTHC provides social and market housing programs and services including subsidized rental and homeownership programs (including purchase and repairs), and unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating appropriate programs to address the core housing need of NWT residents and promote self-reliance. The NWTHC incorporates energy-efficient technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. The NWTHC also works in partnership with the Canada Mortgage and Housing Corporation to cost-share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations, and municipal and Aboriginal governments, to manage and administer community housing services in 33 communities

Branches

- **The Executive**, comprised of the President's Office and the Strategic Planning, Policy and Communications Division, manages the implementation of the Government's direction related to housing services.
 - o **The President's Office** - The President's Office is responsible for supporting the Minister Responsible for the Northwest Territories Housing Corporation, providing overall strategic and operational direction, leading the senior management team, and managing the human and financial resources of the NWTHC.
 - o **Policy and Planning** - The Policy and Planning Division provides support with regard to long-term strategic direction and planning for the NWTHC. This Division is also responsible for strategic and business planning, policy development, qualitative and quantitative research, corporate communications and homelessness initiatives. This section represents the NWTHC on a Federal/Provincial/Territorial level, on interdepartmental working groups, and on other committees.
- **Finance & Infrastructure Services:** The Finance and Infrastructure Services Branch is comprised of the Finance and Administration Division, Financial Planning Section, Information Services Section, and the Infrastructures Services Division.
 - **Finance and Administration Division** - The Finance and Administration Division is responsible for the overall financial affairs of the NWTHC. This includes the provision of accounting and advisory services, reporting and monitoring, treasury services, mortgage administration and the management of own source revenues and federal funding.
 - **The Financial Planning Section** - The Financial Planning Section leads the development of the infrastructure, revenues and operating budgets for the NWTHC, including the annual business plan and main estimates, and on-going variance analysis and reporting.
 - **The Information Services Section** - The Information Services Section utilizes the latest in information management tools and methodologies support the business processes of the Corporation and its community partners. This section develops NWTHC-specific information tools as well as system training, critical to the delivery of housing programs and services.
 - **The Infrastructure Services Division** - The Infrastructure Services Division is responsible for the overall delivery of the NWTHC's capital infrastructure projects, as well as the acquisition of suitable land for

the delivery of housing programs and services and the overall maintenance management of the NWTHC's housing portfolio.

- **Programs & District Operations**, The Programs and District Operations Branch oversees the development, implementation, monitoring, and delivery of programs and initiatives that support the NWTHC's responsiveness to housing needs in the NWT. The Branch provides corporate support, training, and oversight to the NWTHC's five District Offices for the delivery of housing programs and services in order to ensure a continuity of approach to program delivery.
 - **Program Development and Implementation** - The Program Development and Implementation section works closely with District Offices and LHOs to ensure compliance with existing program policies and procedures. This section also develops and updates ongoing operational policies and procedures to ensure housing programs remain updated and responsive, and to ensure that District Offices and LHOs have the support, training and capacity required to effectively and efficiently deliver the NWTHC's programs and services.
 - **District Operations** - District Operations is responsible for the administration of district capital, program delivery, maintenance, training, assisting in land acquisitions and development, and working closely with stakeholders at the community level. In addition, they also work with LHOs and NWT residents to identify options for programming to assist individuals and families in decision making regarding their housing needs. This assistance includes the delivery of the Corporation's Providing Assistance for Territorial Homeownership (PATH), Contributing Assistance for Repairs and Enhancements (CARE), Contributing Assistance for Repairs and Enhancements Preventive Maintenance (CARE PM), Contributing Assistance for Repairs and Enhancements Mobility for Seniors (CARE Mobility), and Securing Assistance for Emergencies (SAFE) homeownership programs.
 - **North Slave District Office:**

This District Office supports the communities of: Behchoko, Detah/N'dilo, Gamètì, Lutselk'e, Wekweètì, Whatì and Yellowknife.
 - **South Slave District Office:**

This District Office supports the communities of: Enterprise, Hay River, K'atl'odeeche First Nation, Kakisa, Fort Providence, Fort Resolution and Fort Smith.
 - **Nahendeh District Office:**

This District Office supports the communities of: Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Sambaa K'e and Wrigley.
 - **Sahtu District Office:**

This District Office supports the communities of: Colville Lake, Deline, Fort Good Hope, Norman Wells and Tulita.
 - **Beaufort Delta District Office:**

This District Office supports the communities of: Aklavik, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk and Ulukhaktok.

- **Local Housing Organizations (LHOs)** – The NWT HC, in partnership with 23 LHOs, and community organizations, administers approximately 2,400 social housing units in 33 communities across the NWT. The LHOs, under agreement with the NWT HC, provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. LHOs have an advisory board that oversees its operations. The NWT HC’s district offices are responsible for these operations in communities where an LHO has not been established.

LHOs, operating as agents of the NWT HC, are responsible for the administration of Public, Homeownership Entry Level Program (HELP) and Market housing rental units in the majority of communities across the NWT. Public housing units were developed under the Social Housing Agreement between the NWT HC and the Canada Mortgage and Housing Corporation. The Public Housing Program is a rental program designed for individuals and families who do not have the financial resources to access shelter on their own. Affordable housing includes both our leased subsidized HELP units, and our unsubsidized Market Housing units that are used to house critical staff in NWT communities.

The following is a list of all LHOs:

Aklavik Housing Association	Lutsel K’e Housing Authority
Behchokö Ko Gha K’òodèe	Norman Wells Housing Authority
Deline Housing Association	Paulatuk Housing Association
Fort McPherson Housing Association	Radilih Koe Housing Association
Fort Providence Housing Association	Sachs Harbour Housing Association
Fort Resolution Housing Authority	Tsiigehtchic Housing Association
Fort Simpson Housing Authority	Tuktoyaktuk Housing Association
Fort Smith Housing Authority	Tulita Housing Association
Gameti Housing Authority	Ulukhaktok Housing Association
Fort Liard Housing Association	Whati Housing Association
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik Housing Authority	

RENTAL

The NWT HC provides opportunities for residents to access rental units in all NWT communities. The administration and management of these units are conducted through service contracts with Local Housing Organizations. There is a wide variety of rental programming offered by the NWT HC that suits the differing needs of resident. These programs include subsidized social housing, rental housing as a transition to homeownership, market rental housing for community workers and a rent supplement program to improve affordability.

Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. The NWT HC provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of the NWT HC. The NWT HC utilizes management/services agreements with LHOs or community services organizations to manage its affordable housing portfolio. Currently, the NWT HC operates approximately 2,400 public housing units, which are managed by LHOs and community organizations, located in 33 communities throughout the NWT.

HELP (Homeownership Entry Level Program)

The NWT HC provides affordable rental housing through the delivery of the Homeownership Entry Level Program (HELP) and the Market Housing Program throughout the NWT. In 2017-18, the NWT HC had approximately 222 units in the HELP. The HELP Program assists prospective first-time homebuyers who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners, by providing the opportunity to lease subsidized units from the NWT HC at affordable standardized rents based on geographic zones.

Tenants are responsible for the payment of utilities. The program also offers homeownership educational opportunities through Solutions to Educate People (STEP) courses. A unit is leased to eligible applicants (tenant) who pay a subsidized rent depending on the Community they reside in. After completing a six-month lease period, the tenant is eligible to receive an "equity contribution" of up to \$20,000, to purchase a unit, provided that the tenant: is not in default of the HELP Agreement or the Residential Tenancy Agreement, has no outstanding rental arrears or tenant related damages and has completed the required courses of the STEP Program.

Market Rental

A lack of market housing options in small communities has been a key challenge in delivering GNWT programs and services, especially in the case of front-line workers like teachers and nurses. In order to support our communities, the NWT HC operates approximately 177 units under the Market Housing Program, providing rental housing units at market rental rates to increase the availability of housing for essential workers in smaller communities.

Transitional Rent Supplement Program

The Transitional Rent Supplement Program (TRSP) is designed to provide short-term support to Northwest Territories residents who pay more than 30% of their household income towards rent in private market rentals. This program fills an important gap in assisting working families challenged by affordability issues.

HOMEOWNERSHIP

The NWT HC provides an opportunity for NWT residents to access government support through programming for the purchase of a modest private home, repair their homes to ensure a safe and healthy residence and to increase the useful economic life of their home, or access a rental program that allows them to experience the commitments required to be a successful homeowner.

The simplified structure of the homeownership programs offers flexible delivery options to NWT residents and also meets the needs of seniors, and those with accessibility challenges. These programs use education and counselling to help residents in becoming successful homeowners.

Recently, program application intake changed to a year-round intake to better provide timely supports to residents in need. These one-on-one discussions between residents and staff of the NWT HC are necessary in order to explore program requirements, help individuals in identifying their housing needs and to determine the program that will best fit an individual's or a household's needs.

The following housing programs help us to achieve our goals to improve housing in the NWT.

- Solutions To Educate People (STEP)
- Providing Assistance for Territorial Homeownership (PATH)
- Contributing Assistance for Repairs & Enhancements (CARE)
- Contributing Assistance for Repairs & Enhancements - Mobility (CARE Mobility)
- Contributing Assistance for Repairs & Enhancements - Preventative Maintenance (CARE PM)
- Securing Assistance For Emergencies (SAFE)

STEP (Solutions to Educate People)

STEP provides education and counseling assistance consisting of four courses designed to prepare participants for the responsibilities of homeownership. STEP aims to increase homeownership applicants' financial skills, as well as, their knowledge of the home purchase process, basic home maintenance and repairs.

STEP courses are not only offered to NWT HC applicants and clients, but also to NWT residents at large. Although priority is given to applicants/clients, space permitting, residents are encouraged to sign up for the courses through their District Offices.

PATH (Providing Assistance for Territorial Homeownership)

PATH allows clients the opportunity to become homeowners by assisting in the construction or purchase of a modest home. Clients obtain additional funding from an approved financial institution or other verifiable sources. Assistance levels are determined by a zone approach that provides a level of subsidy to roughly equalize shelter costs for dwellings of a similar age and quality within non-market communities, and range between 5% and 55% of the purchase price or the Maximum Construction Cost (MCC), whichever is less. Applicants with moderate income, but income over the Core -Need Income Threshold (CNIT), will be eligible for 50% of the subsidy. Assistance is provided through a forgivable loan. The forgiveness period of the loan is dependent on the amount of assistance provided.

CARE (Contributing Assistance for Repairs and Enhancements)



CARE assists existing homeowners in making necessary repairs to their home to ensure a safe and healthy residence and to increase the remaining economic life of their home. Assistance of up to \$100,000 is provided in the form of a forgivable loan to subsidize the cost of preventative maintenance checks, repairs and renovations for their existing home. The forgiveness period is dependent on the amount of assistance being provided. Co-pay may be required depending on household income.

CARE Mobility

CARE Mobility assists low-income homeowners with disabilities by providing up to \$100,000 to carry out modifications to their home to improve accessibility and support independent living. Again, co-pay may be required depending on household income.

- Modifications may include:
- The construction of wheelchair access ramps;
- The installation of grab bars in bathrooms; and
- Creating better access to bathtubs, showers, and the kitchen.
- Modifications must be directly related to the disability of the homeowner or a family member residing in the unit.

CARE PM (Preventative Maintenance)

CARE PM provides assistance for preventative maintenance and minor repairs. Clients can apply for up to \$3,000 annually and can apply for this support on a year-round basis.

SAFE (Securing Assistance for Emergencies)

SAFE is an emergency repair program. Clients are eligible for up to \$10,000 for emergency repairs to their private home to ensure health and safety standards are met, and are able to make applications for SAFE funding at any time. SAFE is designed to assist eligible homeowners with emergency repairs to their private home based on a partnership model (copayment) between the NWTCH and the homeowner.

HOMELESSNESS

The NWTCH supports the Minister Responsible for Homeownership in a secretariat role, monitoring and taking inventory of the numerous homelessness interventions taken across GNWT departments. The NWTCH also direct delivers its own homelessness programming, which ranges from capital support for shelters, fostering small community homelessness solutions and working with GNWT case managers and referral agents to help prevent homelessness.

SEF (Shelter Enhancement Fund)

Recognizing that shelters often struggle to find resources for repairs, renovation or important equipment purchases, the NWTCH created the Shelter Enhancement Fund. This ongoing fund provides one-time funding for repairs and capital purchases based on proposals by shelter proponents. This fund supports shelters to maintain health and safety standards as well as to purchase important equipment and supplies to continue their operations.

SCHF (Small Community Homelessness Fund)

Communities are often best placed to identify solutions to address homelessness or assist homeless people. Sometimes these supports can come in the form of food security initiatives such as soup kitchens, food vouchers or food hampers. Sometimes communities want support to conduct their own planning to address homelessness. The Small Community Homelessness Fund, in its flexible funding design allows for communities to implement their own homelessness initiatives.

HAF (Homelessness Assistance Fund)

The Homelessness Assistance Fund works cooperatively with GNWT case managers and referral agents to support homeless residents to access housing, prevent tenants from being evicted or provide assistance for residents to return to more stable housing situations in their home community.

Housing First

The NWT HC provides an ongoing contribution to support the sustainability of a Housing First program in Yellowknife. The Housing First philosophy involves taking a two-fold approach to addressing homelessness: opportunities for independent rental housing and the provision of wrap around supports to address underlying homelessness factors.

NWTHC Program Approvals**Beaufort Delta District**

Program	Number of Programs
CARE Major	-
CARE PM	62
CARE Mobility	-
Fuel Tank Replacement	
HELP	3
PATH	1
SAFE	15
Seniors Aging-in-Place	1
Total	82

Sahtu District

Program	Number of Programs
CARE Major	1
CARE PM	17
CARE Mobility	-
Fuel Tank Replacement	-
HELP	4
PATH	-
SAFE	24
Seniors Aging-in-Place	4
Total	50

Nahendeh District

Program	Number of Programs
CARE Major	-
CARE PM	27
CARE Mobility	-
Fuel Tank Replacement	1
HELP	5
PATH	1
SAFE	22
Seniors Aging-in-Place	3
Total	59

South Slave District

Program	Number of Programs
CARE Major	2
CARE PM	67
CARE Mobility	1
Fuel Tank Replacement	-
HELP	1
PATH	2
SAFE	41
Seniors Aging-in-Place	4
Total	118

North Slave District

Program	Number of Programs
CARE Major	7
CARE PM	256
CARE Mobility	1
Fuel Tank Replacement	4
HELP	15
PATH	5
SAFE	131
Seniors Aging-in-Place	36
Total	455

Northwest Territories

Program	Number of Programs
CARE Major	4
CARE PM	83
CARE Mobility	-
Fuel Tank Replacement	3
HELP	2
PATH	1
SAFE	29
Seniors Aging-in-Place	24
Total	146

NWTHC Program Delivery in a Snapshot

Public Housing Program

Expenditures for the Public Housing Program in 2017-2018 totaled approximately \$60.8 million. Public Housing refers to public programs that provide income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver Public Housing on behalf of the NWTHC. The NWTHC has signed Partnership Agreements with LHOs to manage the Public Housing portfolio. The Partnership Agreements between LHOs and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of Public Housing in the NWT. Currently the NWTHC operates approximately 2,400 Public Housing units located in 33 communities throughout the NWT, which are managed by LHOs and community service agents.

Public Housing Unit Condition Ratings

Each year, the NWTHC and LHOs conduct unit condition ratings on NWTHC owned public housing units.

Unit condition ratings provide the NWTHC with valuable information as to the state of its assets. The ratings are one source of information that helps support the NWTHC on how best to utilize its financial resources to improve the quality of housing across the NWT.

The unit condition ratings influence the capital planning process. The yearly capital planning process directs future modernization and improvements projects based on the condition of our existing public housing stock. These projects are done in order to maintain the quality of housing for our tenants.

Condition ratings are also done to determine when older units need to be replaced or scheduled for demolition. In addition, the data collected through the unit condition ratings allows a planned approach to mitigate the financial pressures in the longer term while maintaining our assets in good condition. A systematic walk-through inspection is conducted to complete the condition rating of a unit. A standardized condition rating form is used that lists the components that make up the unit. The condition of each component is documented to assist in prioritizing repairs and estimating their cost.

The NWTHC has also implemented a training, monitoring, and reporting process so this annual inspection can be utilized as an opportunity for both quality control in ensuring that all LHOs across the NWT are completing the inspections consistently as per NWTHC guidelines and a training opportunity where required.

Units with low condition ratings undergo a more detailed evaluation. This additional evaluation determines the cost benefit of investing further dollars to modernize and improve the unit to extend its useful life or to dispose of the unit and replace it.

The NWTHC plans for a 50-year life of new units with two major renovation/repair milestones; the first at 20 years and the second at 35 years. As well, regular maintenance is performed on its public housing assets.

The table provides a snapshot of the condition of the public housing stock for the fiscal year 2017-2018. Unit condition ratings are finalized in the month of October of each year.

PUBLIC HOUSING CONDITION RATINGS

District/Community	Below 60%	60% - 69%	70% and higher	Total No. Ratings
Beaufort Delta	49	82	699	830
Aklavik	1	4	133	138
Fort McPherson	14	27	98	139
Inuvik	31	18	154	203
Paulatuk	1	2	36	39
Sachs Harbour	1	7	17	25
Tsiigehtchic	0	0	27	27
Tuktoyaktuk	1	24	144	169
Ulukhaktok	0	0	90	90
Nahendeh	0	1	107	108
Fort Liard	0	0	35	35
Fort Simpson	0	1	54	55
Jean Marie River	0	0	5	5
Nahanni Butte	0	0	0	0
Trout Lake	0	0	5	5
Wrigley	0	0	8	0
North Slave	23	16	597	636
Behchoko	4	8	204	216
Dettah	0	1	42	43
Gameti	2	1	27	29
Lutselk'e	1	2	64	67
N'Dilo	0	2	28	30
Wekweeti	0	0	9	9
Whati	0	1	40	41
Yellowknife	17	1	183	201
Sahtu	36	37	234	307
Colville Lake	0	0	7	7
Deline	17	21	62	100
Fort Good Hope	3	0	53	56
Norman Wells	1	1	57	59
Tulita	15	15	55	85
South Slave	17	69	468	554
Fort Providence	2	24	94	120
Fort Resolution	3	13	78	94
Fort Smith	2	5	149	156
Hay River	5	26	141	172
Kakisa	0	1	2	3
K'atloodeeche First Nation	5	0	4	9
Total NWT	125	205	2105	2435

Project Focus – Habitat for Humanity



The NWTCH has worked with Habitat for Humanity NWT (HFH-NWT) over the past three years to support their affordable homeownership model that empowers families. In 2017-18, the NWTCH provided a funding contribution to Habitat for Humanity NWT to assist with the construction of a single family dwelling in Yellowknife. In previous years, the NWTCH provided assistance to HFH-NWT to construct a duplex. These homes provided three families with affordable housing. The development of these units is really a community effort with contributions from private industry, government, volunteer work by private residents and not the least of which, sweat equity by the eventual owners.



Strategic Renewal 2017-2018

The Northwest Territories Housing Corporation began its Strategic Renewal process in early 2017 with the release of the Housing Engagement Survey. This survey played a critical role in directing and informing the Strategic Renewal process within the NWTHC.

Strategic Renewal is a long-term, sometimes challenging process, but one that will significantly reduce core need and provide the best possible housing system for residents of the NWT. The process will involve all aspects of the Housing Corporation including the establishment of new initiatives and projects, as well as the reevaluation of current programs.

Over the past year a significant number of actions were undertaken as part of this Strategic Renewal process, including:

- Seniors Aging-in-Place Retrofits (discussed in more detail later in the report).
- Community Housing Support Initiative (discussed in more detail later in the report).
- The removal of the co-pay requirement for low-to-modest households, where these households formerly needed to pay for a portion of their home repairs.
- The Fuel Tank Replacement Initiative, which replaces older fuel tanks of private homeowners in order to mitigate potential environmental damage and significant remediation costs;



- The creation of an assumption agreement under the Family Home Transfer Program, which facilitates the transfer of a home to a loved one when a resident is required to relocate to another community for uncontrollable reasons like accessing long-term health care.
- A redesign of the Transitional Rent Supplement Program that will address issues with previous rent supplement programs in order to more effectively serve our residents;
- An NGO Supportive Rental Program or Rapid Rehousing Program, which is geared towards partnering with NGOs to provide rental housing support to their program participants;
- Students in Public Housing changes that provide greater program support for students living in Public Housing by not requiring them to fulfill a residency requirement upon returning to their home community;
- Customer Service Improvements that will involve meaningful customer service training for all front-line staff and senior management.

These programs and initiatives are good first steps, but there is still a lot of work to be done. As the Strategic Renewal Process moves forward there will be more changes coming, all of which will be done with the goal of making sure everyone in NWT has an affordable, appropriate, and safe place to call home.

The Community Housing Support Initiative 2017-2018

The Community Housing Support Initiative (CHSI) is a partnership program between the Northwest Territories Housing Corporation and Indigenous and local governments. The CHSI is a three year pilot program that will allow local and Indigenous governments address housing and homelessness issues in their communities with their own locally developed solutions.

These innovative, locally developed projects reflect the GNWT's commitment to supporting the housing aspirations of local and Indigenous governments across the NWT. This program recognizes that local and Indigenous governments are often best placed to develop potential solutions to housing issues in their communities. Also, in some cases, innovative projects may be easier for communities to take on as opposed to a government entity.

Support for this project is flexible: it can be a financial or in kind, whichever best assists the community to implement appropriate housing solutions. This program is also intended to leverage existing community supports, in conjunction with what the NWTHC contributes.

Among the successes of this program was the recent partnership between the NWTHC and the Salt River First Nation (SRFN). The NWTHC allocated \$360,000 of building material to the SRFN, which supported the construction of two homes. The SRFN contributed to the project by providing the labour to build the homes as well as the land. This initiative has provided homes to members of the Salt River First Nations, created training opportunities for community residents, supported an Indigenous government in managing their own housing initiatives and increased economic development in the community.

Seniors Aging in Place 2017-2018

The Mandate of the 18th Assembly has committed the Government of the Northwest Territories to lowering the cost of living and ensuring that seniors are able to live in their home communities for as long as possible. With the population of seniors in NWT projected to rise by 25% over the next five years, work towards this commitment is of immediate importance.

The Northwest Territories Housing Corporation is fully supportive of this commitment and is working diligently on programs that will allow seniors to stay in their own homes and communities for as long as possible. To this end the NWTHC has implemented the Seniors Aging in Place initiative that will keep seniors in their own homes longer through energy-efficient repairs and retrofits.

The object of this initiative is increase sustainability and energy efficiency in homes – while lowering utility costs – thereby making it easier for seniors to stay in their own homes as long as possible. The initiative provides a forgivable loan of up to \$10,000 to put towards repairs or retrofits. Seniors participating in this initiative are still able to access other NWTHC home repair programs in addition to Seniors Aging in Place.

Beyond the repair and retrofit aspects of Seniors Aging in Place, the NWTHC – in partnership with the Department of Health and Social Services – is also investing in new seniors' independent living facilities. These facilities allow seniors to live independently, but also have easy access to supportive services like home care. The new facilities were allocated to communities after a needs and population-based assessment was carried out.

Initiatives like Seniors Aging in Place are key parts of the NWTHC's Strategic Renewal process while also directly supporting the Mandate of the 18th Assembly. The NWTHC will continue to work with all stakeholders in order to ensure that seniors across the NWT are able to stay in their homes and home communities for as long as possible.



Staff Profiles

Staff Profile - Kelcy McDonald

In August 2006 the NWTHC welcomed Kelcy McDonald as Programs Advisor. Little did she know, it would be the start of a long career with the NWTHC's Beaufort Delta District Office (BDDO) in Inuvik. She became manager in 2011. Originally, from Inuvik, Kelcy went to Edmonton to attend post-secondary school, but returned to Inuvik afterwards.

"My father's family is one of the original of Inuvik," she explained, after they had been relocated from Aklavik. Her grandmother is from the Sahtu and her grandfather is from Fort Chipewyan.

She said she loves that her job allows her to "work with clients" and "try to address housing needs." She added she also likes being able to travel and visit the communities. "It's always busy."

Kelcy currently has two programs advisors who work under her. She said the job involves good team work. The BDDO covers the most remote communities and biggest land area, presenting unique challenges. There is also the coastal communities, which have different needs than the Delta communities. "What we deal with is vastly different from what other divisions work with," she said. The challenges that come up are very wide ranging. "You have to think outside the box," she adds, "I get satisfaction that we're making a difference."

Previously Kelcy had worked in the private sector for a family business. "I just wanted a change," she said of her switch to working in housing. She said having spent so much of her life in the area she does have a connection with many people in the region, which brings a familiarity/common ground for the clients she works with.

Staff Profile - Bonnie Leonardis

Bonnie Leonardis has been with the NWTHC for 17 years. She spent 12 years working in Finance at the head office. Wanting a change, she moved to the North Slave District Office, in Yellowknife. She has been working in programs for the last five years.

"Dealing with people, you feel like you make a difference," Bonnie said.

Bonnie, a born and raised Yellowknifer, has an eclectic work history. A journeyman hairstylist, she previously worked at Stanton Territorial Hospital as a clinical clerk. She also attended Aurora College for management studies. She said she hadn't thought about housing as a career until getting the job with the NWTHC.

"One of the best parts of my job is the PATH (Providing Assistance for Territorial Homeownership) program and helping (residents) buy their first home." She said she received a big thank-you email recently, a rewarding feeling.



Bonnie works in a team that splits up the travel to communities. There are seven total, Bonnie works in Behchoko and Whati. She says working in a team that is supportive and work well together is a major motivator.

She described a scenario recently in which a man in Whati had no bathtub for a year. He had been unable to bathe in his home. An emergency repair to get him a working bathtub. "When you helped somebody, that's the best part," She said.

Staff Profile - Ruth McKeown

Ruth McKeown is a Policy Analyst in Strategic Planning, Policy, and Communications for the NWT HC's head office in Yellowknife. Ruth previously worked in developing and coordinating mental health services and teaching in the elementary, secondary, and post-secondary college systems in Ontario.

Ruth started with the NWT HC on April 3, 2016. She has been in Yellowknife for seven years. She said she enjoyed coming onto the team when it was implementing the strategic renewal, noting it was an interesting time and felt good to bring new ideas. "It was a good time to come to housing."

An educational background in mental health and social work, she was first hired by the GNWT in the winter of 2012. Ruth worked as the Supported Living and Persons with Disabilities Consultant in the Continuing Care Division of the Health Department. From there, she became the Manager of NWT Victim Services in the Department of Justice. Ruth was subsequently hired by Aurora College to teach adult students from N'dilo, Detah, and Lutsel K'e at the Adult Learning Centre in Ndilo.



Ruth said she was always interested in housing; her father had worked in the housing field in Ontario and Manitoba. He spent two years with Canada Mortgage and Housing Corporation. She said housing is a big issue and "everyone I have met (at NWT HC) has been very hard working."

Staff Profile - Lisa Maurice

Lisa Maurice has spent 20 years working in finance with the NWT HC's South Slave District Office (SSDO) in Hay River. Recently she was given the opportunity to complete a developmental transfer as a Program Advisor. She moved into programs in June 2017.

"I went for it and I have no regrets," she said. "It's a very nice change."

Lisa is born and raised in Hay River. She previously held the title of Senior Finance Officer, which involved various tasks like budgeting and reporting on financials. She said initially she was reluctant to move out of finance and into programs and turned the offer down. However, she was given the opportunity a second time and decided to go for it.

"Who gets a second chance?" she said. "I'm really enjoying this position and I have no regrets."

Lisa said she enjoys the change of getting to travel and meet community members. She said part of her job is the review of applications and to go out and meet the qualifying applicants. As part of a team working in programs, she has specific communities assigned to her. Lisa works with clients in Fort Resolution, Fort Providence, Kakisa and Enterprise.



Lisa said she is always striving to improve effectiveness and efficiency in the way programs are delivered. She also added that having such a good working knowledge of how finance works within the NWT HC gives her a broad knowledge of how the NWT HC operates overall.

LHO Profile – Tulita Housing Association

Tulita's Local Housing Organization has undergone a great deal of change in the past few years. After a big upheaval in staff changes, the LHO is now flourishing under new management. Tulita is located in the Sahtu, which means they are part of the NWTHC's Sahtu District Office.

The current manager, Sasha Doctor, and the Tenant Relations Officer, Dusty Yakeleya, are local hires. They have gone out of their way to work with community members and keep people in the community successful in meeting their housing goals.

Doctor has been in the manager role since early 2017. She said the best part of her job is "Knowing we are trying our best to improve the conditions of the Units for local residents."

Recently, a tenant had a large amount of arrears owing. She was also facing a cancer diagnosis. The LHO staff worked hard with this client in order to keep her in her house and keep her housed, despite the large amount of arrears.

Management Discussion and Analysis

Management Discussion and Analysis – Fiscal Year 2017/18

Managing Risk / Pressures

There are both external and internal pressures and risks that influence how the NWT HC delivers its housing programs and services. In response to these challenges, the NWT HC has employed various mitigation strategies to help manage these risks, to the extent possible.

CMHC Funding

Base funding for social housing operations from CMHC is scheduled to decline to zero by 2038-39. This funding continues to decline at varying amounts annually, depending on when the housing stock was initially constructed in partnership with the federal government. Over the term of the 18th Legislative Assembly, CMHC federal funding will decline by \$1.4 Million.

The NWT HC continues to work with CMHC to minimize the impacts of this declining funding. Under Federal Budget 2016, the NWT HC received approximately \$20 million for fiscal years 2016-17 and 2017-18. This incremental funding assisted the NWT HC significantly in responding to CMHC funding declines in these years. The NWT HC continues to lobby CMHC for stable, long-term funding for our social housing programs.

The NWT HC also participates in the Provincial – Territorial Housing Forum that leads the inter-jurisdictional efforts to engage the federal government in meaningful discussions regarding sustainable social housing. One mitigation strategy that the NWT HC will be implementing is the expansion of the market rent program to accommodate RCMP Members stationed in various NWT communities. This initiative will not only increase the availability of affordable, adequate, and suitable market housing but will also contribute additional revenues to help offset CMHC's declining funding.

In addition, the NWT HC will continue to provide opportunities for tenants to take greater responsibility for their utility consumption. On September 1, 2018, tenants will be paying the same electricity rates as private households as established under the GNWT's Territorial Power Support Program. This initiative supports tenant self-reliance and assists the NWT HC in responding to the continued decline in CMHC funding.

Core Need (Quality of Housing and Affordability)

The level of core housing need in the NWT, according to *the 2014 NWT Community Survey*, is 19.8%. To assist in addressing this situation, the NWT HC continues to make capital investments to replace and retrofit older and less energy-efficient housing units. In addition to these investments in existing housing stock, the NWT HC continues to address core housing need by delivering a wide range of housing programs. For example, the Rent Supplement Program used to address market rental housing challenges of the working poor and the Securing Assistance for Emergencies (SAFE) repair program that provides access to financial assistance emergency repairs for low to moderate-income households.

Utility Costs

The NWT HC continues to invest in improving the overall quality and energy-efficiency of its owned housing assets. New construction for the replacement of aging, single detached Public Housing is now primarily multi-unit buildings, resulting in reduced utility

costs. Our standards for retrofits and new units require that projects meet, or exceed, EnerGuide for Housing (EGH) 80 design standards. The NWTHC has also invested in numerous energy efficiency technologies, such as biomass and photovoltaic solar systems, to help offset the high cost of energy.

The NWTHC has recently designed and implemented a system to improve detailed tracking of utility consumption and pricing. This system continues to undergo enhancements and improved business processes to provide useful information for analysis and reporting purposes.

Land Development

Land availability for both current and future housing construction projects is an ongoing challenge. Land development in many Northwest Territories communities has not kept pace with the ongoing demand for suitable building lots. The NWTHC continues to work with community governments to identify and develop suitable land for residential construction.

Credit Risk

The NWTHC is exposed to credit risk from tenants and mortgage clients. Several LHOs have had challenges with collections resulting in accumulated arrears over several years. The NWTHC has increased support to enhance rent collections, including establishing a Collections Unit, to further support LHOs with their ongoing collection activity. Our Territorial Housing System (THS) gives the NWTHC the ability to closely monitor tenant collection matters.

Since 2012-13, the NWTHC has worked with clients to restructure their mortgages with a view to improving overall collections rates. Working with program participants, the NWTHC was able to restructure existing mortgages to assist homeowners in satisfying their mortgage payment obligations.

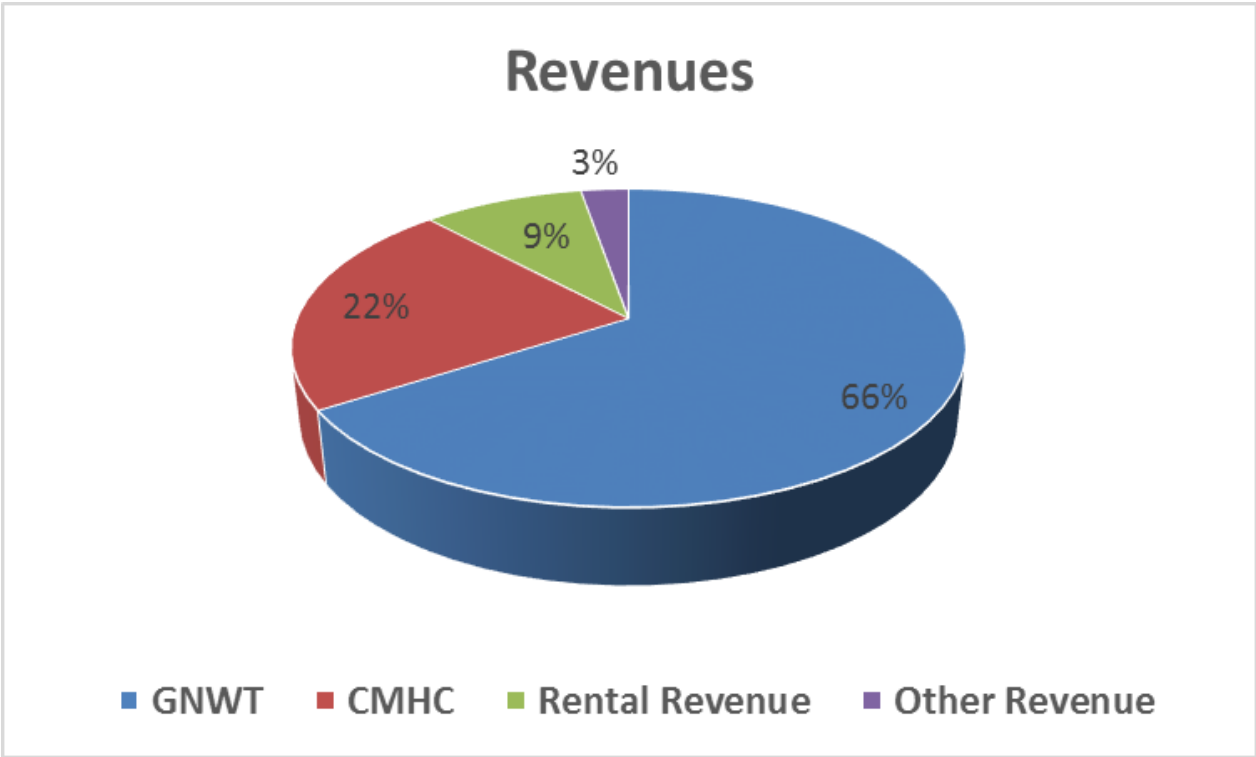
Financial Results

Revenues

The total revenues for the Corporation in 2017-18 were \$113.6 million, a decrease of \$8.9 million from the previous year's total of \$122.5 million.

Government funding from the GNWT and CMHC decreased by \$10.3 million, from \$110.3 million to \$100 million. The net decrease is due to reduced funding received under CMHC Investment in Affordable Housing Agreement and GNWT sunset funding.

Revenue generated from operations amounted to \$13.6 million in 2017-18, an increase of \$1.4 million over the \$12.2 million in revenue generated in 2016-17. This increase was primarily related to higher rental revenues from the HELP and market housing rental programs and an increase in other revenues and recoveries.



Expenses

The Corporation’s total operating expenditures for 2017-18 were \$97.4 million, a 2.4% increase over the 2016-17 year’s expenses of \$95.1 million. The cost of operating the Public Housing program decreased by than 2.9%. The Public Housing program costs continue to be the largest component of the Corporation’s expenses, representing 62.4% of the annual operating expenditures, including amortization of the public housing units.

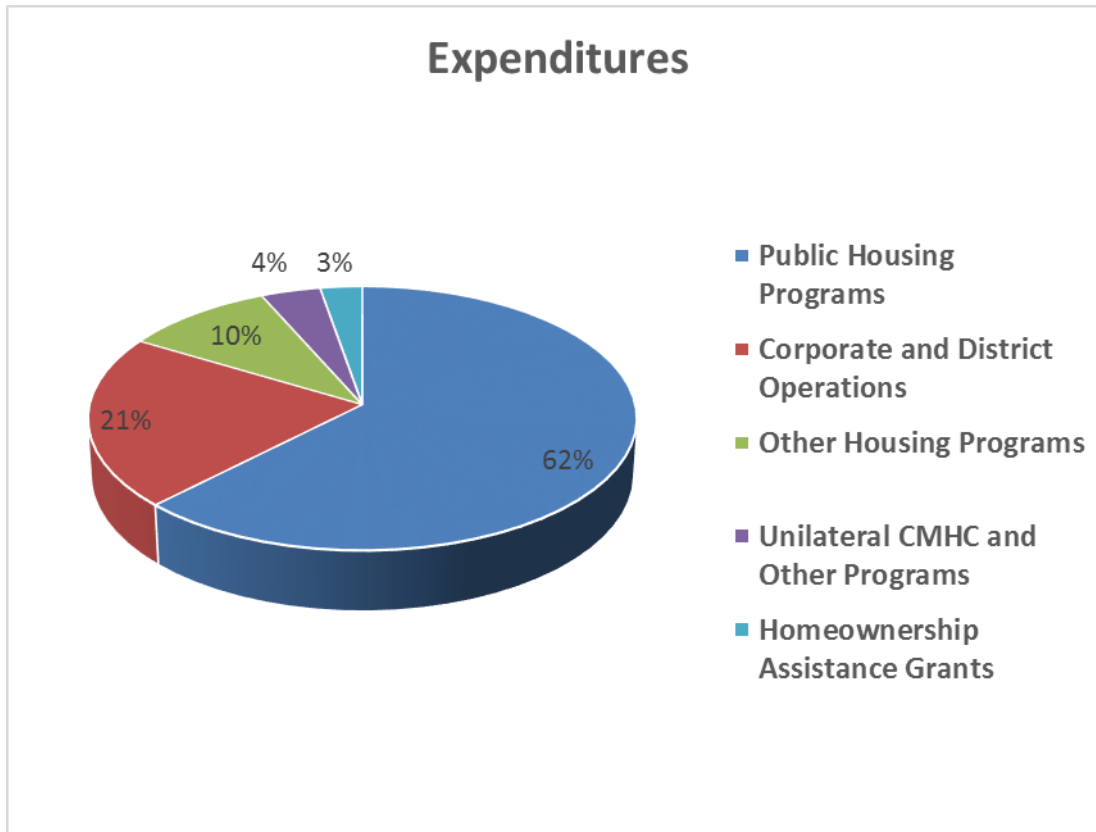
Expenditures for the HELP and market housing programs were \$7.9 million in 2017-18 including amortization, a \$1.7 million or 27.4% increase over the \$6.2 million expended in 2016-17. The increase was attributable to factors such as additional repairs and maintenance activities and increased amortization due to the construction of additional market housing units. The NWTCH also contributed \$3.8 million to unilateral CMHC programs and other programs, an increase of 40.7% over the \$2.7 million contributed in 2016-17. This increase primarily related to additional funding for maintenance projects.

Homeownership assistance grants were \$2.7 million in 2017-18, an increase of \$0.2 million or 8.0% over the previous year’s amount of \$2.5 million. This funding provides homeownership grants and contributions to support increased homeownership units, and improvements to existing homeownership units. Funding provided by the NWTCH is subject to the receipt of qualified applicants.

The Corporation had losses from disposals of tangible capital assets of \$0.3 million compared to the gains of \$0.3 million in 2016-17. Losses resulted from buildings disposed of where proceeds were lower than the net book value of the units.

The Corporation spent \$20.6 million on corporate and district operations in 2017-18, an increase of \$2.0 million or 10.7% from the \$18.6 million expended in 2016-17. Costs include program development and delivery and technical and administrative support at the district office and headquarters; including approximately \$1.0 million additional investment in environmental projects.

The acquisition or construction of new housing assets and the renovation of existing housing is funded by the GNWT, CMHC, and the NWTCHC's own source revenues. During the year, revenues, including NWTCHC generated revenues, exceeded expenses resulting in an annual surplus of \$16.2 million. Annual surpluses are used to support NWTCHC's capital investments and housing programming.



Financial Position

The Corporation continued to maintain a sound financial position in 2017-18, with net financial assets of \$71.8 million, an increase of \$11.4 million over the prior year. The requirement for the Corporation to maintain a positive net financial resources position is necessary to ensure future obligations can be met, particularly related to capital projects and contractual commitments, and to mitigate financial risk associated with the \$14.4 million third party loans that the Corporation administers on behalf of the CMHC. The Corporation indemnifies and holds harmless the CMHC from all losses, costs, and expenses related to these loans, as provided under the Social Housing Agreement (SHA). The Corporation has also provided loan guarantees to private sector companies and households in support of new construction or improvements in residential housing across the north. The total outstanding balance of loans guaranteed was \$15.2 million as at March 31, 2018.

The cash and cash equivalents balance of \$43.9 million (\$16.9 million at March 31, 2017) represents the March 31, 2018 bank balance for 23 LHOs and the Corporation. The Corporation invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2018, \$42.8 million (\$56.4 million at March 31, 2017) was invested in portfolio investments with a weighted average rate of return of 2.06%. These cash reserves will be used to support the NWTCHC's capital investments and housing programs.

Since 2012-13, the Corporation has been assisting mortgage program participants in restructuring their loans. This approach has assisted homeowners in satisfying their mortgage payment obligations while supporting the on-going delivery of housing programs and services. The total mortgage and loans receivable balance, net of allowances, decreased from \$4.2 million as at March 31,

2017, to \$3.6 million as at March 31, 2018. This decrease is due in part to the continued collection of principal balances.

Investment in Housing

As at March 31, 2018, the Corporation had \$288.6 million of investments in land and buildings and other property and equipment, representing the amortized book value of approximately 2,600 owned public housing, homeownership rental, and market rental units. During the year, the NWTCHC incurred \$18.7 million in capital expenditures.

Summary of Financial Results (in millions of dollars)

	2013-2014	2014-2015	2015-2016	2016-2017	2016-2017 (Restated ¹)	2017-2018
Revenues						
GNWT	69.3	85.1	85.8	81.6	81.6	74.9
CMHC	17.5	17.4	17.3	28.7	28.7	25.1
Other	16.8	15.1	12.6	12.2	12.2	13.6
Total Revenues	103.6	117.6	115.7	122.5	122.5	113.6
Expenses²						
Public Housing Programs	52.7	52.7	54.0	53.2	53.2	50.8
Other Housing Programs	9.2	8.3	7.7	8.3	8.3	9.9
Homeownership Assistance Grants	5.2	5.6	2.9	2.5	2.5	2.7
Impairment/Disposal Loss on TCAs	1.1	1.6	0.6	-	-	0.5
Amortization ¹	12.2	11.7	12.8	13.3	12.6	13.0
Corporate and District Operations	19.6	19.8	19.8	18.5	18.5	20.5
Total Expenses	100.0	99.7	97.8	95.8	95.1	97.4
Annual Surplus (Deficit)	3.6	17.9	17.9	26.7	27.4	16.2

1. The restatement is a result of a change in accounting policy to align with the amortization policy of the GNWT (refer to Note 3 to the Consolidated Financial Statements).

2. Amortization reported separately.



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

I have audited the accompanying consolidated financial statements of the Northwest Territories Housing Corporation, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Housing Corporation as at 31 March 2018, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

August 28, 2018
Edmonton, Canada

Northwest Territories Housing Corporation
Consolidated Financial Statements
March 31, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These accompanying consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the Corporation complies with applicable laws and regulations. These controls and practices ensure the orderly conduct of business, the preparation of reliable financial information, and adherence to the Corporation's statutory requirements and policies.

The Corporation's external auditor, the Auditor General of Canada, conducts an independent audit, in accordance with Canadian general accepted auditing standards, and expresses his opinion on the consolidated financial statements. The Corporation's external auditor has full and free access to financial management of Northwest Territories Housing Corporation.

On behalf of the Northwest Territories Housing Corporation



Tom R. Williams
President and CEO



Jim Martin, FCPA, FCGA, MBA, MA
Vice President
Finance and Infrastructure Services

Yellowknife, Northwest Territories
August 28, 2018

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position As at March 31, 2018 (in thousands)

	2018	2017 (Restated - Note 3)
Financial assets		
Cash (Note 4)	\$ 43,896	\$ 16,886
Portfolio investments (Note 5)	42,825	56,444
Accounts receivable (Note 6)	13,431	13,503
Mortgages and loans receivable (Note 7)	3,611	4,172
	<u>103,763</u>	<u>91,005</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	19,941	17,852
Deferred revenue	360	256
Loans and mortgages payable to Canada Mortgage and Housing Corporation (Note 9)	8,256	9,063
Environmental liabilities (Note 10)	461	615
Retirement, post-employment, and other leave benefits (Note 11)	2,897	2,805
	<u>31,915</u>	<u>30,591</u>
Net financial assets	71,848	60,414
Non-financial assets		
Tangible capital assets (Schedule A)	288,646	283,800
Inventories held for use	2,657	3,009
Prepaid expenses	284	43
	<u>291,587</u>	<u>286,852</u>
Accumulated surplus	<u>\$ 363,435</u>	<u>\$ 347,266</u>

Contractual obligations and contingencies (Notes 16 and 17)

Approved by:



Alfred Moses
Minister Responsible for the
Northwest Territories Housing Corporation



Tom R. Williams
President and CEO

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Change in Net Financial Assets For the year ended March 31, 2018 (in thousands)

	2018 Budget	2018 Actual	2017 Actual (Restated - Note 3)
Net financial assets, beginning of the year	\$ 60,414	\$ 60,414	\$ 44,090
Items affecting net financial assets:			
Annual surplus	8,752	16,169	27,390
Acquisition of tangible capital assets	(24,302)	(18,668)	(24,003)
Amortization	15,550	13,038	12,612
Proceeds from disposal of tangible capital assets	-	277	814
Loss (gain) from disposal of tangible capital assets	-	261	(314)
Write-down of tangible capital assets	-	246	-
Acquisition of inventories held for use	-	(1,311)	(1,692)
Consumption of inventories held for use	-	1,663	1,526
Acquisition of prepaid expenses	-	(292)	(36)
Consumption of prepaid expenses	-	51	27
Increase in net financial assets	-	11,434	16,324
Net financial assets, end of the year	\$ 60,414	\$ 71,848	\$ 60,414

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2018

(in thousands)

	2018 Budget	2018 Actual	2017 Actual (Restated - Note 3)
Revenues			
Government funding:			
Government of the Northwest Territories	\$ 74,878	\$ 74,883	\$ 81,611
Canada Mortgage and Housing Corporation (CMHC) (Note 12)	25,214	25,105	28,673
	100,092	99,988	110,284
Generated revenues:			
Rental revenue	9,741	10,480	9,125
Recoveries from mortgages and loans (Note 7)	475	795	940
Income from portfolio investments	626	1,105	1,188
Gain on disposal of tangible capital assets	1,400	-	314
Other revenue and recoveries	19	1,080	506
Interest revenue on mortgages and loans	120	122	136
	12,381	13,582	12,209
	112,473	113,570	122,493
Expenses (Note 18)			
Public housing program (Note 13)	65,716	60,753	62,566
Unilateral CMHC programs and other programs	3,268	3,779	2,738
HELP and market housing (Note 14)	7,163	7,906	6,172
Non-residential building operations	254	654	596
Rent subsidy program	600	215	254
Homelessness fund program	1,386	794	1,612
Homeownership assistance grants	7,017	2,665	2,519
Corporate and district operations (Note 15)	18,317	20,635	18,646
	103,721	97,401	95,103
Annual surplus	\$ 8,752	\$ 16,169	\$ 27,390
Accumulated surplus, beginning of year	347,266	347,266	319,876
Accumulated surplus, end of year	\$ 356,018	\$ 363,435	\$ 347,266

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flow For the year ended March 31, 2018 (in thousands)

	2018	2017 (Restated - Note 3)
Cash provided by (used in) operating transactions		
Annual surplus	\$ 16,169	\$ 27,390
Items not affecting cash:		
Amortization	13,038	12,612
Write-down of tangible capital assets	246	-
Loss (gain) from disposal of tangible capital assets	261	(314)
Loss on disposal of portfolio investments	368	267
Non-cash portfolio investment (loss) income	(172)	171
Non-cash mortgage funding	(24)	-
Change in valuation allowance for doubtful accounts	(903)	(457)
Change in valuation allowance for mortgages and loans receivable	102	(544)
	12,916	11,735
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	975	(7,154)
Decrease (increase) in inventories held for use	352	(166)
Increase in prepaid expenses	(241)	(9)
Increase (decrease) in accounts payable and accrued liabilities	4,001	(1,916)
Increase in deferred revenue	104	108
Decrease in environmental liabilities	(154)	(68)
Increase in retirement, post-employment, and other leave benefits	92	27
	5,129	(9,178)
Cash provided by operating transactions	34,214	29,947
Capital transactions		
Acquisition of tangible capital assets	(20,580)	(29,550)
Proceeds from disposal of tangible capital assets	277	811
Cash used for capital transactions	(20,303)	(28,739)
Financing transactions		
Repayment of loans payable to CMHC	(807)	(848)
Repayment of obligations under capital leases	-	(53)
Cash used for financing activities	(807)	(901)
Investing transactions		
Proceeds from sale of portfolio investments	16,242	47,601
Acquisition of portfolio investments	(2,819)	(53,653)
Repayments of mortgages and loans receivable	483	812
Cash provided by (used for) provided by investing transactions	13,906	(5,240)
Increase (decrease) in cash	27,010	(4,933)
Cash at beginning of the year	16,886	21,819
Cash at end of the year	\$ 43,896	\$ 16,886

Total interest paid during the year was \$533 (2017 - \$592).

Total interest received during the year was \$1,473 (2017 - \$1,416).

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation (the "Corporation") is a territorial corporation, established under the *Northwest Territories Housing Corporation Act* (the "Act") and named in Schedule B of the *Financial Administration Act* (FAA) of the Northwest Territories (NWT). Accordingly, the Corporation operates in accordance with its Act and regulations, the FAA, and any directives issued to it by the Minister responsible for the Corporation. The Corporation is exempt from income tax but is subject to Goods and Services Tax.

The Corporation's mandate is to ensure, where appropriate and necessary, that there is a sufficient supply of affordable, adequate, and suitable housing stock to meet the housing needs of residents in the NWT. The Corporation works in partnership with the local communities in the NWT to ensure residents have access to housing that supports a healthy, secure, independent, and dignified lifestyle.

The Corporation's public housing program is delivered by twenty-four community-based local housing organizations (LHOs). Each LHO has a board of directors and management and staff who are responsible for the day-to-day activities associated with the delivery of the program in the communities. Agreements are in place between the Corporation and the LHOs which outline the roles and responsibilities of each party.

The Corporation and the LHOs are economically dependent upon the Government of the NWT (the "Government") for the funds required to finance the net cost of their operations and capital acquisitions.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The significant accounting policies are as follows:

Measurement uncertainty

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from the estimates. The more significant management estimates relate to the allowance for impaired mortgages and loans receivable, the amortization of tangible capital assets, retirement, post-employment and other leave benefits, and contingencies.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses, change in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of the Corporation and the accounts of the following twenty-three LHOs, via consolidation, which are controlled by the Corporation:

Aklavik Housing Association	Lutsel K'e Housing Authority
Behchokö Kô Gha K'òdèè	Norman Wells Housing Authority
Deline Housing Association	Paulatuk Housing Association
Fort Liard Housing Authority	Radilih Koe Housing Association
Fort McPherson Housing Association	Sachs Harbour Housing Association
Fort Providence Housing Association	Tsiigehtchic Housing Association
Fort Resolution Housing Authority	Tuktoyaktuk Housing Association
Fort Simpson Housing Authority	Tulita Housing Association
Fort Smith Housing Authority	Ulukhaktok Housing Association
Gameti Housing Authority	Whati Housing Authority
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik Housing Authority	

The Yellowknife Dene First Nation (Housing Division) has been excluded from the reporting entity since it is considered to be part of a separate level of government and thus should be excluded from the reporting entity of any other government or government organization.

All inter-entity balances and transactions have been eliminated in the preparation of the consolidated statements.

Revenue recognition

The Corporation receives funding for operating and capital purposes from the Government of the Northwest Territories (Government).

The Corporation also receives funding from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement and other agreements between CMHC and the Corporation for the operation and maintenance of the various public housing programs, the acquisition of public housing and to provide assistance to eligible homeowners and landlords for repair and rehabilitation of properties.

Government transfer revenues, including funding provided by the Government and CMHC, are recognized as revenue in the period in which events giving rise to the transfer occurred as long as:

- i. the transfer is authorized;
- ii. eligibility criteria have been met;
- iii. there are no stipulations that give rise to a liability; and,
- iv. a reasonable estimate of the amount can be made.

Transfers received before these criteria are fully met are recorded as a liability.

Rental revenue is recognized on an accrual basis. An allowance is recognized for any rental amounts owing which are deemed uncollectible.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

For the year ended March 31, 2018

(in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs

a) Contributions for public and affordable housing (HELP and market housing programs)

The Corporation provides income-based subsidies for the rental of housing for residents in need. The Corporation provides financial, administrative, maintenance, construction and repair to its public and affordable housing units. The Corporation operates multiple public housing units located in NWT communities.

b) Contributions for unilateral CMHC programs and other programs

The Corporation provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recognized based on actual or estimated costs incurred by each sponsor group in the year.

c) Homeownership assistance grants

The Corporation, under section 44(1) of its Act, may make a homeownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. The conditional grants, which vary in amount depending on the income or community of the applicant and are not expected to be repaid unless certain conditions are not met, are expensed in the year the grant is approved. Any recoveries on the conditional grants are recognized in the year the amount is recovered from the borrower (Note 7).

The Corporation is not currently providing any new repayable mortgages/loans or loan guarantees to eligible homeowners under its Homeownership Assistance program.

Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short-term investments that have terms to maturity of less than or equal to 90 days from the date of acquisition.

Portfolio investments

Portfolio investments are investments in debt securities of organizations that do not form part of the reporting entity and are accounted for using the amortized cost method.

Investment income is recognized on the accrual basis; premiums and discounts arising on purchase are amortized over the term of the respective investment, and capital gains and losses are recognized when realized. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgages and loans receivable

The net carrying amount of the mortgages and loans receivable represents the present value of the expected future principal and interest payments to be received, net of the grants provided to the borrowers, any restructuring costs, and the allowance for impairment. Interest income on mortgages and loans receivable is recognized when earned. The costs related to a mortgage or loan restructuring, if any, are expensed in the year of the restructuring.

A mortgage or loan is considered to be impaired when, in management's opinion, there is reasonable doubt as to the collection of principal and interest or when six months of arrears have accumulated. When a mortgage or loan has six months of arrears an allowance for impairment of 100% is established to reduce the carrying amount to an estimated recoverable value of nil based on management's best judgment and the Corporation's historical loss experience. The recognition of interest income also ceases on a mortgage or loan identified as impaired.

The Corporation also performs an annual assessment of mortgages and loans with payments in arrears between one and six months. A partial allowance is recorded on these mortgages and loans based on the average collection rate on similar mortgages and loans.

A mortgage or loan receivable reverts to performing status when, in management's opinion, the ultimate collection of principal and interest is reasonably assured and in the case of a mortgage or loan restructuring, when at a minimum twelve months has passed since the restructuring and payments are not more than six months in arrears.

Borrowers in arrears may choose to settle their obligation with a quit claim. A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer ownership of the housing unit back to the Corporation for a nominal fee. The fair value of the housing unit acquired through the quit claims process is determined to be the original purchase price or construction costs (if available) less amortization from the original purchase date to the date the quit claim occurred. This is considered to be a reasonable estimate of the fair value of the assets recovered. Quit claim units are evaluated for suitability for delivery of programs and if suitable are added to tangible capital assets at a value as described above. Where suitability criteria are not met the units are disposed of by sale to a third party or demolished and are written down to their residual value if any.

Loan guarantees

An obligation and expense is recognized related to a loan guarantee when it is likely that a loss will be incurred, and the amount of the loss can be reasonably estimated. When estimating the amount of contingent loss, management considers the value of any security (properties) which could be sold to cover the loan guarantee. Provisions for losses are reviewed annually.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

a) Land and buildings

Land and housing units constructed or purchased by the Corporation are recorded at cost. Housing units previously transferred from CMHC or the Government were recognized at net book value which was considered a reasonable estimate of fair value at the time of the transfer. Housing materials are also recorded at cost and included in construction in progress.

When the Corporation enters into lease agreements where the risks and benefits of ownership are transferred to the Corporation, the Public and affordable (HELP and market) housing units are recorded as capital leases. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs.

Housing units are amortized at an annual rate of 5% on a declining balance basis. Amortization begins in the year the housing unit is placed into service. Work in progress is not amortized.

b) Property and equipment

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

Warehouses and offices	Declining balance	5%
Office furniture and equipment	Declining balance	20%
Mobile equipment	Declining balance	20%
Software	Straight-line over 10 years	
Leasehold improvements	Straight-line over term of lease	

Inventories held for use

Inventory held for use consists of materials and supplies to be used for the maintenance or minor modifications of buildings. The inventory is valued on a weighted average basis at the lower of cost and replacement value.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits

a) Pension benefits

All eligible employees of the Corporation are covered in 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 Corporation to cover current service cost. The Corporation's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

b) Retirement, post-employment, and other leave benefits

Under the terms and conditions of employment, government employees may earn non pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee.

Employees earn other benefits including maternity and parental leave and non-vesting accumulating sick leave benefits. Accumulating non-vesting and special leave are recognized in the period the employee provides services, whereas parental and maternity leave are event driven and are recognized when the leave commences.

An actuarial valuation of the cost of these benefits has been prepared under the projected unit credit methodology using data provided by management and assumptions based on management's best estimate.

c) Northern Employee Benefits Service (NEBS) Pension Plan

Eligible employees of the following LHOs are covered by the Northern Employee Benefits Services Pension Plan ("NEBS"). This plan is a multi-employer contributory defined benefit plan and accordingly contributions are expensed as incurred. NEBS is a member owned, not-for-profit, corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north.

Behchokö Kö Gha K'òodèe	Inuvik Housing Authority
Deline Housing Association	Lutsel K'e Housing Authority
Fort McPherson Housing Association	Radilih Koe' Housing Association
Fort Resolution Housing Authority	Tulita Housing Association
Fort Simpson Housing Authority	Whati Housing Authority
Fort Smith Housing Authority	Yellowknife Housing Authority
Gameti Housing Authority	

NEBS establishes contribution rates for participating employers/employees, and contributions are remitted to NEBS on a regular basis throughout the year. Contributions are recorded as an expense in the year when the employees have rendered service.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Environmental liabilities

Contaminated sites are a result of contamination that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation:
 - is directly responsible; or
 - accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability is recognized net of any expected recoveries.

Related Party Transactions

The Corporation is related to all Government of the Northwest Territories departments, territorial corporations and public agencies; and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

a) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

b) Other related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

c) Services provided without charge

The Corporation receives services provided by the Government without charge which include legal, human resource and other services. The Corporation does not recognize any amounts related to these services.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new accounting standards

Effective April 1, 2017, the Corporation adopted Public Sector Accounting Handbook Sections PS 2200 - Related party disclosures, PS 3210 - Assets, PS 3320 - Contingent assets, PS 3380 - Contractual rights, and PS 3420 - Inter-entity transactions. There was no significant impact on the consolidated financial statements as a result of adopting these new standards.

3. CHANGE IN ACCOUNTING POLICY

In prior years, the Corporation amortized acquisitions of tangible capital assets using the full annual rate in the year they were put into service. In the current year, the Corporation reviewed and changed this policy. As a result, acquisitions of tangible capital assets are now amortized in the first year using a prorated annual rate based on the date they are put into service. This change was made to align the Corporation's amortization policy with the Government's amortization policy. The effect of the change in the current year has been to decrease amortization of tangible capital assets by \$415. The change in policy has been applied retroactively, and prior periods have been restated, resulting in a \$4,508 decrease in opening accumulated amortization of tangible capital assets (Schedule A). The following table presents the impact of these restatements on the financial statements for the year ended March 31, 2017.

	<u>2017 as previously reported</u>	<u>Restatement</u>	<u>2017 restated</u>
Consolidated Statement of Financial Position			
Tangible capital assets	\$ 279,292	\$ 4,508	\$ 283,800
Accumulated surplus	342,758	4,508	347,266
Consolidated Statement of Change in Net Financial Assets			
Annual surplus	26,727	663	27,390
Amortization	13,275	(663)	12,612
Consolidated Statement of Operations and Accumulated Surplus			
Public housing program	62,788	(222)	62,566
HELP and market housing	6,606	(434)	6,172
Non-residential building operations	603	(7)	596
Annual surplus	26,727	663	27,390
Accumulated surplus, beginning of year	316,031	3,845	319,876
Accumulated surplus, end of year	342,758	4,508	347,266
Consolidated Statement of Cash Flow			
Annual surplus	26,727	663	27,390
Amortization	13,275	(663)	12,612

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

4. CASH

Included in cash are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust in the amount of \$2,628 (2017 - \$2,528) which are also included in accounts payable and accrued liabilities (Note 8).

5. PORTFOLIO INVESTMENTS

Issuer	2018		2017	
	Stated interest rate	Remaining term	Carrying amount	Carrying amount
Fixed income investments:				
Banker acceptances, fixed rate	1.35% to 5.63%	33 to 273 days	\$ 419	\$ 37,936
Banker's acceptances, fixed rate	1.80% to 2.00%	2 to 4 years	25,384	-
Banker's acceptances, fixed rate	1.70% to 2.65%	5 to 8 years	14,750	9,434
Provincial governments bonds, fixed rate	2.19%	2 years	949	7,784
Ontario Hydro Zero Coupon Bonds, fixed rate	2.60%	4 years	<u>1,323</u>	<u>1,290</u>
			<u>\$ 42,825</u>	<u>\$ 56,444</u>

The weighted average effective yield of this portfolio in 2018 was 2.06% (2017 – 2.54%). Investments in bankers' acceptances are highly liquid investments with original terms to maturities of greater than 90 days.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

6. ACCOUNTS RECEIVABLE

	2018	2017
Trade accounts receivable	\$ 2,752	\$ 2,693
Tenant rents receivable	<u>11,954</u>	<u>12,993</u>
	14,706	15,686
Less allowance for doubtful accounts	<u>(11,666)</u>	<u>(12,569)</u>
	3,040	3,117
Receivables from CMHC	10,384	10,270
Receivables from related parties:		
Government of the Northwest Territories	<u>7</u>	<u>116</u>
	<u>\$ 13,431</u>	<u>\$ 13,503</u>

7. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable

	2018	2017
Corporate loans, repayable in monthly installments at interest rates of 0.00% and 3.00%, secured, with an original term of 10 years	\$ 454	\$ 499
Mortgages based on Income Assessment, repayable in monthly installments at interest rates varying between 6.35% and 10.50%, secured by registered charges against real property, with a term over a maximum of 15 years	451	553
Loans based on Income Assessment, repayable in monthly installments at interest rates varying between 0.00% and 12.00%, unsecured, with a term over a maximum of 15 years	3,666	3,782
Restructured mortgages, repayable in monthly installments at an interest rate of 3.00%, secured by registered charges against real property, with a term over a maximum of 25 years	1,124	980
Restructured loans, repayable in monthly installments at interest rates varying between 3.00% and 7.20%, unsecured, with a term over a maximum of 25 years	<u>8,468</u>	<u>8,808</u>
Mortgages and loans receivable	14,163	14,622
Less allowance for impaired mortgages and loans receivable	<u>(10,552)</u>	<u>(10,450)</u>
	<u>\$ 3,611</u>	<u>\$ 4,172</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

7. MORTGAGES AND LOANS RECEIVABLE (continued)

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is \$922 (2017 - \$1,484). There were no write-offs in the current year (2017 - none).

The allowance for impaired mortgages and loans that were restructured is \$6,800 (2017 - \$6,473) and the allowance for impaired subsidized mortgages and loans advanced based on Income Assessment is \$3,752 (2017 - \$3,977).

Homeownership assistance grants

Conditional grants have been provided by the Corporation to eligible homeowners, which are fully forgivable on the condition that the property remain the principal residence and the annual income remain below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Corporation. Conditional grants comprise the Homeownership Assistance grants of \$2,274 (2017 - \$2,519), which are expensed on the consolidated statement of operations and accumulated surplus.

Net recoveries on mortgages, loans receivable, and conditional grants

	2018	2017
Recoveries on impaired mortgages and loans	\$ 375	\$ 352
Adjustment to allowance for impaired mortgages and loans	(76)	93
Recoveries from conditional grants	496	495
	\$ 795	\$ 940

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade payables	\$ 9,750	\$ 7,396
Contractor holdbacks	1,372	2,913
Tender and security deposits	415	393
Wages and employee benefits	1,756	2,515
Accrued interest	110	120
Damage deposits	2,213	2,135
Payables to related parties:		
Trade payables to Government of the Northwest Territories	4,325	2,380
	\$ 19,941	\$ 17,852

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

9. LOANS AND MORTGAGES PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	2018		2017	
	Debt balance	CMHC funded portion	Net debt balance	Net debt balance
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2019 to 2038, at interest rates from 5.94% to 19.00% (2017 - 5.94% to 19.00%).	\$ 22,535	\$ (22,535)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2017 - 6.97%). These loans are guaranteed by the Government.	13,156	(7,309)	5,847	6,401
Mortgages payable to CMHC for three housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 2.78% to 3.68%, (2017 - 2.78% to 3.68%).	<u>2,409</u>	<u>-</u>	<u>2,409</u>	<u>2,662</u>
	<u>\$ 38,100</u>	<u>\$ (29,844)</u>	<u>\$ 8,256</u>	<u>\$ 9,063</u>

Under the terms of the 1999 Social Housing Agreement (SHA), CMHC originally provided funding to the Corporation to build public housing assets in the form of long-term mortgages payable to CMHC (referred to as National Housing Act (NHA) Section 79 debt under the SHA) and loans payable to CMHC (referred to as National Housing Act (NHA) Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation to reduce 100% of the NHA Section 79 debt and to reduce by 5/9th the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of \$3,443 in 2018 (2017 - \$3,570) and would have made additional principal long-term debt repayments to CMHC of \$1,466 in 2018 (2017 - \$1,453).

The above mortgages and loans payable to CMHC are not secured.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

9. LOANS AND MORTGAGES PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) (continued)

Principal repayments and interest requirements over the life of the outstanding loans are as follows:

	Principal	Interest	Total
2019	\$ 1,801	\$ 476	\$ 2,277
2020	597	407	1,004
2021	585	370	955
2022	620	335	955
2023	658	297	955
2023 - 2028	3,212	855	4,067
2029 - 2038	783	121	904
	\$ 8,256	\$ 2,861	\$ 11,117

10. ENVIRONMENTAL LIABILITIES

The Corporation has identified six fuel spills sites and no other contaminated site (2017 - eight fuel spill sites and no other contaminated site) for which an environmental liability has been recorded. The liability is calculated as costs remaining to remediate the spills to the required environmental standard. The spills are expected to be remediated within the twelve months subsequent to year end. The estimated amount of recoveries is nil (2017 - nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS

Pension benefits

Employees of the Corporation participate in Canada's Public Service Pension Plan (the "Plan"). 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 legislation; they are not based on the financial status of the pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

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. The Corporation's contribution rate effective at the end of the year is 1.01 times (2017 - 1.01) the employee's contribution for employees who started prior to January 2013 and 1.00 times (2017 - 1.00) the employee's contribution for all other employees. The Corporation's and employees' contributions for the year were \$1,337 and \$1,339 (2017 - \$1,094 and \$1,089 respectively). Total contributions of \$1,337 (2017 - \$1,094) were recognized as an expense in the current year.

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced early retirement pensions, and disability pensions.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS (continued)

Other employee future benefits and compensated absences

In addition to pension benefits, the Corporation provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Corporation's employees based on the type of termination (e.g. resignation versus retirement) and inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Accrued compensated absence benefits were valued using the projected unit credit methodology and an expected valuation methodology.

Valuation results

The most recent actuarial valuation was completed as at March 31, 2018. This valuation was based on data completed as at February 17, 2017 that has been extrapolated to year-end. The values presented below are for all of the benefits under the severance and removal and compensated absences for the Corporation.

Changes in Obligation

	2018	2017
Accrued benefit obligation, beginning of year	\$ 2,797	\$ 2,481
Current period benefit cost	243	86
Accrued interest	47	39
Benefits payments	(269)	(154)
Amortization of actuarial (gains)/losses	(397)	260
Accrued benefit obligation, end of year	2,421	2,712
Unamortized net actuarial loss	476	93
Retirement, post-employment, and other leave benefits*	\$ 2,897	\$ 2,805

*Total retirement, post-employment, and other leave benefits includes \$2,549 (2017 - \$2,502) related to severance and removal and \$348 (2017 - \$303) related to compensated absences.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS (continued)

Benefits Expense

	2018	2017
Current period benefit cost	\$ 243	\$ 86
Accrued interest	47	39
Amortization of actuarial (gains)/losses	(14)	(46)
	\$ 276	\$ 79

The discount rate used to determine the accrued benefit obligation is an average of 3.80% (2017 - 3.30%). The assumed rate of compensation increase is 2% (2017 – 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8 years (2017 – 8 years). No inflation rate was applied.

Northern Employees Benefits Services (NEBS) Pension Plan

Eligible employees of member LHOs are covered by the Northern Employee Benefits Services (NEBS) Pension Plan, a contributory defined benefit plan. NEBS is a member owned, not-for profit corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north. The employer and employee contribution rates effective at year end were both 8% (2017 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were \$405 and \$405 (2017 - \$375 and \$375 respectively).

The plan serves 1,700 Employee Members and 115 Employer Members. As of April 2004, the Office of the Superintendent of Financial Institutions (OSFI) exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). NEBS has agreed to voluntarily comply with PBSA until the plan can be registered under Territorial legislation. The Governments of the NWT and Nunavut passed the NEBS Pension Plan Protection Act in February 2014 which sets rules to protect Plan Members funds. As of December 31, 2017, the plan had a surplus of \$31,927 (December 31, 2016 - \$25,122).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

12. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	2018	2017
Funding received from the CMHC recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	\$ 9,262	\$ 9,894
Contributions to non-profit housing sponsor groups and cooperatives	3,916	3,918
Repairs, maintenance and other costs	1,294	1,364
Agreement for Investment in Affordable Housing	10,633	13,467
Agreement for Energy Construction Monitoring	-	30
	\$ 25,105	\$ 28,673

Under the terms of the 1999 Social Housing Agreement with CMHC, the Corporation assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to the Corporation to manage these programs. The SHA and the funding expire in 2038.

On December 20, 2011 the Corporation and CMHC signed the Agreement for Investment in Affordable Housing. This \$11,627 three year agreement amalgamated two existing agreements between the Corporation and CMHC: the Housing Renovation Program Agreement and the Affordable Housing Agreement Extension. Funding under this agreement can be utilized under four specific housing programs: CARE, PATH, HELP and Shelter Enhancement. This Agreement was extended on February 2, 2015 for a period of five years (2014/2015 to 2018/2019) for \$18,400. The annual funding is cost shared with CMHC and the Corporation each contributing \$1,840 per year for this program. Both parties to the Agreement will provide a total of \$14,720 over the eight year period from 2011/2012 to 2018/2019.

On September 29, 2016 the Corporation signed the Amended Social Infrastructure Fund Agreement under the Investment in Affordable Housing Agreement with the CMHC. Under this Agreement, \$20,420 in funding has been allocated to the Corporation from 2016 to 2018 of which the Corporation will be required to cost share \$3,866. The Amended Agreement had \$15,000 removed from the original \$35,000 Federal allocation under the Social Infrastructure Fund Agreement signed on June 8, 2016. The total funding earned under this agreement during the year is \$8,792 (2017 - \$11,627).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

13. PUBLIC HOUSING

	2018	2017 (Restated - Note 3)
Utilities, taxes, land and rental housing leases	\$ 29,647	\$ 31,826
Repairs, maintenance and other costs	7,384	7,737
Compensation and benefits	11,249	11,168
Administration	824	935
Contribution for public housing	1,233	955
Interest on long-term debt	444	579
Amortization	9,465	9,366
Loss from disposal of tangible capital assets	261	-
Write-down of tangible capital assets	246	-
	\$ 60,753	\$ 62,566

14. HELP AND MARKET HOUSING

	2018	2017 (Restated - Note 3)
Utilities, taxes, land and rental housing leases	\$ 1,099	\$ 1,217
Repairs, maintenance and other costs	826	625
Compensation and benefits	2,485	1,150
Contribution for affordable housing	250	228
Amortization	3,246	2,952
	\$ 7,906	\$ 6,172

15. CORPORATE AND DISTRICT OPERATIONS

	2018	2017
Compensation and benefits	\$ 14,348	\$ 13,543
Building and equipment rentals	2,397	2,308
Professional and special services	1,386	356
Training and workshops, travel and other support	1,406	1,282
Computer services	480	498
Material and supplies	287	318
Communications	202	200
Amortization	129	141
	\$ 20,635	\$ 18,646

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

16. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Included in the contractual obligations below are ongoing maintenance contributions funded by the Government of Northwest Territories. Also included in the 2019 contractual obligations are construction commitments of \$20,063 (2017 - \$13,133).

	<u>Total</u>
2019	\$ 23,969
2020	3,242
2021	2,065
2022	1,748
2023	1,588
After	<u>1,385</u>
	<u>\$ 33,997</u>

17. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of \$30,000 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2018 a total of 17 (2017 - 17) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$751 (2017 - \$870). In 2018, one of these loans was a corporate loan guarantee with a total outstanding balance of \$47 (2017 - \$64). All of these loans are secured by registered charges against real property.

The period covered by these guarantees extends up to 2028.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, cost and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2018 was \$14,415 (2017 - \$16,534).

The period covered by these related loans extends up to 2029.

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. The obligation under loan guarantees as at March 31, 2018 is nil (2017 - nil).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

18. EXPENSES BY OBJECT

	2018	2017 (Restated - Note 3)
Amortization	\$ 13,038	\$ 12,612
Compensation and benefits	28,190	27,937
Computer costs	485	168
Contract services	5,621	7,542
Controllable assets	95	30
Fees and payments	300	421
Grants and contributions	6,180	5,357
Interest on long-term debt	522	571
Housing operations and maintenance	37,939	37,144
Materials and supplies	2,412	2,097
Other expenses	240	215
Purchased services	706	620
Travel	703	724
Valuation allowances	463	(335)
Write-down of tangible capital assets	246	-
Loss from disposal of tangible capital assets	261	-
	\$ 97,401	\$ 95,103

19. FINANCIAL RISK MANAGEMENT

The Corporation's financial instruments consist of cash, portfolio investments, accounts receivable, mortgages and loans receivable, accounts payable and accrued liabilities, and loans payable to CMHC and are measured at amortized cost. The Corporation has exposure to the following risks from its use of financial instruments:

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities or cash outflow obligations as they come due. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The Corporation does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities. The table below shows when various financial liabilities mature.

	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	\$ 19,941	\$ -	\$ -	\$ -	\$ 19,941
Loans payable to CMHC	1,801	-	2,460	3,995	8,256
Total liabilities	\$ 21,742	\$ -	\$ 2,460	\$ 3,995	\$ 28,197

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

19. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

The Corporation is exposed to credit risk on its cash, portfolio investments, accounts receivable and mortgages and loans receivable.

Cash and portfolio investments

Credit risk on cash and portfolio investments arises from the possibility that the counter-party to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk is \$86,721 (2017 - \$73,330).

Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. In order to manage this risk, the Corporation actively monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk is \$13,431 (2017 - \$13,503).

Mortgages and loans receivable

Credit risk on mortgages and loans receivable arises from the possibility that the borrower fails to meet their obligations. In order to manage this risk, the Corporation actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. In 2013 the Corporation developed the Revised Mortgage Approach to determine new repayable loan amounts. The maximum exposure to credit risk is \$3,611 (2017 - \$4,172).

As at March 31, 2018, \$1,098 (2017 - \$1,948) of the impaired mortgages and loans are secured by homes the Corporation has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The value of the security is not readily determinable.

As at March 31, 2018, the following financial assets were past due but not impaired:

Financial assets	<u>30 days</u>	<u>60 days</u>	<u>90 days</u>	<u>120+ days</u>
Tenants rent receivable	\$ 260	\$ 263	\$ 125	\$ 517
Trade accounts receivable	138	78	3	907
Mortgages and loans receivable	307	198	136	281

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

19. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate in the future because of interest rate changes. The Corporation is exposed to interest rate risk primarily through its investment in fixed income investments. Fluctuations in interest rates can affect the fair value of the fixed income investments, as well as shift investor preferences among asset classes. Because the Corporation accounts for its fixed rate instruments at amortized cost, a change in interest rates would not affect the consolidated statement of operations and accumulated surplus with respect to these fixed rate instruments.

Interest rate risk is minimized by actively managing the duration of the fixed income investments.

Term	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	Carrying Value	
						2018	2017
Portfolio Investments	\$ 419	\$ -	\$ 27,656	\$ 14,750	\$ -	\$ 42,825	\$ 56,444

The Corporation does not face cash flow interest rate risk on its loans payable to the Canada Mortgage and Housing Corporation because these interest rates are fixed for the full term of the loans. Because the Corporation accounts for these loans at amortized cost, a change in interest rates would not affect the consolidated statement of operations and accumulated surplus with respect to these loans payable.

20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Corporation's financial assets and liabilities is estimated as follows:

	2018		2017	
	Carrying amount	Fair Value	Carrying Amount	Fair Value
Portfolio investments	\$ 42,825	\$ 68,989	\$ 56,444	\$ 56,054
Loans payable to CMHC	5,847	6,282	6,401	7,779
Mortgages payable to CMHC	2,409	2,417	2,662	2,695

The estimated fair value of the portfolio investments are the quoted market values as at March 31.

The estimated fair value of loans and mortgages payable to CMHC is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland and Labrador and applying this yield to present value the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt and the province of Newfoundland and Labrador would be considered to have a similar risk profile.

The fair value of the mortgages and loans receivable is estimated to be the carrying amount due to the significant valuation allowances provided.

The fair values of the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts because of their short term to maturity.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements **For the year ended March 31, 2018** (in thousands)

21. RELATED PARTY TRANSACTIONS

In addition to the related party transactions previously disclosed, some employees of the Corporation are paid by the Government. The Corporation reimburses the Government for these costs which are incurred on the Corporation's behalf. Reimbursements are measured at the exchange amount and are included in compensation and benefits expenses. During the year, the Corporation reimbursed the Government for \$14,348 (2017 - \$13,543).

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

23. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the Main Estimates approved by the Legislative Assembly.

NORTHWEST TERRITORIES HOUSING CORPORATION

Schedule A

Consolidated Schedule of Tangible Capital Assets
As at March 31, 2018
(in thousands)

Lands and Buildings:	Cost			Accumulated amortization			Net Book Value		
	Opening balance	Acquisitions	Write-downs and Transfers*	Closing balance	Opening balance (Restated - Note 3)	Amortization	Disposals	Closing balance	2017 (Restated - Note 3)
Land	\$ 8,263	\$ -	\$ 348	\$ 8,611	\$ -	\$ -	\$ -	\$ 8,611	\$ 8,263
Public Housing	324,462	-	13,734	337,193	150,350	8,896	(770)	158,476	174,112
HELP and market housing	89,530	-	3,300	92,502	24,096	3,246	(119)	27,223	65,434
Non-residential properties	6,408	-	1,640	8,048	3,352	198	-	3,550	3,056
Work in progress	24,606	18,668	(19,548)	23,726	-	-	-	-	24,606
Sub-total	453,269	18,668	(526)	470,080	177,798	12,340	(889)	189,249	280,831
Property and equipment:									
Warehouses and offices	12,660	-	-	12,408	5,778	339	(156)	5,961	6,882
Mobile equipment	2,611	-	-	2,611	1,661	170	-	1,831	950
Leasehold improvements	771	-	-	771	737	5	-	742	34
Office furniture and equipment	5,597	-	280	5,877	5,204	173	-	5,377	393
Software	114	-	-	114	44	11	-	55	70
Sub-total	21,753	-	280	21,781	13,424	698	(156)	13,966	8,329
Total	\$475,022	\$ 18,668	\$ (246)	\$491,861	\$ 191,222	\$ 13,038	\$ (1,045)	\$ 203,215	\$ 283,800

* There was a \$246 write-down in the current year (2017 - nil).

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2018

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2018

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Independent Auditors' Report

To the Commission Members of Northwest Territories Human Rights Commission

We have audited the accompanying financial statement of Northwest Territories Human Rights Commission, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets 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 for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northwest Territories Human Rights Commission as at March 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

We further report in accordance with the *Financial Administration Act* of the Northwest Territories that, in our opinion, proper books of account have been kept by the Commission, the financial statements are in agreement therewith, and the transactions that have come under our notice have, in all material respects, been in accordance with the *Financial Administration Act*.

A handwritten signature in black ink that reads "Crowe MacKay LLP".

**Yellowknife, Northwest Territories
July 13, 2018**

Chartered Professional Accountants

Northwest Territories Human Rights Commission

Statement of Operations

For the year ended March 31,	2018	2017
Revenue		
Government of the Northwest Territories ("GNWT")		
- Operating grant	\$ 250,000	\$ 250,000
- Expense reimbursement (Note 5)	(23,306)	(22,899)
- Refunded to GNWT	-	(11,000)
	226,694	216,101
Expenses		
Accounting	6,793	6,793
Advertising and promotion	15,163	10,875
Benefits and pension	1,875	2,253
Catering	1,372	4,550
Contracts	5,050	-
Contributions and donations	3,134	5,588
Events	12,533	6,642
Honorarium - commission chair	20,941	22,205
Honorarium - commission members	30,115	35,718
Legal expenses	131,468	87,098
Membership fees	3,978	2,500
Office and Administration	135	1,018
Professional development (Note 6)	11,538	2,712
Telephone	161	256
Translation & interpretation	6,981	-
Website	-	107
	251,237	188,315
Excess revenue (expenses)	\$ (24,543)	\$ 27,786

Northwest Territories Human Rights Commission

Statement of Changes in Net Assets

For the year ended March 31,	2018		2017
	General Fund	Total	Total
Balance, beginning of year	\$ 178,710	\$ 178,710	\$ 150,924
Excess revenue	(24,543)	(24,543)	27,786
Balance, end of year	\$ 154,167	\$ 154,167	\$ 178,710

Northwest Territories Human Rights Commission

Statement of Financial Position

As at March 31, 2018 2017

Assets

Current

Cash	\$ 148,174	\$ 172,246
Due from GNWT - Legislative Assembly (Note 5)	8,994	9,401
Prepaid expenses	3,888	3,834
	\$ 161,056	\$ 185,481

Liabilities

Current

Accounts payable and accrued liabilities	\$ 6,889	\$ 6,771
--	----------	----------

Net Assets

General Fund	154,167	178,710
	\$ 161,056	\$ 185,481

Contingency liability (Note 8)

Approved on behalf of NWT Human Rights Commission



Commission Chair



Commission Member

Northwest Territories Human Rights Commission

Statement of Cash Flows

For the year ended March 31,	2018	2017
Cash provided by (used in)		
Operating activities		
Excess revenue (expenses)	\$ (24,543)	\$ 27,786
Change in non-cash operating working capital		
Due from GNWT - Legislative Assembly	407	(6,490)
Prepaid expenses	(54)	(2,935)
Accounts payable and accrued liabilities	118	(3,334)
Change in cash	(24,072)	15,027
Cash, opening	172,246	157,219
Cash, closing	\$ 148,174	\$ 172,246

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2018

1. Nature of Operations

The Northwest Territories Human Rights Commission (the "Commission") was established to promote human rights through education and advocacy and to provide the administration of the complaints process. The Commission was established by the *Human Rights Act* of the Northwest Territories which came into effect on July 1, 2004. The Commission is exempt from income taxes and GST on the basis that they are an entity of the Government of the Northwest Territories ("GNWT").

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations ("PSA-GNPO") as issued by the Public Sector Accounting Board ("PSAB"). The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Financial Instruments

The Commission classifies its financial instruments at cost or amortized cost. The Commission's accounting policy for this financial instrument category is as follows:

This category includes cash, due from GNWT - Legislative Assembly, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently measured at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(b) Fund accounting

Revenue and expenses for general operating activities are reported in the General Fund.

(c) Revenue recognition

The Commission follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Funds received and not expended are neither deferred nor repayable to the funding organization.

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2018

2. Accounting Policies (continued)

(d) Measurement uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations 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 updated amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(e) Contributed Services

These financial statements only report the funding and expenditures relating to the contribution funding from the Legislative Assembly of the Government of the Northwest Territories. The Legislative Assembly makes expenditures on behalf of the Commission and the expenditures are not included in these financial statements. The salaries for Director, Deputy Director, and staff, rent and office expenses are paid directly by the Legislative Assembly and are not reflected in these financial statements.

3. Future Accounting Changes

(a) Restructuring Transactions, Section PS 3430

This new section establishes standards on how to record assets, liabilities, revenues and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor.

This Section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

(b) Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1201

This standard will establish how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative financial instruments. Governments should adopt Section PS 3450 in the same fiscal year Section PS 2601, Foreign Currency Translation, is adopted.

This Section is effective for fiscal periods beginning on or after April 1, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2018

3. Future Accounting Changes (continued)

(c) Foreign Currency Translation, Section PS 2601

This section is replacing existing Section PS 2600, Foreign Currency Translation. Governments should adopt Section PS 2601 in the same fiscal year Section PS 3450, *Financial Instruments*, is adopted.

This Section is effective for fiscal periods beginning on or after April 1, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management and is not considered significant.

The impact of the transition to these accounting standards is not expected to be significant.

4. Transfer of Assets

The equipment that was previously held and recorded in the Commission has been transferred to the GNWT. This has been done to enable the GNWT to consolidate their tangible capital assets for reporting purposes.

5. Expense Reimbursement

The Commission gave the GNWT a portion from its funding to pay for travel expenses on behalf of the Commission. In the current year, \$32,300 of the \$250,000 funding was given to the GNWT for travel. The GNWT spent \$23,306 on behalf of the Commission and \$8,994 is shown as a receivable.

5784 - Travel Commission Chair
5785 - Travel Commission Member
5786 - Travel Staff Member
5892 - Registration - Commission Member
5893 - Registration - Commission Chair
5615 - Advertising

	Account 5784	Account 5785	Account 5892	Account 5893	Account 5615	TOTAL 2018	TOTAL 2017
					\$ -		
HRC Meetings	\$ -	\$ 3,605	\$ -	\$ -	\$ 128	\$ 3,733	\$ 4,466
CASHRA	7,002	8,939	1,715	571	-	18,227	11,962
Community Visits	-	-	-	-	-	-	6,214
Community Events	715	40	-	-	591	1,346	257
Total	\$ 7,717	\$ 12,584	\$ 1,715	\$ 571	\$ 719	\$ 23,306	\$ 22,899

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2018

6. Professional Development

The expense represents professional development for restorative practices:

- Two plenary presentations and two half-day workshops for teachers at the territories teachers' conference;
- A two day workshop in restorative practice training for CM's, commission staff, adjudicators, and 11 NGO organizations; and
- A one day workshop for the Adjudication Panel

7. Financial Instruments

The Commission is exposed to credit risks from its financial instruments. Qualitative and quantitative analysis of the significant risk from the Commission's financial instruments by type of risk is provided below:

(a) Credit risk

Credit risk is the risk of financial loss to the Commission if a debtor fails to make payments of interest and principal when due. The Commission is exposed to this risk relating to its, cash and due from the GNWT - Legislative Assembly.

The Commission has a credit risk in cash \$148,174 (2017 - \$172,246) as a result of having funds in excess of insurable limit with one financial institution. In the event of default, the Commission's cash is insured up to \$100,000.

Credit risk related to amount due from the GNWT - Legislative Assembly is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that no impairment was required.

The Commission's maximum exposure to credit risk is represented by the financial assets for a total of \$157,168 (2017 - \$181,647)

(b) Concentration of credit risk

The Commission does have concentration risk. At March 31, 2018, receivables from one government agency comprised \$8,994 (2017 - \$9,401) 100% of the total outstanding accounts receivables. The Commission reduces this risk by monitoring overdue balances.

The Commission also has concentration risk of credit as deposits are held in one Canadian chartered bank above the insurable limit of \$100,000.

8. Contingent Liability

During the year, a complaint was filed against the Commission. The likelihood or amount of any liability related to the complaint cannot be reasonably determined and as such no liability has not been accrued in these financial statements.

**NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018**



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Hydro Corporation

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Northwest Territories Hydro Corporation, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Hydro Corporation as at 31 March 2018, and 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.

Report on Other Legal and Regulatory Requirements

In my opinion, proper books of account have been kept by the Northwest Territories Hydro Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Hydro Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of the Northwest Territories and regulations, the *Northwest Territories Hydro Corporation Act* and regulations and the by-laws of the Northwest Territories Hydro Corporation.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

26 June 2018
Vancouver, Canada

NORTHWEST TERRITORIES HYDRO CORPORATION

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 2 to the consolidated financial statements. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Northwest Territories Hydro Corporation (NT Hydro) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further NT Hydro's objectives, are protected from loss or unauthorized use and that NT Hydro acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NT Hydro's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing his opinion on the consolidated financial statements. He also considers whether the transactions that come to his notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors appoints certain members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.



Jay Grewal
Chief Executive Officer



Belinda Whitford
Chief Financial Officer

Hay River, NT
June 26, 2018

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31 (in thousands of dollars)

	2018	2017
Financial assets		
Cash	\$ 9,077	\$ 9,831
Revenues receivable (Note 3)	12,983	12,683
Loan receivable (Note 4)	13,393	14,395
Sinking fund investments (Note 5)	6,278	5,800
Investment in Aadrii Ltd.	403	385
	42,134	43,094
Liabilities		
Accounts payable and accrued liabilities	20,150	15,303
Capital lease obligations (Note 4)	17,671	18,120
Debenture debt (Note 5)	226,393	230,265
Asset retirement obligations and environmental liabilities (Note 6)	18,944	17,943
Other employee future benefits (Note 7)	3,122	3,077
	286,280	284,708
Net debt	\$ (244,146)	\$ (241,614)
Non-financial assets		
Tangible capital assets (Note 8)	358,845	348,739
Inventories (Note 9)	8,459	8,284
Prepaid expenses	1,331	1,316
	368,635	358,339
Accumulated surplus / equity (Note 10)	\$ 124,489	\$ 116,725

Contractual obligations (Note 17)

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board:


Paul Guy, Chairman of the Board


David Stewart, Director

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31

(in thousands of dollars)

	2018 Budget	2018 Actual	2017 Actual
Revenues			
Sale of power (Note 11)	\$ 107,920	\$ 106,356	\$ 102,405
Other revenue and customer contributions (Note 12)	1,945	1,957	1,898
Interest income (Note 14)	1,459	1,573	1,525
Income (Loss) from investment in Aadrii Ltd.	75	18	(8)
Insurance proceeds	-	-	70
Fuel rider refunds (Note 1)	(984)	(250)	(763)
	110,415	109,654	105,127
Expenses (Note 13)			
Thermal generation	59,788	59,959	61,813
Hydro generation	20,772	17,638	23,055
Corporate services	16,057	14,267	15,300
Transmission, distribution and retail	12,455	10,640	11,005
Alternative power generation	224	266	424
Purchased power	2,102	201	2,604
	111,398	102,971	114,201
Surplus (Deficit) for the year before government contributions	(983)	6,683	(9,074)
Government contributions			
Other government contributions (Note 15)	217	1,081	903
GNWT extreme low water contributions	-	-	1,726
	217	1,081	2,629
Surplus (Deficit) for the year	\$ (766)	\$ 7,764	\$ (6,445)
Accumulated surplus / equity, beginning of year	116,725	116,725	123,170
Accumulated surplus / equity, end of year	\$ 115,959	\$ 124,489	\$ 116,725

The accompanying notes are an integral part of these consolidated financial statements.

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT For the year ended March 31 (in thousands of dollars)

	2018 Budget	2018 Actual	2017 Actual
Surplus (Deficit) for the year	\$ (766)	\$ 7,764	\$ (6,445)
Tangible capital assets			
Additions	(26,131)	(22,065)	(14,812)
Capitalized overhead	(3,200)	(3,470)	(3,696)
Capitalized interest (Note 14)	(580)	(303)	(571)
Disposals	-	(484)	3,850
Amortization (Note 8)	17,869	16,216	16,016
	(12,042)	(10,106)	787
Additions of inventories	(5,772)	(8,620)	(6,028)
Use of inventories	5,630	8,445	6,725
Additions to prepaids	(2,200)	(1,616)	(1,633)
Use of prepaids	2,100	1,601	1,373
	(242)	(190)	437
Increase in net debt for the year	\$ (13,050)	\$ (2,532)	\$ (5,221)
Net debt, beginning of year	(241,614)	(241,614)	(236,393)
Net debt, end of year	\$ (254,664)	\$ (244,146)	\$ (241,614)

The accompanying notes are an integral part of these consolidated financial statements.

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31 (in thousands of dollars)

	2018	2017
Cash provided by (used in) operating activities		
Cash receipts from customers	\$ 107,722	\$ 105,550
Cash paid to suppliers	(42,128)	(53,241)
Cash paid to employees	(27,454)	(26,954)
Interest paid	(11,795)	(11,331)
Interest received	234	95
Government contributions received	1,117	5,508
Government contributions returned	-	(5,771)
	26,696	13,856
Cash provided by (used in) investing activities		
Loan receivable receipts (Note 4)	227	174
Sinking fund installments (Note 5)	(478)	(428)
Sinking fund investment redemptions (Note 5)	-	2,616
	(251)	2,362
Cash provided by (used in) capital activities		
Acquisition and development of tangible capital assets	(24,233)	(19,089)
	(24,233)	(19,089)
Cash (used in) provided by financing activities		
Repayment of capital lease obligation (Note 4)	(44)	(43)
Repayment of debenture debt	(3,922)	(11,339)
Issuance of debenture debt	-	60,000
Early redemption penalty	-	(4,552)
Payments made on operating line of credit	-	(32,600)
	(3,966)	11,466
(Decrease) Increase in cash	\$ (754)	\$ 8,595
Cash, beginning of year	9,831	1,236
Cash, end of year	\$ 9,077	\$ 9,831

The accompanying notes are an integral part of these consolidated financial statements

NORTHWEST TERRITORIES HYDRO CORPORATION

1. The Corporation

a) Authority and corporate information

The Northwest Territories Hydro Corporation (NT Hydro) was established under the *Northwest Territories Hydro Corporation Act*. NT Hydro is a public agency under Schedule B of the *Financial Administration Act* of the Northwest Territories and is exempt from income tax. The Government of the Northwest Territories (GNWT) owns all shares of NT Hydro (Note 10).

NT Hydro's primary asset is its 100% ownership interest in Northwest Territories Power Corporation (NTPC), which owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities to provide utility services in the Northwest Territories. NTPC is a regulated company, established under the *Northwest Territories Power Corporation Act* and controls one wholly-owned subsidiary, the Northwest Territories Energy Corporation Ltd. (NWTEC). NWTEC, under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydro facility (Note 4). NWTEC is also responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd.

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (NTEC(03)). See Government Contributions (Note 15) for additional details on transactions between NTPC and NTEC(03).

b) Regulated activities

The activities of NTPC are regulated by the Public Utilities Board (PUB) of the Northwest Territories pursuant to the *Public Utilities Act*. The PUB regulates matters covering rates, financing, accounting for regulatory purposes, construction, operation and service area. As the PUB is a board appointed by the GNWT, and NTPC is a public agency of the GNWT, NTPC and the PUB are related parties.

The PUB is required to review the affairs, earnings and accounts of NTPC a minimum of every three years. The regulatory hearing process used to establish or change rates typically begins when NTPC makes a General Rate Application (GRA) for its proposed electricity rate changes. Normally, NTPC applies for rates in advance of the applicable fiscal years (Test Years) to which the new rates will apply. In addition to GRAs, interim rate applications may be used between GRAs to deal with circumstances which could result in the use of interim rates or riders until the next GRA, when rates are reviewed and set as final.

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. On December 15, 2017 in Decision 16-2017 the PUB approved a return on equity for 2017-18 of 8.00%. The approved return on equity will remain in effect until it is reassessed at the time of the next GRA. As actual operating conditions will vary from forecast, actual returns achieved may differ from approved returns.

NTPC filed its 2016/19 GRA on June 30, 2016. This application requests a change to NTPC's amortization rates as well as its energy rates charged to customers. The PUB issued a final decision in May 2018.

The PUB approved NTPC's 2016-17 Interim Rate Application requesting a 4.8% increase to base energy rates for all customers effective August 1, 2016. NTPC filed a 2017-18 Interim Rate Application, proposing a 4% increase to the 2016-17 rates effective April 1, 2017. The PUB approved this application on March 31, 2017. The 2016-17 and 2017-18 interim rates were approved as final rates on May 28, 2018 in Decision 8-2018.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 1. The Corporation (continued)

On April 29, 2016 NTPC filed a refund rider application to refund the balance of the RSF to customers resulting from the world wide decrease in fuel prices over the previous two years. The PUB's Decision 6-2016 approved the refund rider of \$ 0.36/kWh effective June 1, 2016. On May 31, 2017 NTPC applied to the PUB to turn off this refund rider effective July 1, 2017. The PUB approved the application on June 30, 2017.

c) Economic dependence

NT Hydro has historically been dependent on the GNWT to maintain its operations and meet its liabilities. It is expected that the ongoing operations of NT Hydro will depend on continued financial support from GNWT.

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB). The accounting policies set out below have been applied in preparing the consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements of NT Hydro consist of the consolidation of NT Hydro and its wholly-owned subsidiaries, from the date that control commences until the date that control ceases. NT Hydro's investment in a government business partnership, resulting from NWTEC's 50% shared ownership in Aadrii Ltd. is accounted for using the modified equity method using NWTEC's 50% share of Aadrii Ltd. to record its investment, net income and other changes in equity.

Inter-entity transactions and balances with wholly owned subsidiaries are eliminated upon consolidation. The inter-entity transactions and balances of the subsidiaries accounted for using the modified equity basis are not eliminated.

The consolidated budget figures presented in these financial statements were approved by the Board of Directors and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful life, impairment and the value of future economic benefits associated with the tangible capital assets, the provision for other employee future benefits and the provision for asset retirement obligations and environmental liabilities.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available.

Measurement uncertainty exists in these consolidated financial statements. Actual results could differ significantly from these estimates.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

c) Inventories

Inventories are only held for use and consist mainly of materials, supplies, lubricants, critical spare parts and fuel. Inventories are recorded at cost. Cost is determined using the weighted average cost method. Impairments, when recognized, result in write-downs to net realizable value.

d) Financial instruments

The financial instruments of NT Hydro are classified and measured at amortized cost using the effective interest method and include the following: cash, revenues receivable, sinking fund investments, loan receivable, accounts payable and accrued liabilities, the operating line of credit, and the debenture debt.

A provision for impairment of revenues receivable and the loan receivable is established when there is objective evidence that NT Hydro will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that revenue receivables are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, and capitalized interest directly attributable to construction or development (IDC). Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use. The IDC rate for 2017-18 was 5.08% (2016-17 – 5.676%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus.

i) *Leased tangible capital assets*

Leases that transfer substantially all of the benefits and risks incidental to ownership of tangible capital assets are accounted for as leased tangible capital assets and a lease liability. The value of the leased tangible capital asset and lease liability is recorded at the inception of the lease based upon the present value of the minimum lease payments, excluding executory costs.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

ii) Transfers of tangible capital assets

Tangible capital assets received as contributions from third parties are recorded as assets and revenue at their fair value at the date of receipt, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value.

iii) Impairment

When conditions indicate that a tangible capital asset no longer contributes to NT Hydro's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the consolidated statement of operations and accumulated surplus and is not reversed if conditions subsequently change.

iv) Amortization

For 2017-18 management has utilized amortization rates approved by the PUB in Decision 8-2018 (Note 1(b)). The cost, less residual value, of tangible capital assets, excluding land, is amortized on the straight-line average group useful life basis.

Annual amortization rates are as follows:

	2018	2017
	Rates (%)	Rates (%)
Electric power plants	1.00 – 4.86	1.00 – 4.86
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse, equipment, motor vehicles and general facilities	1.31 – 20.00	1.31 – 20.00
Electric power plant under capital lease	1.00 – 4.86	1.00 – 4.86

Assets under construction are not amortized until they are ready for their intended productive use. NT Hydro uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

f) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and any eligibility criteria are met, except to the extent that stipulations of a contribution give rise to an obligation that meets the definition of a liability in which case the contribution is recorded as a deferred government contribution and subsequently recognized as revenue when the stipulations are met.

g) Customer contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from customers. These contributions are recorded as revenues when all external restrictions or

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

stipulations imposed by an agreement with the external party related to the contribution have been satisfied, generally when the resources are used for the purposes intended.

h) Public service pension plan

All eligible employees participate in the Public Service Pension Plan ("the Plan"), administered by the Government of Canada. The Plan is a multi-employer contributory defined benefit plan established through legislation. NT Hydro's contributions to the Plan are charged as an expense on a current year basis and represent the total pension obligations. NT Hydro is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

i) Other employee future benefits

The expected cost of providing these benefits is actuarially determined using assumptions based on management's best estimates and are recognized as employees render service. The benefit plans are not funded and thus have no assets, resulting in plan deficits equal to the accrued benefit obligation.

i) Severance and ultimate removal benefits

Under the terms and conditions of employment, eligible employees may earn severance and removal benefits based on employee start dates, years of service, final salary and point of hire. The benefits are paid upon resignation, retirement or death of an employee.

ii) Sick leave benefits

NT Hydro provides certain sick leave benefits that are available to be used in future periods when claimed by the employee upon becoming sick. The sick leave benefits accumulate but do not vest and are not paid out to employees upon resignation, retirement or death of an employee.

j) Asset retirement obligations

On an annual basis, NT Hydro identifies legal obligations associated with the retirement of its tangible capital assets. Management's best estimate of the future expenditures required to settle the legal obligations are recognized to the extent that they can be reasonably estimated and are calculated based on the estimated future cash flows necessary to discharge the legal obligations, discounted using NT Hydro's cost of borrowing for maturity dates that coincide with the expected future cash flows.

The estimated asset retirement obligation (ARO) is recorded as a liability and a corresponding increase to tangible capital assets. The liability for AROs is increased annually for the passage of time by calculating accretion on the liability based on the discount rates implicit in the initial measurement. Changes in the obligation resulting from revisions to the timing or amount of the estimated undiscounted future cash flows or revisions to the discount rate are recognized as an increase or decrease in the related carrying amount of the related tangible capital asset.

NT Hydro has identified other sites where NT Hydro expects to maintain and operate these assets indefinitely and therefore no related ARO has been recognized.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

k) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. NT Hydro recognizes environmental liabilities when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, NT Hydro is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made.

Environmental liabilities are discounted for the time value of money. NT Hydro reviews its estimates of future environmental liabilities on an on-going basis.

l) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All realized exchange gains and losses are included in surplus for the year according to the activities to which they relate.

m) Revenues

Revenues for the sale of power and fuel rider refunds are recognized in the period earned based on cyclical meter readings. Sale of power revenues and fuel rider revenues (refunds) include accruals for electricity sales not yet billed.

Interest, contract, contribution and other revenues are recognized on the accrual basis.

n) Expenses

Expenses are recognized on an accrual basis.

o) Contractual obligations and contingencies

The nature of NT Hydro's activities require entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating and capital projects. Contractual obligations are obligations of NT Hydro to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingencies of NT Hydro are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming future event is not determinable, the contingency is disclosed.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

p) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in 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 revenues over expenses, provides the change in net debt during the year.

q) Future accounting changes

The Public Sector Accounting Board issued new standards PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights. NT Hydro has adopted these standards effective April 1, 2017. No significant changes were required as a result of implementing these new standards.

3. Revenues receivable

At March 31, 2018, the aging of revenues receivable was as follows:

	2018			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	\$ 11,536	\$ 728	\$ 308	\$ 12,572
Non-utility	197	264	222	683
Allowance for doubtful accounts	-	-	(272)	(272)
	\$ 11,733	\$ 992	\$ 258	\$ 12,983

At March 31, 2017, the aging of revenues receivable was as follows:

	2017			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	\$ 9,317	\$ 1,062	\$ 424	\$ 10,803
Non-utility	1,174	50	918	2,142
Allowance for doubtful accounts	-	-	(262)	(262)
	\$ 10,491	\$ 1,112	\$ 1,080	\$ 12,683

The changes in the allowance for doubtful accounts were as follows:

	2018	2017
Balance, beginning of the year	\$ (262)	\$ (318)
Receivables written off	46	91
Change to allowance	(56)	(35)
Balance, end of the year	\$ (272)	\$ (262)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 3. Revenues receivable (continued)

Revenues receivable on utility and non-utility accounts are generally due in 45 days and interest is charged after 28 and 30 days, respectively, at rates in the terms of service agreement. As at March 31, 2018, NT Hydro provided an allowance for doubtful accounts for some of its revenues receivable accounts with amounts outstanding longer than 90 days. Additional disclosures on NT Hydro's exposure and management of credit risk associated with revenues receivable can be found in Note 18.

4. Loan receivable and capital lease obligations

Loan receivable

NWTEC loaned \$22,900 to the Dogrib Power Corporation (DPC) to finance the construction of a hydroelectric generating plant on the Snare River (Snare Cascades) in the NWT between 1994 and 1996. The loan bears interest at an annual rate of 9.6%, which is the average rate of interest on NWTEC's debenture debt issued to finance the loan. It is due July 2026 and is repayable in equal monthly blended principal and interest payments of \$195.

Loan receivable payments and the capital lease payments for the Snare Cascades are settled on a net basis and are presented segregated on the consolidated statement of cash flows. Loan receivable principal payments of \$1,002 (2016-17 - \$911) and interest income of \$1,339 (2016-17 - \$1,430) were offset by capital lease principal payments of \$405 (2016-17 - \$405) and interest expense of \$1,697 (2016-17 \$1,762). As a result, the net cash receipt of \$239 (2016-17 - \$174) is disclosed in the consolidated statement of cash flows as loan receivable receipts.

Capital lease obligations

Snare Cascades

NTPC has an initial 65-year lease from the DPC for the Snare Cascades at an imputed interest rate of 9.6% until 2061. The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by arbitration. The renewal term will be based on the end of the useful life of the property or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 8).

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 4. Loan receivable and capital lease obligations (continued)

A \$4,000 guarantee from DPC's parent company, the Tlicho Investment Corporation and a blocked account agreement established by DPC provide collateral for the loan receivable. NWTEC has signing authority and full control over the blocked account in the event of default. At the beginning of each fiscal year, the balance in the blocked account must be equal to the top up payments (the difference between the loan payment made by DPC to NWTEC and the lease payment received by DPC from NTPC) required for the next 12 months.

Colville Lake Office

In 2016, NTPC entered into a capital lease arrangement for an office in Colville Lake with minimum monthly payments of \$4 until June 1, 2020. The present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

	Snare Cascades	Colville Lake Office	Total
2019	\$ 2,051	\$ 48	\$ 2,099
2020	1,998	48	2,046
2021	1,944	8	1,952
2022	1,886	-	1,886
2023	1,827	-	1,827
Thereafter	41,231	-	41,231
	50,937	104	51,041
Less: amounts representing imputed interest	(33,366)	(4)	(33,370)
Total capital lease obligations	\$ 17,571	\$ 100	\$ 17,671

Additional disclosures on NT Hydro's exposure and management of risk associated with the loan receivable and associated capital lease obligations can be found in Note 18.

NORTHWEST TERRITORIES HYDRO CORPORATION

5. Debenture debt, related sinking fund investments and line of credit

	<u>2018</u>	<u>2017</u>
3.982% amortizing debenture, due February 17, 2047	\$ 58,935	\$ 60,000
5.16% amortizing debenture, due September 13, 2040	44,535	45,566
5.443% debenture, due August 1, 2028	25,000	25,000
5.995% debenture, due December 15, 2034	25,000	25,000
3.818% debenture, due November 25, 2052	25,000	25,000
5% debenture, due July 11, 2025	15,000	15,000
6.42% amortizing debenture, due December 18, 2032	10,000	10,667
6.33% sinking fund debentures, due October 27, 2018	10,000	10,000
9.11% debenture series 3, due September 1, 2026 repayable in equal monthly payments of \$73	5,139	5,528
9.75% debentures series 2, due October 1, 2025 repayable in equal monthly payments of \$69	4,366	4,743
10% debenture series 1, due May 1, 2025 repayable in equal monthly payments of \$70	4,251	4,645
	<u>\$ 227,226</u>	<u>\$ 231,149</u>
Less: Unamortized premium, discount and issuance costs	(833)	(884)
	<u>\$ 226,393</u>	<u>\$ 230,265</u>

The GNWT guarantees NT Hydro's debenture debt.

Principal repayments for future years are as follows:

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Thereafter</u>	<u>Total</u>
\$ 14,136	\$ 4,364	\$ 4,613	\$ 4,879	\$5,167	\$194,067	\$ 227,226

Line of credit

NTPC has a \$40,000 (2016-17 - \$50,000) operating line of credit with its bank. The operating line of credit allows NTPC to borrow using Bankers' Acceptances or other advances directly against the line of credit.

There was no amount drawn on the operating line of credit as at March 31, 2018 (2016-17 - nil).

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 5. Debenture debt and related sinking fund investments (continued)

Sinking fund investments and requirements

Sinking fund investments are held by the Trustee restricted for the redemption of debentures. The agreements require annual installments to retire debt at maturity. NTPC's sinking fund policy allows only Canadian fixed-income investments with investment grade credit. All asset classes are measured at cost or amortized cost, and market value approximates cost due to the short-term to maturity of the investments. Additional disclosures on NTPC's exposure and management of risk associated with sinking fund investments can be found in Note 18.

The weighted average effective rate of return for the year was 0.87% (2016-17 - 0.47%)

Estimated sinking fund investment requirements for 2018-19, the final remaining year of contributions is \$388.

In 2016-17, NTPC redeemed an \$8.7 million face value 8.41% debenture in full at a price of \$152.994, including unpaid accrued interest, per \$100 face value. The full amount of the associated sinking fund, \$2,616, was redeemed and used to repay the debenture with the remainder, including a loss on redemption of \$4,552, coming from NTPC's main operating account.

6. Asset retirement obligations and environmental liabilities

	2018			2017		
	ARO	Env. Liability	Total	ARO	Env. Liability	Total
Opening balance	\$ 7,171	\$ 10,772	\$ 17,943	\$ 6,846	\$ 10,828	\$ 17,674
Liabilities settled	(30)	(316)	(346)	(92)	(197)	(289)
Accretion Expense	238	-	238	180	-	180
Valuation Adjustment	36	952	988	185	141	326
Additions	171	-	171	219	-	219
Disposals	(50)	-	(50)	(167)	-	(167)
Balance, end of year	<u>\$ 7,536</u>	<u>\$ 11,408</u>	<u>\$ 18,944</u>	<u>\$ 7,171</u>	<u>\$ 10,772</u>	<u>\$ 17,943</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 6. Asset retirement obligations and environmental liabilities (continued)

AROs include costs related to the disposal of generating plants on leased land, storage tank systems and the associated piping for petroleum products in all communities served by NTPC and the remediation of contaminated sites. Following is a summary of the key assumptions upon which the carrying amount of the AROs is based:

- Total expected future cash flows - \$49,179 (2016-17 - \$48,192)
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 72 years with the majority occurring after 2040.
- The discount rate is the cost of borrowing rate of 3.12% (2016-17 – 2.64%) for those obligations to be settled in less than 10 years and 3.42% (2016-17 – 3.57%) for those obligations to be settled in 10 years or longer.

Environmental protection legislation (Environmental Guideline for Contaminated Site Remediation, Northwest Territories Department of Environment and Natural Resources, 2003) establishes maximum standards for concentrations of petroleum hydrocarbons in soil to protect environmental quality and human health from the long-term effect of exposure to them. Legislation requires a responsible party to perform remediation activities if the concentrations exceed standard levels. NT Hydro estimates that it has 24 sites (2016-17 - 24 sites) which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NT Hydro is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

7. Other employee future benefits

a) Public Service Pension Plan:

The employees of NT Hydro participate in the Plan. 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 1.00 times (2016-17 – 1.01) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2016-17 – 1.00) the employees' contributions for all other employees. Employer contributions of \$2,120 (2016-17 - \$2,249) were recognized as an expense in the current year. The employees' contribution to this plan was \$1,935 (2016-17 - \$1,894).

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 to an employer - employee cost sharing ratio of 50:50 arrived at in 2017.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 7. Other employee future benefits (continued)

b) Other employee future benefits:

Summary of other employee future benefit liabilities:

	2018			2017		
	Severance and Removal Obligation	Accumulated Sick time Obligation	Total	Severance and Removal Obligation	Accumulated Sick time Obligation	Total
Opening net future obligation	\$ 3,030	\$ 47	\$ 3,077	\$ 3,012	\$ 44	\$ 3,056
Less prior year unamortized net actuarial (gain) loss	221	219	440	(60)	72	12
Accrued benefit obligation, beginning of the year	3,251	266	3,517	2,952	116	3,068
Benefits earned	284	20	304	273	10	283
Interest	65	5	70	70	3	73
Benefits paid	(345)	(35)	(380)	(318)	(19)	(337)
Actuarial gains (losses)	(466)	(38)	(504)	274	156	430
Accrued benefit obligation, end of year	2,789	218	3,007	3,251	266	3,517
Unamortized net actuarial (gain) loss	270	(155)	115	(221)	(219)	(440)
Net Future obligation	<u>\$ 3,059</u>	<u>\$ 63</u>	<u>\$ 3,122</u>	<u>\$ 3,030</u>	<u>\$ 47</u>	<u>\$ 3,077</u>

NT Hydro provides accumulating sick leave employee benefits of one and one quarter days of sick leave per month which will require funding in future periods when claimed upon an employee becoming sick. Sick leave can only be used for paid time off for illness of the employee. Sick leave taken is paid at the employee's normal rate of pay. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick days accumulate and there are no limits to the accumulation. Sick leave benefits accumulate over the periods of service provided by employees and are recognized as services are performed to earn them.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 7. Other employee future benefits (continued)

Total expenses related to the severance, removal benefit and sick leave plan include the following components:

	<u>2018</u>	<u>2017</u>
Current benefits earned	\$ 304	\$ 283
Interest	70	73
Amortization of net actuarial loss	52	2
	<u>\$ 426</u>	<u>\$ 358</u>

The actuarial valuation reflects management's best estimate based upon a number of assumptions about a number of future events including:

	<u>2018</u>	<u>2017</u>
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	3.20%	2.00%
Expected average remaining service life of related employee groups (EARSL)	<u>8.4 years</u>	<u>8.5 years</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

8. Tangible capital assets

March 31, 2018						
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	\$ 335,589	\$ 93,832	\$ 60,637	\$ 28,507	\$ 12,030	\$ 530,595
Additions	171	-	-	-	25,667	25,838
Transfers – completed projects	13,309	4,317	5,080	226	(22,932)	-
Disposals	(2,673)	(139)	(804)	-	-	(3,616)
Closing balance	346,396	98,010	64,913	28,733	14,765	552,817
Accumulated amortization						
Opening balance	(112,883)	(31,254)	(29,418)	(8,301)	-	(181,856)
Amortization	(9,804)	(2,288)	(3,664)	(460)	-	(16,216)
Disposals and adjustments	3,379	194	527	-	-	4,100
Closing balance	(119,308)	(33,348)	(32,555)	(8,761)	-	(193,972)
Net book value	\$ 227,088	\$ 64,662	\$ 32,358	\$ 19,972	\$ 14,765	\$ 358,845

March 31, 2017						
	Electric power plants	T&D systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	\$ 324,949	\$ 89,907	\$ 60,070	\$ 26,891	\$ 16,766	\$ 518,583
Additions	102	950	-	-	18,027	19,079
Transfers – completed projects	14,295	3,200	2,934	2,334	(22,763)	-
Disposals	(3,757)	(225)	(2,367)	(718)	-	(7,067)
Closing balance	335,589	93,832	60,637	28,507	12,030	530,595
Accumulated amortization						
Opening balance	(105,174)	(28,637)	(27,186)	(8,060)	-	(169,057)
Amortization	(9,465)	(2,402)	(3,721)	(428)	-	(16,016)
Disposals	1,756	(215)	1,489	187	-	3,217
Closing balance	(112,883)	(31,254)	(29,418)	(8,301)	-	(181,856)
Net book value	\$ 222,706	\$ 62,578	\$ 31,219	\$ 20,206	\$ 12,030	\$ 348,739

NORTHWEST TERRITORIES HYDRO CORPORATION

9. Inventories

	<u>2018</u>	<u>2017</u>
Materials, supplies and lubricants	\$ 4,661	\$ 4,567
Critical spare parts	3,458	3,424
Fuel	340	293
	<u>\$ 8,459</u>	<u>\$ 8,284</u>

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is only held in five of NTPC's operating plants. The liquefied natural gas (LNG) fuel requirement for NTPC's Inuvik plant is managed under the LNG fuel supply agreement described in Note 17. Diesel fuel requirements for the remaining 20 plants are all managed under the fuel management services agreement described in Note 17.

10. Accumulated surplus / equity

	<u>2018</u>	<u>2017</u>
Share capital, common and preferred shares	\$ 43,129	\$ 43,129
Accumulated operating surplus / equity	81,360	73,596
	<u>\$ 124,489</u>	<u>\$ 116,725</u>

The authorized share capital of NT Hydro is comprised of one common share without par value and one preferred, non-cumulative share without par value. As at March 31, 2018, 1 common share (2016-17 – 1 common share), at \$43,129 per share, (2016-17 – \$43,129 per share), has been issued and fully paid, and one preferred share at one dollar. NT Hydro may only issue its shares to the GNWT.

11. Sale of power

	<u>2018</u>	<u>2017</u>
Power sales to external customers	\$ 78,156	\$ 75,770
Power sales to GNWT and related parties	16,077	14,820
GNWT HSP payments	6,252	6,230
GNWT TPSP payments	5,871	5,585
	<u>\$ 106,356</u>	<u>\$ 102,405</u>

Sale of power includes GNWT support program payments received by NTPC on behalf of customers. The GNWT offers these support programs to both NTPC and Northland Utilities Ltd. customers.

The GNWT Territorial Power Support Program (TPSP) payments subsidize residential power rates to the rate paid in Yellowknife for energy used within a specified threshold.

The GNWT Housing Support Program (HSP) payments subsidize the difference between the specified rate paid by GNWT residential customers living in public housing and the PUB residential rate for that community.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 11. Sale of power (continued)

NTPC administers these support programs on behalf of the GNWT and invoices the GNWT monthly for the payments. The support payments are subject to the same terms as other utility customers as per NTPC's Terms and Conditions of Service.

12. Other revenue and customer contributions

	<u>2018</u>	<u>2017</u>
Contract work	\$ 531	\$ 446
Heat revenues	422	208
Connection fees	347	266
Contributions in aid of construction	271	162
Pole rental	267	287
Miscellaneous	119	529
	<u>\$ 1,957</u>	<u>\$ 1,898</u>

13. Expenses

The following is a summary of the expenses for the year by object:

	<u>2018</u>	<u>2017</u>
Salaries and wages	\$ 26,741	\$ 26,200
Fuel and lubricants (Note 17)	25,844	27,467
Supplies and services	18,575	20,621
Amortization (Note 8)	16,216	16,016
Interest expense (Note 14)	13,488	12,662
Travel and accommodation	2,352	2,653
Accretion on ARO's (Note 6)	239	180
Net loss on debt (Note 5)	-	4,552
Net (gain) loss on disposal of assets	(484)	3,850
	<u>\$ 102,971</u>	<u>\$ 114,201</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

14. Interest expense and interest income

Interest expense

	<u>2018</u>	<u>2017</u>
Interest on debenture debt and capital leases (Notes 4, 5)	\$ 13,688	\$ 12,673
Short-term debt financing costs	103	560
Capitalized interest during construction	<u>(303)</u>	<u>(571)</u>
	<u>\$ 13,488</u>	<u>\$ 12,662</u>

Interest income

	<u>2018</u>	<u>2017</u>
Income on loan receivable (Note 4)	\$ 1,339	\$ 1,430
Income from overdue accounts and bank balances	181	57
Income from sinking fund investments (Note 5)	<u>53</u>	<u>38</u>
	<u>\$ 1,573</u>	<u>\$ 1,525</u>

15. Government contributions

Other government contributions

In 2017-18 NTPC recognized funding of \$68 related to a contribution agreement with the Government of Canada's Indigenous and Northern Affairs. \$22 of this funding was received in 2017-18 and \$46 is recorded in accounts receivable at March 31, 2018.

NTPC also signed six single-year agreements with the GNWT. All committed funding with matching eligible costs have been recorded as revenue.

The first agreement was to fund the costs associated with expanding the residual heat system in Inuvik, and to install an exhaust gas recovery unit. NTPC received funding for the amount of \$200, of which NTPC incurred an excess of \$200 in eligible costs. The second agreement related to the in-kind contribution from the GNWT to NTPC of a 55kW Solar Photovoltaic project in Aklavik valued at \$604.

The third agreement was to fund \$67 in costs associated with electricity regulation and energy review analysis. The fourth agreement was to fund \$56 in costs associated with investigating energy storage and integration options for Inuvik. NTPC received funding of \$56, of which NTPC incurred \$56 in eligible costs. The fifth agreement was to fund \$69 in costs associated with investigating energy storage and integration options Sachs Harbour and Norman Wells.

NT Hydro's shareholder, the GNWT is in the process of developing a ten-year Energy Strategy and Action Plan. In 2017-18 NT Hydro began working with the GNWT on identifying projects that have the potential to qualify for the Federal Government / GNWT Integrated Bilateral Agreement. As there are many unknowns at this point in time with respect to the risks of the projects, time and effort spent on the initial framework and principles of these projects is being undertaken in the unregulated company, NTEC(03) to protect NTPC's regulated customers from costs that have not been built into rates and may or may not have longer term benefits. NTPC signed contribution agreements with the GNWT for this work and transferred all the costs and offsetting revenues associated with these projects to NTEC(03) as at March 31, 2018.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 15. Government contributions (continued)

In the sixth agreement NTPC received \$17 from the GNWT in apprenticeship training support.

16. Related party transactions and balances

NT Hydro is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NT Hydro, through NTPC, provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere in these consolidated financial statements are as follows:

	<u>2018</u>	<u>2017</u>
Revenue		
Other revenue	\$ 439	\$ 978
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 17)	\$ 18,667	\$ 21,002
Other operating expenses	408	243
	<u>19,075</u>	<u>\$ 21,245</u>
Financial assets		
Revenues receivable		
Utility	\$ 1,343	\$ 1,453
Non-utility	162	39
	<u>\$ 1,505</u>	<u>\$ 1,492</u>
Liabilities		
Accounts payable to FSD for fuel (Note 17)	\$ 6,173	\$ 4,232
Other accounts payable and accrued liabilities	63	12
	<u>\$ 6,236</u>	<u>\$ 4,244</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

17. Contractual obligations

NT Hydro has entered into agreements for, or are contractually committed for the following expenses that will be incurred subsequent to March 31, 2018:

	<u>Expiry</u>	<u>2019</u>	<u>2020 and subsequent</u>
Non related parties	2022	\$ 7,249	\$ 1,100

NT Hydro has entered into the following contractual obligations with related parties:

Fuel management services agreement

NTPC has a fuel management services agreement with the FSD. Under this agreement fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC are provided by FSD. The price of fuel under this agreement changes with the change in market price, the cost of freight, the GNWT fuel tax rate and the amount of fuel purchased by NTPC from FSD in a given year. The contract expires March 31, 2021.

LNG purchases

NTPC entered into an agreement with FSD to supply NTPC's Inuvik facilities with LNG until October 31, 2018. The price of LNG under this agreement varies with FSD's costs, which include LNG fuel costs, which are subject to changes in the market price, transportation costs and an administrative fee.

NORTHWEST TERRITORIES HYDRO CORPORATION

18. Financial instruments and risk management

Risks – overview

NT Hydro's financial instruments include cash, revenues receivable, loan receivable, accounts payable and accrued liabilities, debenture debt, sinking fund investments and the operating line of credit.

NT Hydro is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk, and interest rate risk. NT Hydro manages these risk exposures on an ongoing basis.

a) Credit risk

Credit risk is the risk that a third party will cause a financial loss for NT Hydro by failing to discharge its obligation. The following table sets out NT Hydro's maximum exposure to credit risk under a worst case scenario and does not reflect results expected.

	<u>2018</u>	<u>2017</u>
Loan receivable	\$ 13,393	\$ 14,395
Revenues receivable	12,983	12,683
Cash	9,077	9,831
Sinking fund investments	6,278	5,800
	<u>\$ 41,731</u>	<u>\$ 42,709</u>

Loan receivable

The credit risk for the loan receivable for the Snare Cascades hydro project was minimized by security in place. See Note 4 for additional details.

Revenues receivable

NT Hydro minimizes revenues receivable credit risk by having a collections policy and terms and conditions of service consistent with industry standards. Credit risk is minimized by NTPC's large customer base. Thirty-eight percent (2016-17 - 36%) of NTPC's sales are to two other utilities. Twenty-six percent (2016-17 - 27%) of sales, including HSP and TPSP are to the GNWT.

Sinking fund investments and cash

NT Hydro minimizes the credit risk of cash and sinking fund investments by dealing with only reputable financial institutions and investing in securities that meet minimum credit ratings as stipulated by its investment policy and limiting exposure to any one security or asset class. An ongoing review is performed to evaluate changes in the status of counterparties.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 18. Financial instruments and risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that NT Hydro will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of sinking fund requirements and amortization provisions on six of the eleven debentures. NT Hydro arranges its financing in such a manner that the total amount of debt maturing in any given year does not exceed its ability to borrow in any given year. This practice gives NT Hydro the maximum flexibility over the use of its cash flow such that both its existing capital expenditure program and its ability to consider any future investment opportunities will not be constrained.

Liquidity risk is also managed by continuously monitoring actual and forecast cash flows, having the opportunity to borrow on a short-term basis from its shareholder and by maintaining a \$40,000 operating line with a reputable financial institution. The following table shows the maturities of the operating line of credit, debenture debt, sinking funds, Snare capital lease obligation and the associated loan receivable:

	March 31, 2018				
	Less than 1 year	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	\$ 14,137	\$ 24,498	\$ 129,942	\$ 58,649	\$ 227,226
Sinking fund investments	(6,278)	-	-	-	(6,278)
Snare capital lease obligation	2,099	9,475	21,180	18,287	51,041
Loan receivable	(2,341)	(11,704)	(5,462)	-	(19,507)
	\$ 7,617	\$ 22,269	\$ 145,660	\$ 76,936	\$ 252,482

	March 31, 2017				
	Less than 1 year	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	\$ 3,923	\$ 33,158	\$ 130,218	\$ 63,850	\$ 231,149
Sinking fund investments	-	(5,800)	-	-	(5,800)
Snare capital lease obligation	2,169	9,965	21,374	21,288	54,796
Loan receivable	(2,341)	(11,704)	(7,803)	-	(21,848)
	\$ 3,751	\$ 25,619	\$ 143,789	\$ 85,138	\$ 258,297

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in the fair value of the loan receivable, the Snare capital lease obligation, debenture debt, and sinking fund investments as all have fixed rates. The impact on net income due to fluctuations in interest rates on the operating line of credit or sinking fund investments is not significant.

NWT LOTTERY AUTHORITY
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2018

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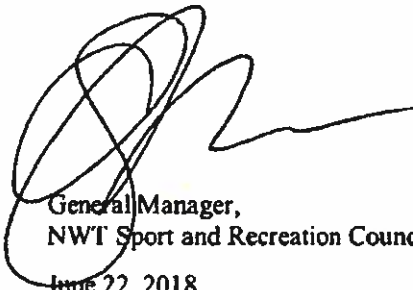
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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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



General Manager,
NWT Sport and Recreation Council

June 22, 2018





VERY COOPER & CO. LTD.

Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of
NWT Lottery Authority

We have audited the accompanying financial statements of NWT Lottery Authority, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations, Changes in Net Assets, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NWT Lottery Authority as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Avery Cooper & Co. Ltd.

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

June 22, 2018



VERY COOPER IS A MEMBER OF MSI, AN INTERNATIONAL ASSOCIATION OF INDEPENDENT PROFESSIONAL FIRMS

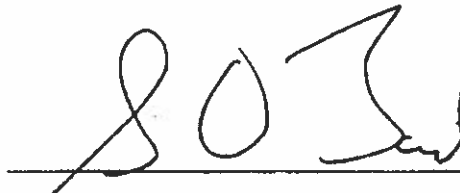
NWT LOTTERY AUTHORITY

STATEMENT OF FINANCIAL POSITION March 31, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash	\$ 141,880	\$ 251,969
Accounts Receivable	-	33,335
Due from Western Canada Lottery Corporation (Note 10)	598,293	579,049
Due from NWT Sport and Recreation Council (Note 3)	6,083	5,755
Cash Holdback (Note 5)	<u>275,000</u>	<u>275,000</u>
	<u>1,021,256</u>	<u>1,145,108</u>
LIABILITIES		
Accounts Payable & Accrued Liabilities	359,320	256,668
Wages & Benefits Payable	18,587	14,362
Accrued termination benefits	5,012	5,012
Due to Nunavut Lottery (Note 4)	<u>187,929</u>	<u>157,175</u>
	<u>570,848</u>	<u>433,217</u>
CONTINGENT LIABILITY (Note 10)		
NET FINANCIAL ASSETS, per page 2	450,408	711,891
NON-FINANCIAL ASSETS		
Prepaid Expenses	<u>7,838</u>	<u>8,483</u>
ACCUMULATED SURPLUS, per page 4 (Note 5)	<u>\$ 458,246</u>	<u>\$ 720,374</u>

Approved:

 Member

 Member

See the accompanying notes.

NWT LOTTERY AUTHORITY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS For the Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (262,128)	\$ 32,165
Change in Prepaid Expenses	<u>645</u>	<u>5,116</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(261,483)	37,281
NET FINANCIAL ASSETS, opening	<u>711,891</u>	<u>674,610</u>
NET FINANCIAL ASSETS, closing	<u><u>450,408</u></u>	<u><u>711,891</u></u>

See the accompanying notes.

NWT LOTTERY AUTHORITY

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

	2018 Budget Unaudited	2018 Actual	2017 Actual
REVENUES			
Lottery Revenue, Net - Schedule 1	\$ 5,326,200	\$ 5,435,884	\$ 5,698,430
Nunavut Lottery revenue	(726,827)	(839,111)	(783,177)
Miscellaneous income	-	8,015	7,255
Interest income	-	1,688	667
Management fee revenue	139,265	163,229	151,366
	<u>4,738,638</u>	<u>4,769,705</u>	<u>5,074,541</u>
EXPENSES			
Advertising and promotion	80,000	95,465	66,696
Audit and accounting	9,000	6,607	6,825
Bad debts	-	25,597	-
Communications	5,500	5,320	7,128
Contributions (note 6)	3,650,000	3,950,000	4,200,000
Equipment lease	1,500	2,054	615
Grants to retailers	259,618	259,618	259,618
Insurance	4,100	7,408	4,060
Interest and bank charges	1,200	1,717	1,084
Legal	5,000	-	5,934
Miscellaneous	1,500	1,780	902
Office	61,138	61,809	45,393
Postage and courier	42,500	42,739	37,498
Professional development and training	10,000	2,624	2,195
Professional fees	47,500	9,634	21,091
Repairs and maintenance	3,000	4,766	1,264
Travel	32,500	22,141	19,340
Wages and benefits	524,582	532,554	362,733
	<u>4,738,638</u>	<u>5,031,833</u>	<u>5,042,376</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ (262,128)</u>	<u>\$ 32,165</u>

NWT LOTTERY AUTHORITY

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS For the Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
<u>For the Year Ended March 31, 2018</u>		
ACCUMULATED SURPLUS, opening	\$ 720,374	\$ 688,209
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(262,128)</u>	<u>32,165</u>
ACCUMULATED SURPLUS, closing (Note 5)	<u>\$ 458,246</u>	<u>\$ 720,374</u>
	<u>2017</u>	<u>2016</u>
<u>For the Year Ended March 31, 2017</u>		
ACCUMULATED SURPLUS, opening	\$ 688,209	\$ 778,377
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>32,165</u>	<u>(90,168)</u>
ACCUMULATED SURPLUS, closing (Note 5)	<u>\$ 720,374</u>	<u>\$ 688,209</u>

See the accompanying notes.

NWT LOTTERY AUTHORITY

STATEMENT OF CASH FLOWS

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from lottery proceeds and other	\$ 4,775,453	\$ 5,018,845
Cash receipts from other revenue	8,015	7,255
Cash paid to suppliers	(411,003)	(366,048)
Contributions to NWT Sport and Recreation Council	(3,950,000)	(4,200,000)
Cash paid to employees	<u>(532,554)</u>	<u>(362,733)</u>
(DECREASE) INCREASE IN CASH	(110,089)	97,319
CASH, opening	<u>251,969</u>	<u>154,650</u>
CASH, closing	<u><u>\$ 141,880</u></u>	<u><u>\$ 251,969</u></u>

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

NWT Lottery Authority (the "Organization") was established by the NWT Sport and Recreation Council (NWTSRC) as per the Western Canada Lottery Regulations, R.R.N.W.T. 1993, c.W-1 as amended (the "Regulations"), for the purpose of assisting the NWTSRC in the performance of its duties under these regulations. As a public service entity, the Authority's function is to support the objectives of the Government of the Northwest Territories (GNWT) by operating the lottery in the Northwest Territories.

The NWTSRC has agreements with the Western Canada Lottery Corporation (Western Canada Lottery Corporation Agreement, signed April 1, 2009) and the Government of the Northwest Territories (Lottery Operations Agreement, signed September 9, 2010) for the purpose of conducting and managing the sale of Western Canada Lottery products pursuant to the Western Canada Lottery Act, R.S.N.W.T. 1988ccW-3 as amended (the "Act") and the Regulations. The Organization is not required to file a tax return.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant policies are detailed as follows:

(a) Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(b) Cash equivalents

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

(c) Tangible capital assets

Capital assets purchased during the year are recorded as expenses.

(d) Revenue recognition

Funds received from Western Canada Lottery Corporation are recognized as revenue only when the draw has been completed.

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Financial assets

Financial assets, consisting of cash, accounts receivable and due from related parties, are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

(f) Non-financial assets

Non-financial assets, consisting of prepaid expenses, are not available to discharge existing liabilities and are held for use in the provision of services in future periods. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(g) Net debt

Net debt is measured as the difference between the Organization's liabilities and financial assets. This difference bears directly on the Organization's future revenue requirements and on its ability to finance its activities and meet its liabilities and contractual obligations.

(h) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: contingent liabilities. Actual results may differ from management's best estimates as additional information becomes available in the future.

3. RELATED PARTY TRANSACTIONS

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The amount due from NWT Sport and Recreation Council are for expenses paid by NWT Lottery Authority which are billed back to the organization. During the year, the Organization received \$nil (2017 - \$329,957) from NWT Sport and Recreation Council relating to payroll expenses and \$6,083 (2017 - \$5,755) relating to GST. The Organization also paid out \$3,950,000 (2017 - \$4,200,000) in lottery contributions to NWT Sport and Recreation Council.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

4. DUE TO/FROM NU LOTTERY

The amount due to Nunavut Lottery represents their share of lottery proceeds less expenses paid by NWT Lottery Authority which are billed back to the organization.

5. ACCUMULATED SURPLUS

The cash holdback represents the March 31, 1996 outstanding settlement from the Western Canada Lottery Corporation ("WCLC"). The amount is withheld as an operating cash holdback to finance the continuing operations of WCLC. This holdback will not be recovered in the foreseeable future therefore a reserve has been established in the amount of \$275,000 (2017 - \$275,000) and is included in accumulated surplus as at March 31, 2018 as follows:

	<u>2018</u>	<u>2017</u>
Reserve	\$ 275,000	\$ 275,000
Operating Surplus	<u>183,246</u>	<u>445,374</u>
	<u>\$ 458,246</u>	<u>\$ 720,374</u>

6. CONTRIBUTIONS

The NWT Lottery Authority funds have been distributed to the following organizations during the year:

	<u>2018</u>	<u>2017</u>
NWT Sport and Recreation Council	<u>\$ 3,950,000</u>	<u>\$ 4,200,000</u>

7. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$359,320 (2017 - \$256,668). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Organization is low and is not material.

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

8. NUNAVUT LOTTERY

By an agreement dated April 1, 2009 between Western Canada Lottery Corporation (WCLC) and the NWT Sport and Recreation Council (NWTSRC), NWTSRC was appointed to assist WCLC in the joint marketing of the Western Canada Lottery (the "Lottery") in the Territory of Nunavut. NWTSRC administers the financial accounting and reporting functions in accordance with the schedules to the agreement which detail the allocation of revenues and expenses of the Lottery in Nunavut. This agreement was updated on April 1, 2015 and expires March 31, 2020 unless terminated earlier in accordance with the Agreement or renewed by mutual parties.

9. GRANTS TO RETAILERS

Grants to retailers in aid of administration, represents grants paid to non-profit retailers based on contribution agreements, to assist with their administration costs. Future obligations are as follows:

	<u>Total</u>
2019	\$ 259,618
2020	259,618
2021	<u>259,618</u>
	<u>\$ 778,854</u>

10. CONTINGENT LIABILITIES

The amount due from Western Canada Lottery Corporation (WCLC) is \$598,293. WCLC has advised that due to conversion to International Financial Reporting Standards (IFRS), an adjustment is required to reflect equity and other comprehensive income due to the pension conversion.

A decision by WCLC as to whether or not to collect the negative equity from the provincial organizations has not been made. The NWT Lottery Authority's portion would be \$149,000 reducing the amount receivable and accumulated surplus. As a final decision has not been made by the WCLC, no adjustment has been recorded in these statements.

NWT LOTTERY AUTHORITY

SCHEDULE TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

SCHEDULE OF LOTTERY REVENUE, NET

Schedule 1

	2018 Budget Unaudited	2018 Actual	2017 Actual
SALES			
Lottery ticket sales	\$ 18,000,000	\$ 18,501,241	\$ 18,609,700
Interest and other income	<u>25,000</u>	<u>27,650</u>	<u>26,734</u>
	<u>18,025,000</u>	<u>18,528,891</u>	<u>18,636,434</u>
DIRECT EXPENSES			
Free tickets	1,026,000	888,883	1,004,919
Prizes	9,270,000	9,737,776	9,537,361
Retailer commissions	990,000	1,030,618	1,023,045
Ticket printing	<u>252,000</u>	<u>275,005</u>	<u>264,341</u>
	<u>11,538,000</u>	<u>11,932,282</u>	<u>11,829,666</u>
OPERATING INCOME	<u>6,487,000</u>	<u>6,596,609</u>	<u>6,806,768</u>
EXPENSES			
Amortization	88,000	94,598	78,908
Communications	170,000	181,225	164,901
Cost of premises	26,000	24,966	24,643
Draws and winning numbers publication	4,500	4,500	3,448
Employee development	5,500	3,858	4,870
Equipment	50,000	72,973	43,737
Freight and product transport	3,500	3,508	3,148
Goods and services tax	86,000	112,018	89,815
I. L. C. expense	14,000	19,310	12,073
Insurance and bank charges	1,800	1,796	1,772
Media & advertising	150,000	144,502	145,664
Overhead allocation	-	(222)	(227)
Payment to Government of Canada	190,000	189,946	181,049
Presentations, publications and miscellaneous	4,000	3,626	3,972
Professional fees	60,000	38,690	54,681
Promotion	12,000	1,535	7,719
Supplies	2,500	2,035	2,066
Travel	3,000	2,153	2,295
Wages and benefits	<u>290,000</u>	<u>259,708</u>	<u>283,804</u>
	<u>1,160,800</u>	<u>1,160,725</u>	<u>1,108,338</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 5,326,200</u>	<u>\$ 5,435,884</u>	<u>\$ 5,698,430</u>

N.W.T. SPORT AND RECREATION COUNCIL
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2018

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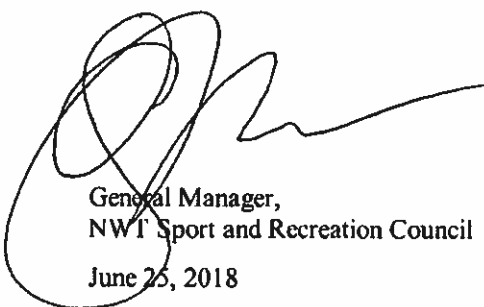
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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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



General Manager,
NWT Sport and Recreation Council
June 25, 2018





AVERY COOPER & CO. LTD.

Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
N.W.T. Sport and Recreation Council

We have audited the accompanying financial statements of N.W.T. Sport and Recreation Council, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations, Changes in Net Assets, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of N.W.T. Sport and Recreation Council as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Avery Cooper & Co. Ltd.

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

June 25, 2018



N.W.T. SPORT AND RECREATION COUNCIL


STATEMENT OF FINANCIAL POSITION

March 31, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash (Note 3)	\$ 932,867	\$ 1,204,428
Short-Term Investments (Note 4)	29,780	29,632
Accounts Receivable	8,834	100
Government remittances receivable	6,083	10,803
	<u>977,564</u>	<u>1,244,963</u>
 LIABILITIES		
Line of Credit (Note 8)	320,000	-
Accounts Payable & Accrued Liabilities	265,795	9,664
Wages & Benefits Payable (Note 7)	438,468	397,985
Due to related party (Note 5)	6,083	5,755
	<u>1,030,346</u>	<u>413,404</u>
 NET FINANCIAL ASSETS	<u>(52,782)</u>	<u>831,559</u>
 NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 6)	<u>1,411</u>	<u>3,362</u>
	<u>1,411</u>	<u>3,362</u>
 SUBSEQUENT EVENTS (Note 10)		
 ACCUMULATED SURPLUS (DEFICIT)	<u>\$ (51,371)</u>	<u>\$ 834,921</u>

Approved:

 _____ Member

 _____ Member

See the accompanying notes.

N.W.T. SPORT AND RECREATION COUNCIL

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31, 2018**

	<u>2018</u>	<u>2017</u>
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (886,292)	\$ 134,451
Disposition of Tangible Capital Assets	1,087	-
Amortization of Tangible Capital Assets	864	2,123
Change in Prepaid Expenses	<u>-</u>	<u>10,577</u>
DECREASE IN NET FINANCIAL ASSETS	(884,341)	147,151
NET FINANCIAL ASSETS, opening	<u>831,559</u>	<u>684,408</u>
NET FINANCIAL ASSETS, closing	<u><u>\$ (52,782)</u></u>	<u><u>\$ 831,559</u></u>

See the accompanying notes and schedules.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
REVENUES			
Administration - Schedule 1	\$ 225,000	\$ 170,655	\$ 580,243
Investment and Evaluation - Schedule 2	3,872,418	4,137,403	3,615,136
Multi Sport Games - Schedule 3	<u>650,000</u>	<u>650,154</u>	<u>660,439</u>
	<u>4,747,418</u>	<u>4,958,212</u>	<u>4,855,818</u>
EXPENSES			
Administration - Schedule 1	225,000	170,655	580,243
Investment and Evaluation - Schedule 2	4,801,000	4,442,862	3,713,129
Multi Sport Games - Schedule 3	<u>1,079,366</u>	<u>1,230,987</u>	<u>427,995</u>
	<u>6,105,366</u>	<u>5,844,504</u>	<u>4,721,367</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>\$ (1,357,948)</u>	<u>\$ (886,292)</u>	<u>\$ 134,451</u>

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS (DEFICIT)

For the Year Ended March 31, 2018

	Unrestricted Surplus	Building Reserve	Games Reserve	Program Reserve	Total 2018
For the Year Ended March 31, 2018					
ACCUMULATED SURPLUS, opening	\$ 236,153	\$ 255,000	\$ -	\$ 343,768	\$ 834,921
DEFICIENCY OF REVENUES OVER EXPENSES	(886,292)	-	-	-	(886,292)
TRANSFER TO RESERVES	-	-	-	-	-
TRANSFER FROM RESERVES	598,768	(255,000)	-	(343,768)	-
OTHER TRANSFERS	-	-	-	-	-
ACCUMULATED SURPLUS (DEFICIT), closing	<u>\$ (51,371)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,371)</u>
For the Year Ended March 31, 2017					
ACCUMULATED SURPLUS, opening	\$ 234,973	\$ 255,000	\$ -	\$ 210,497	\$ 700,470
DEFICIENCY OF REVENUES OVER EXPENSES	134,451	-	-	-	134,451
TRANSFER TO RESERVES	(4,274,395)	-	660,439	3,613,956	-
TRANSFER FROM RESERVES	4,141,124	-	(427,994)	(3,713,130)	-
OTHER TRANSFERS	-	-	(232,445)	232,445	-
ACCUMULATED SURPLUS, closing	<u>\$ 236,153</u>	<u>\$ 255,000</u>	<u>\$ -</u>	<u>\$ 343,768</u>	<u>\$ 834,921</u>

See the accompanying notes and schedules.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF CASH FLOWS

For the year ended March 31, 2018

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributions and other	\$ 4,954,198	\$ 4,856,943
Cash paid to grant recipients and other	(5,547,026)	(4,337,793)
Cash paid for salaries	-	(563,268)
	(592,828)	(44,118)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to related party	-	(70,325)
Changes in amounts due to/from related parties	328	5,755
Line of credit	320,000	(95,000)
	320,328	(159,570)
CASH FLOWS FROM CAPITAL ACTIVITY		
Loss on disposition of tangible capital assets	1,087	-
DECREASE IN CASH	(271,413)	(203,688)
CASH, opening	1,234,060	1,437,748
CASH, closing	\$ 962,647	\$ 1,234,060
REPRESENTED BY:		
Cash	\$ 177,291	\$ 455,435
Restricted cash	755,576	748,993
Short term investment	29,780	29,632
	\$ 962,647	\$ 1,234,060

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

N.W.T. Sport and Recreation Council (SRC) operates to provide leadership and support for the Northwest territories sport and recreation sector. As a public service entity, the Council's function is to support the objectives of the Government of the Northwest Territories (GNWT). In fulfillment of this role, the SRC shall: streamline decision making and improve coordination; plan collaboratively with communities and sport and recreation leaders; effectively use resources that result in opportunities for all NWT residents to access physical activities; be accountable for achieving outcomes; and manage the Western Canada Lottery program in the NWT.

The SRC was incorporated as a Society in accordance with the Societies Act under the statutes of the Northwest Territories on March 10, 2005. The SRC is a "Related Entity" to the Government of the NWT and is exempt from income taxes pursuant to Subsection 149(1)(c) of the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant policies are detailed as follows:

(a) Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and mortgages payable.

(b) Capital management

NWT Sport and Recreation Council's objective in managing its net assets is to remain a sustainable operation while fulfilling its overall mandate to provide leadership and support for the Northwest Territories sport and recreation sector. It achieves its objective by strong day-to-day management of its cash flows and by regularly monitoring revenues and expenses against its operating and capital budgets.

(c) Cash equivalents

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

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Tangible capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot reasonably be estimated, contributed assets are recorded at nominal value. The cost of capital assets are amortized over the estimated useful lives of assets by category. Estimates of useful life are made as assets are acquired. A full year's amortization is expensed in the year of acquisition. Capital assets are being amortized to expense using the declining balance method at the following rates:

Equipment	30%
Computer equipment	40%
Computer software	50%

(e) Revenue recognition

Revenue on significant contracts, which provide for progress billings and payments as part of the contract, are recognized on the percentage of completion method. Deferred revenue, in current liabilities, represents billings rendered in excess of revenue earned.

Interest is recognized when earned, donations are recognized when received and service contracts are recognized when the funder is invoiced for reimbursement of expenses.

(f) Financial assets

Financial assets, consisting of cash, accounts receivable and due from related parties, are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

(g) Non-financial assets

Non-financial assets, consisting of prepaid expenses, are not available to discharge existing liabilities and are held for use in the provision of services in future periods. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(h) Net debt

Net debt is measured as the difference between the Organization's liabilities and financial assets. This difference bears directly on the Organization's future revenue requirements and on its ability to finance its activities and meet its liabilities and contractual obligations.

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: estimated useful lives of property, plant and equipment. Actual results may differ from management's best estimates as additional information becomes available in the future.

3. CASH

	<u>2018</u>	<u>2017</u>
Cash in bank	\$ 177,291	\$ 455,435
RBC Dominion Securities mutual funds	<u>755,576</u>	<u>748,993</u>
	<u>\$ 932,867</u>	<u>\$ 1,204,428</u>

Cash, in the amount of \$755,576, is restricted for use in the establishment of the reserve funds as outlined in Note 9. At March 31, 2018 restricted cash exceeded reserves by \$755,576.

4. SHORT TERM INVESTMENT

The Council has invested in Cashable GIC's issued by the Royal Bank of Canada with interest rate of .5% and a maturity date of July 27, 2018. The Council anticipates redemption of the investments when rolled into the Government of the Northwest Territories.

	<u>2018</u>	<u>2017</u>
RBC Cashable GIC	<u>\$ 29,780</u>	<u>\$ 29,632</u>

5. DUE TO RELATED PARTIES

(a) During the year, the Organization entered into transactions with the following related parties:

NWT Lottery Authority
Government of the NWT, Department of Municipal and Community Affairs (MACA)

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

5. DUE TO RELATED PARTIES, continued

(b) Transactions

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2018	2017
Revenue		
MACA - Games funding	\$ 650,000	\$ 650,000
MACA - Other funding	350,000	-
NWT Lottery Authority - Program funding	3,787,403	3,624,311
NWT Lottery Authority - SRC funding	162,597	575,689
	\$ 4,950,000	\$ 4,850,000
 Expenses - NWT Lottery Authority - payroll	 \$ -	 \$ 329,957

(c) Due to related party

	2018	2017
NWT Lottery Authority	\$ 6,083	\$ 5,755

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. TANGIBLE CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated amortization	Net	Net
Equipment	\$ 5,693	\$ 5,383	\$ 310	\$ 824
Computer equipment	15,124	14,023	1,101	2,294
Computer software	-	-	-	244
	\$ 20,817	\$ 19,406	\$ 1,411	\$ 3,362

7. WAGES AND BENEFITS PAYABLE

Wages and benefits payable consists of a wage severance liability for all staff.

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

8. LINE OF CREDIT

In December 2015, a line of credit was authorized by the Board of Directors to a maximum of \$600,000 and bears interest at bank's prime lending rate plus 0.60% per annum and is secured by a borrowing resolution signed by the Board of Directors. Balance as of March 31, 2018 is \$320,000 (2017 \$nil).

9. RESERVES

	Opening Balance	Additions	Expenses	Transfer	2018
Program reserve	\$ 343,768	\$ -	\$ -	\$ (343,768)	-
Building reserve	255,000	-	-	(255,000)	-
	\$ 598,768	\$ -	\$ -	\$ (598,768)	-

GAMES RESERVE FUNDING

The games reserve is established by the SRC to support approved multi-sport games. The games reserve transactions in the current year are as follows:

	2018
GNWT MACA Contribution	\$ 650,000
Interest	154
	650,154
Interest charges	4,694
NAIG 2017	431,412
Arctic Winter Games 2018	691,000
Canada Summer Games 2017	103,881
	1,230,987
Transfer to unrestricted surplus	\$ (580,833)

The Council contributed an additional \$3,539 towards the Canada Summer Games 2017 above the contribution agreement. Since inception, the total approved multi-sport games costs have exceeded the total multi-sport contributions from MACA by \$786,368.

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

9. RESERVES, continued

BUILDING RESERVE FUNDING

The Council is responsible for the distribution of net lottery proceeds which includes the development of a policy on the operation of a building reserve for capital improvements to the administration building owned by Lex Borealis Ltd. Lex Borealis Ltd. is a 100% owned subsidiary of Sport North Federation, a funding recipient of the Council. This policy must include an annual minimum percentage allocation from the net proceeds of the Lottery, a maximum reserve balance of 100% of the assessed value of the building (\$600,000), allocation of 50% of the excess proceeds of the Lottery in excess of the approved allocations and a definition of capital improvements to delineate which items qualify for payment from the reserve. The reserve was reduced to nil in the current year.

PROGRAM RESERVE FUNDING

The program reserve is established by the SRC to be directed toward programs impacting strategic priorities. 30% of the surplus funds shall be allocated to this reserve in any given year. The maximum reserve balance is 10% of net proceeds of the lottery program in any given year. The reserve was reduced to nil in the current year.

10. SUBSEQUENT EVENTS

NWT Sport and Recreation Council will cease to operate once the NWT Lottery Authority is rolled into the Government of the Northwest Territories. The current date for this to occur is September 2018.

In the subsequent year, the NWT Sport and Recreation Council came to an agreement with Sport North Federation regarding payments to Lex Borealis for the building. The payments will all take place in 2018/19.

11. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

12. LOTTERY FUNDING

NWT Sport and Recreation Council received the following amounts from the NWT Lottery Authority during the year:

	<u>2018</u>	<u>2017</u>
Funds transferred from NWT Lottery Authority	<u>\$ 3,950,000</u>	<u>\$ 4,200,000</u>

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

13. TERRITORIAL SPORT ORGANIZATION CONTRIBUTIONS

The sport organizations received the following contributions during the year:

	<u>2018</u>
Archery	\$ 20,000
Arctic Sports/Dene Games	20,000
Aurora Horse	20,000
Badminton	22,200
Basketball	100,000
Biathlon	51,780
Bowling	20,000
Broomball	20,000
Cross Country Skiing	100,000
Curling	82,500
Dog Sledding	47,500
Figure Skating	20,000
Golf	31,000
Gymnastics	54,000
Hockey	106,500
Judo	100,000
Karate	20,000
Kayaking	37,500
School Sports	20,000
Shooting	31,000
Snowboarding	54,000
Soccer	106,500
Softball	82,500
Special Olympics	20,000
Speed Skating	82,500
Squash	65,000
Swimming	100,000
Table Tennis	20,000
Taekwondo	20,000
Tennis	47,500
Track & Field	65,790
Volleyball	89,000
Wrestling	<u>20,000</u>
	<u>\$ 1,696,770</u>

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

14. LOTTERY AUTHORITY

The Lottery Authority was established by SRC as per Section 4(1) of the Western Canada Lottery Act Regulations for the purpose of assisting the SRC in the performance of its duties under the regulations. By agreement dated April 1, 2009, between the Western Canada Lottery Corporation (WCLC) and the SRC, the SRC agreed to jointly market with the WCLC the lottery schemes in the Northwest Territories. By Agreement dated April 1, 2015, provision of marketing the WCLC products in the Nunavut territory has been extended until March 31, 2020.

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

ADMINISTRATION

Schedule 1

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
REVENUE			
Lottery contribution	\$ 225,000	\$ 162,596	\$ 574,509
Interest revenue	-	8,059	5,734
	<u>225,000</u>	<u>170,655</u>	<u>580,243</u>
EXPENSES			
Amortization	-	864	2,125
Audit and accounting fees	-	10,609	11,147
Bank charges	-	245	99
Communications	-	-	908
Contributions	225,000	117,364	-
Insurance	-	-	2,695
Gain/Loss on disposal of assets	-	1,087	-
Wages and benefits	-	40,486	563,269
	<u>225,000</u>	<u>170,655</u>	<u>580,243</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

INVESTMENT AND EVALUATION

Schedule 2

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
REVENUE			
Lottery contribution	\$ 3,522,418	\$ 3,787,403	\$ 3,615,136
MACA Contribution	<u>350,000</u>	<u>350,000</u>	<u>-</u>
	<u>3,872,418</u>	<u>4,137,403</u>	<u>3,615,136</u>
EXPENSES			
Aboriginal Sport Circle of the NWT	800,000	903,391	763,189
Beaufort Delta Sahtu Recreation Association	344,230	-	260,784
Beaufort Delta Sahtu Contributions	-	189,732	-
Mackenzie Recreation Association	360,000	441,778	243,748
NWT Recreation and Parks Association	800,000	845,410	698,104
Sport North Federation	800,000	365,781	1,747,304
Territorial Sport Organizations (note 13)	<u>1,696,770</u>	<u>1,696,770</u>	<u>-</u>
	<u>4,801,000</u>	<u>4,442,862</u>	<u>3,713,129</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (928,582)</u>	<u>\$ (305,459)</u>	<u>\$ (97,993)</u>

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

MULTI SPORT GAMES

Schedule 3

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
REVENUE			
MACA Contribution	\$ 650,000	\$ 650,000	\$ 650,000
Lottery Contribution	-	-	10,356
Interest Revenue	-	154	83
	<u>650,000</u>	<u>650,154</u>	<u>660,439</u>
EXPENSES			
Bank Charges	2,500	4,694	1,264
Contribution to Sport North Federation	592,842	794,881	246,731
Contribution to Aboriginal Sport Circle	484,024	431,412	180,000
	<u>1,079,366</u>	<u>1,230,987</u>	<u>427,995</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (429,366)</u>	<u>\$ (580,833)</u>	<u>\$ 232,444</u>

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

SCHEDULE OF OPERATIONS BY OBJECT

Schedule 4

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Lottery Revenue	\$ (3,747,418)	\$ (3,950,000)	\$ (4,200,000)
MACA Revenue	(1,000,000)	(1,000,000)	(650,000)
Interest Revenue	-	(8,212)	(5,818)
Amortization	-	866	2,125
Audit and accounting fees	-	10,609	11,147
Communications	-	-	908
Contribution to games	1,076,866	794,881	246,731
Contribution to partners	5,026,000	4,991,637	3,893,130
Insurance	-	-	2,695
Bank charges	2,500	4,938	1,362
Gain/loss on disposal of assets	-	1,087	-
Wages	-	40,486	563,269
	<u>\$ 1,357,948</u>	<u>\$ 886,292</u>	<u>\$ (134,451)</u>

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

AUDITED FINANCIAL STATEMENTS

March 31, 2018

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Financial Statements
Year ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

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**YELLOWKNIFE
ACCOUNTING**
PROFESSIONAL CORPORATION

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ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Northwest Territories Surface Rights Board
Yellowknife, NWT

We have audited the accompanying financial statements of Northwest Territories Surface Rights Board, which comprise of the Statement of Financial Position as at March 31, 2018, Statement of Revenue and Expenditures and Accumulated Surplus and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northwest Territories Surface Rights Board, as at March 31, 2018 and its financial performance and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

EPR Yellowknife Accounting

EPR Yellowknife Accounting Professional Corporation
Yellowknife, NT
June 14, 2018

Paul. [Signature]

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Northwest Territories Surface Rights Board are the responsibility of management and have been approved by the Board.

The financial statements have been prepared by management in accordance with Canadian accounting standards for not for profit organizations as recommended by the board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, EPR Yellowknife Accounting Professional Corporation., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Northwest Territories Surface Rights Board and meet when required.

On behalf of Northwest Territories Surface Rights Board

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

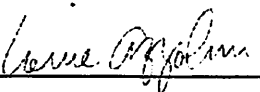
Doug Rankin, Board Coordinator
Northwest Territories Surface Rights Board
May 28, 2018

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
STATEMENT OF FINANCIAL POSITION
As At March 31, 2018

Statement I

	2018		2017
ASSETS			
Current Assets			
Cash	\$ 123,503	\$	80,050
Accounts receivable (Note 3)	74		29,592
Prepaid Expenses	1,262		1,350
	124,839		110,992
CAPITAL ASSETS (Note 2b)	-		-
TOTAL ASSETS	\$ 124,839	\$	110,992
LIABILITIES			
Current liabilities			
Accounts Payable and Accrued Liabilities	\$ 46,775	\$	44,132
Deferred Revenue (Note 4)	78,064		66,860
TOTAL LIABILITIES	124,839		110,992
EQUITY			
Accumulated Surplus	-		-
Investment in capital assets (Note 1b)	-		-
	-		-
TOTAL LIABILITIES AND NET ASSETS	\$ 124,839	\$	110,992

APPROVED ON BEHALF OF BOARD

 Director

 Director

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED SURPLUS
For the Year Ended March 31, 2018

Statement II

	2018	2017
REVENUE		
Government of NWT Contributions	297,478	293,900
Transfer from (to) deferred revenue	(11,204)	46,729
Interest revenue	173	250
Other revenue	-	1,023
TOTAL REVENUE	286,447	341,902
OPERATING EXPENSES		
Professional fees	122,799	138,107
Honorarium	51,371	63,866
Board travel and other costs	19,755	46,354
Wages and Benefits	49,721	38,118
Information technology and computer costs	6,690	25,696
Rent	17,818	16,007
Advertising and external communication	5,575	4,190
Office and other supplies	4,698	3,968
Telephone, fax and Internet	3,226	3,120
Staff Travel and training	2,851	1,540
Bank charges and interest	172	486
Insurance	1,771	450
EXCESS REVENUE (EXPENDITURE) FOR THE YEAR	286,447	341,902
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ -

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
STATEMENT OF CASH FLOW
For the Year Ended March 31, 2018

Statement III

	2018	2017
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure	\$ -	\$ -
Decrease (increase) in accounts receivable	29,518	(25,889)
Decrease (increase) in prepaid expenses	88	(1,350)
Increase (decrease) in accounts payable	2,643	(14,348)
Increase (decrease) in deferred revenue	11,204	(46,729)
	43,453	(88,316)
Net increase (decrease) in cash and equivalents	43,453	(88,316)
Cash and equivalents at beginning of Year	80,050	168,366
CASH AND EQUIVALENTS AT END OF YEAR	123,503	80,050
Cash consists of :		
Cash in bank	98,503	55,050
GIC	25,000	25,000
	\$ 123,503	\$ 80,050

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

1. NATURE OF ORGANIZATION

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD (The "Board") was created upon the enactment of the Surface Rights Board (Northwest Territories) by the fifth session of the seventeenth Legislative Assembly of the Northwest Territories, commencing April 2016. The objective of the Board is to fairly and equitably resolve disputes regarding access to lands in the Northwest Territories and waters overlying those lands in the Mackenzie Valley. The Board's objectives are based on the plan developed by the Government of the Northwest Territories Department of Lands. The Board's activities are in accordance with the requirements of the Northwest Territories Surface Rights Board Act (Canada), in accordance with the requirements of the Northwest Territories Land and Resource Devolution Agreement. The Board is exempt from income taxes under Section 149 of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standard for Not-For-Profit Organizations (ASNPO).

2a) Use of Estimates

The preparation of financial statements necessarily involves the use of estimates, which have been made using careful judgment. Actual results could differ from these estimates and any differences will be reflected in the financial statements in the period in which they are known. The financial statements have, in the opinion of management, been properly prepared within the reasonable limits of materiality and the framework of the significant accounting policies summarized below.

2b) Capital Assets

Capital assets, when purchased, are recorded in the Capital Fund at cost minus accumulated amortization, and offset by the Investment in Capital Assets and any related debt. Amortization is provided to reduce the Investment in Capital Assets over the expected useful lives of the particular assets. Amortization is recorded using the diminishing balance method. At March 31, 2018, the Board had not acquired any capital assets.

2c) Revenue and Expenditure Recognition

Government Contracts and Contribution Agreements:

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fund accounting

Revenues and expenses related to Board operations delivery and administrative activities are reported in the Operating Fund. The net book value of capital assets is reported in the Capital Fund, offset by Investment in Capital Assets and any related debt.

2d) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the organization are either recognized or disclosed in the Financial Statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable, the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

Financial Instruments (Contd...)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will affect the organization’s revenue, the organization’s expenses and the organization’s financial instruments. The Board does not own a significant number of interest earning assets and the Board does not have a significant number of interest bearing liabilities.

Liquidity Risks

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due. The Board manages liquidity risk by reviewing forecasted cash flows from operating activities, forecasted financing activities and forecasted investing activities including budgeted capital expenditures and related financing.

Fair Values

The methods and assumptions followed to disclose fair value are inherently matters of judgment. Accordingly, fair values do not necessarily reflect the amounts that would be recovered or paid under the circumstances that immediate settlement of the financial instruments were required. The use of different methods of estimating and different assumptions could have a material effect on the estimated fair value amounts. Due to the short-term nature of accounts receivable, accounts payable and accrued liabilities the carrying amounts approximate fair value.

2e) Risk Management

The Board reviews financial risks and sets appropriate limits and controls when necessary.

2f) Going Concern

Financial Statements, under Canadian generally accepted accounting standards, are prepared on the assumption that the entity is a going concern, meaning that it will continue in operations for the foreseeable future and that it will be able to realize assets and discharge liabilities in the normal course of its operations.

3. ACCOUNTS RECEIVABLE

	2018	2017
GNWT Department of Lands	\$ -	\$ 29,592
Office Compliments	74	-
	\$ 74	\$ 29,592

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

4. DEFERRED REVENUE

Pursuant to Contribution Agreement Paragraph 7.3, any unspent amount of the Contribution, or amount repayable in accordance with the Agreement, shall be recorded as a liability in the accounts and records of the Board until the amounts have been spent in accordance with the Agreement or repaid to the GNWT, as applicable.

	2018	2017
Balance, beginning of period	\$ 66,860	\$ 113,589
Deferred Revenue recognized as revenue during for the year	11,204	(46,729)
Balance, end of period	78,064	66,860
Comprised of:	-	-
Deferred revenue for processing applications	50,000	50,000
Deferred revenue, general	28,064	16,860
	\$ 78,064	\$ 66,860

5. ECONOMIC DEPENDENCE

Revenues

The Board derives a material amount of its revenues from contribution agreements with the Government of the Northwest Territories. Interruption of this funding would materially affect the operations of the Board.

Supplies and Expenditures

The Board may purchase all of the resources necessary for its operations at fair market values from available vendors deemed to provide best value to the Board.

The Board does not engage in the employment services of skilled individuals who could not be replaced in the labour market.

6. CONTINGENT LIABILITIES

The Board has determined that there have been no events that confirm that an asset has been impaired or liability incurred as at the financial statement date.

The continued operations of the Board is dependent upon the Board securing financing by maintaining a volume of contribution funding. The Board has entered into a long term funding agreement with the Government of the Northwest Territories ending on March 31, 2020.

7. COMMITMENTS

Effective May 1, 2016, the Board entered into an obligation under a 2 year lease for office space. Annual minimum payments for rent are \$13,758.

8. SUBSEQUENT EVENTS

The Board has determined that there have been no subsequent events that provide further evidence of conditions which existed at the financial statement date, and/or which are indicative of conditions which arose subsequent to the financial statement date.

**Status of Women Council
of the Northwest Territories
Yellowknife, NT**

**Financial Statements
March 31, 2018**

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Status of Women Council of the N.W.T.

P.O. Box 1320, Yellowknife, NWT X1A 2L9

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Status of Women Council of the Northwest Territories are the responsibility of the management and have been approved by the directors.

The financial statements have been prepared by the management in accordance with generally accepted accounting principles for the public sector and include some amounts that are necessarily based on management's best estimates and judgment. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

The Council maintains systems in internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Council's assets are appropriately accounted for and adequately safeguarded.

The directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the financial statements. The directors carry out this responsibility principally through review of the annual budgets, comparison of actual results to budgets on a periodic basis, approval of the financial statements, and engagement of the external auditor.

The auditor annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with generally accepted auditing standards.

Violet Camsell-Blondin
President

Yellowknife, Northwest Territories
May 31, 2018



Independent Auditor's Report

To the Directors of the Status of Women Council of the Northwest Territories

I have audited the financial statements of The Status of Women Council of the Northwest Territories, which comprise the statement of financial position as at March 31 2018, and the statements of operations, changes in net financial assets, 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 audits. I conducted my audits 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 of 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.

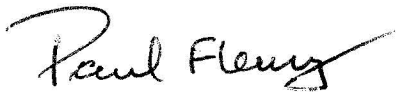
Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Status of Women Council of the Northwest Territories as at March 31, 2018, and the results of its operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

As required by the Financial Administration Act of the Northwest Territories, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied.

Further in my opinion, proper books of account have been kept by the Status of Women Council of the Northwest Territories and the financial statements are in agreement therewith. In addition, the transactions of the Status of Women Council of the Northwest Territories that have come to my notice during my audits of the financial statements have, in all significant respects, been in accordance with Part 1X of the Financial Administration Act of the Northwest Territories and regulations; the Status of Women Council Act (Act) and regulations; the by-laws of the Council; and any directives issued to the Council by the Minister under the FAA or the Act.



Paul Fleury, Chartered Professional Accountant-cga
Yellowknife, NWT
May 31 2018

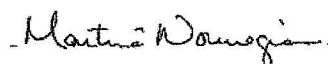
Status of Women Council of the Northwest Territories

Statement of Financial Position

As at March 31,	2018	2017
	\$	\$
Financial assets		
Cash and cash equivalents (Note 2b & 3)	226,637	125,037
Accounts receivable (Note 4)	-	9,114
Prepaid expense	-	981
	<u>226,637</u>	<u>135,132</u>
Liabilities		
Accounts payable and accrued expenses (Note 5)	15,939	17,113
Vacation payable	7,589	16,459
Employee deductions payable	1,737	2,018
Deferred revenue (Note 10)	96,574	-
Funding refundable	24,990	-
Benefits fund (Note 6)	38,661	38,402
Contingency fund (Note 7)	43,221	42,930
	<u>228,711</u>	<u>116,922</u>
Net Financial assets	(2,074)	18,210
Non-Financial assets		
Tangible capital assets-Council (Note 8)	2,178	2,913
-Projects (Note 8)	280	386
	<u>2,458</u>	<u>3,299</u>
Accumulated Surplus (Note 9)	384	21,509

Approved on behalf of the Board

 _____ President

 _____ Director

The accompanying notes and supplementary schedules are an integral part of the financial statements

Contingencies (Note 16)

Commitments (Note 18)

Status of Women Council of the Northwest Territories
Statement of Operations
Year ended March 31,

	Budget	2018	2017
	(Unaudited)	Actual	Actual
	\$	\$	\$
REVENUE			
Contributions			
Government of the NWT-Core	394,000	394,000	394,000
Government of the NWT-Other	-	92,223	104,600
Government of Canada	-	173,000	86,800
Deferred revenue	-	(96,574)	-
Other Revenue			
Administration fees & miscellaneous	-	10,800	6,865
Contributed Rent	70,870	70,870	70,870
	464,870	644,319	663,135
EXPENDITURES			
Core	464,870	487,852	477,869
Administration and service revenue	-	5,000	-
Donations	-	-	2,156
Family Violence Week	-	49,737	46,250
Gender Equality	-	43,426	-
Leadership	-	-	40,000
Victim Awareness Week	-	8,000	6,000
What Will It Take	-	26,823	-
Dignity Bags	-	-	22,800
FV Educational Series	-	-	42,000
New Horizons	-	25,000	25,000
NGO Stabilization Fund	-	19,500	9,350
	464,870	665,338	671,425
EXCESS REVENUE (EXPENDITURES)	-	(21,019)	(8,290)

The accompanying notes and supplementary schedules are an integral part of the financial statements

Status of Women Council of the Northwest Territories
Statement of Change in Net Financial Assets
Year ended March 31,

	2018	2017
	\$	\$
Annual (deficit) surplus	(21,019)	(8,290)
Effect of change in tangible capital assets		
Amortization of tangible capital assets	735	1,000
Increase (decrease) in net financial assets	(20,284)	(7,290)
Net financial assets at beginning of year	18,210	25,500
Net financial assets at end of year	(2,074)	18,210

The accompanying notes and supplementary schedules are an integral part of the financial statements

Status of Women Council of the Northwest Territories
Statement of Cash Flows
Year ended March 31,

	2018	2017
	\$	\$
Operating Activities		
Excess revenue/ (expenditure)	(21,019)	(8,290)
Interest earned	550	74
Amortization	735	1,000
	(19,734)	(7,216)
Accounts receivable	9,114	30,486
Prepaid expenses	981	(981)
Payables	(1,174)	(19,672)
Vacation Payable	(8,870)	455
Employee deduction payable	(281)	(6,500)
Funding refundable	24,990	-
Deferred revenue	96,574	-
Change in cash position	101,600	(3,428)
Cash and cash equivalents, beginning of year	125,037	128,465
Cash and cash equivalents, end of year	226,637	125,037
Represented by		
Cash in bank	132,976	31,926
Investment in cash account	93,661	93,111
	226,637	125,037

The accompanying notes and supplementary schedules are an integral part of the financial statements

Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018

1. Authority and Mandate

The Council was established by the consolidation of *Status of Women Council Act*, S.N.W.T. 1990(1).c.6. that was proclaimed in force on April 4, 1990 by SJ-006-90 by the Government of the Northwest Territories.

The objectives of the Council are:

- a) to develop public awareness of issues affecting the status of women;
- b) to promote a change in attitudes within the community in order that women may enjoy equality;
- c) to encourage discussion and expression of opinion by residents of the Northwest Territories on issues affecting the status of women;
- d) to advise the Minister on issues that the Minister may refer to the council for consideration;
- e) to review policies and legislation affecting women and to report its findings to the relevant government departments or agencies;
- f) to provide assistance to the Minister in promoting changes to ensure the attainment of equality of women; and
- g) to provide the appropriate assistance to organizations and groups whose objectives promote the equality of women.

The Council may:

- a) receive and hear submissions and suggestions from individuals and groups concerning the status of women;
- b) research matters relating to the status of women;
- c) suggest research areas in relation to matters relating to the status of women that may be studied by any interested persons;
- d) recommend and participate in programs concerning the status of women;
- e) recommend legislation, policies and practices to improve the equality of opportunity for women and to improve the status of women;
- f) publish any reports, studies or recommendations that the Council considers advisable;
- g) present reports to the Minister to be laid before the Legislative Assembly;
- h) contract and be contracted in the name of the Council; and
- i) make bylaws to regulate the affairs of the Council.

Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018

2. Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards (“PSAS”) as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The significant accounting policies are detailed as follows:

a) Fund accounting

The Council follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization’s program delivery and administrative activities. This fund reports unrestrictive resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Council’s capital assets.

b) Cash and cash equivalents

Cash equivalents are comprised of highly liquid deposits that are readily convertible to cash.

c) Financial instruments

The Board classifies its financial instruments at cost or amortized cost. The Board’s accounting policy for this financial instrument category is as follows:

This category includes accounts receivable, accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

d) Capital assets

Capital assets are recorded at cost. Capital assets are amortized following the declining balance method at the following annual rates.

Equipment	20%
Computers	30%

Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018

2. Significant accounting policies (continued)

e) Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires the Status of Women Council of the Northwest Territories to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. At the time of preparation of these statements, the Council believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to amortization, non-monetary transactions, and revenue accruals.

f) Employee future benefits

Employees are entitled to severance benefits, as provided under labour contracts and conditions of employment, based upon years of service. The benefits are paid upon resignation, retirement or death of an employee.

The costs of severance benefits are recorded as expenses in the year paid.

g) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured.

h) Contributed services.

Any time contribute by volunteers to assist the Council in carrying out its service delivery activity are not recognized in the financial statements because of the difficulty in determining their fair value.

i) Government contributions-services received without charge.

The Government of the Northwest Territories provided the Council with office premises. The estimated value of these rental premises are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the Council's operations in the financial statements.

Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018

2. Significant accounting policies (continued)

j) Contract services

Contract services acquired by the Council are recognized as expenses in the year the services are rendered.

k) Allocation of expenditures

The Council allocates expenditures according to the contribution agreement to which the expenditure relates. The expenditures are any direct cost related to the fulfillment of the contribution agreement. The costs are then allocated to the contribution agreement based on the actual amount of the expenditure.

Office administrative costs are allocated to contribution agreements that allow such costs to be allocated. Office administrative costs are allocated based on the percentage of staff time required to fulfill that contribution agreement.

l) Funds and reserves

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved.

m) Income taxes

The Council is exempt from income taxes under section 149(1) (e) of the Income Tax Act.

Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018

3. Cash and Cash Equivalents

Cash balances are made up as follows:	<u>2018</u>	<u>2017</u>
	\$	\$
Cash	132,976	31,926
Investment Cash Account	93,661	93,111
	<hr/>	<hr/>
Total cash and cash equivalents	226,637	125,037

4. Accounts Receivable

	<u>2018</u>	<u>2017</u>
	\$	\$
Department of Justice Canada	-	4,200
RCMP	-	3,800
PSAC	-	300
GNWT	-	510
Reimbursement	-	304
	<hr/>	<hr/>
Total accounts receivables	-	9,114

5. Accounts Payable

	2018	2017
	\$	\$
Suppliers	1,325	188
Wages Payable	3,614	5,925
Accrued Audit Fees	11,000	11,000
	<hr/>	<hr/>
Total accounts payable	15,939	17,113

6. Benefits Fund

The Council, under its amended contribution agreement, is allowed to create a Maternity and Parental Leave Benefit Fund, using 100% of its annual unexpended core contribution to a maximum of \$ 40,000.00.

Information about the fund is as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Benefits Fund, beginning of year	38,402	38,367
Interest earned	259	35
	<hr/>	<hr/>
Benefits Fund, end of year	38,661	38,402

**Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018**

7. Contingency Fund

The Council created a contingency fund to protect against funding cutbacks.

Information about the fund is as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Contingency Fund, beginning of year	42,930	42,891
Interest earned	291	39
Contingency Fund, end of year	43,221	42,930

8. Tangible Capital Assets

Council assets

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2018	2017
Furniture	4,870	3,758	1,112	1,391
Projector	1,125	1,079	46	65
Computer	30,517	29,497	1,020	1,457
Total Council assets	36,512	34,334	2,178	2,913

Project assets

Computers	13,664	13,384	280	386
Total assets	50,176	47,718	2,458	3,299

9. Accumulated Surplus

	2018	2017
	\$	\$
Balance, opening April 1,	21,509	29,965
Operating surplus (deficit)	(21,019)	(8,290)
Tangible capital asset addition	-	-
Amortization tangible capital assets-projects	(106)	(166)
Balance, closing March 31,	384	21,509

Status of Women Council of the Northwest Territories
Notes to the Financial Statements
March 31, 2018

10. Deferred Revenue	\$
Project Funding-Received in 2018 Gender Equality	140,000
Expended during year	43,426

Deferred Revenue **96,574**

This project extends over a three year period. The sum of \$ 140,000.00 remains to be received for this project.

11. Wages and Benefits.

Included in wages and benefits are: \$

Severance Pay	18,637
Vacation Pay	19,723
Lieu Time	11,876

50,236

12. Travel.

Projects	30,867
Staff	5,344
Board	30,744
F/P/T	4,761

71,716

13. Contributed Rent

\$
Rent contributed by Government of the GNWT **70,870**

14. Consultant Fees.

Staff Training	8,715
Other	4,442

13,157

14(b)Project Management

Advance Gender Equality	25,000
New Horizon	6,000
Family Violence Awareness Week	19,000

50,000

Status of Women Council of the Northwest Territories
Notes to the Financial Statements
March 31, 2018

15. Financial Instruments

The Council uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest risk, liquidity risk, and market risk.

The Council does not use any derivative financial instruments to mitigate these risks.

Credit Risk

Credit risks arise from three sources: cash and cash equivalents, investment in interest bearing securities and accounts receivable. Cash and cash equivalents are deposited with reputable major financial institutions to limit the credit risk exposure. Investment in interest bearing securities are with high-credit quality financial institutions. The credit risk from counter parties not paying accounts receivable is not considered to be significant.

Interest Rate Risk

The Council is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents, investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows relating to interest income and expense.

Liquidity Risk

Liquidity risk exposure is dependent on the receipts of funds from the Government of The Northwest Territories and other sources to enable the Council to pay its liabilities as they become due. History has shown that funding from the Government of The Northwest Territories and other funders to be consistent. Nevertheless, Council has established a reserve to protect against funding cut-backs.

Market Risk

The Council is not exposed to market risk as it has no investment in publicly traded companies.

16. Contingent Liabilities

Management is not aware of any contingent liabilities outstanding against the Status of Women Council

Status of Women Council of the Northwest Territories
Notes to the Financial Statements
March 31, 2018

17. Related Parties

The Council receives contributions from the Government of The Northwest Territories and services provided without or with charge.

	2018	2017
	\$	\$
Operating contributions received	394,000	394,000
Other project contributions	92,223	104,600
<u>Operating premises received without charge</u>	<u>70,870</u>	<u>70,870</u>
	<u>557,093</u>	<u>569,470</u>
<u>Mail support services received with charge</u>	<u>4,814</u>	<u>9,141</u>

18. Commitments

The Council is committed to office equipment leases of \$ 2,379.86 per quarter with the following remaining payments:

		\$
	2019	9,519
	2020	9,519
	<u>2021</u>	<u>4,761</u>
		<u>23,799</u>

19. Comparative Figures

Certain prior year figures have been reclassified for comparative purposes to conform to current year figures.

20. Budget

The budget figures presented are unaudited, and are those approved by the Board

21. Going Concern

The Council is dependent on government funding for continued operation.

Status of Women Council of the Northwest Territories
Notes to the Financial Statements
March 31, 2018

22 Expenses by Object

The following is a summary of expenses by object.

Year ended March 31,	2018	2017
	\$	\$
Wages and benefits-(Note 11)	303,606	310,846
Professional development, staff	7,436	2,825
Board	8,000	-
Contracted Services	17,586	9,424
Honoraria	27,700	13,300
Office supplies & photocopies	12,255	6,303
Computer services	3,736	-
Supplies and workshops	13,663	42,380
Travel -(Note 12)	71,716	68,681
Food service special events	10,758	15,278
Facility rental	8,823	5,655
Contributed rent-(Note 13)	70,870	70,870
Bank charges	506	1,325
Audit, Legal and accounting	16,125	11,000
Consultant fees-(Note 14)	13,156	-
Advertising	10,944	17,406
Meetings and conferences	1,156	6,969
Dues & fees	47	2,325
Telephone, fax, internet & website	7,221	9,007
Mail services	4,814	9,141
Design & printing	368	35,795
Project management-(Note 14b)	50,000	25,330
Amortization	735	1,000
Administration fees	4,117	6,565
	665,338	671,425

**Status of Women Council of the NWT
Schedule 1- Core**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
GNWT - DAAIR Core Funding	394,000	394,000	394,000
Contributed Rent	-	70,870	70,870
	394,000	464,870	464,870
Expenditures			
Wages & Benefits	305,604	294,770	302,502
Professional Development – Staff	3,000	7,436	1,025
Professional Development – Board	4,500	-	1,800
Facilitators /Contractors	1,600	4,436	5,566
Honoraria	7,500	27,700	12,100
Books	700	-	-
Office Supplies	8,900	4,841	4,769
Facility / Equipment Rental	-	-	1,750
Travel Council Directors	14,600	19,801	-
Travel-staff	-	480	-
Travel Community Worker	3,000	-	-
Travel F/P/T	5,400	4,761	36,611
Bank Charges	800	506	1,325
Audit and legal	9,000	11,125	8,900
Consultant	-	13,156	-
Advertising & Promotion	7,806	6,439	528
Telephone & Fax	5,600	3,707	5,471
Postage , Courier , mail service	5,500	789	1,400
Meeting Expenses/Conference Fees	-	1,203	450
Food Service Special Events	1,490	8,384	6,859
Materials,Resources/Subscriptions	-	2,444	8,557
Workshop Expenses	-	-	2,094
Design & Printing	3,500	-	2,561
Computer Services and Internet	5,500	3,736	1,731
Amortization	-	734	1,000
Contributed Rent	-	70,870	70,870
	394,000	487,318	477,869
Excess revenue (expenditures)	-	-22,448	-12,999

**Status of Women Council of the NWT
Schedule 2 -Service revenue, donations**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
Service Revenue	-	8,448	6,565
Donations, Events Grants	-	510	300
	-	8,958	6,865
Expenditures			
Advertising and Promotion	-	-	1,059
Materials,Resources,/Subscriptions	-	-	107
Workshop Expenses	-	-	70
Food Service - Special Events	-	-	920
Legal fees	-	5,000	-
	-	5,000	2,156
Excess revenue (expenditures)	-	3,958	4,709

**Status of Women Council of the NWT
Schedule 3 - Advance Gender Equality**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
Government of Canada	-	140,000	-
Deferred Revenue	-	-96,574	-
	-	43,426	-
Expenditures			
Project Management	-	25,000	-
Telecommunications	-	282	-
Travel-project	-	7,578	-
Travel-staff	-	1,566	-
Wages & benefits-staff	-	7,500	-
Materials and resources	-	500	-
Administration fees	-	1,000	-
	-	43,426	-
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 4 - Family Violence Week**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
GNWT- HSS	-	24,000	24,750
GNWT - Justice (Victims Assistance Fund)	-	21,900	21,500
Donations,Events and Grants	-	1,309	-
		47,209	46,250
Expenditures			
Office supplies - Small Equipment	-	3,067	1,014
Design and Printing	-	367	7,308
Community Events	-	19,000	19,750
Advertising and promotion	-	3,852	9,593
Telecommunications	-	1,381	242
Mail Service	-	3,215	4,162
Travel-Staff	-	3,299	-
Materials,Resources,/Subscriptions	-	7,333	903
Facility / Equipment Rental	-	7,223	215
Food Service-Special Events	-	-	1,840
Administration Fees	-	1,000	1,223
		49,737	46,250
Excess revenue (expenditures)	-	-2,528	-

**Status of Women Council of the NWT
Schedule 5 - Leadership**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
GNWT -DAAIR	-	-	40,000
Donations, Events, Grants	-	-	-
	0	0	40,000
Expenditures			
Office supplies - Small Equipment	-	-	-
Advertising and promotion	-	-	3,814
Telecommunications	-	-	707
Mail Service	-	-	219
Travel Expenses - General	-	-	19,959
Salaries & Wages	-	-	90
Honoraria Board	-	-	1,200
Materials, Resources/Subscriptions	-	-	707
Workshop Expenses	-	-	1,134
Computer Service	-	-	181
Meeting Expenses	-	-	6,511
Research and Contract Fees	-	-	-
Facility / Equipment Rental	-	-	-
Food Service-Special Events	-	-	5,163
Awards & Gifts and Hospitality	-	-	315
	-	-	40,000
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 6 - Victim Awareness Week**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
Department of Justice Canada	-	8,000	6,000
		8,000	6,000
Expenditures			
Office Supplies	-	339	-
Telecommunications	-	618	-
Mail Service	-	497	-
Workshop Expenses	-	-	2,962
Materials, Resources, Subscriptions	-	131	-
Research/Contract Fees	-	5,000	-
Facility / Equipment Rental	-	250	1,310
Food Service	-	1,120	-
Administration fees	-	45	1,728
	-	8,000	6,000
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 7 - What Will It Take**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
GNWT- HSS	-	26,823	-
	-	26,823	-
Expenditures			
Office Supplies	-	2,540	-
Mail Service	-	313	-
Travel Expenses - Project	-	23,162	-
Materials, Resources/Subscriptions	-	40	-
Food Services	-	248	-
Administration fees	-	520	-
	-	26,823	-
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 8 - Dignity Bags**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
RCMP	-	-	13,800
GNWT- Justice	-	-	9,000
	-	-	22,800
Expenditures			
Design and Printing	-	-	1,136
Travel Expenses - General	-	-	696
Materials, Resources/Subscriptions	-	-	18,025
Mail Service	-	-	1,316
Salaries & Wages	-	-	613
Administration Fees	-	-	1,014
	-	-	22,800
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 9 - FV Educational Series**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
Dept of Justice Canada	-	-	42,000
	-	-	42,000
Expenditures			
Design and Printing	-	-	18,612
Meeting Expenses	-	-	59
Mail Service	-	-	1,825
Accounting & Legal	-	-	2,100
Computer Service	-	-	181
Travel Expenses - General	-	-	11,435
Materials, Resources/Subscriptions	-	-	5,700
Workshop Expenses	-	-	706
Telecommunications	-	-	612
Research and Contract Fees	-	-	175
Facility / Equipment Rental	-	-	595
	-	-	42,000
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 10 - New Horizons**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
Government of Canada ESDC	-	25,000	25,000
	-	25,000	25,000
Expenditures			
Office Supplies - Small Equipment	-	1,468	520
Design and Printing	-	-	1,935
Project Management	-	6,000	5,000
Advertising and Promotion	-	653	2,413
Telecommunications	-	1,234	1,346
Mail Service	-	-	219
Computer Service	-	-	181
Travel-Projects	-	127	-
Salaries & Wages	-	-	7,641
Research/ Contracts Fees	-	8,150	-
Material, Resources/Subscriptions	-	1,128	610
Workshop Expenses	-	1,502	489
Facility / Equipment Rental	-	1,350	1,785
Food Service - Special Events	-	1,006	496
Administration Fees	-	2,382	2,365
	-	25,000	25,000
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 11 - NGO Stabilization Fund**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
GNWT - Municipal & Community	-	19,500	9,350
	-	19,500	9,350
Expenditures			
Design and Printing	-	-	4,243
Travel Board	-	10,916	-
Telecommunications	-	-	629
Materials, Resouces/Subscriptions	-	584	-
Professional Development Board	-	8,000	-
Research / Contract Fees	-	-	4,243
Administration Fees	-	-	235
	-	19,500	9,350
Excess revenue (expenditures)	-	-	-

FUR MARKETING SERVICE REVOLVING FUND

FOR THE YEAR ENDED MARCH 31, 2018

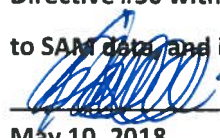
Fur Marketing Service Revolving Fund

Purpose: To provide working capital for the operation of a fur advance system. Trappers receive interest free advances on fur sent to southern auction houses. Approximately 1,000 trappers take advantage of this program.

(thousands of dollars)

	2017/18 Actuals	2017/18 Revised Estimates	2017/18 Main Estimates	2016/17 Actuals
Authorized Limit	1,500	1,500	1,500	1,500
Opening Accounts Receivable	719	719	267	536
Advances to Trappers	1,116	650	805	694
Repayment of Fur Account Loans	(634)	(740)	(900)	(511)
Closing Accounts Receivable	1,201	629	172	719
Cash	(2,384)			(1,881)
Other Asset Accounts	1			2
Liability Accounts	(231)			(27)
Clearing Accounts	63			63
Closing Balance Fund 12	(1,349)			(1,124)
Authorized limit	1,500			1,500

The information provided within this working paper addresses all requirements of YE Directive #50 with regards to content, format, completeness, analysis and reconciliation to SAM data, and its due date of May 10th, 2018.



Hilda Balsillie, A/DFA

May 10, 2018

MARINE TRANSPORTATION SERVICES REVOLVING FUND

FINANCIAL STATEMENTS

FOR THE PERIOD JUNE 2, 2017 TO MARCH 31, 2018

*Marine Transportation Services Revolving Fund
Financial Statements
For the period June 2, 2017 to March 31, 2018*

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Statement of Operations and Accumulated Surplus	6
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Management's Responsibility for Financial Statements

To the Minister of Infrastructure

Government of the Northwest Territories

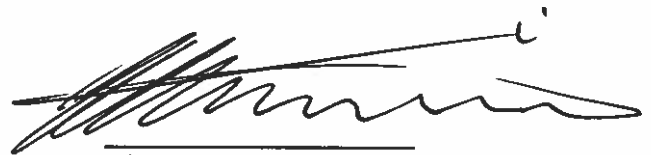
Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgements based on careful consideration of the information available to management. Management accepts responsibility for these financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorised, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Marine Transportation Services Revolving Fund (the "Fund").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of their audit are, in all significant respects, in accordance with specified legislation.



Derrick Briggs
Director
Marine Transportation Services



Alex Mulooki
Comptroller
Marine Transportation Services



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Independent Auditors' Report

**To the Minister of Infrastructure
Government of Northwest Territories**

We have audited the accompanying financial statements of the Marine Transportation Services Revolving Fund, which comprise the Statement of Financial Position as at March 31, 2018, and the statements of changes in net financial debt, operations and accumulated surplus and cash flow for the period June 2, 2017 to March 31, 2018, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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.

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



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Independent Auditors' Report (continued)

Basis for Qualified Opinion

Compensation and related benefits paid to employees of the Marine Transportation Services Revolving Fund are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories' audit. Our audit scope was limited as we did not audit the components of compensation and benefits expenditures and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to compensation and benefits expenditures, payroll liabilities, employee future benefits, net financial resources, and accumulated surplus as well as note disclosures associated with transactions and period-end balances relating to compensation and benefits.

We were appointed as auditors of Marine Transportation Services Revolving Fund on April 18, 2018 and thus did not observe the counting of the physical inventories at the March 31, 2018. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at March 31, 2018. Since opening and closing inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the annual surplus for the year reported in the statement of operations and the net cash flows from operating activities reported in the statement of cash flow.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material aspects, the financial position of the Marine Transportation Services Revolving Fund as at March 31, 2018, and the results of its operations, changes in its net financial assets and its cash flows for the period June 2, 2017 to March 31, 2018 in accordance with Canadian public sector accounting standards.

Yellowknife, Northwest Territories
October 2, 2018

A handwritten signature in black ink that reads "Crowe MacKay LLP".

Chartered Professional Accountants

Marine Transportation Services Revolving Fund
 Financial Statements
 For the Period June 2, 2017 to March 31, 2018
 Statement of Financial Position

	Note	June 2, 2017-March 31, 2018 \$
Financial Assets		
Cash and Cash equivalents	10	26,786,173
Accounts receivable	11	1,472,309
Inventories		508,005
Total Financial Assets		<u>28,766,487</u>
Liabilities		
Accounts payable and Accrued liabilities	12	1,588,714
Employee Future Benefits	13	49,566
Due to Government of Northwest Territories	14	39,207,026
Total Liabilities		<u>40,845,306</u>
Net Financial Debt		<u>(12,078,819)</u>
Non Financial Assets		
Tangible Capital Assets	17	12,958,524
Total Non Financial Assets		<u>12,958,524</u>
Accumulated Surplus		<u>879,705</u>



 Derrick Briggs
 Director
 Marine Transportation Services



 Alex Mulooki
 Comptroller
 Marine Transportation Services

Marine Transportation Services Revolving Fund
Financial Statements
For the Period June 2, 2017 to March 31, 2018

Statement of Changes in Net Financial Debt

	June 2, 2017- March 31, 2018 \$
Operating Surplus	879,705
Change in Tangible Capital Assets	<u>(12,958,524)</u>
Increase in Net Financial Debt being net financial debt at end of period	<u>(12,958,524)</u>

*Marine Transportation Services Revolving Fund
Financial statements
For the period June 2, 2017 to March 31, 2018*

Statement of Operations and Accumulated Surplus

	Note	Jun 2, 2017-March 31, 2018 Budget (Unaudited) \$	Jun 2, 2017- March 31 2018 Actual \$
Revenue			
Cargo Delivery		3,008,921	3,400,206
Fuel Delivery		9,026,764	10,263,900
Fuel Sales		9,495,000	9,197,549
Charter Services		5,075,000	5,496,387
Shipyards Services		190,000	460,860
Other		0	90,613
		<u>26,795,685</u>	<u>28,909,515</u>
Cost of Sales			
Cargo Delivery		2,708,029	1,841,321
Fuel Delivery		8,124,087	8,209,656
Fuel sales		9,495,000	9,362,381
Shipyards Services		165,300	263,021
Charter Services		4,415,250	4,396,324
Others		0	48,216
	15	<u>24,907,667</u>	<u>24,120,919</u>
Gross Margin		1,888,019	4,788,597
Operating costs			
Selling, General Administrative Costs	16	1,618,500	3,908,892
Operating Surplus before other items		<u>269,519</u>	<u>879,705</u>
Grant in Lieu			
Grant in Lieu	18		283,775
Financing charges			(283,775)
Annual Surplus			879,705
Accumulated Surplus beginning of period		0	0
Accumulated Surplus end of period		<u>269,519</u>	<u>879,705</u>

Marine Transportation Services Revolving Fund
Financial statements
For the period June 2, 2017 to March 31, 2018

Statement of Cash flow

	June 2, 2017-March 31, 2018
	\$
Cash Provided/Used in Operating Activities	
Operating Surplus	879,705
Changes in non-cash assets and liabilities	
Accounts receivable	(1,472,309)
Inventories	(508,005)
Accounts payable and Accrued liabilities	1,588,714
Employees Future Benefits	49,566
Cash from operating activities	<u>537,671</u>
Financing	
Financing from GNWT	26,248,502
Cash from financing	<u>26,248,502</u>
Increase in Cash and Cash equivalents	26,786,173
Cash and cash equivalents at the beginning of the year	<u>0</u>
Cash and cash equivalents at the end of the year	<u>26,786,173</u>

NOTES

1 Nature of operations

The Marine Transportation Services Revolving Fund (the "Fund") was established on June 2, 2017 after the closure of the Northern Transportation Company Limited (NTCL) in December 2016. The Fund was established with the main purpose of meeting the capital, operating and maintenance requirements of providing marine transportation services for the movement of cargo to communities on Great Slave Lake, the Mackenzie River and throughout the Arctic coastal region.

Under the Government of Northwest Territories Revolving Funds Act "the Act", the Fund can receive working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The authorised limit of the Fund, being the maximum amount by which the assets may exceed the liabilities which is \$35 million. The balance of the Fund is reported as due to or from the Government on the statement of financial position as applicable.

This being the first year of operation for the Fund, there are no comparatives in the Financial Statements to previous year.

2 Significant Accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board. The significant accounting policies used are as follows:

a) Revenue recognition

Revenue is recognised when it is probable that all economic benefits will flow to the Fund and; delivery of service has occurred, the price is fixed or determinable and collectability is reasonably assured.

Fuel sales revenue is recognised in the period in which the fuel is delivered to the client premises. Revenue is recognised on the actual volume of fuel delivered at predetermined rates between the Fund and the client, and when all discharge documents have been acknowledged and signed by the client.

Cargo and fuel delivery revenue is recognised in the period when the Fund fulfills delivery requirements and when both fuel and cargo have been delivered at the client premises and all discharge documents acknowledged and signed by the client. Both fuel and cargo delivery rates are pre determined.

Charter services revenue is recognised when there is use of the Fund's vessels for a specified period of time under specified conditions at pre determined prices. Revenue is recognised in the period when the Fund provides the required vessels to the client as specified in the contract.

Shipyard services revenue is recognised in the period when the Fund performs services for any other client outside the normal Fund's activities. Revenue is recognised in the period that the Fund completes and delivers such services to the client.

b) Inventories

Inventories consisted of 801,174 litres of diesel. The fuel is used for internal consumption and running of the Fund's vessels. Fuel inventories are recorded at the lower of average weighted average cost and net realisable value. Weighted average cost is determined by;

(Cost of opening fuel inventory+Cost of fuel purchased in the year for own consumption) divided by (Volume of opening inventory+volume of fuel purchased in the year in litres)

NOTES

Significant Accounting Policies.

c) 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 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 are subsequently measured at fair value are expensed.

The Fund subsequently measures all its financial assets and financial liabilities at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Financial assets measured at amortised cost include accounts receivable with exception of Federal Excise Tax refunds while liabilities include trade accounts payable with exception of GST, and amounts due to the Government of Northwest Territories.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

d) Measurement uncertainty

The preparation of these financial statements in conformity with Canadian public sector accounting standards require management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the period. Management makes accounting estimates when determining the useful life of its tangible capital assets, valuation of accounts receivable and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

e) Non-pension employee future benefits and compensated absences

Under the terms and conditions of the labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary. The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

NOTES

Significant Accounting Policies.

f) Related parties

The Fund initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Fund subsequently measures related party balances in accordance with the Fund's policies for financial instruments as set out in note 2 (c).

The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies. These include:

Departments

- Department of Education, Culture and Employment
- Department of Environment and Natural Resources
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs

Boards and Agencies

- Education Authorities
- Health and Social Services Authorities
- Aurora College
- NWT Business Development & Investment Corporation NWT Housing Corporation
- Northwest Territories Power Corporation
- Tlicho Community Services Agency
- Workers' Safety and Compensation Commission NWT Sports and Recreation
- Northwest Territories Heritage Fund
- Status of Women Council of the NWT
- NWT Human Rights Commission
- Arctic Energy Alliance
- Inuvialuit Water Board
- NWT Surface Rights Board
- Stanton Foundation
- NWT Environmental Studies Research Fund
- NWT Liquor Commission
- NWT Liquor Licensing Board

The Fund enters into transactions with these entities in the normal course of business at the specified market rates for services provided with exception of the Fuel Service Division (FSD) which is part of the Department of Infrastructure. FSD is charged for fuel deliveries made by the Fund at non market rates prepared by the Fund's management and communicated to FSD management.

NOTES

Significant Accounting Policies.

g) Pension employee future benefits

The Fund and its employees, who are part of the Government of Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. The Fund contributes an equivalent of what employees contribute in a ratio of 1:1.

During the period June 02, 2017 to March 31, 2018, the Fund contributed \$46,863. The contributions are expensed on a current year basis. The total employee future to the Fund of \$49,566 as of March 31, 2018 is reflected in the statement of financial position. Any changes to the balance in subsequent years will be reflected as an expense in the subsequent year. The Fund is not required under the present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

h) Liability for contaminated sites

Contaminated sites are as a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The Fund recognises liability for remediation of contaminated sites when the following criteria have been met.

- a) an environment standard exists;
- b) contamination exceeds the environment standard;
- c) the Fund is directly responsible or accepts responsibility;
- d) it is expected that the future benefits will be given up;
- e) a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to remediation activities and reduced by the expected net recoveries based on information available. At each financial reporting date, management reviews the carrying amounts of the liability. Any revision required to the amount previously recognised is accounted for in the period revisions are made. As of March 31, 2018, the Fund does not have conclusive evidence to determine if liability related to contaminated sites exists.

i) Amortisation

Marine assets are amortised over their useful life on a straight line basis. Useful life for marine assets is determined using industry standards and professional judgement. Marine assets include vessels, barges and tugs.

Vessels acquired from NTCL are being amortised over a useful life of 12.5 years while barges acquired in April 2017 are being amortised over a period of 55 years.

Work in progress comprises expenditure of capital nature not yet capitalised and is amortised when the expenditure is capitalised and the asset put to use.

3 Contractual Rights

The Fund has a contract with Imperial Oil Limited (IOL) starting from June 1, 2017 to December 31, 2019. The Fund is required to deliver on average 13,500,000 litres of fuel to various outlets of IOL in the Northwest Territories at an average delivery price of \$0.325 per litre. When this contract is fulfilled, the Fund expects to realise an estimated revenue of \$4,387,500

4 Contractual Obligations

The Fund has an agreement with Offshore Recruiting Services Inc. (ORSI) starting March 31, 2018 to December 31, 2018. ORSI The Contractor shall provide the GNWT with services related to the recruitment and employment of all skilled, qualified and where required licensed personnel necessary for the marine transportation services which the GNWT will be conducting during the 2018 shipping season. The contract sum entirely depends on the staffing requirements by the Fund for the season.

NOTES

6 Related Party Transactions

- a) Under Section 2.2 (2) of the Government of Northwest Territories (GNWT) Revolving Funds Act (The "Act") the Fund can receive working capital advances from the CRF to finance inventory, accounts receivable and operating expenses up to a maximum of \$35,000,000. Amounts provided attract no interest and are to be repaid from the proceeds of the Fund's operations.

The Fund received \$26,248,502 from the CRF as working capital advances and tangible capital assets worth \$12,958,524 from the GNWT as reflected in note 14. Funds provided for working capital advances have been categorised as short term loan while value of tangible capital assets categorised as long term loan. Terms and conditions for repayment are still pending.

b) Services provided to related parties

The Fund earned revenue by delivering cargo and fuel to related parties below:

Government of the Northwest Territories

Fuel Services Division (Department of Infrastructure)	5,936,811
Department of Infrastructure	72,839
Department of Environment and Natural Resources	5,303
Department of Industry Tourism & Investment	3,314

Boards and Agencies

NWT Housing Corporation	629,201
Health and Social Services Authorities	318
NWT Power Corporation	<u>3,3704</u>
Total	<u>6,681,490</u>

7 Services Provided by the Government of the Northwest Territories

a) Payroll, insurance and records management

The GNWT provides services for payroll processing for the Fund's senior managers who are part of the GNWT, insurance and risk management, records storage as well as computer operations at no cost to the Fund. The cost of these services can not be estimated at this point in time and is not recorded in these financial statements .

b) Other services

Prior to June 2, 2017, GNWT carried out various services in preparation for the inception of the Fund amounting to \$1,230,416 as payables. The Fund took over and paid the outstanding balance during the period June 2, 2017 to March 31, 2018. This balance has been included in the Fund's accounts payable by March 31, 2018 reducing the working capital advances received from the GNWT by \$1,230,416.

NOTES

8 Risk Management

The Fund is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Fund's financial instruments is provided below:

a) Credit risk

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable.

The Fund's maximum exposure to credit risk is represented by the financial assets balance for a total of \$1,472,309. Accounts receivable are due from various customers and Federal Excise Tax refunds not yet claimed from Canada Revenue Agency. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. At March 31, 2018, the trade receivable past due are immaterial and only \$2,673 was impaired due to death of the customer. The balance was written off as a bad debt and accounts receivable adjusted.

Management believes that the Fund's risk exposure related to amounts due from CRA in terms of Federal Tax refunds and amounts due from the Housing Corporation is minimal given their stability and strong credit worthiness.

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of a default. The Fund does not consider the concentration risk as being material at this moment in time. At March 31, 2018, receivables from three customers, totalled 62% of the total outstanding accounts receivables. These customers are considered stable and credit worthy by the Fund's management. The Fund reduces this risk by monitoring overdue balances.

b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The Fund's maximum exposure to liquidity risk is represented by its financial liabilities for a total of \$40,845,306. Financial liabilities consist of accounts payable and accrued liabilities, pension and employee benefits as well as amounts due to GNWT. These have been disclosed in notes 12-14.

NOTES

9 Future accounting changes

a) Restructuring transactions

This section establishes standards on how to record assets, liabilities, revenues and expenses relating to restructuring transactions as well as disclosure requirements for the recipient and transferor. This section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been assessed by management.

b) Asset retirement obligations

This section will establish the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites. This section applies to fiscal years beginning on or after April 1, 2021. The impact of the transition to these accounting standards has not yet been assessed by management.

c) Inter entity transactions

This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section applies to fiscal years starting after April 1, 2017. The impact of this accounting standard will be reported in the fiscal year starting April 1, 2018

10 Cash and Cash equivalents

Cash and cash equivalents consists of bank balance with the Royal Bank of Canada RBC

31-Mar-18

RBC Bank

26,786,173

Marine Transportation Services Revolving Fund
Financial statements
For the period June 2, 2017 to March 31, 2018

NOTES

11 Accounts receivable

Trade receivable represent balance not paid by customers as of March 31, 2018. Federal Excise tax refunds represent GST paid by the Fund and not yet claimed from Canada Revenue Agency. The amount is claimable as a refund since the Fund is exempt from GST.

	31-Mar-18
NWT Housing Corporation	629,201
Other Trade receivables	225,858
Federal Excise Tax refunds	<u>617,250</u>
Total	<u>1,472,309</u>

12 Accounts payable and Accrued Liabilities

Accounts payable and Accrued Liabilities consist of balances payable to suppliers and service providers, GST collected by the Fund and not remitted to CRA by March 31, 2018 as well as penalty for non compliance. GST penalties have been computed based on the monthly outstanding balances and penalty rates provided on the Canada Revenue Agency (CRA) website. Trade accounts payable made consideration of opening balance as of June 2 2017 of \$1,230,419 paid by the Fund but should have been paid by GNWT.

	31-Mar-18
Trade Accounts payable	419,075
GST collected not remitted	1,135,006
GST return penalties non filing	<u>34,633</u>
Total	<u>1,588,714</u>

13 Employee future benefits

Employee Future benefits as of March 31, 2018 consists of:

	31-Mar-18
Removal Benefits	10,553
Resignation Benefits	25,688
Sick Leave Liability	12,163
Special Leave Liability	<u>1,162</u>
Total	<u>49,566</u>

14 Due to GNWT

GNWT provided operational and working capital funds to the Fund at no interest. The funds are to be repaid by the Fund from the day to day operational revenues.

		31-Mar-18
Working Capital advances		26,248,502
Tangible Capital Assets	Note 17	<u>12,958,524</u>
Total		<u>39,207,026</u>

NOTES

15 Cost of Sales

Cost of sales relates to direct costs allocated to each category of revenue center. These have been further categorised as follows:

	June,2 2017 - March 31, 2018
Fuel Sales	9,362,381
Delivery	311,237
Personnel Costs	10,403,610
Operating costs	2,994,395
Maintenance	876,425
Administrative costs	172,871
Total	<u>24,120,919</u>

16 Selling, General Administrative Costs

Personnel Costs	2,008,654
Operating costs	200,590
Administrative costs	1,699,648
Total	<u>3,908,892</u>

NOTES

17 Due to GNWT (Tangible Capital Assets)

GNWT acquired tangible capital and controllable assets worth \$10,656,509 and \$643,490 respectively prior to commencement of the Fund. The assets included Marine assets and terminal equipment. Tangible assets included the following:

Item	Cost
Real Property	1,630,302
Vessels	5,226,421
Barges	3,799,786
	<u>10,656,509</u>

Controllable assets included barges, terminal support, terminal equipment, office and administrative equipment that had an individual cost of less than \$50,000.

Vessels acquired from NTCL are being amortised over a useful life of 12.5 years while Barges acquired in April 2017 are being amortised over a useful life of 55 years.

Work In Progress comprises of expenditure of capital nature not yet capitalised. Capital Work In progress will be amortised after being capitalised and put to use during the fiscal year 2019.

	Land	Other	Total
Opening cost of capital assets	0	0	0
Additions during the year	1,630,302	9,026,207	10,656,509
Disposals	0	0	0
Cost of tangible capital assets March 31,	<u>1,630,302</u>	<u>9,026,207</u>	<u>10,656,509</u>
Accumulated Amortisation			
Opening Amortisation	0	0	0
Add annual amortisation	0	406,000	406,000
Closing amortisation	<u>0</u>	<u>406,000</u>	<u>406,000</u>
Net Book Value	<u>1,630,302</u>	<u>8,620,207</u>	<u>10,250,509</u>
Work in progress	0	2,708,015	2,708,015
Total	<u>1,630,302</u>	<u>11,328,222</u>	<u>12,958,524</u>

18 Grant in Lieu

Financing charges

Management estimated that the Fund required up to \$31 million in working capital with an estimated annual financing cost of \$283,775. This has been considered as a grant in kind to the Fund. The financing cost is based upon the average monthly balance due to the GNWT at a rolling average interest rate of prime +0.35% per annum.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Financial Statements

Year ended March 31, 2018

NORTHWEST TERRITORIES LIQUOR COMMISSION

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March 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Northwest Territories Liquor Commission (Commission) is the responsibility of the Commission'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 Commission 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 Commission, 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 Commission.



Peter Maher
Director, Liquor Operations
Northwest Territories Liquor Commission
June 29, 2018

Chris Polselli, Chartered Accountant

5 Deer Park Point
Spruce Grove, AB, T7X 4N6

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Liquor Commission

Report on the Financial Statements

I have audited the accompanying financial statements of the Northwest Territories Liquor Commission, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, accumulated surplus, change in net financial resources 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 Commission as at March 31, 2018 and the results of its operations, changes in its net financial resources, 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 Commission and the financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Liquor Commission 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.', is displayed on a light green rectangular background.

June 29, 2018
Spruce Grove, Canada

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Financial Position

As at March 31 (\$000)	2018	2017
Financial Assets		
Cash	\$ 4,166	\$ 3,539
Accounts receivable	89	61
Inventories for resale (note 3)	3,628	3,906
	<u>7,883</u>	<u>7,506</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 7)	2,597	2,026
Pension and other employee benefits (note 4)	92	80
Due to the NWT Liquor Licensing Board (note 5)	198	87
	<u>2,887</u>	<u>2,193</u>
Net Financial Resources	4,996	5,313
Non-Financial Assets		
Tangible capital assets (note 6)	569	569
Prepaid expenses	57	30
	<u>626</u>	<u>599</u>
Accumulated Surplus	\$ 5,622	\$ 5,912

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

Approved by the Northwest Territories Liquor Commission:



Peter Maher
Director of Liquor Operations

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Operations

For the year ended March 31 (\$000)	2018	2018	2017
	Budget	Actual	Actual
Sales			
Beer	\$ 21,353	\$ 21,081	\$21,505
Spirits	19,528	21,505	20,875
Wine	7,464	8,430	8,264
Coolers and Ciders	2,110	2,488	2,354
	<u>50,455</u>	<u>53,504</u>	<u>52,998</u>
Cost of goods sold			
Beer	8,567	8,516	8,715
Spirits	5,455	6,133	5,835
Wine	3,343	3,705	3,645
Coolers and ciders	907	1,082	1,031
	<u>18,272</u>	<u>19,436</u>	<u>19,226</u>
Gross profit on sales	<u>32,183</u>	<u>34,068</u>	<u>33,772</u>
Other income			
Government contribution - services provided without charge (note 7)	-	8	6
Import fees and Income	9	7	7
	<u>9</u>	<u>15</u>	<u>13</u>
Expenses (notes 7)			
Commissions to agents	6,188	6,477	6339
Salaries, wages and employee benefits	892	988	793
Administration	506	563	580
Travel	35	48	62
Rent	230	232	241
Amortization of tangible capital assets (note 6)	90	111	89
	<u>7,941</u>	<u>8,419</u>	<u>8,104</u>
Annual surplus	<u>\$ 24,251</u>	<u>\$ 25,664</u>	<u>\$25,681</u>

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Accumulated Surplus

For the year ended March 31 (\$000)	2018		2017
	Budget	Actual	Actual
Accumulated surplus, beginning of the year	\$ 5,912	\$ 5,912	4,416
Annual surplus	24,251	25,664	25,681
Amounts transferred to the Consolidated Revenue Fund	(23,545)	(25,326)	(23,566)
Amounts Transferred to the NWT Liquor Licensing Board (note 5)	(706)	(628)	(619)
Increase in accumulated surplus	-	(290)	1,496
Accumulated surplus, end of year	\$ 5,912	\$ 5,622	5,912

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Change in Net Financial Resources

For the year ended March 31 (\$000)	2018	2018	2017
	Budget	Actual	Actual
Net financial resources, beginning of the year \$	5,313	\$ 5,313	\$ 3,752
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	(290)	1,496
Net investment in tangible capital assets:			
Acquisitions	-	(111)	(38)
Amortization expense	90	111	89
Increase in prepaid expenses	-	(27)	14
Net financial resources, end of year \$	5,403	4,996	\$ 5,313

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flow

For the year ended March 31 (\$000)	2018	2017
Operating activities		
Cash received from customers	\$ 53,483	\$ 52,987
Cash paid to employees and suppliers	(26,902)	(27,780)
Cash provided by operating activities	26,581	25,207
Capital activities		
Purchase of tangible capital assets	(111)	(38)
Financing activities		
Cash transferred to the Consolidated Revenue	(25,326)	(23,566)
Cash transferred to the NWT Licensing Board	(517)	(803)
Cash provided by financing activities	(25,843)	(24,369)
Increase in cash	627	800
Cash, beginning of year	3,539	2,739
Cash, end of Year	\$ 4,166	\$ 3,539

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

1. Authority and operations

The Northwest Territories Liquor Commission (the "Commission") was established under the *Liquor Act* (the "Act") for the purposes of operating liquor stores and distributing liquor in the Northwest Territories (the "NWT"). The Northwest Territories Liquor Licensing Board (the "Board") was also established under the same 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 activities of the Board are administered by the Commission.

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 may also 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, 2018 the Fund's assets exceeded the liabilities by \$4,996 (2017 - \$5,313).

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

2. Significant accounting policies

(a) Basis of accounting

The financial statements of the Commission 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.

(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 estimation of the useful life of the tangible capital assets.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

2. Significant accounting policies (continued)

(c) Revenue recognition

The Commission recognizes revenue on an accrual basis (i.e. when the goods are shipped and the customer assumes all risks of ownership and the collection of any amounts receivable is considered probable).

(d) Services provided without charge

The Commission 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) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Cost includes invoiced cost, freight, duties and taxes.

(f) Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is determined on a straight-line basis using the following rates:

Asset	Rate
Furniture and fixtures	20%
Computer hardware and software	30%
Leasehold improvements	Over the life of the lease plus any additional renewal period

(g) Pension benefits

The employees of the Commission 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 Commission to cover current service cost. Pursuant to legislation currently in place, the Commission 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.

(h) 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 cost of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

3. Inventories for resale

	2018	2017
Spirits	\$ 1,388	\$ 1,523
Beer	1,208	1,292
Wine	877	929
Coolers and ciders	155	162
	<hr/> \$ 3,628	<hr/> \$ 3,906

4. Pension and other employee benefits

a) Pension benefits

The employees of the Commission participates 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 (2017 - 1.01) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2017 - 1.01) the employees' contributions for all other employees. The Employers contributions and the Commission's employees' contribution for the year were as follows:

	2018	2017
Commission's contributions (recognized as expense)	\$ 77	\$ 71
Employees' contribution	79	64

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.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits

	2018			2017		
	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	\$ 95	\$ 14	\$ 109	\$ 78	\$ 10	\$ 88
Current period benefit cost	4	1	5	3	1	4
Accrual (gains) loss	(10)	(1)	(11)	60	3	63
Accretion in liability	3	-	3	2	-	2
Benefits paid during the year	-	-	-	(48)	(1)	(49)
	\$ 92	\$ 14	\$ 106	\$ 95	\$ 13	\$ 108
Unamortized net actuarial gain (loss)	(23)	9	(14)	(37)	9	(28)
Accrued benefit obligation, end of the year	\$ 69	\$ 23	\$ 92	\$ 58	\$ 22	\$ 80

The Commission provides severance benefits to its employees based on years of service and final salary. The Commission 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 Commission 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, 2018 for the Commission's other employee future benefit plans using the projected benefits method prorated on services.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

The actuarial valuation at March 31, 2018 reflects management's best estimate based upon a number of future orientated assumptions including:

	<u>2018</u>	<u>2017</u>
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	3.8%	3.3%
Expected average remaining service life of related employee groups (EARSL)	8.0	8.0
Expected age at termination	58.7	58.7

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

2019	\$	8
2020		7
2021		41
2022		24
2023		12
2024 and beyond		<u>34</u>
	\$	<u>126</u>

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

5. Due to the NWT Liquor Licensing Board

As explained in Note 1, the financial activities of the Board are administered by the Commission. 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 capital assets for use by the Board and Enforcement without charge.

6. Tangible capital assets

	Furniture and fixtures	Computer hardware and software	Leasehold improvements	2018	2017
Cost:					
Opening balance	\$ 118	\$ 719	\$ 848	\$ 1,685	\$ 1,671
Acquisitions	2	109	-	111	38
Disposals and write-downs	(1)	(24)	-	(25)	(24)
Closing balance	119	804	848	1,771	1,685
Accumulated Amortization:					
Opening balance	(97)	(631)	(388)	(1,116)	(1,051)
Amortization	(7)	(71)	(33)	(111)	(89)
Disposals and write-downs	1	24	-	25	24
	(103)	(678)	(421)	(1,202)	(1,116)
Net book value	\$ 16	\$ 126	\$ 427	\$ 569	\$ 569

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

7. Related party transactions

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

The Commission incurred \$988 (2017 – \$793) related to salaries, wages, and employee benefits for the Commission’s employees. The Commission reimburses the Department of Finance for these costs.

The Department of Justice provides the Commission with legal services without charge. The total cost of these services has been estimated to be \$8 (2017 – \$6). 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 \$179 (2017 – \$174) for bottle deposits payable to the Department of Environment and Natural Resources, \$370 (2017 – \$29) for salaries, wages, and employee benefits payable to the Department of Finance, and \$0 (2017 - \$4) other various Government Departments.

8. Contractual obligations

The Commission has a five year lease agreement ending April 30, 2021 for its office premises. The Commission also has a ten year lease agreement ending January 31, 2022 with the option of extending the lease for two further terms of five years for the Hay River Liquor Store. The minimum annual lease payments for the leases over the next five year(s) are:

2018/19	\$ 225
2019/20	\$ 225
2020/21	\$ 91
2021/22	\$ NIL

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

9. Financial instruments

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

The commission is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that debtors may experience financial difficulty and be unable to fulfill their obligations. Credit risk is considered minimal as most sales are done on a cash-on-delivery basis.

The carrying value of the financial instrument approximates fair value.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

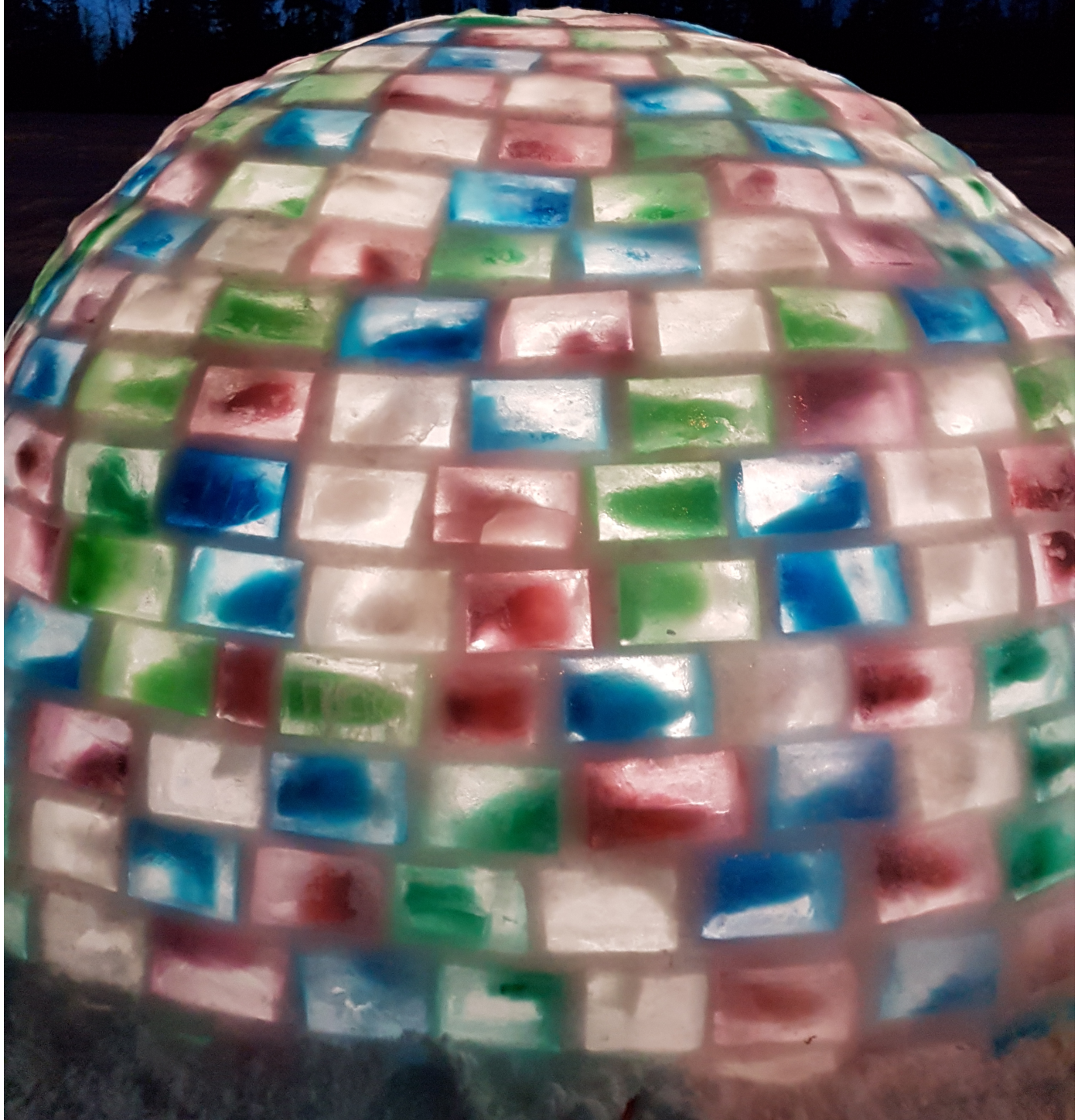
10. Subsequent Events

In June 2018, the GNWT enacted legislation approving the sale of recreational cannabis in the Northwest Territories by the Commission. Money from the sale of cannabis and for the purchase of cannabis will flow through the Liquor Revolving Fund. Retail Cannabis sales and related operations are expected to commence on or about October 17, 2018. The Commission is currently unable to estimate the effect this will have on future operations.

In June 2018, the working capital limit of the Liquor Revolving Fund was increased from \$6,500 to \$12,000.

**Northwest Territories Liquor Licensing Board
64th Annual Report**

2017 - 2018





June 29, 2018

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 2017 - 2018 Annual Report.

Sincerely,

A handwritten signature in blue ink that reads "Sandra Aitken". The signature is written in a cursive, flowing style.

Sandra Aitken
Chairperson

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Chairperson's Message

The Board continues to work towards its goal of ensuring that we deal with applications and proceedings thoughtfully, expeditiously and fairly. Our role is to consider applications, apply the *Liquor Act* and *Liquor Regulations*, and come to fair and balanced decisions. We are aware that Licence Holders are operating businesses and face many challenges. There is a lot of pressure, the demand for hard work, and at times uncertainty, and we are sympathetic to that. It is our intent to facilitate the operations of those businesses within the regulatory framework.

The Board is working on improving interactions with Licence Holders and other NWT residents who are in contact with the Board office. We have worked with the Department of Finance on a survey, which has been sent to all Licence and Permit Holders to obtain feedback on interactions with the Board. The results from the survey will assist the Board in developing policies and procedures to streamline applications and hearings.

In the coming months we hope to improve our online presence. Board decisions and current licences are now posted on our website, making this information readily accessible to Licence and Permit Holders and the public. We will continue to issue regular newsletters to keep Licence and Permit Holders informed of regulatory matters.

I have only recently been appointed to the Liquor Licensing Board, effective December 15, 2017, but from the meetings we have had to date I know that my fellow Board members are both conscientious and committed. In January I had the opportunity of traveling to Hay River to meet with Board staff, and to thank them for their professional and informed assistance to the Board and NWT residents. I also met with our partners in the Liquor Commission and Liquor Enforcement and appreciated the opportunity to discuss our respective functions.

I look forward to working with Board members and the staff, and serving the interests of Licence and Permit holders - and the public - in 2018.

Sincerely,



Sandra Aitken
Chairperson

Board Overview

The Northwest Territories Liquor Licensing Board (the Board) is established under Subsection 2(1) of the Northwest Territories *Liquor Act*. The Minister of Finance 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 liquor laws by Licence Holders.

Board Members and Staff

Sandra Aitken - 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*)

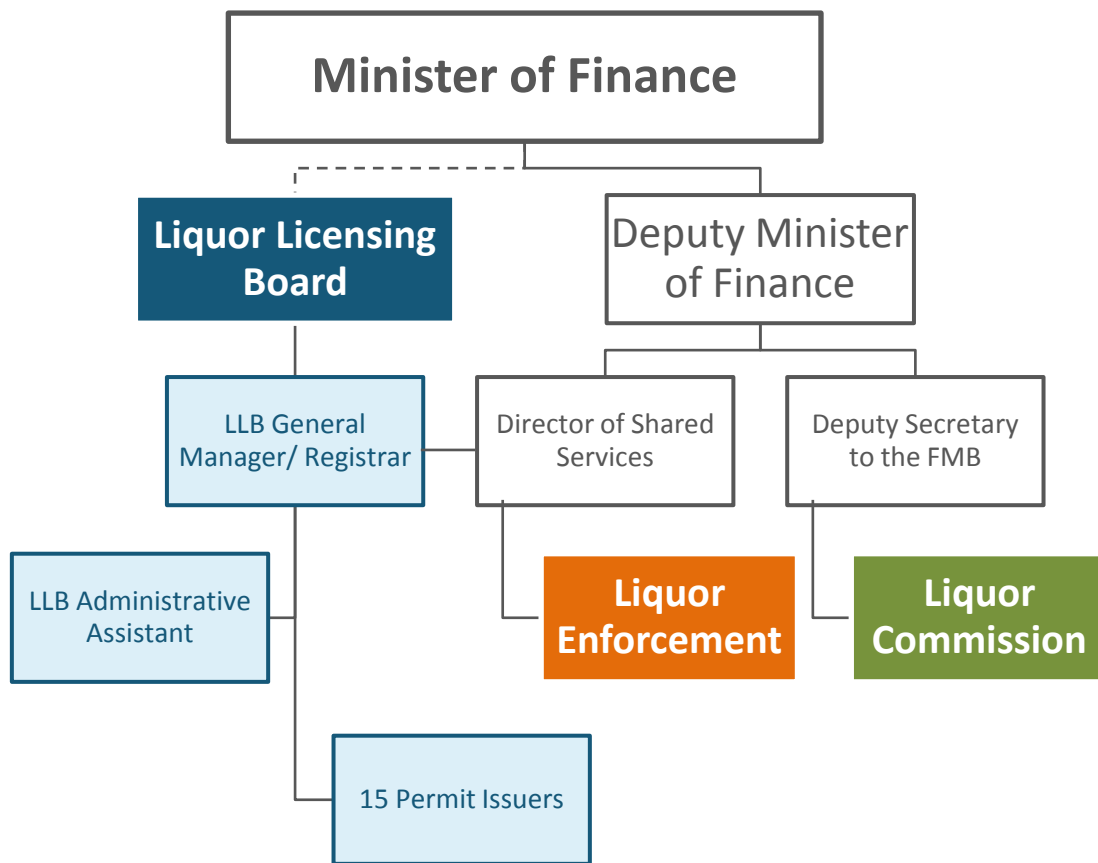
Jaimie Graham – General Manager/Registrar (*Hay River*)

Valerie Daniels – Administrative Assistant (*Hay River*)

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

- Liquor Enforcement – Inspections of licensed premises, educating Licence and Permit Holders, and enforcement of liquor laws and Board conditions.
- Liquor Commission – Purchasing and retail sales of liquor.

Each of the three liquor entities is established by the *Liquor Act* and is **independent from each of the other two**. The Board, while at arm’s length from the Liquor Commission and Enforcement, often interacts with the others on matters of mutual interest.



Board Activity

The Board participated in several teleconferences during this reporting period. The number of teleconferences reflects an increase in issues requiring Board decisions.

Total Meetings

Board Meeting Type	2017-2018	2016-2017
Orientation	1	0
Administrative	1	1
Teleconferences	25	18
Public Hearings	0	0
Compliance Hearings	1	0
Total	28	19

Increase of Board Meetings due to issues requiring Board Decisions.

Administration and Orientation Meetings

One administrative meeting was conducted from September 20 - 21 2017, in Hay River. The focus was the development of new policies and procedures and a review of current policies and procedures. Where possible, the Board meets by teleconference, but it also meets in person where other business such as compliance hearings are scheduled. There was one orientation meeting held on January 4, 2018, in Hay River, providing orientation to the new Chairperson.

Licence Applications and Board Requests

The Board must consider each application for a liquor licence and other specific requests. Most often these are conducted by teleconference, but 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 25 teleconferences, which includes consideration of licence applications and other requests.

Compliance Hearings

Where Liquor Enforcement alleges that 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, as applying that requirement could impact the rights of parties to fair and unbiased decision-making. As there is no cost recovery requirement for policing and the Courts, the cost of administering 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 or regulatory infraction has the right to have the matter heard without undue delay. This can, on occasion, result in the need to ensure 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 was one compliance hearing conducted on November 28, 2017, in Yellowknife.

Licence Holder	Violation (s)	Compliance Penalty
After 8 Pub Incorporated o/a After 8 Pub	Liquor Regulations Section 55 (4) <i>No holder of a premises licence shall allow the number of persons in the licensed premises to exceed the occupant load determined by the Board.</i>	To pay a \$1,000 compliance hearing penalty and a 1 day licence suspension.

Liquor Licences

The Liquor Licensing Board regulates liquor sales and service in licensed premises and special events. The Board also regulates liquor manufacturers. A person, company or organization that holds 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 liquor to patrons 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 liquor to patrons 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 hosts events at various locations, and the Licence Holder’s primary source of revenue is derived 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, the RCMP, and a fire department.
- B & B, Lodge – The Licence Holder operates a bed & breakfast or a remote lodge, and the sale 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 sale or use of liquor is for its authorized patrons.
- Tourist Facility – The Licence Holder operates a tourist facility without a licensed premises, but has 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

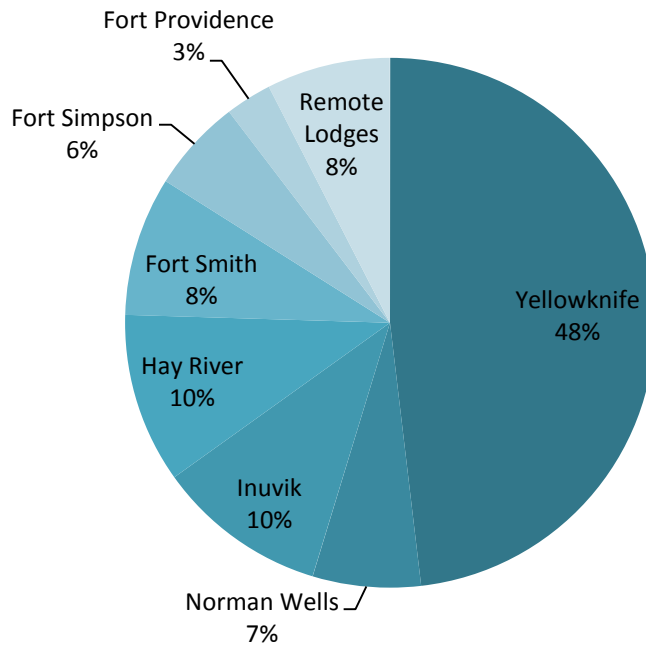
NWT Liquor Commission or to a liquor commission or other similar authority outside the Northwest Territories.

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, including Licence and Permit Holders.

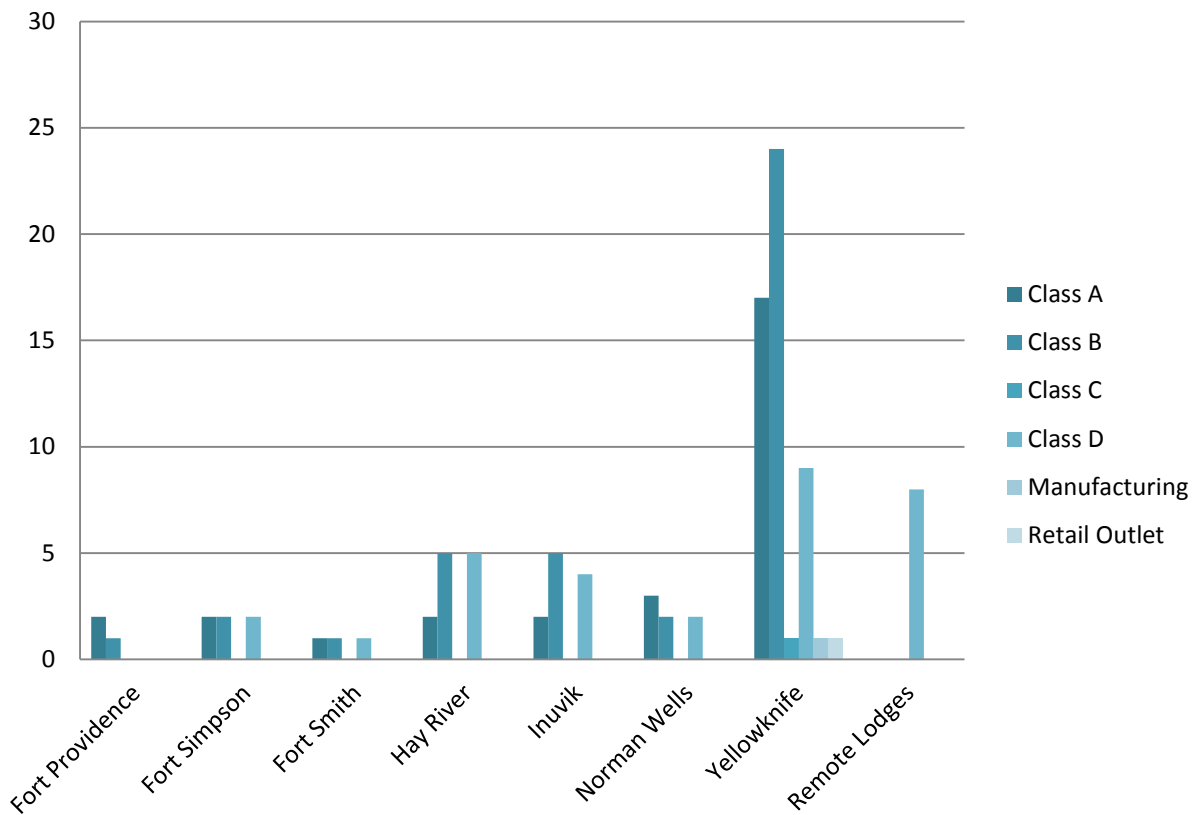
Total Liquor Licences

Community	Class A	Class B	Class C	Class D	MFG.	Retail Outlet	2017-18	2016-17
Fort Providence	2	1	0	0	0	0	3	3
Fort Simpson	2	2	0	2	0	0	6	6
Fort Smith	1	1	0	1	0	0	3	3
Hay River	2	5	0	5	0	0	12	12
Inuvik	2	5	0	4	0	0	11	11
Norman Wells	3	2	0	2	0	0	7	7
Remote Lodges	-	-	-	8	-	-	8	7
Yellowknife	17	24	1	9	1	1	53	57
Total	29	40	1	31	1	1	103	106

Total Liquor Licences % by Community



Total Liquor Licences Class/ Community



Special Occasion Permits

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 must not be an admission charge for the event and 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 and 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 amount a Permit Holder may charge for liquor, and presently, the limit 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 the organizer's 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:
 - i. has been in existence for a period not less than six months before the date of application,
 - ii. has an executive elected by its members, and
 - iii. 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 the proceeds will be put.

NWT Special Occasion Permit Issuers

Patrice Lapointe (Services TNO, Yellowknife)
Savannah Jones (Services TNO, Yellowknife)
Ryan Rowe (Hay River/Norman Wells)
Greg Rowe (Hay River/Norman Wells)
Gladys Wright (Hay River)
Sabine Klahm (Hay River)
Adrian Boulet (Norman Wells)
Tammy Boulet (Norman Wells)

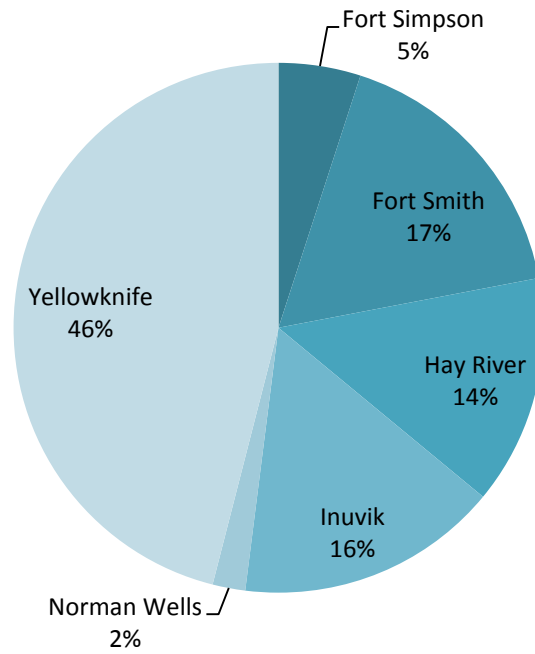
Scott MacBeth (Inuvik)
Brian Richards (Inuvik)
Duncan Canvin (Fort Simpson)
Lionel Nadia (Fort Simpson)
Katherine Dempsey (Fort Simpson)
John Dempsey (Fort Simpson)
Valerie Daniels* (LLB office, Hay River)
Jaimie Graham (LLB office, Hay River)

**Permits for Yellowknife and other communities not mentioned above are issued directly from the Board office.*

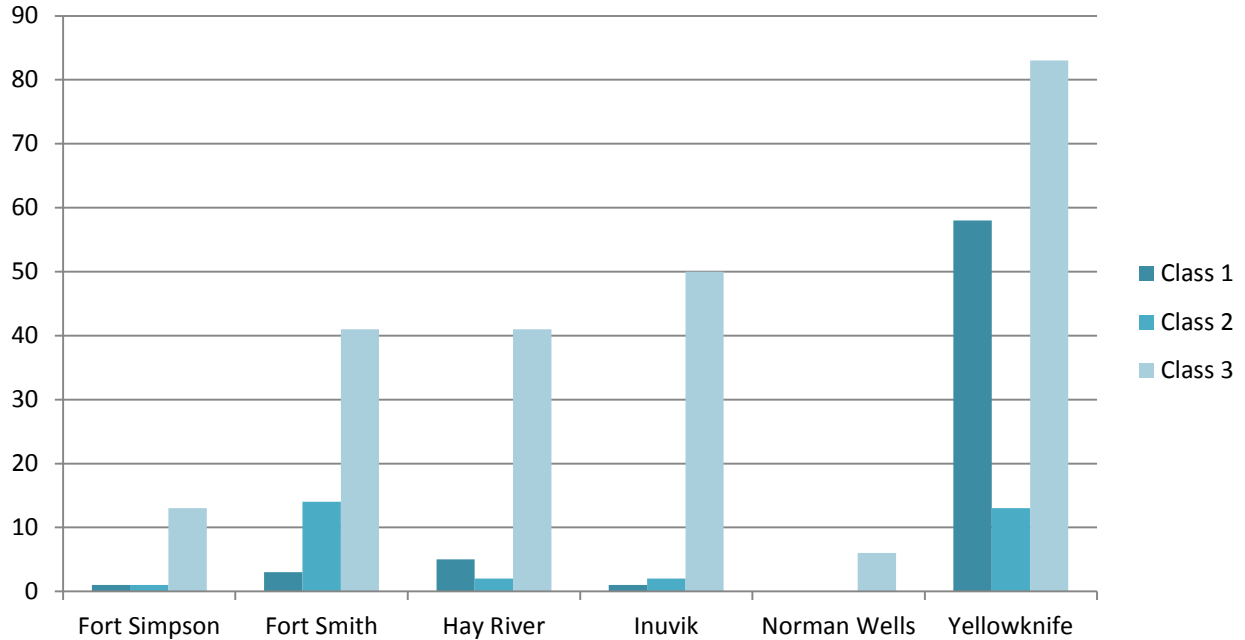
Total Special Occasion Permits

Community	Class 1	Class 2	Class 3	2017-18	2016-17
Enterprise	0	0	1	1	0
Fort Providence	0	0	1	1	3
Fort Simpson	0	1	0	1	1
Fort Smith	3	14	41	58	42
Hay River	5	2	41	48	40
Inuvik	1	2	50	53	29
Norman Wells	0	0	6	6	11
Ulukhaktok	1	0	0	1	1
Yellowknife	58	13	83	154	162
Total	69	33	236	388	306

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 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 two Special Purpose Permits in effect.

Board Office

The Liquor Licensing Board office is located in Hay River.

NWT Liquor Licensing Board

Suite 204 - 31 Capital Drive

Hay River, NT X0E 1G2

Toll-free: 1-800-351-7770

Phone: (867) 874-8715

Email: LLBinfo@gov.nt.ca

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

Northwest Territories

Liquor Enforcement

SUITE 204 – 31 CAPITAL DRIVE

HAY RIVER NT X0E 1G2

PH: 867 874 8719

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 conducting 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 frequency of RCMP inspections completed are not reported to Enforcement. However, violations are reported to Liquor Enforcement when found.

Inspection of Licensed Premises

Community	Inspections	
	2016 - 2017	2017 - 2018
Fort Providence	4	4
Fort Simpson	3	16
Fort Smith	183	149
Hay River	131	249
Inuvik	144	108
Norman Wells	32	37
Yellowknife	510	511
TOTAL	1,007	1,074

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 also order licence holders and their staff to take the course as a condition of their licence. 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 number 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	2016 – 2017	2017 - 2018
Fort Providence	20	2
Fort Simpson	7	4
Fort Smith	14	0
Hay River	40	26
Inuvik	0	8
Norman Wells	13	0
Yellowknife	83	107
Total	177	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

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

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

Restricted Communities

Délı̄nę	Fort McPherson	Ulukhaktok
Dettah	Fort Simpson*	Tuktoyaktuk
Fort Good Hope	Paulatuk	Sambaa K'e
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.

Dettah

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.

Sambaa K'e

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:

- (a) 2280 ml of spirits;

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

Gamètì

Nahanni Butte

Whatì

Łutselk'e

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 1, 2017 and March 31, 2018 the Minister approved the following Temporary Prohibition Orders:

Community	Event	Duration
Délıne	Hand Games Event	Feb 11-20, 2018
Fort Good Hope	2017 Christmas season	Dec 19-28, 2018
Wrigley	2017 Pehdzéh Kí First Nation Assembly	Sept 8-11, 2017
Fort Good Hope	2017 Rampart Rendezvous	Aug 10-14, 2017
Sachs Harbour	2017 White Fox Jamboree	May 4-8, 2017
Tuktoyaktuk	2017 Beluga Jamboree	April 20-24, 2017

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. Status and 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 2017-2018 there was one request for a Liquor Plebiscite in Tuktoyaktuk. The plebiscite, held on December 11, 2017, indicated that the community wanted to eliminate the restriction of beer and wine, while maintaining restriction on spirits. As such, the new Tuktoyaktuk Liquor Restrictions came into effect on January 29, 2018.

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

Financial Statements

Year ended March 31, 2018

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

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March 31, 2018

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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.



Chairperson, NWT Liquor Licensing Board
June 29, 2018

Chris Polselli, Chartered Accountant

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, 2018, 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, 2018, 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.', is displayed on a light green rectangular background.

June 29, 2018
Spruce Grove, Canada

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

Statement of Financial Position

As at March 31 (\$000)	2018	2017
Financial Assets		
Due from NWT Liquor Commission (note 3)	\$ 198	\$ 87
Pension and other employee benefits (note 4)	22	14
	<u>220</u>	<u>101</u>
Financial Liabilities		
Accounts payable (Note 6)	216	75
Deferred revenue	18	28
	<u>234</u>	<u>103</u>
Net debt	<u>(14)</u>	<u>(2)</u>
Non-financial Assets		
Prepaid Expenses	14	2
Accumulated surplus	<u>\$ -</u>	<u>\$ -</u>

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)	2018		2018		2017	
	Budget		Actual		Actual	
Revenue						
License fees and permits	\$	62	\$	70	\$	60
Government contribution – services provided without charge (note 6)		-		5		1
		<u>62</u>		<u>75</u>		<u>61</u>
Expenses (notes 5 and 6)						
Salaries, wages and employee benefits		469		462		446
Honoraria		50		64		55
Inspector's fees		68		38		48
Rent		36		30		31
Travel		75		46		43
Professional fees		29		25		13
Administration		41		38		44
		<u>768</u>		<u>703</u>		<u>680</u>
Annual loss	\$	(706)	\$	(628)	\$	(619)

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)	2018	2018	2017
	Budget	Actual	Actual
Accumulated surplus, beginning of year	\$ -	\$ -	\$ -
Annual loss	(706)	(628)	(619)
Amounts transferred from the NWT Liquor Commission	706	628	619
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)	2018		2018		2017	
	Budget		Actual		Actual	
Net debt, beginning of the year	\$	(2)	\$	(2)	\$	(2)
Items affecting net financial resources:						
Increase (decrease) in accumulated surplus		-		-		-
Decrease (increase) in prepaid expenses		-		(12)		-
Net debt, end of year	\$	(2)	\$	(14)	\$	(2)

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

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

Statement of Cash Flow

For the year ended March 31, (\$000)	2018	2017
Operating transactions		
Cash received from customers	\$ 60	\$ 74
Cash paid to employees and suppliers	(577)	(877)
Cash provided by operating transactions	(517)	(803)
Financing transactions		
Cash transferred from the NWT Liquor Commission	517	803
Decrease in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

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

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2018 (\$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 \$4,996 (2017 - \$5,313).

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, 2018 (\$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.

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2018 (\$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.

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 (2017 - 1.01) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2017 - 1.0) the employees' contributions for all other employees. The Employers contributions and the Board & Enforcement's employees' contribution for the year were as follows:

	2018	2017
Employer's contributions (recognized as expense)	\$ 29	\$ 33
Employee's contribution	32	34

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.

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2018 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits

	2018			2017		
	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	\$ 3	\$ 8	\$ -	\$ 5	\$ 5
Current period benefit cost	-	-	-	1	-	1
Accrual (gains) loss	-	12	12	4	-	4
Accretion in liability	-	-	-	-	-	-
Benefits paid during the year	-	(12)	(12)	-	(2)	(2)
	\$ 5	\$ 3	\$ 8	\$ 5	\$ 3	\$ 8
Unamortized net actuarial gain (loss)	(2)	(28)	(30)	(3)	(19)	(22)
Accrued benefit (asset) obligation, end of the year	\$ 3	\$ (25)	\$ (22)	\$ 2	\$ (16)	\$ (14)

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, 2018 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, 2018 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

The actuarial valuation at March 31, 2018 reflects management's best estimate based upon a number of future orientated assumptions including:

	<u>2018</u>	<u>2017</u>
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	3.8%	3.3%
Expected average remaining service life of related employee groups (EARSL)	8.0	8.0
Expected age at termination	58.7	58.7

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

2019	\$	1
2020		1
2021		-
2022		-
2023		-
2024 and beyond		<u>2</u>
	\$	<u>4</u>

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2018 (\$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		
	2018 Budget	2018 Actual	2017 Actual
Expenses (notes 6 and 7)			
Salaries, wages and employee benefits	\$ 299	\$ 250	\$ 270
Inspector's Fees	54	35	34
Rent	30	17	18
Travel	18	10	14
Professional Fees	5	5	1
Administration	15	24	21
	421	341	358
Annual loss	\$ (421)	\$ (341)	\$ (358)

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 \$462 (2017 - \$446) related to salaries, wages, and employee benefits for the Board's employees and \$64 (2017 - \$55) 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 \$5 (2017 - \$1). 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 \$183 (2017 - \$37) for salaries, wages, board honoraria, 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, 2018 (\$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:

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.

Fuel Services Division

Financial Statements

March 31, 2018

Fuel Services Division

Financial Statements

March 31, 2018

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Management's Responsibility for Financial Reporting

**To the Minister of Infrastructure
Government of the Northwest Territories**

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Fuel Services Division revolving fund (the "Fund").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.



**Curt Snook, Director
Fuel Services Division
Yellowknife, Northwest Territories
June 29, 2018**



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Independent Auditors' Report

To the Minister of Infrastructure Government of the Northwest Territories

We have audited the accompanying financial statements of Fuel Services Division, which comprise the statement of financial position as at March 31, 2018, and the statement of change in net financial resources, the statement of operations, and the statement of accumulated surplus 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 controls 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 of the effectiveness of the entity's internal controls. An audit also included 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.



Independent Auditors' Report (continued)

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fuel Services Division as at March 31, 2018, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report in accordance with the *Financial Administration Act* that, in our opinion, proper books of account have been kept by Fuel Services Division, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of Fuel Services Division.

A handwritten signature in black ink that reads "Crowe MacKay LLP".

**Yellowknife, Northwest Territories
June 29, 2018**

Chartered Professional Accountants

Fuel Services Division

Statement of Financial Position

As at March 31, 2018 2017

Financial Assets

Accounts receivable (note 4)	\$ 9,036,001	\$ 8,671,363
Inventories for resale (note 5)	26,942,039	23,814,641
	35,978,040	32,486,004

Liabilities

Accounts payable and accrued liabilities (note 6)	4,960,298	7,564,419
Employee future benefits payable (note 7)	210,593	186,517
Due to the Government of the Northwest Territories (note 8)	30,522,637	23,940,404
	35,693,528	31,691,340

Net Financial Resources **284,512** 794,664


Accumulated Surplus **\$ 284,512** \$ 794,664

Commitments (note 13)

Approved:



Curt Snook, Director



Trevor Ryhorchuk, Comptroller

Fuel Services Division

Statement of Changes in Net Financial Resources

March 31,	2018 Budget	2018 Actual	2017 Actual
Annual surplus (deficit)	\$ (100,000)	\$ (510,152)	\$ 185,335
Increase (decrease) in net financial resources	\$ (100,000)	(510,152)	185,335
Net financial resources, beginning of year	\$ 724,000	794,664	609,329
Net financial resources, end of year	\$ 624,000	\$ 284,512	\$ 794,664

Fuel Services Division

Statement of Operations

For the year ended March 31,	2018 Budget	2018 Actual	2017 Actual
Revenues			
Sales of petroleum products (note 9)	\$ 37,000,000	\$ 35,005,157	\$ 37,894,392
Cost of sales			
Cost of goods sold (note 5)	30,000,000	28,638,837	31,252,475
Commissions	2,600,000	2,364,251	2,592,440
	32,600,000	31,003,088	33,844,915
Gross margin	4,400,000	4,002,069	4,049,477
	11.9 %	11.4 %	10.7 %
Expenses			
Bad debts (recovered)	-	3,175	(29,434)
Contracts and purchased services	-	637,714	704,733
Inventory write-off (note 5)	-	135,987	163,529
Operating and maintenance costs	2,400,000	757,990	549,855
Miscellaneous	-	79,257	55,505
Salaries, wages and employee benefits	2,100,000	2,059,303	1,951,290
Travel	-	438,554	323,664
Utilities	-	467,689	477,118
	4,500,000	4,579,669	4,196,260
Deficiency of revenues over expenses before other items	(100,000)	(577,600)	(146,783)
Other revenue (expenses)			
Other revenues (note 10)	-	67,448	332,118
Grant-in-kind, Government assets provided at no cost (note 11)	-	2,779,615	2,702,444
Financing charges (note 11)	-	(444,523)	(299,252)
Tangible capital assets - rent expenses (note 11)	-	(2,335,092)	(2,403,192)
	-	67,448	332,118
Excess (deficiency) of revenues over expenses	\$ (100,000)	\$ (510,152)	\$ 185,335

Fuel Services Division**Statement of Accumulated Surplus**

March 31,	2018	2017
Accumulated surplus, beginning of year	\$ 794,664	\$ 609,329
Annual surplus (deficit)	(510,152)	185,335
Accumulated surplus, end of year	\$ 284,512	\$ 794,664

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

1. Authority and Operations

Fuel Services Division revolving fund (the "Fund") was established in 1973 for the distribution of petroleum products in the Northwest Territories. The Fund operates under the authority of the Revolving Funds Act (the "Act") and the Northwest Territories *Financial Administration Act*. The Fuel Services Division of the Department of Infrastructure of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund receives working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The Fund's purchases of petroleum products and operating expenses are paid from the CRF and funds received by the Fund are deposited in the CRF. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities is \$55 million. The balance of the fund is reported as a current liability due to the Government of the Northwest Territories.

The prices for the Fund's petroleum products are approved by the Government. It is the expectation of the Government that the Fund's cost of goods sold and operating expenses will be recovered through the price structure to achieve a break-even operation. Under the Act, there is a special account in the CRF called the Petroleum Products Stabilization Fund to which profits of the Fund shall be credited and losses shall be charged. The debit or credit amount in the Stabilization Fund shall not exceed \$1,000,000 at the end of any fiscal year. The balance in the Stabilization Fund at March 31, 2018 is a surplus of \$284,512 (2017 - surplus of \$794,664).

2. Significant accounting policies

The Fund follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(b) Tangible capital assets

Tangible capital assets are the property of the Government of the Northwest Territories and accordingly are not reported on the financial statements. Use of assets, such as fuel storage facilities and fuel delivery vehicles are accounted for as rent offset by a grant in kind from the Government which is calculated based on the amortization of the assets as described in Note 11.

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

(c) Services provided without charge

Environmental restoration costs

The Fund does not record any future environmental restoration costs, as they are the responsibility of the Government of the Northwest Territories.

Other services provided without charge

The Fund does not record the following services provided without charge by the Government: the procurement of goods and services, the processing of payroll, legal counsel and internal audit services, as it is difficult to estimate them.

(d) Employee future benefits payable

Under the terms and conditions of labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary. The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

(f) Pensions

The Fund and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. *The Fund contributes at a rate of 1.4 times that of the employees. During the year the Fund contributed \$129,764 (2017 - \$135,520) to the plan which was recognized as an expense while employees contributed \$150,418 (2017 - \$146,973). These contributions represent the total pension obligation of the Fund and are expensed on a current year basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.*

(g) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

As the Government of the Northwest Territories owns the assets of the Fund, it also accepts responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites.

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

(h) Revenue recognition

Revenue from the sale of petroleum products is recognized when the fuel is dispensed or delivered to the customers. The customer assumes all risks of ownership and the collection of any amounts receivable is considered probable. Other revenue is recognized as goods are delivered or services are provided.

(i) Financial instruments

The Fund classifies its financial instruments at cost or amortized cost. The Fund's accounting policy for this financial instrument category is as follows:

This category includes accounts receivable, accounts payable and accrued liabilities and amounts due to the Government of the Northwest Territories. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

(j) Related parties

The Fund initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Fund subsequently measures related party balances in accordance with the Fund's policies for financial instruments, as set out in note (i).

The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies. These include:

Departments

- Department of Education, Culture and Employment
- Department of Environment and Natural Resources
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs

Boards and Agencies

- Education Authorities
- Health and Social Services Authorities
- Aurora College
- NWT Business Development & Investment Corporation
- NWT Housing Corporation
- Northwest Territories Power Corporation
- Tlicho Community Services Agency
- Workers' Safety and Compensation Commission
- NWT Sports and Recreation
- Northwest Territories Heritage Fund
- Status of Women Council of the NWT
- NWT Human Rights Commission
- Arctic Energy Alliance
- Inuvialuit Water Board
- NWT Surface Rights Board
- Stanton Foundation
- NWT Environmental Studies Research Fund
- NWT Liquor Commission
- NWT Liquor Licensing Board

The Fund enters into transactions with these entities in the normal course of business, with the exception of sales to the Northwest Territories Power Corporation (NTPC). In accordance with an agreement with the Government of the Northwest Territories, NTPC is charged the weighted average cost of petroleum products consumed.

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

3. Future changes to significant accounting policies

Asset Retirement Obligations, Proposed Section PS 3280

This section will be effective for fiscal years beginning on or after April 1, 2021 and is intended to enhance comparability of financial statements among public sector entities by establishing uniform criteria for recognition and measurement of asset retirement obligations, including obligations that may not have previously been reported. This section would require public sector entities to review existing contract, legislation, etc., to identify retirement activities associated with its controlled tangible capital assets.

The impact of the transition to this proposed accounting standard, if any, has not yet been determined.

Restructuring Transactions, Section PS 3430

PSAB approved Section PS 3430, Restructuring Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2018. Earlier adoption is permitted. This Section establishes standards on how to account for and report restructuring transactions such as but not limited to amalgamations of entities or operations within the government entity, amalgamation of local governments, and shared service arrangements entered into by local governments in a region, by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

The impact of the transition to this accounting standard, if any, has not yet been determined

4. Accounts receivable

	2018	2017
Non-Government	\$ 1,228,200	\$ 1,313,192
Government of Canada	17,352	10,597
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	4,030	823
Health and Social Services Authorities	5,303	6,202
Northwest Territories Housing Corporation	437,371	1,067,921
Northwest Territories Power Corporation	5,952,113	4,979,184
Tlicho Community Services	487	766
Departments		
Department of Education, Culture and Employment	123,226	165,281
Department of Environment and Natural Resources	2,176	1,788
Department of Infrastructure	236,765	259,545
Local (Municipalities, Community Governments)	1,028,978	866,064
	\$ 9,036,001	\$ 8,671,363

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

5. Inventories for resale

	2018	2017
Diesel	\$ 21,318,657	\$ 17,556,273
Gasoline	3,438,681	3,764,581
Jet A1	2,128,959	2,408,769
Naphtha	55,742	85,018
	\$ 26,942,039	\$ 23,814,641

Inventory in the amount of \$28,638,837 (2017 - \$31,252,475) was expensed during the year.

An inventory write-down of \$135,987 (2017 - \$163,529) was expensed during the year. This represents product loss primarily due to evaporation. It is a factor of inventory on hand throughout the year, the type of fuel tanks in which the inventory is held, and weather conditions throughout the year.

6. Accounts payable and accrued liabilities

	2018	2017
Non-Government	\$ 4,469,893	\$ 7,251,698
Government of Canada	442,433	248,201
Government of the Northwest Territories		
Boards and Agencies		
Northwest Territories Power Corporation	47,794	64,342
Departments		
Department of Infrastructure	178	178
	\$ 4,960,298	\$ 7,564,419

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

7. Employee future benefits payable

	2018	2017
Removal benefits	\$ 34,260	\$ 37,192
Resignation benefits	51,459	39,451
Sick leave accrual	24,579	33,723
Special leave accrual	2,541	2,360
Annual leave accrual	78,939	70,454
Lieu time accrual	18,815	3,337
	<u>\$ 210,593</u>	<u>\$ 186,517</u>

Removal benefits, resignation benefits, sick leave accrual and special leave accrual are recorded based on an actuarial valuation. The current actuarial valuation was completed as at March 31, 2018. The effective date of the next actuarial valuation is March 31, 2020. The liabilities were actuarially determined as the present value of the accrued benefits at February 2018 and the results were extrapolated to March 31, 2018.

8. Due to the Government of the Northwest Territories

The amount due to the Government of the Northwest Territories represents the balance in the revolving fund as follows:

	2018	2017
Balance, beginning of year	\$ 23,940,292	\$ 28,519,252
Plus: Payments made by the Government		
Purchases of petroleum products	34,130,486	33,379,973
Other cash disbursements	7,158,996	3,807,221
Less: cash received from the Government	<u>(34,707,137)</u>	<u>(41,766,042)</u>
	<u>\$ 30,522,637</u>	<u>\$ 23,940,404</u>

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

9. Sales of petroleum products

	2018	2017
Non-Government	\$ 7,856,197	\$ 8,882,725
Government of Canada	106,610	94,200
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	16,014	10,356
Health and Social Services Authorities	41,654	45,845
Northwest Territories Housing Corporation	2,725,618	2,617,421
Northwest Territories Power Corporation	18,288,649	20,489,669
Tlicho Community Services Agency	8,656	8,388
Departments		
Department of Education, Culture and Employment	715,767	684,768
Department of Environment and Natural Resources	17,260	18,371
Department of Infrastructure	1,675,957	1,651,287
Local (Municipalities, Community Governments)	3,552,775	3,391,362
	\$ 35,005,157	\$ 37,894,392

10. Other revenues

Other revenues are transactions that generally occur outside of normal operations. They are composed of transactions that have a flow-through effect such as a direct expenditure that is fully charged back to another party, as well as one-time transactions. Other transactions can include charged back revenue where the revenue is not directly related to expenditures, and other miscellaneous revenue transactions such as returned cheque fees.

The transactions consist of the following:

	2018	2017
Barge resupply contract settlement	\$ -	\$ 299,985
Recovery of prior year expenditures	2,508	6,918
Other recoveries	64,940	25,215
	\$ 67,448	\$ 332,118

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

11. Grant in kind

Financing charges

Management estimated that the Fund required up to \$40 million (2017 - \$30 million) in working capital with an estimated annual financing cost of \$444,523 (2017 - \$299,252). The financing cost is based upon the average monthly balance due to the Government at a rolling average interest rate of prime + 0.35% per annum.

Tangible capital assets - rent expenses

Tangible capital assets, i.e. fuel storage facilities and fuel delivery vehicles, are owned by the Government of the Northwest Territories. Tangible capital assets are amortized over the estimated useful life of the assets at the following rates and the expense is recognized as rent:

Buildings	40 years straight line, no salvage
Fuel storage facilities	30 years straight line, no salvage
Fuel delivery vehicles	10 years straight line, no salvage

	Cost	Accumulated Amortization	2018	2017
Fuel storage facilities	\$ 61,563,158	\$ 27,427,126	\$ 34,136,032	\$ 35,739,132
Fuel delivery vehicles	4,700,473	3,085,831	1,614,642	1,350,060
Construction in process	100,413	-	100,413	127,287
Buildings	870,138	86,003	784,135	805,892
Assets under capital lease	1,374,941	1,064,471	310,470	842,706
	\$ 68,609,123	\$ 31,663,431	\$ 36,945,692	\$ 38,865,077

Amortization expense for 2018 is \$2,335,092 (2017 - \$2,403,192).

12. Related party transactions

Sales of petroleum products to related parties are disclosed in note 9.

Significant expenses incurred from related parties are as follows:

	2018	2017
Government of the Northwest Territories		
Department of Infrastructure - Cost of goods sold	\$ 6,000,942	\$ -
Department of Infrastructure - Contracts and purchased services	121,352	68,475
Northwest Territories Power Corporation - Utilities	450,814	461,380
	\$ 6,573,108	\$ 529,855

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

13. Commitments

Fuel resupply contracts

The Fund has entered into contracts with Bluewave Energy Ltd., AFD Petroleum Inc., and Matonabee Petroleum Ltd. for the supply and transportation of bulk petroleum destined for delivery to communities served by road by tanker truck; the carrier for these contracts is Bassett Petroleum Ltd. There are varying contracts with different termination dates; the earliest contract terminates in May 2018 and the latest contract terminates in September 2019.

Community fuel delivery contracts

The Fund provides local fuel delivery services in 16 communities across the Northwest Territories. The contracts for sales, dispensing and delivery services are awarded based on a competitive request for proposal (RFP) process. Contracts are awarded to local residents or businesses. Under these contracts, fixed commission rates are paid.

The total value of all commitments is estimated at \$10,846,029 as follows:

2019	\$	8,688,453
2020		1,168,516
2021		660,941
2022		232,119
2023		96,000
		<hr/>
		\$ 10,846,029

The Fund paid \$2,364,251 (2017 - \$2,592,440) in commissions to local contractors in the 16 communities that they serve.

14. Risk management

The Fund is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Fund's financial instruments is provided below.

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Fund is managed to ensure that the cost of goods sold and operating expenses are recovered through the price structure to achieve a break-even operation. In addition, it is the objective of management that the debit or credit amount in the Stabilization Fund shall not exceed \$1,000,000 at the end of any fiscal year.

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

14. Risk management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable.

Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection.

The Fund's maximum exposure to credit risk is represented by its accounts receivable for a total of \$9,0361,001 (2017 - \$8,671,363). All accounts receivable are considered current. At March 31, 2018, the Fund's management has determined that no portion of accounts receivable was impaired. Management's assessment was based on specific identification and age of receivables.

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of a default. The Fund does have concentration risk. At March 31, 2018, receivables from three customers comprised 72% of the total outstanding accounts receivables (2017 - 73%). The Fund reduces this risk by monitoring overdue balances.

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

At March 31, 2018, the following accounts receivable were past due:

	30 days	60 days	90 days	Total
	\$ 4,512,088	\$ 289,688	\$ 526,641	\$ 5,328,417

(b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows through budgeting.

The Fund's maximum exposure to liquidity risk is represented by the financial liabilities for a total of \$35,693,528 (2017 - \$31,691,340). Financial liabilities consist of accounts payable and accrued liabilities and amounts due to the Government of the Northwest Territories. All financial liabilities are considered current and mature within 6 months.

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

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

14. Risk management (continued)

(c) Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Fund is exposed to other price risks as it purchases and sells petroleum products which are sensitive to price fluctuations. The Fund reduces its exposure to this risk by purchasing and selling the petroleum products at pre-approved rates.

There have been no significant changes from the previous year in the exposure to risk however there has been a change in the policies, procedures, and methods to manage the risk as in the prior year the Fund used derivatives to hedge other price risk and in the current year the Fund did not use derivatives.

15. Statement of Cash Flows

A statement of cash flows has not been presented as these financial statements report the transactions within the revolving fund of the Government of the Northwest Territories. The cash received and payments made by the Government on behalf of the Fund are reported in Note 8.

16. Comparative figures

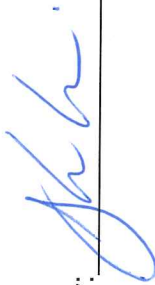
The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

PUBLIC STORES REVOLVING FUND

FOR THE YEAR ENDED MARCH 31, 2018

Schedule of Public Stores Revolving Fund Inventories for the year ended March 31, 2018						
Public Stores	Balance March 31, 2017	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2017
Yellowknife	136,104			0		136,104
SAM		163,239	(104,877)		0	58,363
	136,104	163,239	(104,877)	0	0	194,467

Prepared By: Sharon Cormier

Approved By: 

Yellowknife Airport Revolving Fund

Financial Statements

March 31, 2018

Yellowknife Airport Revolving Fund

Financial Statements

For the period July 1, 2017 to March 31, 2018

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Statement of Changes in Net Financial Assets	6
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Management's Responsibility for Financial Reporting

**To the Minister of Infrastructure
Government of the Northwest Territories**

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Yellowknife Airport Revolving Fund (the "Fund").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.

A handwritten signature in black ink, appearing to read 'L. Stroman', is written over a horizontal line.

**Lee Stroman, Regional Airport Manager
Yellowknife Airport Revolving Fund
Yellowknife, Northwest Territories
July 20, 2018**



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Independent Auditors' Report

To the Minister of Infrastructure
Government of Northwest Territories

We have audited the accompanying financial statements of the Yellowknife Airport Revolving Fund, which comprise the Cash Flows as at March 31, 2018, and the statements of changes in net financial assets, operations and accumulated surplus and cash flows for the period July 1, 2017 to March 31, 2018, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 Regional Office's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Independent Auditors' Report (continued)

Basis for Qualified Opinion

Compensation and related benefits paid to employees of the Yellowknife Airport Revolving Fund are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories' audit. Our audit scope was limited as we did not audit the components of compensation and benefits expenditures and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to compensation and benefits expenditures, payroll liabilities, employee future benefits, net financial resources, and accumulated surplus as well as note disclosures associated with transactions and period-end balances relating to compensation and benefits.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material aspects, the financial position of the Yellowknife Airport Revolving Fund as at March 31, 2018, and the results of its operations, changes in its net financial assets and its cash flows for the period July 1, 2017 to March 31, 2018 in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Crowe MacKay" with a flourish at the end.

Yellowknife, Northwest Territories
July 20, 2018, except as to Note 2, which is as of October 4, 2018

Chartered Professional Accountants

Yellowknife Airport Revolving Fund


Statement of Financial Position

	March 31, 2018	July 1, 2017
Financial Assets		
Accounts receivable	\$ 2,507,289	\$ -
Due from the Government of the Northwest Territories (Note 6)	4,365,662	-
	6,872,951	-
Liabilities		
Accounts payable and accrued liabilities (Note 5)	1,184,338	-
Employee Future Benefits (Note 7)	411,530	-
	1,595,868	-
Net Financial Assets	5,277,083	-
Non-Financial Assets:		
Inventories held for use	84,614	-
Tangible capital assets (Note 9)	118,906	-
Tangible capital assets under construction (Note 8)	107,758	-
Tangible capital assets - transferred from GNWT (Note 10)	22,542,891	-
	22,854,169	-
Accumulated Surplus (Note 12)	\$ 28,131,252	\$ -

Commitments (Note 17)

Approved:


Regional Airport Manager


A/ Manager, Finance & Admin

Yellowknife Airport Revolving Fund

Statement of Changes in Net Financial Assets

For the period July 1, 2017 to March 31,

2018

Operating Surplus	\$ 28,131,252
Change in inventories held for use	(84,614)
Acquisition of tangible capital assets	(118,906)
Change in capital assets under construction	(107,758)
Transfer of tangible capital assets from GNWT	(23,433,489)
Amortization of tangible capital assets	890,598

Increase in Net Financial Assets

5,277,083

Net Financial Assets, beginning of period

-

Net Financial Assets, end of period

\$ 5,277,083

Yellowknife Airport Revolving Fund

Statement of Operations and Accumulated Surplus

For the period July 1, 2017 to March 31,	Budget (Unaudited)	2018
Revenue		
Airport improvement fees		\$ 2,824,025
Apron fees		94,324
Concession fees		166,301
Landing and terminal fees		5,158,051
Leases		1,944,141
Parking		214,679
Recoveries		151,459
	\$ 10,639,924	10,552,980
Expenses		
Amortization	1,605,947	890,598
Computer hardware and software	25,000	72,218
Contract services	2,494,000	857,077
Materials and supplies	117,000	50,083
Office	396,000	113,316
Professional fees	374,000	138,693
Repairs and maintenance	816,000	409,537
Salaries and benefits	4,123,000	3,323,695
	9,950,947	5,855,217
Operating Surplus before other items	688,977	4,697,763
Grant-in-kind, Government assets provided at no cost		1,700,094
Occupancy costs		(1,700,094)
Government transfer - tangible capital assets		23,433,489
	-	23,433,489
Annual Surplus	688,977	28,131,252
Accumulated Surplus, beginning of the period	-	-
Accumulated Surplus, end of the period	\$ 688,977	\$ 28,131,252

Yellowknife Airport Revolving Fund

Statement of Cash Flows

For the period July 1, 2017 to March 31,

2018

Cash provided by (used in)

Operating activities

Operating Surplus	\$ 28,131,252
Items not affecting cash:	
Amortization	890,598
Government transfer - tangible capital assets	(23,433,489)

Changes in non-cash assets and liabilities

Accounts receivable	(2,507,289)
Inventories held for use	(84,614)
Accounts payable and accrued liabilities	1,184,338
Increase / (decrease) in employee future benefits	411,530

Cash from operating activities

4,592,326

Investing activities

Amounts provided to Government of Northwest Territories	(4,365,662)
---	-------------

Cash used in investing activities

(4,365,662)

Capital activities

Acquisition of tangible capital assets	(118,906)
Acquisition of tangible capital assets under construction	(107,758)

Cash used in capital activities

(226,664)

Increase in cash

-

Cash, beginning of period

-

Cash, end of period

\$

-

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

1. Nature of operations

The Yellowknife Airport Revolving Fund revolving fund (the "Fund") was established July 1, 2017 for the purpose of meeting the capital, operating and maintenance requirements of the Yellowknife Airport. The Fund operates under the authority of the *Revolving Funds Act* (the "Act") and the *Northwest Territories Financial Administration Act*. The Yellowknife Airport Division of the Department of Infrastructure of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund can receive working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities is \$36 million. The balance of the fund is reported as due to or from the Government on the statement of financial position, as applicable.

2. Amendment

These financial statements were amended on October 4, 2018 to reflect the transfer of tangible capital assets from the Government of the Northwest Territories.

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board. The significant accounting policies used are as follows:

(a) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Fund and delivery or service has occurred, when the price is fixed or determinable and when collectability is reasonable assured.

Airport improvement fee revenue is recognized as income in the period that passengers depart from the Airport. Landing and terminal fees, apron fees, and parking revenues are recognized when the Airport facilities are utilized.

Concession fee revenue is recognized based on the highest of the agreed upon percentage of reported concessionaire sales or the specified minimum rentals in the period in which the rentals occur. Lease revenues are recognized straight-line over the duration of the underlying agreements.

Recoveries are recognized when the service is performed or the goods are provided.

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 the future; or
- expect a direct financial return.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

3. Significant accounting policies (continued)

(a) Revenue recognition (continued)

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 or transfers of restricted funding for tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are acquired or built or eligible expenses incurred.

Transfers of tangible capital assets are recognized as revenue when stipulations are met.

Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized as revenue in the statement of operations as the stipulations are met.

(b) Tangible capital assets

Tangible capital assets of the Yellowknife Airport acquired prior to the establishment of the Fund, July 1, 2017, were the property of the Government and were transferred to the fund at their carrying amounts, accordingly the tangible capital assets are reflected in these financial statements. The Fund amortizes the tangible capital assets over their estimated useful lives at the rates established in the Financial Administration Manual over the following terms:

Buildings	40 years straight line, no salvage
Water/sewer works	15-25 years straight line, no salvage
Machinery, equipment and vehicles	5-15 years straight line, no salvage

Tangible capital assets acquired by the Fund after July 1, 2017 are the property of the Fund and are recorded at cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset. The Fund amortizes tangible capital assets over their estimated useful lives at the rates established in the Financial Administration Manual over the following terms:

Machinery and equipment	15 years
-------------------------	----------

Capital assets under construction are transferred to tangible capital assets when the asset is available for use and amortization will commence at that time.

(c) Inventories of supplies

Inventories of supplies are valued at the lower of cost and replacement value. Inventories of supplies include chemicals, fuel and supplies and are recorded at the lower of historical cost or replacement cost, with cost being determined using the weighted average cost method.

(d) Non-pension employee future benefits and compensated absences

Under the terms and conditions of labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary. The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

3. Significant accounting policies (continued)

(e) Pension employee future benefits

The Fund and its employees, who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. The Fund contributes at a rate of 1.4 times that of the employees. During the year the Fund contributed \$213,399 to the plan which was recognized as an expense while employees contributed \$152,428. These contributions represent are expensed on a current year basis. The total pension obligation of the Fund is reflected in the statement of financial position with any changes from the prior year recognized as an expense in the current year. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

(f) 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 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 Fund subsequently measures all its financial assets and financial liabilities at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Financial instruments measured at amortized cost include accounts receivable, amounts due from the Government of the Northwest Territories and accounts payable and accrued liabilities.

There are no financial instruments subsequently measured at fair value.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

3. Significant accounting policies (continued)

(g) Services provided by the Government of the Northwest Territories

The Fund does not record the following services provided without charge from the Government; payroll processing, insurance and risk management, legal counsel, records storage and computer operations.

The property tax and utilities costs associated with the Airport facilities, transferred from the Government of the Northwest Territories, are accounted for as occupancy costs offset by a grant in kind from the Government. The utilities and property tax costs are based on actual costs to the Government.

(h) Fund accounting

The Fund maintains a General Surplus and the Yellowknife Airport Capital Program Surplus. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(i) General Surplus

Reports the excess of revenues over expenditures relating to the general operations of the Fund excluding the Yellowknife Airport Capital Program.

(ii) Yellowknife Airport Capital Program

Reports the excess of revenues over expenditures relating specifically to the provision of Airport Improvement Fee agreement.

(i) Measurement uncertainty

The preparation of these financial statements in conformity with Canadian public sector accounting standards require management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the period. Management makes accounting estimates when determining the useful life of its tangible capital assets, and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

4. Future accounting changes

(a) Restructuring Transactions, Section PS 3430

This section establishes standards on how to record assets, liabilities, revenues and expenses relating to restructuring transactions as well as disclosure requirements for the recipient and transferor. This section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

(b) Asset Retirement Obligations, Section PS 3280

This section will establish the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites. This section applies to fiscal years beginning on or after April 1, 2021. The impact of the transition to these accounting standards has not yet been determined.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

5. Accounts payable and accrued liabilities

	March 31, 2018
Non-Government	\$ 661,063
Government of Canada - GST	523,275
	<u>\$ 1,184,338</u>

6. Due from the Government of the Northwest Territories

The amount due from the Government of the Northwest Territories represents the balance in the revolving fund as follows:

	March 31, 2018
Balance, beginning of year	\$ -
Less: Cash received from the Government	8,045,691
Add: Payments made by the Government	(3,680,029)
Balance, end of year	<u>\$ 4,365,662</u>

7. Employee Future Benefits

The employee future benefits liability is as follows:

	March 31, 2018
Removal	\$ 239,569
Lieu time	6,783
Leave	165,178
	<u>\$ 411,530</u>

Removal benefits are recorded based on an actuarial valuation. The current actuarial valuation was completed as at March 31, 2018. The effective date of the next actuarial valuation is March 31, 2020. The liabilities were actuarially determined as the present value of the accrued benefits at February 2018 and the results were extrapolated to March 31, 2018.

8. Tangible capital assets under construction

Tangible capital assets under construction is comprised of infrastructure related to the Airport capital program.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

9. Tangible capital assets

Tangible capital assets is comprised of machinery and equipment that was acquired by the fund. Amortization has not been recorded on the tangible capital assets because they were put into use near the end of the period.

10. Tangible capital assets - transferred from GNWT

	Cost	Accumulated Amortization	March 31, 2018
Buildings	18,882,898	556,531	18,326,367
Water/sewer works	453,919	23,996	429,923
Machinery, equipment and vehicles	4,096,672	310,071	3,786,601
	23,433,489	890,598	22,542,891

Amortization expense for 2018 is \$890,598.

11. Yellowknife Airport Capital Program

The Government, acting on behalf of the Fund, entered into a Memorandum of Agreement ("the Agreement") dated July 1, 2017 with Signatory Air Carriers operating from the Airport. The Agreement provides for a consultative process with air carriers regarding the improvement to and expansion of airport facilities and the collection of airport improvement fees ("AIF") by air carriers through their ticketing processes. AIF revenues can only be used for the Yellowknife Airport Capital Program. The Yellowknife Airport Capital Program is for infrastructure projects as outlined in the business plan of the Fund.

Airport improvement fee summary since implementation, July 1, 2017:

	March 31, 2018	July 1, 2017
Cumulative AIF revenue	\$ 2,824,025	\$ -
Cumulative AIF expenditures	(107,758)	-
Surplus of revenue over expenditures	\$ 2,716,267	\$ -

12. Accumulated Surplus

	Yellowknife Airport Capital Program Surplus	General Surplus	Total March 31, 2018
Surplus, beginning of period	\$ -	\$ -	\$ -
Annual surplus	2,716,267	25,414,985	28,131,252
Surplus, end of period	\$ 2,716,267	\$ 25,414,985	\$ 28,131,252

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

13. Government transfers

During the year the Government of the Northwest Territories transferred tangible capital assets to the Fund, comprising the Airport facilities acquired prior to the establishment of the Fund, July 1, 2017. The tangible capital assets were transferred at the Government's carrying amount. The transfer was recognized as revenue in the year.

14. Grant In Kind

Occupancy costs comprised of utility costs of \$1,043,094 and property taxes of \$657,000 related to the Airport facilities transferred to the Fund by the Government of the Northwest Territories were incurred during the period by the Government at no cost to the Fund.

15. Related Party Transactions

In addition to those transactions with related parties disclosed elsewhere in the financial statements, the Fund is related in terms of common ownership to all Government of the Northwest Territories departments, agencies and Crown Corporations. The Fund enters into transactions with these entities in the normal course of business.

16. Budget Information

The budget figures are from the Annual Business Plan and are unaudited. The budget reflects a twelve month fiscal year however, these financial statements reflect a nine month period from July 1, 2017 to March 31, 2018.

17. Contractual obligation

The Fund has commitments for leases and service agreements that will require payment in future years. As at March 31, 2018 the commitments amounted to \$2,109,503. The annual payments for these commitments are as follows:

	2019	2020	2021	2022	2023 and subsequent years
Equipment leases	\$ 21,332	\$ 2,447	\$ -	\$ -	\$ -
Service contracts	1,271,434	1,005,190	76,164	51,464	30,637
Airport capital program contracts	54,132	-	-	-	-
	<u>\$ 1,346,898</u>	<u>\$ 1,007,637</u>	<u>\$ 76,164</u>	<u>\$ 51,464</u>	<u>\$ 30,637</u>

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

18. Risk management

The Fund is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Fund's financial instruments is provided below:

(a) *Credit risk*

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable and due from the Government of the Northwest Territories.

The Fund's maximum exposure to credit risk is represented by the financial assets balance for a total of \$6,872,951. Accounts receivable are due from various corporations. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. At March 31, 2018, the accounts receivable past due are immaterial and the Fund's management has determined that no portion of accounts receivable is impaired. Management's assessment was based on specific identification and age of receivables.

Management believes the risk exposure related to amounts due from the Government of Northwest territories is minimal given the Government's stability and strong credit worthiness

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of a default. The Fund does have concentration risk. At March 31, 2018, receivables from three customers comprised 52% of the total outstanding accounts receivables. The Fund reduces this risk by monitoring overdue balances. The Fund also has concentration risk related to the amount due from the Government of the Northwest Territories, which is stable and credit worthy, as stated above.

(b) *Liquidity risk*

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The Fund's maximum exposure to liquidity risk is represented by its financial liabilities for a total of \$1,595,868. Financial liabilities consist of accounts payable and accrued liabilities, which includes amounts due to the Government of Canada for goods and services tax payable. All of the Fund's financial assets and financial liabilities as at March 31, 2018 mature within the next six months.

The Fund has disclosed future financial liabilities and commitments in Note 17.

ENVIRONMENT FUND

FINANCIAL STATEMENTS
For the year ending March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Minister of
the Environmental Fund - Department of Environment and Natural Resources

We have audited the accompanying financial statements of The Environment Fund, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations and Changes in Fund Balances 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 for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund'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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

The Environment Fund relies on reports prepared by distributors, processing centres, and depots for the recording of the beverage container program revenues, deposit handling fees, and refundable deposits. The reports provided by the distributors, processing centres, and depots are not independently verified, and consequently, the review of the review of the accounts related these reports is limited to the amounts indicated in the reports. As a result, there's inability to determine if adjustments are required to the recorded revenues, expenditures, accounts receivable, accounts payable or fund balances.

Wages and benefits paid to the employees of the Fund are administered by the Government of Northwest Territories and are audited as part of the Government of Northwest Territories audit. There was limited scope as the components of wages and benefit expenses and related balances were not audited. Accordingly, the auditor was unable to determine whether any adjustments were required/necessary to wages and benefits expenses, liabilities and fund balances.



INDEPENDENT AUDITOR'S REPORT, continued

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Environment Fund as at March 31, 2018, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Other Matter

The financial statements of The Environment Fund for the year ended March 31, 2017 were audited by another auditor who expressed a qualified opinion similar to matters described in the Basis for Qualified Opinion paragraph above, on those statements on July 6, 2017.

Avery Cooper & Co. Ltd.

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

June 18, 2018



MANAGEMENT'S RESPONSIBILITY FOR REPORTING

Management is responsible with the reliability, integrity and objectivity of the data in the accompanying financial statement which was been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for the integrity for financial reporting, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Environment Fund.

Avery Cooper & Co. Ltd., Chartered Professional Accountants provides an independent, objective audit for the purpose of expressing an opinion on the financial statement. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.

Dennis Marchiori, Director, Corporate Services,
Department of Environment and Natural Resources

June 18, 2018

THE ENVIRONMENT FUND

STATEMENT OF FINANCIAL POSITION

March 31, 2018

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT		
Due from Treasury (note 3)	\$ 3,941,955	\$ 2,780,578
Accounts receivable (note 4)	931,419	984,151
Loans receivable (note 5)	<u>22,500</u>	<u>22,500</u>
	<u>\$ 4,895,874</u>	<u>\$ 3,787,229</u>

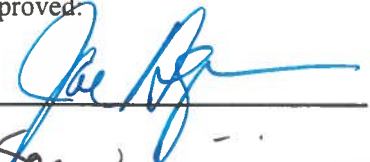
LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 275,976	\$ 389,438
Unredeemed container liability (note 6)	<u>729,858</u>	<u>840,821</u>
	<u>1,005,834</u>	<u>1,230,259</u>

FUND BALANCES

UNRESTRICTED per page 3	3,360,347	2,039,194
EQUIPMENT REPLACEMENT RESERVE per page 3	<u>529,693</u>	<u>517,776</u>
	<u>3,890,040</u>	<u>2,556,970</u>
	<u>\$ 4,895,874</u>	<u>\$ 3,787,229</u>

Approved:



Deputy Minister

05 July 2018



Director, Corporate Services

THE ENVIRONMENT FUND

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUES		
Beverage Container Program - Schedule 1	\$ 5,736,681	\$ 5,800,724
Electronics Recycling Program - Schedule 2	250,531	153,654
Other Programs and Initiatives - Schedule 3	<u>722,411</u>	<u>680,996</u>
	<u>6,709,623</u>	<u>6,635,374</u>
EXPENSES		
Beverage Container Program - Schedule 1	4,653,309	5,027,690
Electronics Recycling Program - Schedule 2	166,146	171,142
Other Programs and Initiatives - Schedule 3	<u>557,098</u>	<u>976,105</u>
	<u>5,376,553</u>	<u>6,174,937</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 1,333,070</u>	<u>\$ 460,437</u>

THE ENVIRONMENT FUND

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2018

	<u>Unrestricted</u>	<u>Equipment replacement reserve</u>	<u>Total 2018</u>	<u>Total 2017</u>
BALANCE, opening	\$ 2,039,194	\$ 517,776	\$ 2,556,970	\$ 2,096,533
Excess of revenues over expenses per page 2	1,333,070	-	1,333,070	460,437
Transfers (Note 2c)	<u>(11,917)</u>	<u>11,917</u>	<u>-</u>	<u>-</u>
BALANCE, closing	<u>\$ 3,360,347</u>	<u>\$ 529,693</u>	<u>\$ 3,890,040</u>	<u>\$ 2,556,970</u>

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

The Environment Fund (the "Fund") contains all fees and surcharges collected from programs established under the authority of the *Waste Reduction and Recovery Act* (the "Act") of the Northwest Territories. The Act was enacted in October 2003 during the 6th session of the 16th Legislative Assembly. The Act came into force in July 2005 with the establishment of the Environment Fund.

The financial assets of the Fund may be used to pay for:

- the establishment, operation and evaluation of programs in respect of the reduction or recovery of waste;
- education programs related to the reduction or recovery of waste;
- research and development activities related to the reduction or recovery of waste;
- the appropriate disposal of a designated or prohibited material as waste;
- expenses associated with the work of the advisory committee established by the Minister to provide advice and assistance relating to the establishment of programs and operation of programs in respect of the reduction and recovery of waste; and
- other costs associated with programs, initiatives, or activities in respect of the reduction or recovery of waste.

There are three programs that operate under the Environment Fund. The first program, the Beverage Container Program was implemented on November 1, 2005. The second program is the Single-use Retail Bag Program established on January 15, 2010. The Electronics Recycling Program became the third program and was implemented on February 1, 2016. Administration of the three programs rests with the Chief Environmental Protection Officer appointed under the *Environmental Protection Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

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

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(a) Revenue Recognition

- Beverage Container Program revenue, Single-use Retail Bag Program, and Electronics Recycling Program revenue are recognized when beverage containers, single-use retail bags or electronics are distributed or sold in the Northwest Territories. Recoveries are recognized when funds are received. Salvage revenue from recycled materials are recognized when cash is received from the sale of aluminum and plastic.
- Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(b) Tangible Capital Assets

The equipment managed by the fund is not included in these financial statements as they are not the capital assets of the Fund, they are held by the Department of Environment and Natural Resources.

(c) Reserve Funds

Restrictions have been placed on surplus to reserve funds for future operations.

The Equipment Replacement Reserve is equal to 1/10th of the cost of capital equipment including capital equipment purchased with startup funds. In 2018; \$11,917 (2017 - \$11,917) has been reserved for future replacements of capital equipment. The reserve was approved by the Government of the Northwest Territories to be set up for future capital equipment purchases/replacement.

(d) Contributed Services

The Department of Environment and Natural Resources maintains the account of the Environment Fund. The costs associated with the administering and maintaining the accounts are not reflected in these statements as they are reported on the consolidated financial statements of the Government of the Northwest Territories.

(e) Start-up Funding

The Department of Environment and Natural Resources received \$1,143,000 in start up funding from the Government of the Northwest Territories to cover the costs of implementing the Beverage Container Program. The start up costs, which were incurred before the Beverage Container Program came into force on November 1 2005, are not reflected in the financial statements as they are reported on the consolidated financial statements of the Government of the Northwest Territories.

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Cash Flow Statement

As the fund does not maintain a bank account but rather receives working capital advances and finances accounts receivable and operating expenses through the Government's Consolidated Revenue Fund (the "CRF"); a statement of cash flows has not been presented.

(g) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

(h) Financial Instruments

The Fund classifies its financial instruments at cost or amortized cost. The Fund's accounting policy for this financial instrument category is as follows:

- This category includes accounts receivable, loans receivable, due from treasury, accounts payable and accrued liabilities, and unredeemed container liability. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.
- Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.
- Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations

3. DUE FROM TREASURY

The Fund is a special purpose fund as defined in *the Financial Administration Act* that forms part of the Government of the Northwest Territories Consolidated Revenue Fund.

In April 2006, the Fund joined the Government of the Northwest Territories investment pool, which consolidates and invests the cash balances for all participants in the money market securities. The monies for these investments flow out of the Consolidated Revenue Fund and do not affect the cash balances of the participants. The investment pool revenues are prorated and allocated to the participants.

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

4. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Accounts receivable	\$ 751,945	\$ 733,626
Due from GNWT - ENR	-	76,603
Due from NWT Liquor Commission	<u>179,474</u>	<u>173,922</u>
	<u>\$ 931,419</u>	<u>\$ 984,151</u>

5. LOANS RECEIVABLE

The Fund loaned one bottle depot operator funds to be used to pay persons returning empty beverage containers to the depots. The outstanding loan is non-interest bearing loan with an amount currently outstanding of \$22,500. It is repayable in monthly installments of \$535.71 starting May 1, 2018 with the final payment due on November 1, 2021.

	<u>2018</u>	<u>2017</u>
	\$ -	\$ 22,500
Due in 2019	5,893	-
Due in 2020	6,429	-
Due in 2021	6,429	-
Due in 2022	<u>3,749</u>	<u>-</u>
Total note receivable	<u>\$ 22,500</u>	<u>\$ 22,500</u>

6. UNREDEEMED CONTAINER LIABILITY

The unredeemed container liability is an amount that is equal to 15% of the beverage container surcharges of the current year. It has been recognized to cover the future redemption of containers that are currently in circulation. It was derived per the policy that the Government of the Northwest Territories specified.

7. EXPENSE ALLOCATION

Wages and benefits for all programs and initiatives have been reported on Schedule 3 - Other Programs and Initiatives.

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

8. RELATED PARTY TRANSACTIONS

The Fund receives human resource management, legal services and risk management from the Government of the Northwest Territories without charge.

The Fund also receives management services from the Department of Environment and Natural Resources as outlined in Note 2(d).

9. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit Risk

The Fund does have credit risk in accounts receivable of \$931,419 (2017 - \$984,151). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Accounts receivable are due from participating distributors of the Beverage Container Program, the Single-use Retail Bag Program and the Electronics Recycling Program. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable required impairment.

(b) Concentrations of Credit Risk

The Fund does have concentrations of credit risk. Concentrations of credit risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterpart that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At March 31, 2018, receivables from four (2017 - three) customers comprised 52% (2017 - 50%) of the total outstanding accounts receivables. The Fund reduces the risk by monitoring overdue balances.

10. CONTINGENT LIABILITIES

There is one outstanding claim that is pending against the Fund. The likelihood or amount, if any, cannot be reasonably determined and as such no liability has been accrued in these financial statements.

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

11. OVERALL REVENUE AND EXPENSE DETAIL

	<u>2018</u>	<u>2017</u>
REVENUES		
Fees	\$ 6,353,885	\$ 6,277,992
Salvage	305,694	272,029
Interest	40,491	37,135
Recoveries	<u>9,553</u>	<u>48,218</u>
Total Revenues	<u>6,709,623</u>	<u>6,635,374</u>
EXPENSES		
Advertising	26,541	32,961
Contract service -satellite depot	109,303	116,240
Equipment, supplies and maintenance	124,598	141,834
Freight	345,942	354,516
Grants and contributions	84,886	173,451
Handling fees	3,970,993	4,280,572
Insurance	12,233	12,106
Office and software	84,628	16,806
Professional fees	82,980	73,402
Storage	19,350	66,101
Travel and training	54,834	47,586
Wages	<u>460,265</u>	<u>859,362</u>
Total Expenses	<u>5,376,553</u>	<u>6,174,937</u>
Excess of revenues over expenditures	<u>\$ 1,333,070</u>	<u>\$ 460,436</u>

Please note : There was a large decrease in wages and benefits in 2017-18 because the Department of Environment and Natural Resources allocated funds to directly pay a significant portion of the payroll for the Fund.

12. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

THE ENVIRONMENT FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

SCHEDULE OF BEVERAGE CONTAINER PROGRAM

Schedule 1

	<u>2018</u>	<u>2017</u>
REVENUE		
Beverage Container Program Fees	\$ 5,389,988	\$ 5,491,235
Salvage	305,694	272,029
Interest revenue	40,491	37,135
Recoveries	<u>508</u>	<u>325</u>
	<u>5,736,681</u>	<u>5,800,724</u>
EXPENSES		
Advertising and promotion	5,724	9,878
Contract service - satellite depot	105,603	116,240
Depot handling fees	920,264	886,557
Equipment, supplies and maintenance	123,030	141,536
Freight	317,640	339,640
Grants and contributions	81,825	90,321
Insurance	12,233	12,106
Office and software	70,618	15,564
Processing centre handling fees	544,412	575,377
Quality control fees	9,019	38,500
Refundable deposit fees	2,418,136	2,695,070
Storage	16,950	62,001
Travel and training	<u>27,855</u>	<u>44,900</u>
	<u>4,653,309</u>	<u>5,027,690</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 1,083,372</u>	<u>\$ 773,034</u>

THE ENVIRONMENT FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

SCHEDULE OF ELECTRONICS RECYCLING PROGRAM

Schedule 2

	<u>2018</u>	<u>2017</u>
REVENUE		
Electronics Recycling Program Fees	\$ 249,781	\$ 130,865
Recoveries	<u>750</u>	<u>22,789</u>
	<u>250,531</u>	<u>153,654</u>
EXPENSES		
Advertising and promotion	-	11,841
Contract service - satellite depot	3,700	-
Depot, processing centre and recycling fees	79,163	85,069
Equipment, supplies and maintenance	1,568	298
Freight	28,302	14,876
Office	80	104
Professional fees	38,328	53,003
Storage	2,400	4,100
Travel and training	<u>12,606</u>	<u>1,851</u>
	<u>166,146</u>	<u>171,142</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 84,385</u>	<u>\$ (17,488)</u>

THE ENVIRONMENT FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

SCHEDULE OF OTHER PROGRAMS AND INITIATIVES

Schedule 3

	<u>2018</u>	<u>2017</u>
REVENUES		
Single-use Retail Bag Program Fees	\$ 714,116	\$ 655,891
Recoveries	<u>8,295</u>	<u>25,105</u>
	<u>722,411</u>	<u>680,996</u>
EXPENSES		
Advertising and promotion	20,817	11,241
Grants and contributions	3,061	83,130
Office	13,930	1,138
Professional fees	44,652	20,399
Travel and training	14,373	835
Wages and benefits	<u>460,265</u>	<u>859,362</u>
	<u>557,098</u>	<u>976,105</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 165,313</u>	<u>\$ (295,109)</u>

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND
Yellowknife, NT**

FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

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Statement of Changes in Pension Obligations 3

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

The Accounting firm of Ashton Chartered Accountants has provided an independent objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian accounting standards for pension plans. The auditor also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the NWT Legislative Assembly.

Aon Hewitt, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of actuarial valuations of accrued pension benefits of the board.

On behalf of the Board of Management:



Jackson Lafferty, Speaker



Tim Mercer, Clerk

August 23, 2018

INDEPENDENT AUDITORS' REPORT

To the Members of Legislative Assembly Retiring Allowance Fund

We have audited the accompanying financial statements of the Legislative Assembly Retiring Allowance Fund, which comprise the statement of financial position as at March 31, 2018 and the statements of changes in net assets available for benefits and changes in pension obligations 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 generally accepted accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

(continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Legislative Assembly Retiring Allowance Fund as at March 31, 2018 and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian generally accepted accounting standards for pension plans.

The logo for Ashton Chartered Accountants, featuring the word "Ashton" in a stylized, handwritten-style font.

Hay River, Northwest Territories
August 23, 2018

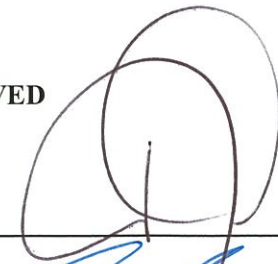
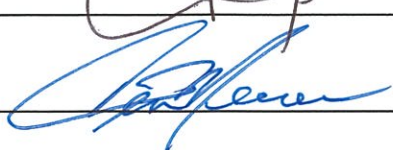
Ashton Chartered Accountants

**LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCE FUND**

STATEMENT OF FINANCIAL POSITION
March 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT		
Accounts Receivable (Note 3)	\$ 15,093	\$ 6,500
Accrued Interest Income	<u>18,629</u>	<u>18,317</u>
	33,722	24,817
INVESTMENTS (Note 4)	<u>23,949,037</u>	<u>23,625,184</u>
	<u>\$ 23,982,759</u>	<u>\$ 23,650,001</u>
LIABILITIES		
CURRENT		
Accounts Payable	<u>\$ 51,559</u>	<u>\$ 58,393</u>
NET ASSETS AVAILABLE FOR BENEFITS per page 2	23,931,200	23,591,608
PENSION OBLIGATIONS per page 3 (Note 5)	<u>19,967,300</u>	<u>19,247,800</u>
PENSION PLAN FUND SURPLUS	<u>\$ 3,963,900</u>	<u>\$ 4,343,808</u>

APPROVED


 _____ Speaker

 _____ Clerk

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
INCREASE IN ASSETS		
Contributions:		
Members	218,558	218,421
In-Kind Contributions	<u>6,500</u>	<u>6,500</u>
	<u>225,058</u>	<u>224,921</u>
Investment Income:		
Other Receipts	-	-
Interest	333,486	335,191
Dividends	274,984	273,333
Gain on Sale of Investments	<u>850,004</u>	<u>1,125,716</u>
	1,458,474	1,734,240
Current Period Change in Fair Values of Investments	<u>(199,981)</u>	<u>203,121</u>
Net Investment Income	<u>1,258,493</u>	<u>1,937,361</u>
Total Increase in Assets	<u>1,483,551</u>	<u>2,162,282</u>
DECREASE IN ASSETS		
Benefits		
Pension Payments	974,915	965,338
Termination/Lump sum Payments	<u>-</u>	<u>-</u>
Total Benefits	<u>974,915</u>	<u>965,338</u>
Administrative		
Actuary Fees	32,299	59,629
Audit Fees	6,500	6,500
Investment Management Fees	88,825	85,753
Meeting Travel & Accommodation	9,758	20,177
Trustee Fees	<u>31,662</u>	<u>30,942</u>
Total Administrative	<u>169,044</u>	<u>203,001</u>
Total Decrease in Assets	<u>1,143,959</u>	<u>1,168,339</u>
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	\$ 339,592	\$ 993,943
NET ASSETS AVAILABLE FOR BENEFITS		
BEGINNING OF YEAR	<u>23,591,608</u>	<u>22,597,665</u>
END OF YEAR	<u>\$ 23,931,200</u>	<u>\$ 23,591,608</u>

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
INCREASE IN PENSION OBLIGATIONS		
Interest accrued on benefits	\$ 927,500	\$ 894,700
Benefits accrued	764,000	729,800
Experience loss	-	150,800
	<u>1,691,500</u>	<u>1,775,300</u>
 DECREASE IN PENSION OBLIGATIONS		
Benefits Paid	\$ 972,000	\$ 964,000
Experience gains	-	-
	<u>972,000</u>	<u>964,000</u>
INCREASE IN PENSION OBLIGATIONS	719,500	811,300
 PENSION OBLIGATIONS, BEGINNING OF YEAR	 <u>19,247,800</u>	 <u>18,436,500</u>
PENSION OBLIGATIONS, END OF YEAR	<u>\$ 19,967,300</u>	<u>\$ 19,247,800</u>
 AS REPRESENTED BY		
Active Members	\$ 4,518,500	\$ 3,549,600
Pensioners & Terminated Members	<u>15,448,800</u>	<u>15,698,200</u>
	<u>\$ 19,967,300</u>	<u>\$ 19,247,800</u>

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

NOTE 1 DESCRIPTION OF PLAN

a) General

The Fund was established pursuant to the Legislative Assembly Retiring Allowances Act (NWT) and is administered by the Board of Management. The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time for six or more years prior to October 16, 1995 or four or more years after October 16, 1995, commencing March 10, 1975, the date of the first fully elected Legislative Assembly.

b) The following description of the Legislative Assembly Retiring Allowance Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

1) Funding Policy

The Legislative Assembly Retiring Allowance (NWT) Act requires that the plan sponsor, the Government of the Northwest Territories, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of an actuarial valuation for the fund that must be completed no less frequently than as of the day on which each general election is held.

The Legislative Assembly Retiring Allowances Act (NWT) requires Plan members to contribute 6.5% of their pensionable remuneration and earnings to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any surplus existing in the Plan may be used to reduce the required employer contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements of the Pension Benefits Standards Act.

2) Normal Retirement Age

a. Service Prior to 1992

Age 55

b. Service After 1991

The earliest of:

- age 60
- 30 years of service
- age plus service equals 80

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

NOTE 1 DESCRIPTION OF PLAN - cont'd

3) Retirement Pension

Two percent of the average best total earnings over four years multiplied by Credited Services as a Member

Note that prior to the amendment in 2011, the retirement pension was determined as follows:

Two percent of the average best earnings over four years as an MLA multiplied by Credited Services as an MLA.

PLUS

2% of the average best earnings over four consecutive years in that capacity of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

4) Early Retirement

A member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

A pension which is actuarially equivalent to the pension calculated as if the member was 55.

b. Service after 1991.

A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

5) Late Retirement

Up to age 71.

6) Maximum Allowance

For benefits earned after 1991, the annual retirement pension payable shall not exceed the lesser of:

a. the defined limit as prescribed under the Income Tax Act of Canada for the year in which the pension commences, times the years of credited service after 1991;

b. 2% of the average annual indexed pensionable remuneration, times the years of credited service after 1991.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

NOTE 1 DESCRIPTION OF PLAN - cont'd

7) Form of Pension

a. Service Prior to 1992

The normal form of payment is a joint and 75% survivor pension reducing on the death of the Member.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent.

b. Service After 1991

The normal form of payment for service after 1991 is a joint and 66-2/3% survivor pension reducing on the death of the Member with a guarantee of 100% of the first 60 monthly payments in any event.

Each Dependent will receive a pension of 10% of the retirement pension (to a maximum total of 33-1/3%) if the spouse survives. If there is no surviving spouse, a benefit of 100% shall be divided by the number of children for the first 60 monthly payments after the Member's pension commencement and then 25% of the benefit thereafter (to a maximum total of 100%).

8) Increases in Pension

Pensions in pay and deferred pensions are increased every January 1st based on increases in the Consumer Price Index up to the preceding September 30th.

9) Pre-Retirement Death Benefits

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If he was eligible to receive a pension, it will be assumed that the Member retired on the day preceding his death and elected the normal form of pension.

10) Withdrawal Benefits

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. The Significant polices are detailed as follows:

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

b) Investments

Investments for the Pension Fund are measured at fair value and categorized according to the fair value hierarchy using the market approach valuation technique. The Fund determines fair value of investments based on information supplied by the Investment Manager. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Transaction costs are expensed as incurred. Investment income is recognized on an accrual basis. The current year change in fair value of investments is the difference between the fair value and the cost of investments at the beginning and end of each year, adjusted for realized gains and losses during the year.

c) Fair value hierarchy

The company classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the company can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

d) Pension obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

e) Revenue recognition

Revenue from contributions and investment income are recognized on an accrual basis.

f) Contributed services

The Fund recognizes in-kind contributions of materials and services in these financial statements, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Fund's operations and would otherwise have been purchased.

g) Pension benefits

Pension benefits are shown as expenses in the year of payment.

h) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

Significant estimates are used in determining pension obligations. The Fund's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations. While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

3. ACCOUNTS RECEIVABLE

	2018	2017
Member Contributions	\$ 8,593	\$ -
In-Kind Contributions- GNWT	6,500	6,500
	\$ 15,093	\$ 6,500

In-kind contributions arise from the payment of audit fees by GNWT on the Fund's behalf and are also included in Accounts Payable and Accrued Liabilities.

These balances, which are unsecured, non-interest bearing, and due on demand, are measured at fair value

4. INVESTMENTS

The Plan's investments are categorized according to the fair value hierarchy as follows:

	Cost	2018 Market	Cost	2017 Market
Cash & Cash Equivalents	80,393	80,393	43,058	43,058
Canadian Equity Mutual Funds	4,431,168	4,446,285	4,478,827	4,717,588
International Equity Mutual Funds	5,892,385	7,918,723	5,505,149	7,536,598
Temporary Investments	82,153	82,153	84,851	84,851
Canadian Fixed Income Funds	8,954,666	8,668,428	8,805,046	8,536,848
Government of Canada Bonds	1,882,906	2,134,962	1,882,906	2,112,521
Province of Ontario Bonds	430,653	618,093	430,653	593,720
	\$ 21,754,324	\$ 23,949,037	\$ 21,230,490	\$ 23,625,184

The above listed investments are managed by CIBC Mellon Global Securities and invested by MFS Investment Management Canada Limited and Connor, Clark & Lunn Investment Management Ltd. The investments will not be redeemed in the subsequent period.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

**TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018**

4. INVESTMENTS, continued

The fair value hierarchy as described in not 2(c) requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The total investment portfolio by fair value hierarchy is as follows:

	2018	2017
Level 1	\$ 23,949,037	\$ 23,625,184

5. OBLIGATIONS FOR PENSION BENEFITS

The actuarial present value of accrued pension benefits was determined by Aon Hewitt, a firm of consulting actuaries. Their going concern valuation results are reflected in an extrapolation that was based on their last actuarial valuation conducted as at April 1, 2016.

The data and assumptions used for the March 31, 2018 obligations are the same as those used to determine the Best Estimate going-concern valuation results in the most recent valuations at April 1, 2016.

The actuarial liability and cost of benefits accruing after the valuation date have been determined using the Projected Accrued Benefit (or Unit Credit) Actuarial Cost Method.

The following were the assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2018	2017
Valuation Interest Rate (net of expenses)	4.75%	4.75%
Remuneration Projection Rate	2.00%	2.00%
Interest Credited on Contributions	4.75%	4.75%
Inflation Rate	2.00%	2.00%

The actuarial valuation is performed on a going concern basis to determine the funded status and the funding requirements of the pension plan.

The latest actuarial valuation was conducted for the period April 1, 2016 and the related report completed in January 2017. The next actuarial valuation will be completed for April 1, 2020.

As provided by the Actuary, the value of pension benefit obligations as at March 31, 2018 has been obtained using a measurement date of January 31, 2018 by increasing the April 1, 2016 liability by the cost of accruing benefits and interest and subtracting the estimated benefit payments.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

6. FINANCIAL INSTRUMENTS

The Fund's investments are recorded at fair value based on information provided by the investment manager. Other financial instruments consist of accounts receivable, accrued interest income and accounts payable. The fair value of these other financial instruments approximates their carrying values.

The fair values of investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as a basic risk-management tool for the investment portfolio as a whole. The Fund's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Fund assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Fund as necessary. While the above policies aid in risk management, the Fund's investments and performance remain subject to risks, the extent to which is discussed below:

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Fund is exposed to currency risk arising from its holdings to investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies, have underlying foreign currency exposure. This exposure lies principally within foreign equity funds. The Plan manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of interest rate, currency, and other price risk. The extent of market risk exposure is dependent on the nature of the investment.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

6. FINANCIAL INSTRUMENTS, continued

c) Credit risk

Credit risk is the risk that a counterparty to a financial contract will fail to discharge its obligations in accordance with agreed-upon terms. The Fund is exposed to credit risk through its investments in money market instruments (excluding cash), and fixed-income securities. The Fund's credit risk on money market instruments and fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investment.

d) Concentration risk

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and asset allocation targets that are designed to manage exposure to concentrated credit risk.

e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Fund's financial liabilities consist of Accounts Payable. These amounts are short term in duration and are set to mature within one year. Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Fund's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Fund is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Fund in the Statement of Financial Position. The government of Northwest Territories (GNWT), as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan should they occur.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

6. FINANCIAL INSTRUMENTS, continued

f) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in market interest rates. The Fund is exposed to interest rate risk through its investment holdings in interest-bearing assets. These principally include money market instruments and fixed-income securities. The Fund manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Fund's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate. Investments subject to interest rate risk bear fixed rates of interest. Therefore, short-term fluctuations in prevailing interest rates would not normally subject the Fund to fluctuating cash flows. In the event of a sale or redemption prior to maturity, proceeds would be affected by the impact of prevailing interest rates on the fair value of the investment. The actuarial value of accrued pension benefits is not considered a financial instrument; however, these benefits are sensitive to changes in long-term interest rates. The Fund is exposed to interest rate risk because of mismatches between the impacts of interest rates on the actuarial value of accrued pension benefits and their corresponding impact on the investment portfolio as a whole. Given the nature of pension benefits, such risks cannot be eliminated but are addressed through the funding of the Plan and through regular review of the characteristics of the Fund's investment portfolio related to the accrued pension benefit liability.

g) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Fund is exposed to other price risk through its holdings in Canadian equities. The Fund manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentrations of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

7. CAPITAL MANAGEMENT

The purpose of the Fund is to provide benefits to plan members. As such, when managing capital, the objective is to preserve assets in a manner that provides the Fund with the ability to continue as a going concern, to have sufficient assets to meet future obligations for benefits and to have sufficient liquidity to meet all benefit and expense payments. The capital of the Fund consists of its surplus. Excluding the impact of investment income, the Fund is financed through member contributions. The surplus represents the difference between the net assets available for benefits and the actuarially determined accrued pension benefits on a going-concern basis. Actuarial valuations, which aid in the determination of the extent of the Fund's capital, are performed every four years following the general election. Surpluses, as well as other relevant aspects of the Plan, are managed in order to comply with the externally imposed requirements of the Income Tax Act and the PBSA.

As at March 31, 2018, the Plan is not in violation of any externally imposed legal or regulatory requirements.

8. AUTHORIZATION

On August 23, 2018, the Board of Management authorized the issue of the financial statements for the year ended March 31, 2018.

**THE NATURAL RESOURCES
CONSERVATION TRUST FUND**
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with the *Natural Resources Conservation Trust Act of the Northwest Territories* ("the Act"). Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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

Director, Corporate Services

June 25, 2018

INDEPENDENT AUDITOR'S REPORT

To the Minister of the Department of Environment and Natural Resources of
The Natural Resources Conservation Trust Fund

We have audited the accompanying financial statements of The Natural Resources Conservation Trust Fund, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations and Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the *Natural Resources Conservation Trust Act* of the Northwest Territories ("the Act"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund'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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of The Natural Resources Conservation Trust Fund as at March 31, 2018, and the results of its operations for the year then ended are prepared, in all material respects, in accordance with Act.

INDEPENDENT AUDITOR'S REPORT, continued

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Fund to meet the requirements of the Act referred to above. As a result, the financial statements may not be suitable for another purpose.

Avery Cooper & Co. Ltd.

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

June 25, 2018


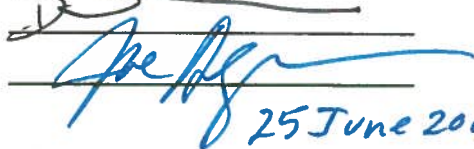
THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF FINANCIAL POSITION

March 31, 2018

	<u>2018</u>	<u>2017</u>
ASSET		
CURRENT		
Cash	<u>\$ 239,903</u>	<u>\$ 235,806</u>
LIABILITY		
CURRENT		
Accounts payable and accrued liabilities	<u>\$ 5,975</u>	<u>\$ 2,500</u>
FUND BALANCES		
CAPITAL PORTION per page 3	188,445	187,828
INTEREST PORTION per page 3	<u>45,483</u>	<u>45,478</u>
	<u>233,928</u>	<u>233,306</u>
	<u>\$ 239,903</u>	<u>\$ 235,806</u>

Approved:



25 June 2018.

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUES		
Interest income	\$ 3,372	\$ 2,450
GENERAL AND ADMINISTRATIVE EXPENSES		
Professional fees	<u>2,750</u>	<u>3,125</u>
	<u>2,750</u>	<u>3,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 622</u>	<u>\$ (675)</u>

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2018

	<u>Capital Portion</u>	<u>Interest Portion</u>	<u>Total 2018</u>	<u>Total 2017</u>
BALANCE, opening	\$ 187,828	\$ 45,478	\$ 233,306	\$ 233,981
Excess (deficiency) of revenues over general and administrative expenses per page 2	<u>-</u>	<u>622</u>	<u>622</u>	<u>(675)</u>
BALANCE, closing	<u>\$ 187,828</u>	<u>\$ 46,100</u>	<u>\$ 233,928</u>	<u>\$ 233,306</u>

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

The Natural Resources Conservation Trust Fund was established under the Natural Resources Conservation Trust Act of the Northwest Territories. The purpose of the Fund is to promote, through education, research and demonstration, the:

- (a) wise use of renewable resources;
- (b) awareness, enhancement and protection of the environment; and
- (c) use of the most efficient and most effective methods of trapping wildlife.

A Board of Trustees was appointed by the Minister of Resources, Wildlife and Economic Development, Government of the Northwest Territories (GNWT). Commencing April 1, 2005, the responsibilities were transferred to the Minister of Environmental and Natural Resources to administer the Fund.

The Fund is established as a Special Purpose Fund as defined under subsection 20(1) of the Financial Administration Act (NWT). As such, the Fund is a part of the Consolidated Revenue Fund of the GNWT.

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with the Natural Resources Conservation Trust Act of the Northwest Territories. The significant policies are detailed as follows:

(a) Fund accounting

In accordance with the Act, the Fund is administered into two portions, the Capital portion, and the Interest portion.

Capital portion

The Capital portion consists of donations, bequests and other payments for deposit accepted by the Board. The Board may not make payments from the capital portion without prior approval of the Minister unless the payment is for designated purpose that has been specified by the benefactor. There are no designated funds in the capital portion of the Fund.

Interest portion

The Interest portion consists of interest earned by the Fund. The Financial Management Board fixes the rate of interest earned by the Fund. The Board of Trustees may make payments from the Interest portion of the Fund to persons, groups and programs.

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Revenue recognition

The Fund follows the deferral method of accounting for contributions. Contributions subject to conditions are recognized as revenue in the year in which the related expenses are incurred. The Board of Trustees may accept donations, bequests or payments that are subject to conditions if the conditions are, in the opinion of the Board, appropriate to the purposes of the Fund. Where the Board accepts such items that are subject to conditions, the Board is bound to comply with those conditions.

Contributions not subject to conditions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue when earned.

(c) Contributed materials and services

The Department of Environment and Natural Resources maintains the Fund's accounts. The cost of administering the Fund are borne by the Department. The Fund has elected not to recognize contributed materials and services in these financial statements.

(d) Expenses

Payments from the Interest portion and the Capital portion of the Fund are recognized as expenses in the period in which the events giving rise to the payment occurred, as long as the payment is authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made. All other expenses are recognized on an accrual basis.

3. FINANCIAL INSTRUMENTS

Fair value

The Fund's financial instruments consist of cash and accounts payable and accrued liabilities. In the opinion of the Board, the Fund is not exposed to significant interest rate, market, currency, market, liquidity or credit risks from these financial instruments. The carrying value of these instruments approximates their fair value.

**Report to the Commissioner of the
Northwest Territories
on the examination of the accounts
and financial statements of the**

**PUBLIC TRUSTEE FOR THE
NORTHWEST TERRITORIES**

For the Year Ended March 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Public Trustee for the Northwest Territories is responsible for the preparation, integrity and objectivity of the financial statements. The financial statements have been prepared in accordance with the Public Trustee Act. Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

The Public Trustee for the Northwest Territories has developed and maintained books of account, records, financial and management controls and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Public Trustee Act.

It is the responsibility of Avery Cooper & Co. Ltd. Chartered Professional Accountants to provide an independent, objective audit for the purpose of expressing their opinion on the financial statements.

Public Trustee for the Northwest Territories

Brian J. Asmundson
Public Trustee

July 4, 2018



VERY COOPER & CO. LTD.

Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Commissioner

Report on the Financial Statements

We have audited the accompanying financial statements of the Office of the Public Trustee for the Northwest Territories, which comprise the Balance Sheet as at March 31, 2018, and the Statement of Operations, and the Statement Changes in Estate & Trust Fund Balance 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 of these financial statements in accordance with the *Public Trustee Act* of the Northwest Territories ("the Act"), 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 of 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.

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

Opinion

In our opinion, the financial statements of the Office of the Public Trustee for the Northwest Territories for the year ended March 31, 2018 are prepared, in all material respects, in accordance with the Act.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Office of the Public Trustee for the Northwest Territories to meet the requirements of the Act referred to above. As a result, the financial statements may not be suitable for another purpose.

Report on Other Legal and Regulatory Requirements

We further report that in our opinion, proper books of account have been kept by the Public Trustee, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Public Trustee.

Avery Cooper & Co. Ltd.

Avery Cooper & Co. Ltd.
Chartered Professional Accountants

Yellowknife, NT
July 4, 2018

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND**

BALANCE SHEET

March 31, 2018

ASSETS

	<u>2018</u>	<u>2017</u>
Cash (Note 3)	\$5,931,372	\$5,526,965
Other assets at nominal value (Note 2b)	_____ 1	_____ 1
	<u>\$5,931,373</u>	<u>\$5,526,966</u>

NET ASSETS

Undistributed Common Fund earnings per Statement II (Note 4)	\$ 37,320	\$ 35,274
Public Trustee Management Fund (Note 6)	32,320	20,893
Estate & Trust Fund per Statement III (Note 5)	<u>5,861,933</u>	<u>5,470,799</u>
	<u>\$5,931,573</u>	<u>\$5,526,966</u>

APPROVED:

Bruan J. Asmundson

Public Trustee for the Northwest Territories

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND**

STATEMENT OF OPERATIONS
For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
Undistributed Common Fund earnings, opening	<u>\$ 35,274</u>	<u>\$ 26,741</u>
Add:		
Common Fund earnings	<u>75,224</u>	<u>55,429</u>
Less:		
Interest paid to estates and trusts (Statement III)	50,947	46,896
Excess interest paid to the Government of the Northwest Territories	304	-
Transfers to Public Trustee Management Fund (Note 6)	<u>21,927</u>	<u>-</u>
	<u>73,178</u>	<u>46,896</u>
Increase in Undistributed Common Fund earnings balance	<u>2,046</u>	<u>8,533</u>
Undistributed Common Fund earnings, closing	<u>\$ 37,320</u>	<u>\$ 35,274</u>

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND**

STATEMENT OF CHANGES IN ESTATE & TRUST FUND BALANCE

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
Estate & trust funds provided:		
Estate and trust assets received	\$ 1,680,352	\$ 1,609,207
Common Fund interest paid to estates and trusts (Statement II)	<u>50,947</u>	<u>46,896</u>
	<u>1,731,299</u>	<u>1,656,103</u>
Estate & trust funds applied:		
Payments to beneficiaries	327,250	678,528
Disbursements made on behalf of estates and trusts	884,235	948,645
Administration fees (Note 2c)	122,242	99,844
GST on Administration fees	6,113	4,992
Court fees	<u>325</u>	<u>1,391</u>
	<u>1,340,165</u>	<u>1,733,400</u>
Increase (decrease) in Estate & Trust Fund balance	391,134	(77,297)
Estate & Trust Fund balance, opening	<u>5,470,799</u>	<u>5,548,096</u>
Estate & Trust Fund balance, closing	<u>\$ 5,861,933</u>	<u>\$ 5,470,799</u>

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

NOTE 1 AUTHORITY

The Public Trustee operates under the authority of the *Public Trustee Act*, Revised Statutes of the Northwest Territories 1988, Chapter P-19 as amended.

NOTE 2 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the *Public Trustee Act*. The basis of accounting used in these financial statements materially differs from Canadian public sector accounting standards because estate and trust funds provided and applied, and Common Fund earnings distributions otherwise accrued at year end, are not included until paid. Estate & Trust Fund assets other than cash have been recorded at nominal value. Significant accounting policies are as follows:

- a) These financial statements have been prepared on the cash basis of accounting except as otherwise stated.
- b) All Estate & Trust Fund assets other than cash, which include business interests, mortgages, stocks, bonds, term deposits, real estate and other assets, are carried at a nominal value of one dollar (\$1).
- c) Expenditures for the operation of the Public Trustee are paid from the Consolidated Revenue Fund of the Government of the Northwest Territories and, except for \$122,546 (2017 - \$99,844) paid to the Consolidated Revenue Fund as administration fees and the transfer of interest earned, are not reflected in these financial statements. Management fees paid to the Public Trustee out of the excess interest earned by the Common Fund are credited to the Public Trustee Management Fund.

NOTE 3 CASH IN BANK

The Office of the Public Trustee is a member of the Government of the Northwest Territories investment pool.

The Government of the Northwest Territories consolidates and invests the cash balances of all investment pool participants in money market securities. The money for these investments flow out of the Government of the Northwest Territories main revenue account and accordingly do not affect the cash balances of the participants. Investment pool revenues are prorated and paid to participants monthly.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

NOTE 4 UNDISTRIBUTED COMMON FUND EARNINGS

Common Fund earnings are distributed half-yearly, on April 30th and October 31st each year, as interest paid to estates and trusts, and excess interest paid to the Government of the Northwest Territories.

Interest earned on the Common Fund is utilized to pay prescribed interest on estates and trusts, and any deficiency between the aggregate amounts of sums invested in the Common Fund and the actual value of the investments of the Common Fund. Where the interest earned on investment of the Common Fund exceeds the amount required to make these payments and management fees paid to the Public Trustee, the excess is paid to the Consolidated Revenue Fund of the Government of the Northwest Territories.

The balance of Undistributed Common Fund earnings represents the cumulative earnings of the Common Fund between November 1st and March 31st which will be distributed on April 30th of the next fiscal year.

NOTE 5 ESTATE & TRUST FUND

The Estate & Trust Fund reflects all known assets of the estates and trusts administered by the Public Trustee. The Estate & Trust Fund is comprised of the following amounts:

	<u>2018</u>	<u>2017</u>
Common Fund	\$5,861,932	\$5,470,798
Other assets at nominal value	<u>1</u>	<u>1</u>
	<u>\$5,861,933</u>	<u>\$5,470,799</u>

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

NOTE 6 PUBLIC TRUSTEE MANAGEMENT FUND

The change during the year in the Public Trustee Management Fund is as follows:

	<u>2018</u>	<u>2017</u>
Public Trustee Management Fund balance, opening	\$20,893	\$30,643
Add:		
Management fees transferred to the Public Trustee out of the excess interest earned (Statement II)	21,927	-
Less:		
Costs incurred in respect of the annual audit	<u>(10,500)</u>	<u>(9,750)</u>
Public Trustee Management Fund balance, closing	<u>\$32,320</u>	<u>\$20,893</u>

NOTE 7 FINANCIAL INSTRUMENTS

The financial instruments of the Fund consist of cash, undistributed Common Fund earnings, and the Common Fund. It is management's opinion that the Public Trustee is not exposed to significant interest rate, currency, market, credit or liquidity risks and that the fair value of these financial instruments approximates their carrying value.

STUDENTS LOAN FUND

FOR THE YEAR ENDED MARCH 31, 2018

Government of the Northwest Territories
 Students Loan Fund
 Statement of Operations
 for the year ended March 31, 2018

(thousands of dollars)

	2018	2017
Loans Receivable, opening balance	H.NC.02.03 41,320	41,953
Loans granted during the year	<u>6,098</u>	<u>5,835</u>
	47,417	47,788
Less:		
Principal amount of loans repaid	H.NC.02.04 (3,311)	(3,248)
Principal amount of loan forgiveness	H.NC.02.06 -	-
Principal amount of loan remissions	H.NC.02.02 (2,733)	(2,501)
Principal Amount of Northern Bonus	<u>H.NC.02.13 (421)</u>	<u>(719)</u>
Loans Receivable, closing balance	40,953	41,320
Less:		
Allowance for remissable and doubtful loans	<u>H.NC.02.07 (17,216)</u>	<u>(17,697)</u>
Net Loans Receivable, closing balance	<u>23,737</u>	<u>23,624</u>

Effect of Students Loan Fund on Government Operations

Interest earned and credited to general revenues	H.NC.02.08 290	320
Reduction to allowance for doubtful accounts credited to Recovery of Prior Year Expenses		1,100
Less:		
Collection agency fees	H.NC.02.15 (14)	(13)
Estimated provision for remission and doubtful accounts	<u>H.NC.02.07 (2,252)</u>	<u>(2,334)</u>
Operating deficiency for the year	<u>(1,976)</u>	<u>(927)</u>

Approved:

Sylvia Haener
 Deputy Minister
 Department of Education, Culture and Employment

Marissa Martin
 Director, Finance and Capital Planning
 Department of Education, Culture and Employment

Students Loan Fund

Notes to the Financial Statement

(in thousands)

March 31, 2018

1. Authority

In accordance with the *Student Financial Assistance Act* (the Act) and the *Student Financial Assistance Regulations* (the Regulations), financial assistance is provided by the Department of Education, Culture and Employment (ECE) to eligible students to assist with the cost of obtaining a post-secondary education. Student Financial Assistance (SFA) provides assistance through a combination of grants and loans (remissible and repayable), subject to eligibility criteria as prescribed in the Regulations.

2. Description of the Program

The Government of Canada introduced the Canada Student Loan Program (CSLP) in 1964. Prior to July 31, 1988, the NWT participated in the CSLP. In 1988, the NWT opted out of the CSLP and now receives an Alternative Payment, in accordance with section 14(4) of the *Canada Student Financial Assistance Act*.

At that time, a Students Loan Fund (SLF) was established in the Consolidated Revenue Fund to enable disbursements and payments specific to loans made under the Act. In accordance with the Act, the following shall be credited to the SLF according to Provision 9:

- a. all repayments of principal on loans made under the Act;
- b. the amount of all loans remitted under the Act. Remissible loans function much like repayable loans; however, students may be eligible to have part to all of their loan forgiven (meaning they do not have to pay the loan back) provided certain criteria are met (i.e. having met the academic and residency criteria);
- c. in addition Northern Bonus Grants are provided to students if the criteria are met (i.e. having met the academic, and residency criteria and provided the loan is up to date); and
- d. the principal amounts of all loans made under the Act that are written off under the *Financial Administration Act* (FAA).

The SLF currently has a maximum revolving limit of \$45 million.

3. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian public sector accounting standards. The following accounting policies are considered significant.

a) Student Loans Receivable

Student loans receivable are stated at the lower of cost and net recoverable value. Valuation allowances, determined on an individual basis, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements and are adjusted

annually to reflect the current circumstances of recording write downs or recoveries, as appropriate. Write-offs are recognized when the loans have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written off are subsequently collected. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

Simple interest is charged on loans following the interest-free in school period. Payments on loans are applied first to interest and then to outstanding principal.

b) Expenses

Loans are granted to students and recorded as expenditures as eligibility criteria are met by students over their period of study.

c) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

The more significant management estimate relates to the valuation allowances for loans receivable.

4. Allowance for Remission and Doubtful Accounts

The Allowance is allocated as follows:

	<u>2018</u>	<u>2017</u>
Allowance for Forgiveness – Remissible Loans	\$7,242	\$7,560
Allowance for Doubtful Accounts – Repayable Loans	9,974	10,137
Total Allowance	<u><u>\$17,216</u></u>	<u><u>\$17,697</u></u>

5. Related Party Transactions

In accordance with established government practice, all administrative and occupancy costs are paid by ECE. Accordingly, no provision for these costs is reflected in these financial statements. Costs paid to other agencies for loan collection services are paid by the SLF and reflected in the financial statement.

6. Financial Instruments and Risk Management

Through its financial assets and liabilities, the SLF is exposed to various risks.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge their responsibilities with respect to the financial instrument, and in doing so, cause a loss for the other party. For the Fund, credit risk is significant with respect to potential non-payment of student loans.

Mitigation processes aimed at minimizing credit losses begin with procedures that support the granting of loans and ongoing throughout the loan life cycle such as conducting credit checks, providing repayment support to low-income borrowers, and undertaking well defined procedures for addressing loan delinquencies.

Loans are interest-free during periods of study and become repayable in the seventh month after graduation or discontinuation of study. The SLF's maximum risk is represented by the Loans Receivable, Closing Balance.

b) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is related to payment terms. Changes in interest rates will affect interest revenue.

Interest rates are set during the week of January 1st for students whose loan becomes repayable during the course of that calendar year. Interest rates are set based upon the Bank of Canada Prime Business Rate (less one percentage point). This will be the student's interest rate for the duration of their repayment, except students who return to the NWT. Effective September 2015, students who return to the NWT they will be granted zero percent interest for the duration of their stay, with the original interest rate being reinstated if they leave the NWT. The interest rate is not adjusted in any other circumstances.

c) Liquidity Risk

Liquidity risk is the risk the SLF will encounter difficulty in meeting financial obligations as they fall due. The SLF's liquidity risk is minimal as the SLF's bank accounts are supported by the Government of the Northwest Territories.

7. Budget

The budget has been approved by the Legislative Assembly.

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2018

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2018

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Management's Responsibility Statement


The accompanying financial statements have been prepared by the Government of the Northwest Territories, Department of Justice's management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

The financial statements have been reported on by Crowe MacKay LLP, Chartered Professional Accountants, the Pension Plan auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Aon Hewitt, an independent firm of consulting actuaries, has been engaged to provide actuarial valuations of the present value of the accrued pension benefits to be provided from the Territorial Court Judges' Registered Pension Plan Fund.

On behalf of the Territorial Court Judges' Registered Pension Plan Fund



 Mr. Martin Goldney
 Deputy Minister, Department of Justice
 Government of the Northwest Territories,

MAY 31 2018

 Date



 Witness

MAY 31 2018

 Date

Independent Auditors' Report

To the Members of Territorial Court Judges Registered Pension Plan Fund

We have audited the accompanying financial statements of the Territorial Court Judges Registered Pension Plan Fund ("the Plan"), which comprise the statement of financial position as at January 1, 2018 and the statement of changes in net assets available for benefits, and changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal controls relevant to the Plan'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 Plan's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Independent Auditors' Report (continued)

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Territorial Court Judges Registered Pension Plan Fund as at January 1, 2018, and the changes in net assets available for benefits, and changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

**Yellowknife, Northwest Territories
May 31, 2018**

A handwritten signature in black ink that reads "Crowe MacKay LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Pension Obligations

For the year ended January 1,	2018	2017
Increase in pension obligations:		
Interest accrued on benefits	\$ 299,000	\$ 289,100
Benefits accrued	247,100	247,100
Experience (gains) and losses	-	257,500
	546,100	793,700
Decrease in pension obligations:		
Benefits paid	278,994	286,900
Increase in pension obligation	267,106	506,800
Pension obligation, beginning of year	7,319,700	6,812,900
Pension obligation, end of year	\$ 7,586,806	\$ 7,319,700

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

1. Description of Plan

The following description of the Territorial Court Judges' Registered Pension Plan Fund ("Plan") is a summary only.

(a) General

The Plan is a contributory defined benefit pension plan which provides pension benefits for all Territorial Court Judges of the Northwest Territories. The Plan was established by the Judges' Registered Pension Plan Regulations under Section 32 of the *Territorial Court Act*. The Plan came into effect on February 1, 1994 and was a non-contributory plan until April 1, 1999 when it became contributory at 6% of pensionable earnings. A Territorial Judge appointed after the effective date participates in the Plan, unless the Judge objects on the basis of religious belief.

The Plan is a registered plan as defined in the *Income Tax Act* (Canada) (ITA) and, consequently, is not subject to income taxes, it is also not subject to any territorial or federal pension standards legislation. The Plan's registration number for income tax purposes is 995761.

(b) Funding Policy

The *Territorial Court Act* requires that the plan sponsor, the Government of the Northwest Territories (GNWT) and the Plan members, fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of a triennial actuarial valuation for the fund.

In accordance with the Trust agreement, employer and member contributions required are equal to the amount certified by the Actuary as being necessary to fund the benefits accruing under the Plan. Any surplus existing in the Plan may be used to reduce the required contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirement of section 8 of the Judges' Pension Plan Regulations.

(c) Normal Retirement Age

A Judge may retire on or after attainment of age 60 without reduction in pension.

(d) Early Retirement

A Judge may retire anytime after age 50 and prior to age 60 with a pension that is reduced by a quarter of one percent for each month that retirement precedes age 60. However, there is no reduction if the Judge has attained 80 years of combined judicial service and age at the date of pension commencement.

(e) Late Retirement

A Judge who attains 69 years of age shall receive a retirement pension commencing on the first day of the month immediately following the month in which the judge attains that age.

(f) Benefits on Death

When a Judge or former Judge dies, the Judge's surviving spouse is entitled to receive a pension for life equal to 60% (50% in respect of pre 1992 pensionable service) of the pension that the Judge was receiving immediately before death, or, if the Judge was not yet retired, 60% (50% in respect of pre 1992 pensionable service) of the pension that the Judge had earned up to the date of death. If the deceased Judge was not receiving a pension prior to his/her death, the spouse has the option of transferring the commuted value of the spouse's pension to a Registered Retirement Savings Plan or receiving the commuted value as a cash payment.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

1. Description of Plan (continued)

(g) Credited Pension

The benefit payable from the Plan for each year of pensionable service for periods after January 1, 1992 is equal to the maximum permitted under the *Income Tax Act*. The limit increases annually to reflect increases in average Canadian wages.

The annual pension at retirement for each year of pensionable service credited in respect of periods before 1992 is calculated as 2% of average annual earnings in the six consecutive years before retirement in which such average was the highest, reducing at age 65 by an amount equal to 0.7% of the averages Year's Maximum Pensionable Earnings (as defined in the Canada Pension Plan) determined over 3 years at the time of retirement. The *Income Tax Act* maximum pension does not affect the pre 1992 entitlement.

(h) Cost of Living Increases

All retirement, spousal and deferred pensions receive cost of living increases equal to the full rate of increase in the Consumer Price Index for Canada. Increases are applied at each January 1st; with the first such increase being prorated to reflect the portion of the prior year since the date of retirement/termination/death. Commuted values are calculated to reflect future cost of living increase.

(i) Benefits Paid on Resignation

A Judge who resigns from the bench prior to attainment of age 60, and who is not entitled to an immediate unreduced pension, may elect to receive either a monthly deferred pension (commencing at any time between the ages of 50 and 69) or a lump sum payment of the commuted value of the deferred pension.

2. Basis of presentation and summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. The significant policies are detailed as follows:

(a) Basis of presentation

These financial statements are prepared on the going concern basis and present the information of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared for regulatory purposes and to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of the individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans ("ASPP") require the Plan to comply on a consistent basis with either International Financial Reporting Standards ("IFRS"), or Canadian accounting standards for private enterprises ("ASPE"), to the extent that those standards do not conflict with the requirements of ASPP. The Plan has chosen to comply on a consistent basis with ASPE.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

2. Basis of presentation and summary of significant accounting policies (continued)

(b) Investments

Investments are recorded and measured at market value (fair value). Any adjustments to investments due to the fluctuation in market prices from date of purchase or the last valuation adjustment are reflected in the statement of changes in net assets available for benefits. Market value is determined using listed market values as at December 31.

Investment transactions are recorded on the trade date.

Income from investments includes interest income and dividend income and are recorded on accrual basis. Pooled fund investments income is recognized when the calendar year income distribution is declared.

Current period change in market value of investments includes all net realized and unrealized capital gains. Gains or losses on sale or maturity of investments, based on the difference between average cost and proceeds, net of any selling expenses, are recorded at the time of disposition of the investment.

(c) Employee and employer contributions

Contributions are recognized on accrual basis during the period in which the employees wages and salaries are earned. Employer contributions for current service and special payment for funding deficiency must meet contributions required based on the most recent actuarial valuation report. Employee contributions for past service are recorded in the year received.

(d) Administrative expenses and benefit payments

Administrative expenses represent fees incurred by the plan for Trustee and management fees, actuaries, and auditors. They are recognized in the period in which the service is provided.

Benefit payments represent pension payments to retired members and are recognized on monthly basis when they become due.

(e) Financial instruments

The Plan initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Plan subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include contributions receivable - members and contributions receivable GNWT.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Investments are measured at fair value.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

2. Basis of presentation and summary of significant accounting policies (continued)

(e) Financial instruments (continued)

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(f) Contributed Services

The Fund recognizes in-kind contributions of materials and services in these financial statements, but only when a fair value can be reasonably estimated and when the material and services are used in the normal course of the Fund's operations and would otherwise have been purchased.

(g) Pension obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

(g) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Significant estimates are used in determining pension obligations. The Plan's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations.

While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

3. Contribution Receivable - GNWT

	2018	2017
In-Kind Contribution	\$ 4,703	\$ 4,703
Current Services Contributions	22,500	62,475
	\$ 27,203	\$ 67,178

In-kind contributions arise from the payment of audit and actuary fees by GNWT on the Fund's behalf and are also included in Accounts Payable and Accrued Liabilities.

These balances, which are unsecured, non-interest bearing, and due on demand, are measured at fair value.

4. Investments

The Plan's investments are categorized according to the fair value hierarchy as follows:

	2018	2017
Canadian Equities	\$ 1,942,289	\$ 1,825,318
Global Equities	1,986,576	1,584,682
Emerging Market Equity	-	223,029
Bond funds	2,271,276	2,171,601
Canadian Money Market Funds	126,534	64,561
Total market value of the investment portfolio	\$ 6,326,675	\$ 5,869,191

The total cost of the investments for the year ended January 1, 2018 is **\$5,023,259** (2017 - \$4,755,057).

The above listed investments are held in a pooled pension Trust by RBC Phillips, Hager & North Investment Counsel Inc. and will not be redeemed in the subsequent period.

The fair value hierarchy requires the use of observable market inputs wherever such inputs exist.

A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

All investments are valued based on information provided by the investment manager. In particular, the market value for the portfolio is determined by the Net Asset Value Per Unit (NAPVU or unit price) for the RBC Phillips, Hager & North Investment Counsel Inc. Balance Pension Trust (BPT) on the last day of each quarter. This price is derived by end-of-day prices for each of the securities that make up the BPT.

The prices of each security are taken from relevant exchanges or third party providers for each security (TSX for Canadian stocks, NYSE for US stocks, PC Bond Analytics for Bonds) and are compiled by the BPT's custodian, RBC Investor Services Trust.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

5. Obligation for pension benefits

The actuarial present value of accrued pension benefits was estimated by Aon Hewitt Associates, a firm of consulting actuaries. Their going concern valuation results are reflected in an extrapolation that was based on their last actuarial valuation conducted as at April 1, 2016. The data and assumptions used for the January 1, 2017 are the same as that used in the actuarial valuation as at April 1, 2016. The going concern results were prepared using the projected benefit actuarial cost method (also known as the projected unit credit method).

The following assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2018	2017
Discount rate	4.10 %	4.10 %
Salary projection rate	3.50 %	3.50 %
Price inflation	2.00 %	2.00 %
Real rate of return	3.00 %	3.00 %

An actuarial valuation is performed on a going concern basis to determine the funded status and the funding requirements of the pension plan.

The latest actuarial valuation report conducted for the period April 1, 2016 was completed in July, 2016. The next funding valuation must be performed no later that April 1, 2019.

As provided by the Actuary, the value of pension benefit obligations as at January 1 of each year is not available. Instead, the value as at March 31 is being used to compare with the net assets available for benefits as at January 1.

6. Contributions

The GNWT made quarterly contributions to the Fund based on the most recent actuarial valuation which was as at April 1, 2016. Contribution values are based on the assumption of an annual expected return on Fund assets. The GNWT may reduce contributions to the Fund by the amount of any surplus existing within the Fund on the last actuarial valuation date. Per the actuarial valuation, a going concern unfunded liability in the amount of \$1,464,900 (2013 - \$999,800) existed in the Fund at April 1, 2016. Per actuarial valuation, the rule for determining the employer's current service cost and special payments is based on the maximum funding valuation as the going concern valuation produces a higher total employer contribution and unfunded liability. Per the actuarial valuation, the Plan had a maximum funding unfunded liability of \$247,100 as at April 1, 2016 (2013 - \$73,700)

Per the Plan Regulations, this amount is required to be funded over a period of not more than 15 years from the valuation date.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

7. Administrative Expense

Administrative expenses include fees charged by the investment manager, trustee, auditor and actuary. Administration costs of the Fund may be paid directly by the GNWT or by the trustee from Fund assets. Payments made directly by the GNWT to the fund are recognized as a corresponding increase to in-kind contributions.

	2018	2017
Actuarial fees	\$ 9,789	\$ 31,125
Audit	4,703	4,701
Investment management	37,021	28,546
Trustee and custodial fees	25,855	25,452
	\$ 77,368	\$ 89,824

8. Financial Instruments

The Plan's investments consist predominantly of assets whose values are exposed to fluctuations in interest rates, foreign exchange rates and financial markets. Other financial instruments are not exposed to significant interest or currency risks.

The fair values of investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as basic risk-management tools for the investment portfolio as a whole. The Fund's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Fund assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Fund as necessary. While the above policies aid in risk management, the Fund's investments and performance remain subject to risks, the extent of which is discussed below:

Credit risk

Credit risk is the risk that counterparty to a financial contract will fail to discharge its obligations in accordance with agree-upon terms. The Fund is exposed to credit risk through its investments in money market instruments (excluding cash), and fixed-income securities.

The Fund's credit risk on money market instruments and fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investments.

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and assets allocation targets that are designed to manage exposure to concentrated credit risk.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

8. Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in market interest rates. The Fund is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income, assets. These principally include money market instruments and fixed-income securities. The Fund manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Fund's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate. Investments subject to interest rate risk bear fixed rates of interest. Therefore, short-term fluctuations in prevailing interest rates would not normally subject the Fund to fluctuating cash flows. In the event of a sale or redemption prior to maturity, proceeds would be affected by the impact of prevailing interest rates on the fair value of the investment. The actuarial value of accrued pension benefits is not considered a financial instrument; however, these benefits are sensitive to changes in long-term interest rates.

The Fund is exposed to interest rate risk because of mismatches between the impacts of interest rates on the actuarial value of accrued pension benefits and their corresponding impact on the investment portfolio as a whole.

Given the nature of pension benefits, such risks cannot be eliminated but are addressed through the funding of the Fund and through regular review of the characteristics of the Fund's investment portfolio related to the accrued pension benefit liability.

This exposure lies principally within foreign equity funds. The Fund manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

Currency risk

Currency risk is the risk that the value of a foreign currency denominated investment will fluctuate due to changes in foreign exchange rates. The Fund is exposed to currency risk arising from its holdings of investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies have underlying foreign currency exposure.

Market risk

Market risk is the risk that the fair value of an investment will fluctuate as a result of change in market price.

Price risk

Price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency or interest rate risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The fund is exposed to other price risk through its holdings in Canadian equities.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Fund's financial liabilities consist of Accounts Payable and Accrued Liabilities. These amounts are short term in duration and are set to mature within one year.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

8. Financial Instruments (continued)

Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Fund's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Fund is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Fund in the Statement of Financial Position. The Government of the Northwest Territories ("GNWT"), as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan as they may arise from time to time.

The Fund manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments with any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentration of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

Fair values

Canadian accounting standards for pension plans require disclosure of a three-level hierarchy for fair value measurements based on transparency of inputs to the evaluation of an asset or liability as of the financial statement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose values are determined using a pricing model with inputs that are observable market data. This category generally includes mutual and pooled funds, hedge funds, Government of Canada, provincial and other government bodies, Canadian corporate bonds, and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes private equity investments and securities that have liquidity restrictions.

All of the Plan's investments are measured subsequent to initial recognition at fair value, based on quoted market prices, and are Level 1 financial instruments.

Territorial Court Judges Registered Pension Plan Fund

Statement of Financial Position

As at January 1, 2018 2017

Assets

Contributions receivable - Members	\$ 7,825	\$ 7,636
Contributions receivable - Government of the Northwest Territories (note 3)	27,203	67,178
Investments (note 4)	6,326,675	5,869,191

Total Assets	6,361,703	5,944,005
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Liabilities

Accounts payable and accrued liabilities (note 3)	17,492	15,770
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Net Assets Available for Benefits	6,344,211	5,928,235
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Pension obligations	7,586,806	7,319,700
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Deficiency

Pension Plan Fund Deficit	\$ (1,242,595)	\$ (1,391,465)
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Approved by:



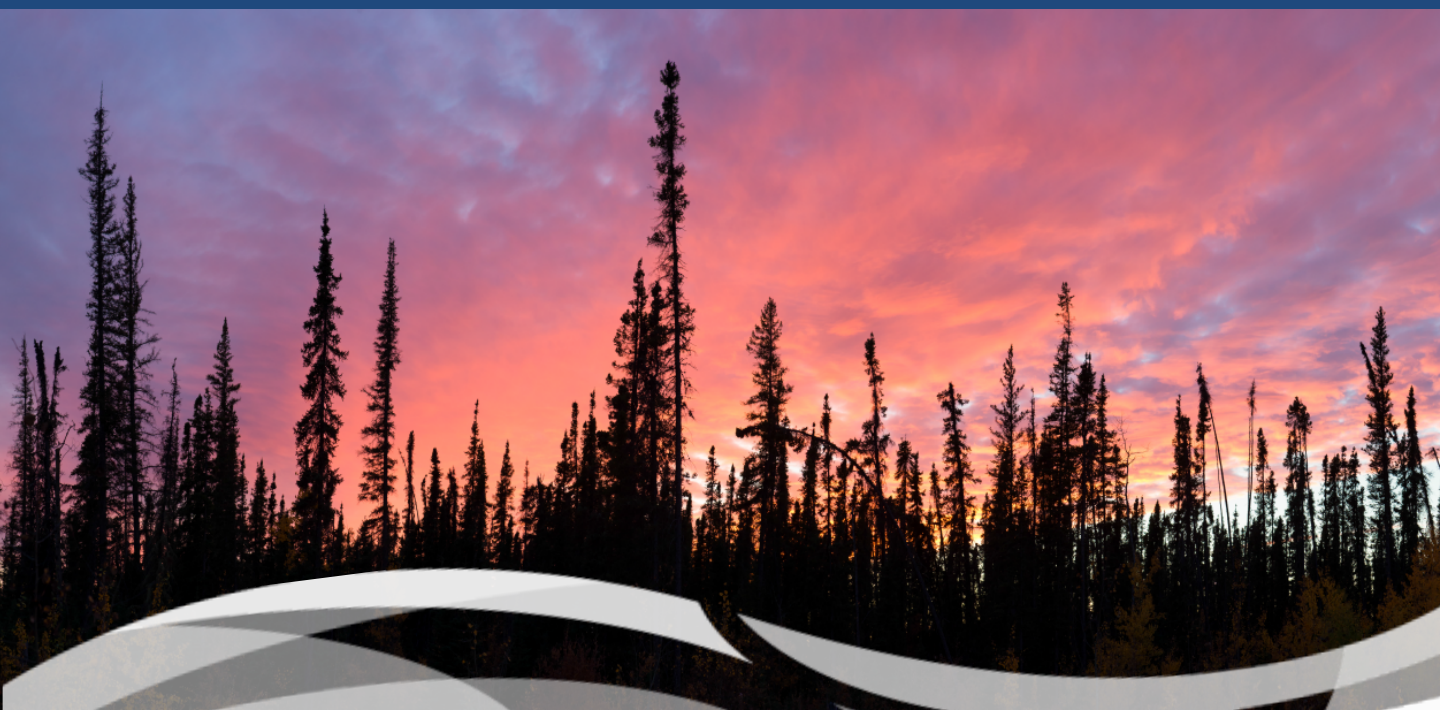
Deputy Minister, Department of Justice,
Government of the Northwest Territories

W/B

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Net Assets Available for Benefits

For the year ended January 1,	2018	2017
Increase in assets:		
Investment income	\$ 344,607	\$ 267,644
Realized capital gains income	73,423	64,967
Current year change in fair value of investments	184,114	134,062
Member contributions	67,377	89,457
Government of the Northwest Territories contributions	88,325	59,454
In-kind contributions	14,492	35,828
	772,338	651,412
Decrease in assets:		
Administrative expenses (Note 7)	77,368	89,824
Benefit payments - regular	278,994	286,928
	356,362	376,752
Increase in net assets available for benefits	415,976	274,660
Net assets available for benefits, beginning of year	5,928,235	5,653,575
Net assets available for benefits, end of year	\$ 6,344,211	\$ 5,928,235
Changes in pension plan fund deficit:		
Beginning of year	\$ (1,391,465)	\$ (1,159,325)
Increase in net assets available for benefits	415,976	274,660
Increase in pension obligation	(267,106)	(506,800)
Net change	148,870	(232,140)
End of year	\$ (1,242,595)	\$ (1,391,465)



Public Accounts 2017-2018

Section IV

SUPPLEMENTARY FINANCIAL STATEMENTS - BOARDS



Government of
Northwest Territories

**PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2018**

**SECTION IV
SUPPLEMENTARY FINANCIAL STATEMENTS
BOARDS**

**HONOURABLE ROBERT C. MCLEOD
Minister of Finance**

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**Public Accounts of the
Government of the Northwest Territories**

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Dehcho Divisional Education Council
Dettah District Education Authority
N'Dilo District Education Authority
Sahtu Divisional Education Council
South Slave Divisional Education Council
Yellowknife Public Denominational District Education Authority (Yellowknife
Catholic Schools)
Yellowknife District No. 1 Education Authority
Tlicho Community Services Agency

Health and Social Services Authorities

Hay River Health and Social Services Authority
Northwest Territories Health and Social Services Authority

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**BEAUFORT-DELTA EDUCATION COUNCIL
INUVIK, NT**

**CONSOLIDATED ANNUAL FINANCIAL REPORT
June 30, 2017**

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Message from Superintendent of Schools Chris Gilmour

On behalf of the Beaufort Delta Education Council (BDEC), I am pleased to present the Annual Report for 2016 - 2017. The Management Discussion and Analysis (MD&A) is presented as a go-forward responsibility of the management and the Board Members to promote transparency and accountability.

This fiscal year marks the end of the third year of BDEC's 2014 – 2017 Strategic Plan. BDEC's Strategic Plan and Action Plan define our direction and determine our allocation of resources. BDEC's goals are clearly defined as:

- Student Success
- Small Community Schools
- Assessment Practices
- Early Childhood Development
- Professional Capacity
- Culture, Identity and Well-being
- System Accountability

This approach will enable BDEC to clearly state the progress that the organization has made and will highlight areas where improvement is needed. Some of the key accomplishments in 2016 - 2017 include:

- Continued partnership with the Gwich'in Tribal Council (GTC) on development of a high school course to reflect the Gwich'in culture and history.
- Partnership with the Inuvialuit Regional Corporation (IRC). The IRC continues to contribute financially to BDEC's Data Analyst position.
- The expansion of the eLearning program for the year ended 2016 added 2 additional schools outside of our region. The plan is to add additional schools in each of the next several years. The eLearning program provides high school students from small communities the opportunity to stay in their home community to complete high school. The program offers courses that are not available in the smaller communities; courses that require specialists that cannot be afforded. The program hosted out of East Three Secondary School provides 'face to face' live classes through videoconferencing to students from three NWT regions. The pilot program has already begun to show signs of an increase in the average success rate of students and this is a principal factor for continuing the program. Over 70% of students that enroll in eLearning classes have passed their "-1" classes.
- BDEC has collaborated with IRC's initiative to hire candidates referred to as "Student and Family Support Workers" who are working in the communities of Inuvik, Aklavik, Tuktoyaktuk, Ulukhaktok, Paulatuk and Sachs Harbour. The Student and Family Support Workers will work with students (with parental approval) to improve student success by addressing attendance concerns and other matters.
- Common Math Assessments (CMAs) continue where each unit in math was assessed in grades 2-9. These assessments will help BDEC achieve greater consistency in mathematics assessment across the district. Student results are being collected with the long-term goal of

identifying areas of strength and weakness which will assist in program planning and providing more targeted supports in math and numeracy.

- BDEC students in Grades 6 and 9 wrote the Alberta Achievement Test (AATs) in English language Arts, mathematics and French Language Arts. Alberta had planned to discontinue the Grade 6 and Grade 9 AATs in 2015 and 2016 respectively, this plan has been postponed. Students in grades 6 and 9 in the NWT will continue to write the AATs until further notice.
- Access to High School Education, formerly the 'Home Boarding Program' provides academic, behavioral and financial support for students who do not have access to high school courses in their communities. Students are from Sachs Harbour and Tsiigehtchic and enroll in school at East Three Secondary School in Inuvik.

The world of education is changing globally, nationally and territorially. The Beaufort Delta Education Council (BDEC) recognizes the importance of embracing these changes to prepare northern students for participation in a 21st century economy. There is a significant achievement gap between Aboriginal students and non-Aboriginal students. BDEC is committed to addressing this achievement gap. Research indicates that culture-based educational strategies impact student outcomes. With our focus on indigenizing education, BDEC will continue to ensure teaching and learning is done in context and more and more meaningful to the students it serves.

Overview

The Beaufort Delta Education Council (BDEC) effective the 2017 – 2018 year provides Junior Kindergarten to Grade 12 instruction for 1,350 students through 9 schools in the in 8 communities of Inuvik, Aklavik, Fort McPherson, Tsiigehtchic, Tuktoyaktuk, Sachs Harbour, Ulukhaktok, and Paulatuk. The change from previous years was to implement Junior Kindergarten for all 4-year old children in the NWT which was a priority set by the 18th Legislative Assembly.

Sachs Harbour and Paulatuk offer education from Junior Kindergarten to Grade 9 at which time the Access to Education program makes arrangements for the students to live in Inuvik for full time attendance of high school. The program encourages students to become role models for other students in their communities. The Access to Education program accomplishes this by ensuring that the students have regular visits with their families, regular trips home, and provides assistance for the family to attend the graduation of their children from the Inuvik High School.

BDEC is committed to delivery of culture-based education to the students and receives extensive support for various programs from the Gwich'in Tribal Council (GTC) and the Inuvialuit Regional Corporation (IRC). Both GTC and IRC are actively involved in helping to develop on the land programs, and additional support was received from ITI for the Take a Kid Hunting and Take a Kid Trapping programs. All of the schools provide Aboriginal Language and Culture programs which encourages students to succeed through a better understanding and awareness of their culture and language.

Vision

Empowered by culture-based education, students are inspired to succeed.

Mission Statement

The Beaufort Delta Education Council will strengthen partnerships to build thriving school communities which embrace and deliver culture-based education by providing tools and resources for student success.

Strategic Plan

The fundamental purpose of the BDEC's Strategic Plan is to align our resources and actions with our Mission and Vision. BDEC is committed to providing what our communities are requesting: an education system that is purposeful and relevant to the lives and future goals of northern students. In addition to reaching consensus through consultation with community members, parents and school staff in partnership with the Gwich'in Tribal council and the Inuvialuit Regional Corporation, BDEC is committed to confronting our fiscal reality. With declining education dollars all school boards are faced with doing more with less funding.

BDEC's strategic plan consists of Three Pillars:

Pillar 1: Encourage every child to reach their full potential through inclusive and culture-based education.

Goals

1. Continue, and expand upon, the use of differentiated instruction and differentiated assessment to improve academic (literacy and numeracy) skills using Inuuqatigiit and Dene Kede curricula.
2. Expand and improve math, science and technology knowledge through instruction and assessment and use of technology for learning.
3. Communicate and share expectations with students and families about student progress, from early childhood to graduation. This will include collaboration with community partners to enhance and support early childhood programming.
4. Identify student pathways to learning that will lead to graduation and improve students' opportunities to explore career and education choices.
5. Collect baseline data related to student attendance and set annual goals for improvement.

Pillar 2: Strengthen and build community partnerships to foster strong relationships that inspire BDEC students as future northern leaders.

Goals

1. Create, inspire and support more opportunities for students and staff to experience culture-based education on the land and in BDEC schools.
2. Support greater collaboration between school and community.
3. Promote active, healthy living and support wellness through physical, social and mental health initiative. Limit risk factors and increase healthy protective factors for students.
4. Transform learning by identifying and supporting trades awareness opportunities and practical hands-on skills and learning opportunities, including on-the-land and traditional skills accreditation.
5. Showcase and develop strengths throughout BDEC by recognizing both successes and attempts.

Pillar 3: Support and sustain BDEC schools by effectively and creatively managing our organizational, physical and financial resources.

Goals

1. Ensure all school facilities are safe, well-maintained and inviting work and learning environments.
2. Improve technology and structural capabilities organizationally to monitor progress, manage resources and provide accurate and relevant assessment data.
3. Increase organizational capacity for leadership and management capacity in our region (DEA's, Staff Development, and new Teacher Orientations) through specific skills training and on-going support.

4. Improve BDEC's ability to retain competent staff to provide continuity of programming for all students.

Following direction from ECE, BDEC is transitioning from its four year strategic plan to an annual Operating Plan. For this fiscal year, all stated pillars and goals will remain the same. The District Education Council (DEC) will review the strategic plan and make appropriate changes to be included in the 2018-2019 Operating Plan.

BDEC Board of Directors

The BDEC Board of Directors are appointed by the DEA's from the local communities. Both Gwich'in Tribal Council and the Inuvialuit Regional Corporation have the authority to appoint one position (each) on the BDEC Board. DEA positions are elected in the local communities and serve for a three year term. At the February 2017 Regular Board Meeting of the BDEC Board, the new members of the BDEC Board were introduced, and elections were held for the Chairperson, Vice-Chairperson and Member at Large for the Board. The BDEC Board had one face to face meeting, and two video conference meetings during the 2016 – 2017 year.

Chairperson	Rebecca Blake
Vice-Chairperson	Gilbert Thrasher Sr
Member-at-Large	Darlene Gruben
Aklavik	Lorna Storr
Fort McPherson	Rebecca Blake
Inuvik	Les Semmler
Paulatuk	Gilbert Thrasher Sr
Sachs Harbour	Sharon Green
Tsiigehtchic	Anna May MacLeod
Tuktoyaktuk	Darlene Gruben
Ulukhaktok	Joanne Ogina
Gwich'in Tribal Council	Robert Charlie
Inuvialuit Regional Corporation	Lucy Kuptana

The Executive Committee consists of the Chairperson, the Vice-Chairperson, the Member-at-Large which are elected by the BDEC Board, and the two appointed positions from GTC and IRC. The Executive Committee meets monthly with the BDEC Board Office Staff.

BDEC Staff

Superintendent of Schools	Chris Gilmour
Supervisor of Schools	Frank Galway
Comptroller	Gary McBride
Public Affairs Coordinator	Sheila Nasogaluak
LAN Manager	Michael Reardon
Technical Officer	Dylan Blais
Finance Officers	Ken Crocker
	Kurt Scheiwiller

Administrative Assistant

Lisa Steen

Consultants

Aboriginal Language and Culture
Data
eLearning
Inclusive Schooling
Literacy Coordinator k-12
Math Science
PowerSchool

Denise McDonald
Tara Gilmour
Gene Jenks
Theresa Hartley
Julie Donahue
Adam Wright
Lorna Jones-Martin

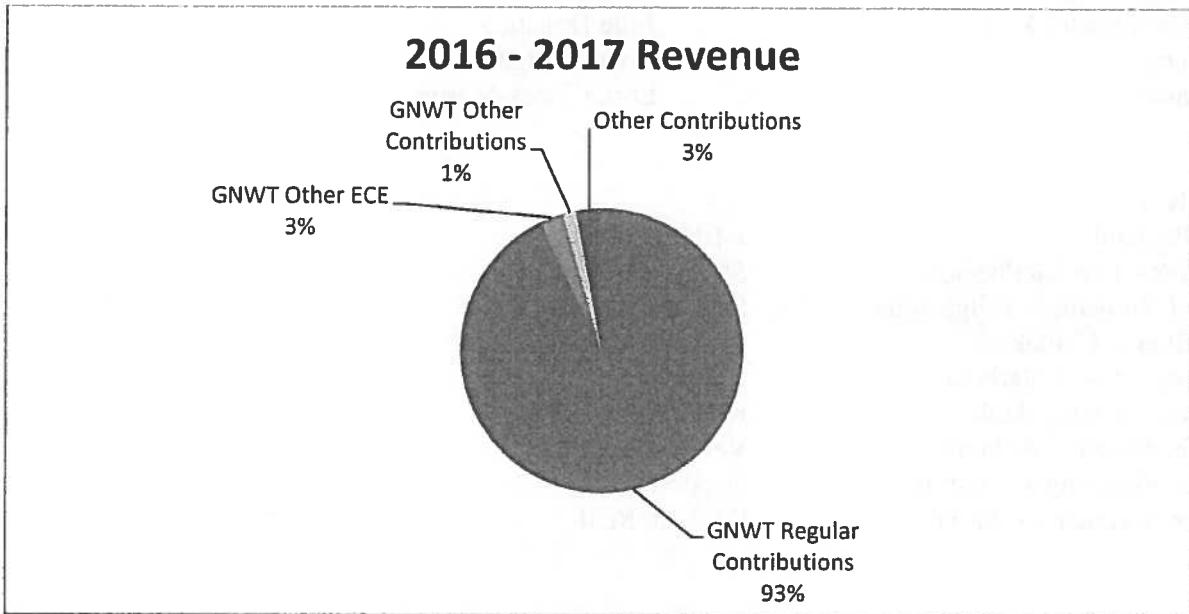
Principals

Angik – Paulatuk
Chief Julius – Fort McPherson
Chief Paul Nitidchie – Tsiighetchic
Helen Kalvak – Uluhaktok
Inualthuyak – Sachs Harbour
Mangilaluk – Tuktoyaktuk
Moose Ker School – Aklavik
East Three Elementary – Inuvik
East Three Secondary – Inuvik

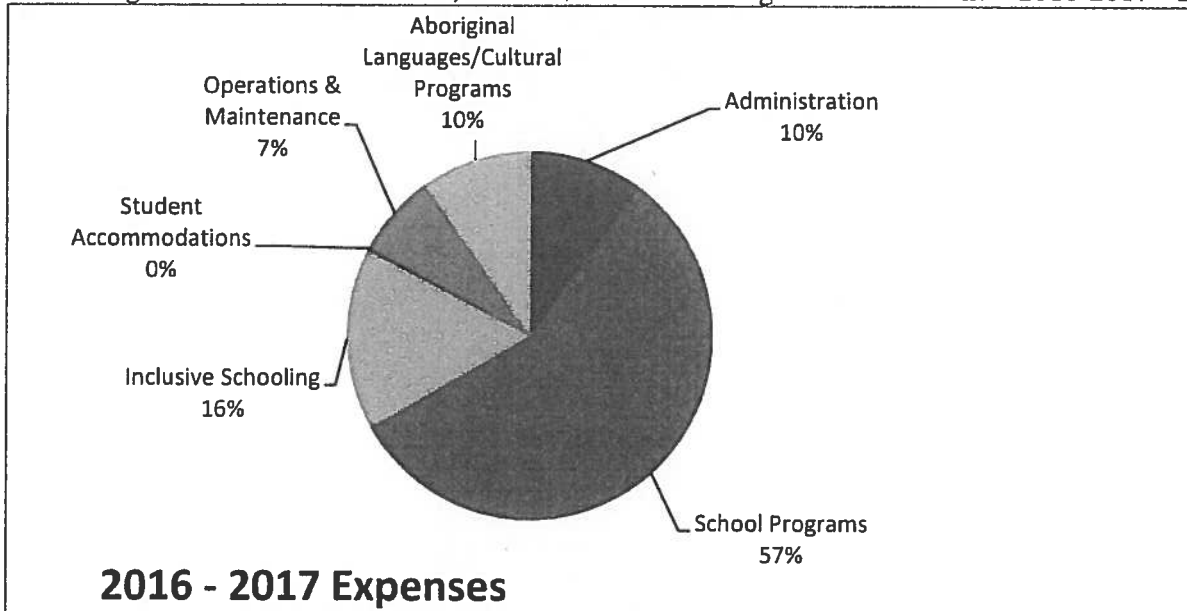
Jeffrey Planetta
Shirley Peterson
Sonia Gregory
Richard McKinnon
Karen Bibby
Krista Cudmore
Velma Illisiak
Deborah Reid
Deborah Reid

Financial Highlights

Revenues for 2016–2017 of \$30.9 million were \$2.3 million higher than budgeted. GNWT regular contributions accounted for a 93% of the revenue at \$28.6 million an increase of \$1.25 million from 2015-2016 year. Other contribution agreements from the GNWT brought the total GNWT contributions to just less than \$30 million which is an increase of \$751.5K from the 2015 – 2016 year. Total revenues of \$30.9 million were an increase of \$674.3K from the 2015-2016 year.



Expenses are broken into program cost; school programs accounted for 57% of cost at \$17.3 million, Inclusive schooling for 16% of cost at \$4.9 million. Overall total expenses at \$30.6 million were \$1.4 million greater than 2015-2016, and \$2.0 million greater than the 2016-2017 Budget.

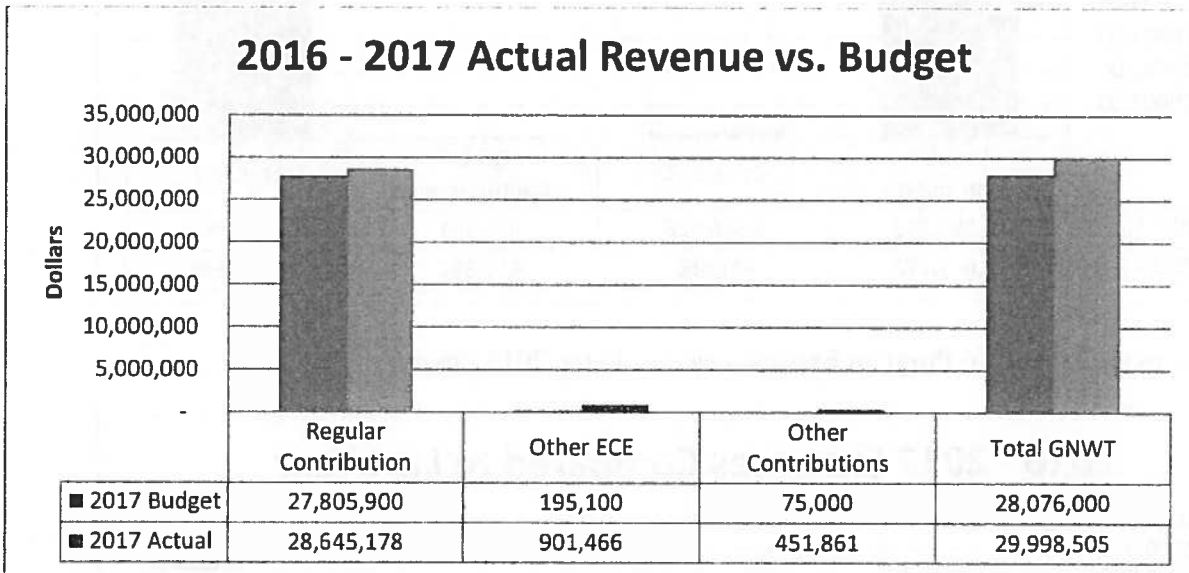


2016 – 2017 Revenues

For 2016 - 2017 BDEC Consolidated Statement of Operations had an Accumulated Surplus of \$339,344 compared to a budgeted surplus of \$17,014. This is attributed to additional contribution from the Government of the NWT (\$1.9 million above budget) and Revenue from Board Generated Funds (\$351K above budget).

The DEA’s and BDEC continue to form strategic partnerships, and are successful in finding additional sources of funding for school activities.

Chart 1 displays our 2016 – 2017 Actual Revenues compared to the budgeted revenue.



2016 – 2017 Expenses

Expenses for the year end June 2017 were \$2.0 million more than the budget of \$28.6 million for a total cost of \$30.6 million. This represents a \$1.4 million increase in expenditures from 2015 -2016, or a 4.9% increase in program spending.

Inclusive schooling had expenses of \$4.9 million representing a decrease in spending from the 2015 - 2016 year of \$449K. Focus for Inclusive Schooling for the 2016 – 2017 was staff development to be better positioned to assist with student learning.

Aboriginal Languages/Cultural Programs had expenses of \$3.0 million which represents an increase of expenditures of \$581K from the 2015 – 2016 year.

Chart 2 is a program comparison of our expenses for 2016-2017 compared to the budgeted expenses.

When comparing 2017 against 2016, BDEC experienced a 2.2% increase in revenues, and an increase in expenses of 4.9% resulting in an operating surplus of \$339,344 compared to the operating surplus for 2016 of \$1,101,515.

Chart 3 is a comparison of the Year-end 2017 GNWT Revenues compared to the 2016 Revenues

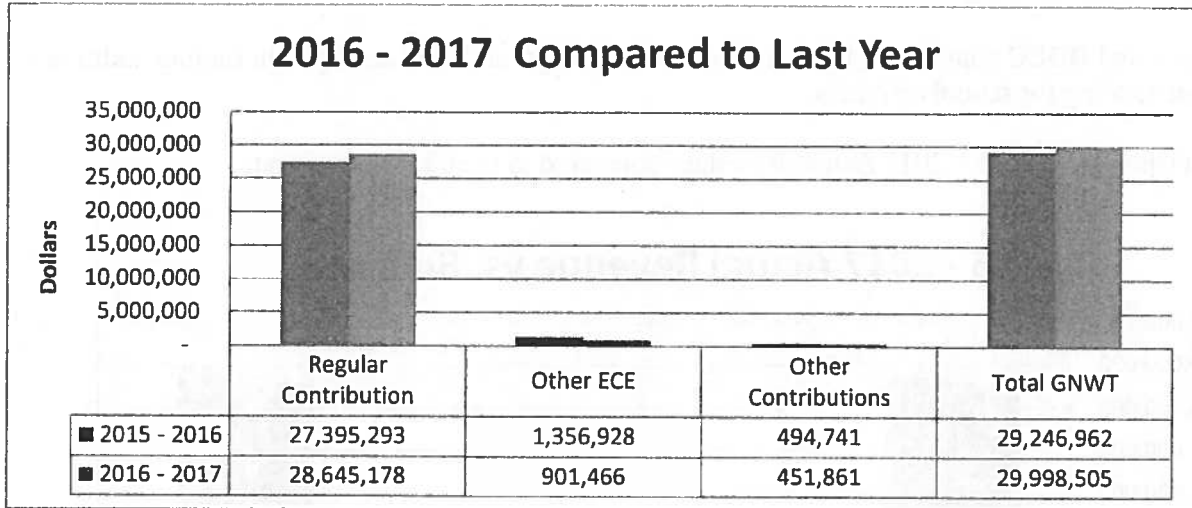
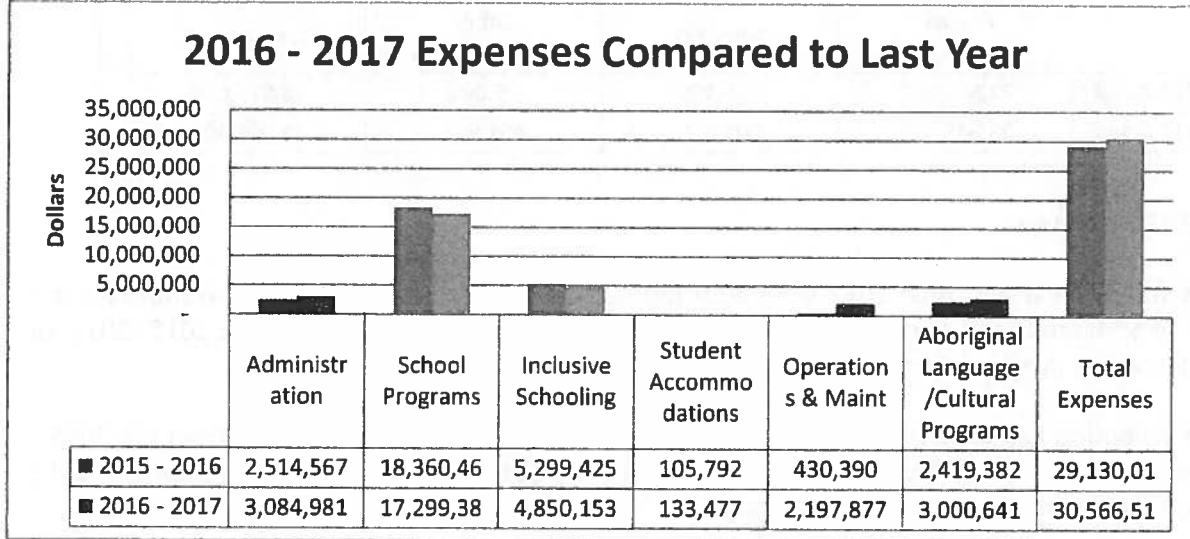


Chart 4 compares the 2016 Program Expenses against to the 2015 Program Expenses.



2016 - 2017 continues the trend from 2012-2013 of achieving an operating surplus. In 2013-2014 BDEC after four years of having an Accumulated Deficit managed a small Accumulated Surplus. With the \$339K operating surplus for 2016 – 2017 year, BDEC has an Accumulated Surplus of \$3.6 million. This provides some financial security allowing BDEC to expand some programs, and gives BDEC the ability to best meet the needs of the students.

The strength of the organization is the commitment of the staff working for the Beaufort Delta Education Council, and their dedication to the students in our area. The weakness of the organization is the remoteness of some of the schools, the distance between the schools and the high turnover of the staff. Each year represents a major recruiting drive to replace approximately 20% of the teaching staff. Student attendance remains a high concern, and many initiatives have been put forward to increase the student's attendance in the schools.

Student and Teacher population for each school

Community	School	2017 Students	2017 Teachers	2016 Students	2016 Teachers
Aklavik	Moose Kerr	119.50	12.00	146.0	10.25
Fort McPherson	Chief Julius	145.25	12.00	138.5	11.00
Inuvik	East 3 Elem	393.50	21.00	347.00	18.50
Inuvik	East 3 Second	269.25	19.00	266.00	17.50
Inuvik DEA	Subtotal	662.75	40.00	613.00	36.00
Paulatuk	Angik	50.75	5.50	51.75	4.50
Sachs Harbour	Inualthuyak	14.00	1.25	20.00	2.00
Tsiigehtchic	Chief Paul Niditchie	42.00	3.65	33.00	3.00
Tuktoyaktuk	Mangilaluk	216.00	16.00	221.50	14.00
Ulukhaktok	Helen Kalvak	111.25	6.80	107.00	7.00
Total		1361.50	97.20	1330.8	87.75

The Mary Bryant Award for Improvement in English (Award)

A joint venture between the Beaufort Delta Education Council, (BDEC) the Mary and Joe Bryant family (Family) and the Ottawa Independent Writers (OIW): “the Parties”, wish to establish a fund to be known as the “Mary Bryant Award for Student Improvement in English”. The fund shall consist of a principal amount, to be determined, and interest earned and accrued on such principal amount. Additional contributions may be received by BDEC from individual donors to the fund in future years. Such contributions shall be added to the principal amount. The fund is currently administrated by the Ottawa Independent Writers in combination with other funds administrated through the organization.

Background

Ottawa resident Mary Bryant, now deceased, spent many years working in the North, and taught school in Aklavik. She was an avid writer and long-time member of the Ottawa Independent Writers organization (www.oiw.ca). Upon her passing in spring 2011, the OIW Board felt that an appropriate tribute to her amazing life would be an award to a deserving student within the BDEC, with emphasis on English skills. The idea was proposed to the Family and the BDEC, and was met with great enthusiasm. This paper sets out the proposed operation and other issues pertaining to the Award.

Concept

OIW, the Family and other interested parties will contribute to the Award, to be managed by the BDEC. It will be set up as an endowment, with the principal to be invested and the annual award to be paid from interest earned, although the initial award, hopefully given in 2012, and some incidental set-up expenses may be drawn from the principal as there will be little time available for interest earning. The Family will act as financial advisors to BDEC, to ensure the Award will be available for a deserving student for many years to come. The Award is intended to be a yearly event, unless for some reason no student qualifies for the criteria established by the BDEC.

The Parties agree that they will act collegially on the ongoing management of the Award. OIW commits to an initial contribution of \$1000, the Family to at least \$2000, and OIW will solicit additional contributions from persons familiar with Mary. BDEC will issue tax receipts to those contributors who indicate a desire for same.

The Award Recipient

The Award is intended for a high school student within the BDEC jurisdiction, with particular emphasis, but not necessarily to the exclusion of other areas, on the regions of Aklavik, Tuktoyaktuk, and Fort McPherson, as these communities had special interest to Mary. The BDEC will set up the selection process as it sees fit: the Award is intended for a high school student who has shown the most improvement in written English skills during the school year. BDEC will develop the specific criteria to be used to select the winning student, and advise the other Parties of the winner and the reasons for choosing that student. The Award will be presented in a suitable ceremony near the end of the school year. The other Parties will attempt to take part in the ceremony in some electronic fashion if possible. The Award is independent of any other honors the recipient may receive. The recipient will receive a cheque for the designated amount, as determined by the BDEC and the Family, plus a small token of

remembrance he or she may keep. There will also be a modest plaque or similar item created by the BDEC that will identify the Award, and each year's recipient; the enduring plaque will rotate from school to school on an annual basis as winners are selected. While the student may use the Award in whatever manner he or she wishes, OIW and the Family would prefer that it be used in some way that advances the student's educational career.

The Award is open to all high school students attending a school within BDEC's jurisdiction and shall be granted to the student who shows the most improvement in English studies throughout the school year. The Award is intended to be a yearly event, unless for some reason no student qualifies for the criteria established by BDEC.

Criteria used to determine the recipient of the award shall be developed by BDEC, in consultation with the Parties. The Parties and BDEC agree to act collegially on the ongoing management of the fund/Award.

In the event that unforeseen circumstances make the specified use of this Fund no longer practical or desirable, BDEC is hereby authorized to make any changes it may deem appropriate, such changes however to be in keeping, as far as possible, with the spirit and general intent of the fund and with agreement of the Parties.

No funds were awarded in the 2016 – 2017 year.

Stallworthy-Carpenter Fund

Sarah Hilda Stallworthy was the widow of an RCMP officer who served the NWT during the 1940s. Mrs. Stallworthy had never been to the NWT, but maintained an interest in its development and was concerned about the difficulties she believed native children faced in higher education.

The Superintendent of the BDEC was able to describe for Mrs. Stallworthy an initiative the Board would be taking over the next few years to ease the transition for native students from small communities as they are brought into the high school in Inuvik.

Mrs. Stallworthy felt that this plan has significant merit, and in April 1990 made the Beaufort-Delta Board the beneficiary of her estate.

Mrs. Stallworthy passed away in August 1990. The estate of approximately \$215,000 will be held in trust with the annual interest to be used at the discretion of the Superintendent to further the secondary education of native students within the Board. The fund has been designated by the Board the Harry Stallworthy/Noah Carpenter fund. Mr. Stallworthy developed his wife's enduring interest in the north; Mr. Carpenter is a native resident from the jurisdiction of the Board who has completed higher education including a medical degree and thus provides a positive role model for students of the Board.

The will stated that BDEC should receive this money with the provision that the principal remain intact and all interest earned to be used to fund aboriginal students for activities in keeping with the intent of the Will.

Initially, the intent of the Will was to fund orientation visits for students who would be attending high school outside of their community. After our regional residence closed, the BDEC Executive broadened the scope to include activities for more senior students to travel nationally and internationally. Such travel must contain some element that supports or promotes the post-secondary education and/or success in school. Travel for sport activities is NOT eligible.

In 2004/05 the BDEC executive decided to allocate to a maximum of \$2K/eligible school. This was raised to \$2.5K/eligible school in 2011/12. Meritorious proposals are presented to the Executive each spring for the ensuing school year.

No funds were awarded in the 2016 – 2017 year.

2016 - 2017 Long Term Service Awards

The Beaufort Delta Education Council believes that our successes come from the dedication of staff in each of our communities. Even with the challenge of high staff turn-over each year, there continues to be a group of dedicated long-term staff working for BDEC. In recognition of their dedication each year BDEC recognizes the contribution of our long term staff with long term service awards. For the 2016 – 2017 year the following individual were recognized by the management team.

Community	Name	Service Years
Aklavik	Heather Greenland	5
	Edward Hartley	10
	Anna-Lee McLeod	15
	Velma Illasiak	35
Fort McPherson	Sierra Daley	5
	Erica Thompson	5
	Joanne Tetlich	25
Inuvik	Deirdre Dagar	5
	Maryssa Camacho	5
	Stephen Dagar	10
	Stephanie Parkes	10
	Matthew Miller	10
	Megan Miller	10
	Michael Reardon	10
	Paula Guy	15
	Chauna MacNeil	15
	Christopher Gilmour	15
	Tara Gilmour	15
	Lorne Guy	15
Daniel Rogers	15	
Annie Charlie	20	
Paulatuk	Agnes Ruben	5
Sachs Harbour	Karen Bibby	5
Tuktoyaktuk	Mervin Chicksi	5
	Ephraim Warren	10
	Audrey Walker	10
Ulukhaktok	Mollie Rose Oliktoak	25

Accomplishments

The Beaufort Delta Education Council is proud of the gifted educators that work in our school district. Countless hours are put in by many of the staff to maintain excellence in education for our communities. In the 2016 – 2017 year staff received the following awards.

Erica Thompson from the Chief Julius School located in Fort McPherson received the following awards:

Prime Minister's Award Certificate of Excellence (2017)
Premier's Award for Excellence (2017)

Alexandra Winchester from the East Three Secondary School located in Inuvik received the following award:

Prime Minister's Award Certificate of Achievement (2017)

Ephraim Warren from the Mangilaluk School located in Tuktoyaktuk received the following award:
NAPEG Science Teaching Award (2017)

Annie Felix from the Mangilaluk School located in Tuktoyaktuk received the following award:
NWT Education Hall of Fame Inductee (2017)

Summary and Outlook

BDEC has completed a most successful year both scholastically and financially. Many of the communities have introduced community specific programs which encourages attendance. This year resulted in a number of graduate looking to further their education through advanced schooling. Attendance continues to be a major concern. The schools are constantly reviewing and looking for better ways to engage the students and their parents in encouraging attendance. With our hiring program this year we were pleased to offer positions to a number of our former graduate. These individuals have become role models for our students as to what they can accomplish, and that they can bring their education back to their community to help others.

Financially we have managed to accumulate a surplus through effective cost controls, forming partnerships with other groups, and through the efforts of staff to bring forward ideas where we have been funded with additional contribution agreements.

Looking forward, there is a concern about the potential for reduced funding. BDEC is well positioned financially and looking forward to 2017 – 2018 has identified areas where additional staffing will result in better services to our students, so reallocation of staff and increased staffing has been planned starting in the 2017 – 2018 year. Our staff continues to look for opportunities to deliver education in an effective and efficient manner. The opportunities are forming education partnerships, eLearning, and new approaches to education. Staff continue to develop skill sets through attendance at conferences, and a number of staff continue to upgrade their skill set to become better at their positions. With this dedication, even with the possibility of reduced funding we believe the future is bright for the students of the Beaufort Delta.



BEAUFORT- DELTA EDUCATION COUNCIL
Aklavik, Ft. McPherson Inuvik Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk Ulukhaktok

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Minister of Education, Culture and Employment
Government of the Northwest Territories

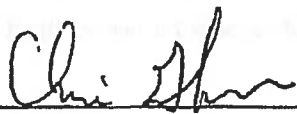
The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Beaufort-Delta Education Council have been conducted within the statutory powers of the Beaufort-Delta Education Council. The operations and administration of the Beaufort-Delta Education Council as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Beaufort-Delta Education Council Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

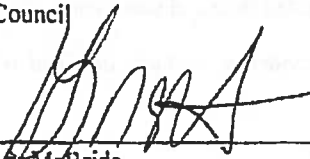
Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors, Avery Cooper & Co. Ltd., Chartered Professional Accountants, annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture and Employment of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Beaufort-Delta Education Council



Chris Gilmour
Superintendent
August 4, 2017



Gary McBride
Comptroller



AVERY COOPER & CO. LTD.

Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Minister of Education, Culture and Employment
Government of the Northwest Territories

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Beaufort-Delta Education Council which comprise the Consolidated Statement of Financial Position as at June 30, 2017 and the Consolidated Statements of Changes in Net Financial Assets (Debt), Revenue and Expenses and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Basis for Qualified Opinion

Salaries and related benefits paid to employees of the Beaufort-Delta Education Council are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories audit. Our audit scope was limited as we did not audit the components of compensation and benefits expenditures and related balances. Accordingly we are not able to determine whether any adjustments might be necessary to compensation and benefits expenditures, payroll liabilities, employee future benefits, net financial resources, and accumulated surplus/deficit as well as note disclosures associated with transactions and year-end balances relating to compensation and benefits.

INDEPENDENT AUDITORS' REPORT - cont'd.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Beaufort-Delta Education Council as at June 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the Financial Administration Act, in our opinion, proper books of account have been maintained by the Beaufort-Delta Education Council, the consolidated financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Council.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements of Beaufort-Delta Education Council taken as a whole. The supplementary information included on Schedules 2 through 34 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

Avery Cooper & Co. Ltd.

AVERY COOPER & CO. LTD.
Chartered Professional Accountants
Yellowknife, NT

August 4, 2017

BEAUFORT-DELTA EDUCATION COUNCIL

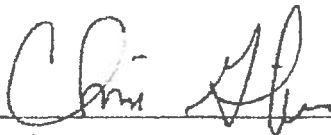
Statement I

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 4)	\$ 10,251,742	\$ 9,007,811
Restricted Assets (Note 6)	258,884	256,459
Accounts Receivable (Note 8)	<u>295,039</u>	<u>279,911</u>
	<u>10,805,665</u>	<u>9,544,181</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 10)	637,981	787,910
Payroll Liabilities (Note 10)	2,702,006	2,683,825
Contribution Repayable (Note 12)	5,282	38,264
Employee Deductions Payable	716	1,537
Deferred Revenue (Note 11)	192,320	310,707
Post-Employment Benefits (Note 17)	3,422,599	2,207,324
Trust Liabilities (Note 6)	<u>258,884</u>	<u>256,459</u>
	<u>7,219,788</u>	<u>6,286,026</u>
NET FINANCIAL ASSETS (Statement II)	<u>3,585,877</u>	<u>3,258,155</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses (Note 20)	<u>20,863</u>	<u>9,241</u>
	<u>20,863</u>	<u>9,241</u>
ACCUMULATED SURPLUS (Statement IV)	\$ <u>3,606,740</u>	\$ <u>3,267,396</u>
CONTINGENCIES (Note 25)		

Approved:


 _____ Superintendent


 _____ Council Member

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

Statement II

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
OPERATING SURPLUS	\$ 17,014	\$ 339,344	\$ 1,101,515
Acquisition of Prepaid Expenses	-	(20,863)	(9,241)
Use of Prepaid Expenses	<u>-</u>	<u>9,241</u>	<u>31,022</u>
	-	(11,622)	21,781
INCREASE IN NET FINANCIAL ASSETS	<u>17,014</u>	<u>327,722</u>	<u>1,123,296</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>3,258,155</u>	<u>3,258,155</u>	<u>2,134,859</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 3,275,169</u>	<u>\$ 3,585,877</u>	<u>\$ 3,258,155</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

Statement III

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Government of the NWT			
Regular contributions	\$ 27,805,900	\$ 28,645,178	\$ 27,395,293
Other ECE contributions	195,100	901,466	1,356,928
Other contributions	<u>75,000</u>	<u>451,861</u>	<u>494,741</u>
Total Government of the NWT	<u>28,076,000</u>	<u>29,998,505</u>	<u>29,246,962</u>
Government of Canada	<u>-</u>	<u>34,009</u>	<u>20,966</u>
Board Generated Funds			
Investment Income	52,000	72,560	67,718
Rentals	-	6,472	3,829
Other	<u>469,960</u>	<u>794,310</u>	<u>892,059</u>
Total Board Generated Funds	<u>521,960</u>	<u>873,342</u>	<u>963,606</u>
TOTAL REVENUE	<u>28,597,960</u>	<u>30,905,856</u>	<u>30,231,534</u>
EXPENSES (Schedule 1)			
Administration	2,486,668	3,084,981	2,514,567
School Programs	18,960,278	17,299,383	18,360,463
Inclusive Schooling	4,672,000	4,850,153	5,299,425
Student Accommodations	-	133,477	105,792
Operations & Maintenance	-	2,197,877	430,390
Aboriginal Languages/Cultural Programs	<u>2,462,000</u>	<u>3,000,641</u>	<u>2,419,382</u>
TOTAL EXPENSES	<u>28,580,946</u>	<u>30,566,512</u>	<u>29,130,019</u>
OPERATING SURPLUS	<u>\$ 17,014</u>	<u>\$ 339,344</u>	<u>\$ 1,101,515</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

Statement IV

CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
OPERATING FUND SURPLUS		
Operating Fund Surplus/(Deficit), Beginning of Year	\$ 3,267,396	\$ 2,165,881
Operating Surplus	<u>339,344</u>	<u>1,101,515</u>
Operating Fund Surplus, End of Year	<u>\$ 3,606,740</u>	<u>\$ 3,267,396</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

Statement V

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2017

Cash provided by (used in):	<u>2017</u>	<u>2016</u>
OPERATING TRANSACTIONS		
Operating surplus (deficit)	\$ 339,344	\$ 1,101,515
Changes in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(15,128)	90,262
Increase (decrease) in accounts payable	(149,929)	101,394
Increase (decrease) in payroll liabilities	18,181	(839,806)
Increase (decrease) in contributions repayable	(32,982)	(84,268)
Increase (decrease) in employee deductions payable	(821)	(35,806)
Increase (decrease) in deferred revenue	(118,387)	26,936
Increase (decrease) in post-employment benefits	1,215,275	(71,353)
Decrease (increase) in prepaid expenses	<u>(11,622)</u>	<u>21,781</u>
Cash provided by operating transactions	<u>1,243,931</u>	<u>310,655</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,243,931	310,655
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,007,811</u>	<u>8,697,156</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,251,742</u>	<u>\$ 9,007,811</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 NATURE OF ORGANIZATION

The Beaufort-Delta Education Council was established under the Education Act of the government of the Northwest Territories by order of the Minister dated March 31, 1989. Its purpose is to administer and maintain the standards of educational programs defined under the Act in the member communities of the Beaufort-Delta region.

Member communities have formed local District Education Authorities (DEA) which have assumed the responsibility to provide adequate educational programs within their respective communities.

The consolidated 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 comprises the Education Council operations plus all of the member District Education Authorities that are owned or controlled by the Beaufort-Delta Education Council and are, therefore, accountable to the Council for the administration of their financial affairs and resources. At present, the DEA's that are owned or controlled by the organization are Aklavik, Tsiigehtchic, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tuktoyaktuk and Ulukhaktok.

Interdepartmental and organizational transactions and balances between these organizations have been eliminated for consolidation purposes.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expense items are recognized in the accounts and reported in the consolidated financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques and short term highly liquid investments that are readily convertible to cash and with a maturity date of 90 days or less from the date of acquisition.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms' 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 transaction 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.

Financial assets subsequently measured at amortized cost include cash, accountable funds, due from the GNWT and other accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, payroll liabilities, deferred revenue, post-employment benefits and accountable funds.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Beaufort-Delta Education Council because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Beaufort-Delta Education Council.

(e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The minister grants to the Beaufort-Delta Education Council the full occupancy and use of such facilities and equipment where required for the administration and delivery of the education programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expense.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Revenue Recognition

Government Transfers:

Revenues are recognized in the period in which the transactions or events occur that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

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

GNWT - Regular contributions:

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The Beaufort-Delta Education Council retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

Other contributions:

The Beaufort-Delta Education Council follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Stallworthy / Carpenter Endowment contributions:

Endowment contributions and investment income are recognized as direct increases in accumulated surplus.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Budget Data

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Beaufort-Delta Education Council and the budget is legally adopted by a motion of the board in accordance with Section 135(3) of the Education Act.

Board approved budgets are submitted to the Minister of education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the Education Act.

This annual budget includes estimates of revenues, expenses and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Beaufort-Delta Education Council.

The budget may be amended within a given fiscal year in accordance with Beaufort-Delta Education Council policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

(h) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from those estimates. Accounts subject to measurement uncertainty are post-employment benefits as determined by an actuary.

(i) Inventories including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Beaufort-Delta Education Council are treated as expenses during the year of acquisition and are not recorded on the statement of financial position.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Payroll Liabilities

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued.

The duties and compensation base for UNW School year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Beaufort-Delta Education Council determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff are accrued to include earnings to June 30.

(k) Other Employee Future Benefits and Compensated Absences

Under the terms and conditions of employment, education board employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(l) Special Purpose Funds

School activity funds which are fully controlled by the Beaufort-Delta Education Council with respect to when and how the funds available can be discussed are included. the funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Beaufort-Delta Education Council are not included even if custody of the funds is held by the Beaufort-Delta Education Council. Examples of excluded funds might be student clubs or associations for which the Beaufort-Delta Education Council has no ongoing responsibility of liability for losses.

(m) Contributed Materials and Services

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

NOTE 3 FUTURE ACCOUNTING CHANGES

- (a) Contingent assets (PS 3320 - April 1, 2017)
- (b) Contractual rights (PS 3430 - April 1, 2017)
- (c) Related Party Transactions: Inter-entity Transfer Valuations (PS 3420 - April 2018)
- (d) Restructuring transactions (PS 3430 - April 1, 2018)
- (e) Financial Instruments (PS 3450 - April 1, 2019)
- (f) Student Activity / Fiduciary funds policy under review for possible inclusion in Special Purpose Funds.

NOTE 4 CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
Cash	\$ <u>10,251,742</u>	\$ <u>9,007,811</u>
	\$ <u>10,251,742</u>	\$ <u>9,007,811</u>

NOTE 5 SPECIAL PURPOSE FUNDS

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 6 RESTRICTED ASSETS

The Council received a bequest to establish the Harry Stallworthy - Noah Carpenter Fund. The terms of the bequest state that the principal shall remain intact and the net annual income therefrom shall be made available to students of Inuit heritage for financial assistance in the High School Orientation Program.

		<u>2017</u>	<u>2016</u>
Comprised of:			
Short-term	- GIC 0.95% due June 22, 2018	\$ 250,000	\$ 250,000
	- Due from general cash	<u>8,884</u>	<u>6,459</u>
		<u>\$ 258,884</u>	<u>\$ 256,459</u>
Stallworthy / Carpenter Endowment Fund: (Note 21)			
	Principal proceeds received	\$ 216,515	\$ 216,515
	Interest earned to date	261,282	255,645
	Expenses to date	<u>(218,913)</u>	<u>(215,701)</u>
		<u>\$ 258,884</u>	<u>\$ 256,459</u>

NOTE 7 PORTFOLIO INVESTMENTS

(Not applicable)

NOTE 8 ACCOUNTS RECEIVABLE

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>2017</u>	<u>2016</u>
Government of the Northwest Territories:				
- Education, Culture and Employment	\$ 57,100	\$ -	\$ 57,100	\$ 53,544
- Health and Social Services	-	-	-	4,466
- Municipal and Community Affairs	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,630</u>
Due from GNWT	<u>57,100</u>	<u>-</u>	<u>57,100</u>	<u>62,640</u>
Other Accounts receivable	<u>420,322</u>	<u>182,383</u>	<u>237,939</u>	<u>217,271</u>
	<u>\$ 477,422</u>	<u>\$ 182,383</u>	<u>\$ 295,039</u>	<u>\$ 279,911</u>

NOTE 9 INVENTORY

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
Government of the Northwest Territories:		
Education, Culture and Employment	\$ -	\$ 23,212
Health and Social Services	880	-
Municipal and Community Affairs	10,562	29,630
Department of Finance	7,842	-
Environment and Natural Resources	2,810	-
Department of Justice	-	3,592
Department of Industry, Tourism and Investment	<u>5,808</u>	<u>6,717</u>
Government of the Northwest Territories	27,902	63,151
Related Parties	307,379	235,518
Accounts payable	81,157	262,355
Accrued payables	<u>221,549</u>	<u>226,847</u>
	637,987	787,871
Payroll Liabilities	<u>2,702,006</u>	<u>2,683,825</u>
	<u>\$ 3,339,993</u>	<u>\$ 3,471,696</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 11 DEFERRED REVENUE

	<u>2017</u>	<u>2016</u>
Education, Culture & Employment		
- HKS Kitchen Upgrade	\$ -	\$ 19,800
- E3E Playground	1,022	23,816
- Healthy Food for Learning	22,269	81,707
- Safe and Caring Schools	-	2,160
- Resiliency & Leadership	-	865
- Elders in School	-	21,842
Justice		
- New Beginnings - Inuvik DEA	-	5,159
Library		
- School & Public Library Services - Ft. McPherson DEA	7,807	7,537
- Library - Ulukhaktok DEA	20,546	21,849
Healthy and Social Services		
- Drop the Pop	2,872	11,025
Municipal & Community Affairs		
- Ivvavik	<u>-</u>	<u>5,155</u>
Government of the Northwest Territories	<u>54,516</u>	<u>200,915</u>
- Health Canada - Community Oral Health initiative	5,290	13,074
-	<u>1,000</u>	<u>-</u>
Government of Canada	<u>6,290</u>	<u>13,074</u>
Inuvik Community Corporation	23,989	9,238
Charities Aid Foundation - America	8,264	-
Canadian Womens Foundation - A Relationship to die four	-	92
Hamlet of Sachs Harbour	2,749	1,500
Inuvialuit Regional Corporation	32,960	33,732
Food First Foundation	9,756	6,024
Beaufort Delta Recreation Association	-	20,741
Breakfast for Learning	5,605	-
E3E Breakfast	5,000	5,000
Tides - OTL - Collaborative Fund	40,000	18,650
NWT Parks & Rec Get Active NWT	<u>3,191</u>	<u>1,741</u>
	<u>\$ 192,320</u>	<u>\$ 310,707</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 12 CONTRIBUTION REPAYABLE

	<u>2017</u>	<u>2016</u>
Education, Culture & Employment - Library Services - Aklavik DEA	<u>5,282</u>	<u>1,717</u>
Government of the Northwest Territories	<u>5,282</u>	<u>1,717</u>
Tlicho Community Services eLearning	<u>-</u>	<u>36,547</u>
	<u><u>5,282</u></u>	<u><u>38,264</u></u>

NOTE 13 DUE FROM AND TO THE GOVERNMENT OF CANADA

(Not applicable)

NOTE 14 CAPITAL LEASE OBLIGATION

(Not applicable)

NOTE 15 PENSIONS

(Not applicable)

NOTE 16 LONG-TERM DEBT

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 17 OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES

In addition to the pension benefits, The Beaufort-Delta Education Council provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Beaufort-Delta Education Council's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>2017</u>	<u>2016</u>
Changes in Obligation:				
Accrued benefit obligations				
beginning of year	\$ 1,878,251	\$ 229,651	\$ 2,107,902	\$ 3,502,382
Current period benefit cost	117,103	19,652	136,755	633,622
Interest accrued	56,594	7,025	63,619	87,770
Benefit payments	(429,912)	(59,514)	(489,426)	(452,529)
Actuarial (gains)/losses	<u>126,057</u>	<u>141,265</u>	<u>267,322</u>	<u>(1,663,343)</u>
Accrued benefit obligations				
end of year	1,748,093	338,079	2,086,172	2,107,902
Unamortized net actuarial				
gain	<u>938,776</u>	<u>263,833</u>	<u>-</u>	<u>1,663,343</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Net future obligation	<u>2,686,869</u>	<u>601,912</u>	<u>2,086,172</u>	<u>3,771,245</u>
Total employee future benefits and compensated absences	2,686,869	601,912	2,086,172	3,771,245
Benefits Expense:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The discount rate used to determine the accrued benefit obligation is an average of 3%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>Total</u>
2018	\$ 375,166	\$ 76,773	\$ 451,939
2019	226,246	48,585	274,831
2020	183,522	38,831	222,353
2021	189,952	38,365	228,317
2022	178,706	35,601	214,307
Next 5 years	684,581	127,867	812,448
Thereafter	<u>1,450,608</u>	<u>1,741,880</u>	<u>3,192,488</u>
Total	\$ <u>3,288,781</u>	\$ <u>2,107,902</u>	\$ <u>5,396,683</u>

NOTE 18 TRUST ASSETS UNDER ADMINISTRATION

(Not applicable)

NOTE 19 TANGIBLE CAPITAL ASSETS

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 20 PREPAID EXPENSES

	<u>2017</u>	<u>2016</u>
Alberta Assessment Consortium	1,100	1,100
Canada Revenue Agency	1,220	-
Career Cruising	-	998
R Agnes	-	2,450
Canadian North	-	2,508
Ontario Public Support	-	944
VISA charges	18,543	-
Arctic Inn	-	525
WestJet	-	716
	<u>20,863</u>	<u>9,241</u>

NOTE 21 ACCUMULATED SURPLUS/DEFICIT

Accumulated Surplus is comprised of an Operating Fund Surplus and the Stallworthy / Carpenter Endowment. Refer to Statement IV Statement of Accumulated Surplus for further details.

NOTE 22 CAPITAL ADVANCES

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 23 GNWT ASSETS PROVIDED AT NO COST

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net Book Value</u>	<u>2016 Net Book Value</u>
East Three Secondary School Carpentry shop	\$ 461,563	\$ 461,563	\$ -	\$ -
East Three Secondary School Auto Shop	541,689	468,405	73,284	88,712
Moose Kerr School Aklavik Portable Classrooms	8,123,452	5,075,074	3,048,378	3,307,814
Chief Julius School	62,052	62,052	-	-
Mangilaluk School	10,064,072	4,547,110	5,516,962	4,788,490
Inualthuyak School	7,146,891	4,483,791	2,663,100	2,871,971
Helen Kalvak School	2,298,578	1,274,715	1,023,863	1,155,974
Angik School	8,864,887	6,553,026	2,311,861	2,610,166
Chief Paul Nitdchie School	3,697,250	1,999,797	1,697,453	1,820,905
Moose Kerr Foundation Replacement	2,467,761	770,362	1,697,399	1,768,619
Tsiigehtchic Gym	753,546	117,776	635,770	654,608
Moose Kerr School - Ventilation	1	-	1	1
Angik School Retrofit	173,505	56,735	116,770	128,350
Helen Kalvak School Vent & DDC Retrofit	123,278	45,733	77,545	87,551
East Three New Inuvik School	354,896	125,692	229,204	258,778
Tsiigehtchic Gym Pilings	106,182,229	12,841,429	93,340,800	96,001,345
Aklavik Community Library	205,668	20,995	184,673	189,814
	<u>234,794</u>	<u>104,194</u>	<u>130,600</u>	<u>136,469</u>
	<u>\$151,756,112</u>	<u>\$ 39,008,449</u>	<u>\$112,747,663</u>	<u>\$115,869,567</u>

NOTE 24 CONTRACTUAL OBLIGATIONS

The Council has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2017:

	<u>Expires in Fiscal Year:</u>	<u>2018</u>	<u>2019-2022</u>	<u>Total</u>
Commercial Leases	2020	\$ 146,100	\$ 219,150	\$ 365,250
Equipment Leases	2022	<u>87,850</u>	<u>122,386</u>	<u>210,236</u>
Total		<u>\$ 233,950</u>	<u>\$ 341,536</u>	<u>\$ 575,486</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Estimated lease payments are as follows:

2018	\$	233,950
2019		223,101
2020		96,550
2021		17,743
2022		<u>4,142</u>
	\$	<u>575,486</u>

NOTE 25 CONTINGENCIES

(Not applicable)

NOTE 26 RELATED PARTY TRANSACTIONS

The Beaufort-Delta Education Council is related in terms of common ownership to all GNWT-created departments, agencies and corporations. The Council enters into transactions with these entities in the normal course of operations. The Council is provided with various administrative services by the GNWT, the value of which is not reflected in these consolidated financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, payroll services by the Department of Human Resources, internal audit services by the Department of Finance, and utility and maintenance by the Department of Public Works and Services. Transactions with related parties and balances at year end not disclosed elsewhere in the consolidated financial statements are disclosed in this note.

These transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to and from related parties are non-interest bearing, and due within normal trade terms.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

	<u>2017</u>	<u>2016</u>
Due to related parties		
Accounts payable:		
Contributions		
Government of the Northwest Territories:		
Department of Education, Culture & Employment	\$ -	\$ 23,212
Department of Health and Social Services	880	-
Department of Municipal & Community Affairs	10,562	29,630
Department of Finance	7,842	-
Department of Environment and Natural Resources.ery	2,810	-
Department of Justice	-	3,592
Department of Industry, Tourism and Investment	<u>5,808</u>	<u>6,717</u>
Government of the Northwest Territories	<u>27,902</u>	<u>63,151</u>
Other Related Parties:		
Various BDEC Schools	<u>307,379</u>	<u>235,518</u>
Total Accounts Payable	<u>335,281</u>	<u>298,669</u>
Due to Related Parties	<u>\$ 335,281</u>	<u>\$ 298,669</u>

<u>Accounts</u>		<u>Net 2017</u>	<u>2016</u>
<u>Receivable</u>	<u>Allowance</u>		

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Due from related parties

Accounts receivable:

Government of the
Northwest Territories:

Department of Education, Culture & Employment	\$ 57,100	\$ -	\$ 57,100	\$ 53,544
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Department of Health and Social Services	-	-	-	4,466
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Department of Municipal & Community Affairs	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,630</u>
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Government of the Northwest Territories	<u>57,100</u>	<u>-</u>	<u>57,100</u>	<u>62,640</u>
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Due from Related Parties	<u>\$ 57,100</u>	<u>\$ -</u>	<u>\$ 57,100</u>	<u>\$ 62,640</u>
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NOTE 27 BUDGET DATA

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Beaufort-Delta Education Council which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenue and expenses for the Operating fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Beaufort-Delta Education Council.

The budget figures presented are those approved by the Minister of Education, Culture and Employment on and have not been audited.

NOTE 28 ECONOMIC DEPENDENCE

The Beaufort-Delta Education Council receives its funding primarily from the GNWT. If the funding arrangements were to change, management is of the opinion that Beaufort-Delta Education Council operations would be significantly affected.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 29 FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash and temporary investments, accounts receivable, due from GNWT, accounts payable and accrued liabilities, accrued payroll, leave and termination benefits and due to GNWT. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest rate, liquidity, credit, market, currency or cash flow risks arising from these financial instruments.

The Council's carrying value of cash and accrued salaries approximate fair value due to the immediate and short-term maturity of these instruments.

The Council's carrying value of the accrued leave and termination benefits approximates fair value based on information readily available in the NWTTA, UNW and Senior Manager's handbook.

The Council is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that customers to which the Council provides services may experience financial difficulty and be unable to fulfil their obligations. The Council regularly monitors the amounts of outstanding receivables and initiates collection procedures to minimize credit risk.

NOTE 30 EXPENSES BY OBJECT

	2017 Budget <u>(Unaudited)</u>	2017 <u>Actual</u>	2016 <u>Actual</u>
Compensation	\$ 24,247,557	\$ 24,319,848	\$ 24,623,310
Other	<u>4,333,389</u>	<u>6,246,664</u>	<u>4,506,709</u>
	<u>\$ 28,580,946</u>	<u>\$ 30,566,512</u>	<u>\$ 29,130,019</u>

NOTE 31 SUBSEQUENT EVENTS

(Not applicable)

NOTE 32 COMPARATIVE FIGURES

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

CONSOLIDATED DETAILS OF EXPENSES

For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accommodations	Operations & Maintenance	Administration	Aboriginal Languages	2017
SALARIES:							
Teachers	\$ 9,603,896	\$ 974,274	-	\$ -	\$ -	\$ 1,177,163	\$ 11,755,333
Instruction Assistants	63,732	-	-	-	-	35,461	99,193
Non-instructional Staff	1,965,143	2,104,252	-	-	1,487,690	508,356	6,065,441
Board/Trustee Honoraria	18,536	-	-	-	67,986	50,722	137,244
EMPLOYEE BENEFITS							
Employee Benefit/Allowance	3,883,016	1,202,399	-	141,789	398,724	580,970	6,206,898
Leave and Termination	55,739	-	-	-	-	-	55,739
SERVICES PURCHASED/							
CONTRACTED							
Professional/Technical Services	-	82,591	-	-	51,228	-	133,819
Postage/Communication	96,026	1,004	3,060	-	40,914	-	141,004
Utilities & Leases	1,014	-	-	-	-	-	1,014
Travel	136,492	81,213	510	-	132,291	75,057	425,563
Student Travel	61,168	5,641	129,907	-	3,938	21,009	221,663
Advertising/Printing/Publishing	-	-	-	-	8,000	1,164	9,164
Maintenance/Repair	58,878	-	-	-	57,234	5,981	122,093
Rentals/Leases	133,208	18,840	-	156,769	42,388	18,850	370,055
Others	55,373	7,120	-	1,899,319	56,798	17,538	2,036,148
Contracted Services	154,282	98,012	-	-	1,122	159,169	412,585
MATERIALS/SUPPLIES/FREIGHT							
Materials	807,588	76,900	-	-	113,962	293,366	1,291,816
Furniture and Equipment	149,312	183,218	-	-	606,189	39,832	978,551
Freight	55,980	14,689	-	-	16,517	16,003	103,189
CONTRIBUTIONS/TRANSFERS							
Total	\$ 17,299,383	\$ 4,850,153	\$ 133,477	\$ 2,197,877	\$ 3,084,981	\$ 3,000,641	\$ 30,566,512

AKLAVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 61,594	\$ 74,317
Due from Related Parties	4,527	4,956
Accounts Receivable	<u>2,380</u>	<u>18,947</u>
	<u>68,501</u>	<u>98,220</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	2	-
Due to Related Parties	-	35,628
Payroll Liabilities	909	778
Contribution Repayable	5,282	1,717
Deferred Revenue	<u>3,702</u>	<u>5,000</u>
	<u>9,895</u>	<u>43,123</u>
ACCUMULATED SURPLUS	<u>\$ 58,606</u>	<u>\$ 55,097</u>

AKLAVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 59,764	\$ 59,764	\$ 59,038
Other ECE contributions	51,800	55,869	51,380
Other	<u>8,000</u>	<u>21,671</u>	<u>36,802</u>
TOTAL REVENUE	<u>119,564</u>	<u>137,304</u>	<u>147,220</u>
EXPENSES			
Administration	33,087	36,616	44,893
School Programs	53,300	63,673	62,003
Aboriginal Languages/Cultural Programs	<u>33,177</u>	<u>33,506</u>	<u>44,226</u>
TOTAL EXPENSES	<u>119,564</u>	<u>133,795</u>	<u>151,122</u>
OPERATING SURPLUS	-	3,509	(3,902)
OPENING ACCUMULATED SURPLUS	<u>55,097</u>	<u>55,097</u>	<u>58,999</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 55,097</u>	<u>\$ 58,606</u>	<u>\$ 55,097</u>

**AKLAVIK DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES**

For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:				
Non-instructional Staff	\$ 46,513	\$ 22,031	\$ 8,256	\$ 76,800
Board/Trustee Honoraria	-	4,850	-	4,850
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	2,212	1,069	405	3,686
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	1,050	-	1,050
Rentals/Leases	-	-	7,350	7,350
Others	1,700	4,062	-	5,762
Contracted Services	-	-	8,737	8,737
MATERIALS/SUPPLIES/FREIGHT				
Materials	13,117	3,554	8,758	25,429
Freight	<u>131</u>	<u>-</u>	<u>-</u>	<u>131</u>
Total	<u>\$ 63,673</u>	<u>\$ 36,616</u>	<u>\$ 33,506</u>	<u>\$ 133,795</u>

FT MCPHERSON DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 37,867	\$ 47,560
Due from Related Parties	4,812	4,897
Accounts Receivable	<u>19,609</u>	<u>1,760</u>
	<u>62,288</u>	<u>54,217</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	26,364	20,441
Due to Related Parties	5,400	1,220
Payroll Liabilities	1,382	1,714
Deferred Revenue	<u>7,807</u>	<u>7,537</u>
	<u>40,953</u>	<u>30,912</u>
ACCUMULATED SURPLUS	<u>\$ 21,335</u>	<u>\$ 23,305</u>

FT MCPHERSON DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 63,306	\$ 93,313	\$ 132,713
Other ECE contributions	53,300	57,599	53,814
Other contributions	-	8,000	1,900
Other	<u>96,000</u>	<u>96,385</u>	<u>114,434</u>
TOTAL REVENUE	<u>212,606</u>	<u>255,297</u>	<u>302,861</u>
EXPENSES			
Administration	39,325	57,065	57,237
School Programs	53,950	63,073	90,218
Inclusive Schooling	-	30,120	27,783
Aboriginal Languages/Cultural Programs	<u>119,331</u>	<u>107,009</u>	<u>123,883</u>
TOTAL EXPENSES	<u>212,606</u>	<u>257,267</u>	<u>299,121</u>
OPERATING DEFICIT	-	(1,970)	3,740
OPENING ACCUMULATED SURPLUS	<u>23,305</u>	<u>23,305</u>	<u>19,565</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 23,305</u>	<u>\$ 21,335</u>	<u>\$ 23,305</u>

**FT MCPHERSON DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES**

For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Inclusive Schooling</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:					
Instruction Assistants	\$ 40,097	\$ -	\$ -	\$ -	40,097
Non-instructional Staff	-	6,435	28,261	59,139	93,835
Board/Trustee Honoraria	-	-	4,855	16,046	20,901
EMPLOYEE BENEFITS					
Employee Benefit/Allowance	2,128	473	1,580	3,783	7,964
SERVICES PURCHASED/ CONTRACTED					
Professional/Technical Services	-	-	325	-	325
Postage/Communication	-	1,004	875	-	1,879
Travel	-	-	-	2,760	2,760
Rentals/Leases	-	14,640	-	700	15,340
Others	-	7,120	2,594	485	10,199
MATERIALS/SUPPLIES/FREIGHT					
Materials	19,843	448	18,575	24,096	62,962
Freight	<u>1,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,005</u>
Total	<u>\$ 63,073</u>	<u>\$ 30,120</u>	<u>\$ 57,065</u>	<u>\$ 107,009</u>	<u>\$ 257,267</u>

INUVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 263,446	\$ 179,369
Due from Related Parties	18,632	18,712
Accounts Receivable	<u>4,722</u>	<u>24,194</u>
	<u>286,800</u>	<u>222,275</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	39,635	5,281
Payroll Liabilities	11,288	10,625
Deferred Revenue	<u>37,373</u>	<u>19,396</u>
	<u>88,296</u>	<u>35,302</u>
ACCUMULATED SURPLUS	<u>\$ 198,504</u>	<u>\$ 186,973</u>

INUVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 230,675	\$ 238,775	\$ 248,888
Other contributions	-	5,159	-
Other	<u>112,201</u>	<u>79,119</u>	<u>76,759</u>
TOTAL REVENUE	<u>342,876</u>	<u>323,053</u>	<u>325,647</u>
EXPENSES			
Administration	97,667	123,426	102,838
School Programs	76,119	60,169	57,368
Aboriginal Languages/Cultural Programs	<u>169,090</u>	<u>127,927</u>	<u>110,337</u>
TOTAL EXPENSES	<u>342,876</u>	<u>311,522</u>	<u>270,543</u>
OPERATING SURPLUS	-	11,531	55,104
OPENING ACCUMULATED SURPLUS	<u>186,973</u>	<u>186,973</u>	<u>131,869</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 186,973</u>	<u>\$ 198,504</u>	<u>\$ 186,973</u>

**INUVIK DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES**

For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:				
Instruction Assistants	-	-	34,455 \$	34,455
Non-instructional Staff	10,519	67,145	43,248	120,912
Board/Trustee Honoraria	-	9,300	3,625	12,925
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	729	4,481	5,211	10,421
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	4,287	-	4,287
Utilities & Leases	1,014	-	-	1,014
Travel	-	660	-	660
Advertising/Printing/Publishing	-	-	1,164	1,164
Rentals/Leases	20,400	-	-	20,400
Others	12,188	5,120	6,958	24,266
Contracted Services	7,139	594	15,000	22,733
MATERIALS/SUPPLIES/FREIGHT				
Materials	8,180	10,041	-	18,221
Furniture and Equipment	-	21,798	18,266	40,064
Total	<u>\$ 60,169</u>	<u>\$ 123,426</u>	<u>\$ 127,927</u>	<u>\$ 311,522</u>

PAULATUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 402	\$ 873
Due from Related Parties	3,476	2,745
Accounts Receivable	<u>2,328</u>	<u>-</u>
	<u>6,206</u>	<u>3,618</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	2,000	4,000
Due to Related Parties	2,510	1,283
Payroll Liabilities	1,472	907
Deferred Revenue	<u>-</u>	<u>3,019</u>
	<u>5,982</u>	<u>9,209</u>
NET FINANCIAL RESOURCES (DEBT)	<u>224</u>	<u>(5,591)</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	<u>1,220</u>	<u>-</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 1,444</u>	<u>\$ (5,591)</u>

PAULATUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 44,158	\$ 42,931	\$ 37,321
Other	<u>14,500</u>	<u>16,607</u>	<u>18,066</u>
TOTAL REVENUE	<u>58,658</u>	<u>59,538</u>	<u>55,387</u>
EXPENSES			
Administration	22,001	27,663	25,488
School Programs	17,330	17,786	26,090
Aboriginal Languages/Cultural Programs	<u>19,327</u>	<u>7,054</u>	<u>9,633</u>
TOTAL EXPENSES	<u>58,658</u>	<u>52,503</u>	<u>61,211</u>
OPERATING SURPLUS	-	7,035	(5,824)
OPENING ACCUMULATED DEFICIT	<u>(5,591)</u>	<u>(5,591)</u>	<u>233</u>
CLOSING ACCUMULATED SURPLUS (DEFICIT)	<u>\$ (5,591)</u>	<u>\$ 1,444</u>	<u>\$ (5,591)</u>

**PAULATUK DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES**

For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:				
Non-instructional Staff	\$ 10,990	\$ 15,528	\$ 3,900	\$ 30,418
Board/Trustee Honoraria	-	7,198	-	7,198
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	489	651	489	1,629
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	1,367	-	1,367
Others	-	1,504	-	1,504
Contracted Services	6,000	793	-	6,793
MATERIALS/SUPPLIES/FREIGHT				
Materials	<u>307</u>	<u>622</u>	<u>2,665</u>	<u>3,594</u>
Total	<u>\$ 17,786</u>	<u>\$ 27,663</u>	<u>\$ 7,054</u>	<u>\$ 52,503</u>

SACHS HARBOUR DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 58,832	\$ 17,464
Due from Related Parties	-	54,421
Accounts Receivable	<u>280</u>	<u>-</u>
	<u>59,112</u>	<u>71,885</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	-	17,303
Due to Related Parties	8,235	5,660
Payroll Liabilities	490	71
Deferred Revenue	<u>2,749</u>	<u>1,500</u>
	<u>11,474</u>	<u>24,534</u>
ACCUMULATED SURPLUS	<u>\$ 47,638</u>	<u>\$ 47,351</u>

SACHS HARBOUR DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget <u>(Unaudited)</u>	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 26,868	\$ 27,298	\$ 21,208
Other	<u>-</u>	<u>9,751</u>	<u>5,009</u>
TOTAL REVENUE	<u>26,868</u>	<u>37,049</u>	<u>26,217</u>
EXPENSES			
Administration	4,025	12,789	11,357
School Programs	13,893	23,251	18,728
Aboriginal Languages/Cultural Programs	<u>8,950</u>	<u>722</u>	<u>3,003</u>
TOTAL EXPENSES	<u>26,868</u>	<u>36,762</u>	<u>33,088</u>
OPERATING SURPLUS	-	287	(6,871)
OPENING ACCUMULATED SURPLUS	<u>47,351</u>	<u>47,351</u>	<u>54,222</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 47,351</u>	<u>\$ 47,638</u>	<u>\$ 47,351</u>

**SACHS HARBOUR DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES**

For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:				
Teachers	\$ 6,968	\$ -	\$ -	\$ 6,968
Non-instructional Staff	-	7,880	-	7,880
Board/Trustee Honoraria	-	1,900	250	2,150
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	504	591	-	1,095
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	125	-	125
Travel	-	200	300	500
Others	-	74	-	74
Contracted Services	12,000	700	-	12,700
MATERIALS/SUPPLIES/FREIGHT				
Materials	3,749	1,319	172	5,240
Freight	<u>30</u>	<u>-</u>	<u>-</u>	<u>30</u>
Total	<u>\$ 23,251</u>	<u>\$ 12,789</u>	<u>\$ 722</u>	<u>\$ 36,762</u>

TSIIGEHTCHIC DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 86,272	\$ 55,416
Due from Related Parties	13,374	50,383
Accounts Receivable	<u>1,350</u>	<u>900</u>
	<u>100,996</u>	<u>106,699</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	-	9,506
Due to Related Parties	7,064	-
Payroll Liabilities	<u>32</u>	<u>157</u>
	<u>7,096</u>	<u>9,663</u>
ACCUMULATED SURPLUS	<u>\$ 93,900</u>	<u>\$ 97,036</u>

TSIIGEHTCHIC DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 24,354	\$ 15,765	\$ 24,354
Rentals	<u>2,700</u>	<u>4,050</u>	<u>2,300</u>
TOTAL REVENUE	<u>27,054</u>	<u>19,815</u>	<u>26,654</u>
EXPENSES			
Administration	4,970	12,502	12,663
School Programs	9,794	5,805	32,453
Aboriginal Languages/Cultural Programs	<u>12,290</u>	<u>4,644</u>	<u>10,582</u>
TOTAL EXPENSES	<u>27,054</u>	<u>22,951</u>	<u>55,698</u>
OPERATING DEFICIT	-	(3,136)	(29,044)
OPENING ACCUMULATED SURPLUS	<u>97,036</u>	<u>97,036</u>	<u>126,080</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 97,036</u>	<u>\$ 93,900</u>	<u>\$ 97,036</u>

TSIHGEHTCHIC DISTRICT EDUCATION AUTHORITY

DETAILS OF EXPENSES

For the Year Ended June 30, 2017

	<u>School</u> <u>Programs</u>	<u>Administration</u>	<u>Aboriginal</u> <u>Languages</u>	<u>2017</u>
SALARIES:				
Instruction Assistants	-	-	1,006	1,006
Board/Trustee Honoraria	-	250	-	250
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	-	-	47	47
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Rentals/Leases	2,751	-	-	2,751
Others	-	261	850	1,111
Contracted Services	1,400	-	1,400	2,800
MATERIALS/SUPPLIES/FREIGHT				
Materials	1,654	1,201	1,341	4,196
Furniture and Equipment	-	10,790	-	10,790
Total	<u>\$ 5,805</u>	<u>\$ 12,502</u>	<u>\$ 4,644</u>	<u>\$ 22,951</u>

TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 58,110	\$ 16,946
Due from Related Parties	7,201	2,792
Accounts Receivable	<u>913</u>	<u>5,252</u>
	<u>66,224</u>	<u>24,990</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	26,785	13,534
Due to Related Parties	14,110	6,284
Payroll Liabilities	4,057	1,103
Deferred Revenue	<u>11,029</u>	<u>18,074</u>
	<u>55,981</u>	<u>38,995</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 10,243</u>	<u>\$ (14,005)</u>

TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
REVENUE			
Contributions from Divisional Council	\$ 131,576	\$ 149,772	\$ 75,057
Government of Canada	29,000	27,648	19,966
Other	<u>51,000</u>	<u>44,310</u>	<u>62,743</u>
TOTAL REVENUE	<u>211,576</u>	<u>221,730</u>	<u>157,766</u>
EXPENSES			
Administration	41,650	46,127	64,347
School Programs	117,399	113,934	59,985
Inclusive Schooling	-	21,016	13,820
Aboriginal Languages/Cultural Programs	<u>52,527</u>	<u>16,405</u>	<u>26,656</u>
TOTAL EXPENSES	<u>211,576</u>	<u>197,482</u>	<u>164,808</u>
OPERATING SURPLUS	-	24,248	(7,042)
OPENING ACCUMULATED DEFICIT	<u>(14,005)</u>	<u>(14,005)</u>	<u>(6,963)</u>
CLOSING ACCUMULATED SURPLUS (DEFICIT)	<u>\$ (14,005)</u>	<u>\$ 10,243</u>	<u>\$ (14,005)</u>

TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY

DETAILS OF EXPENSES

For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Administration	Aboriginal Languages	2017
SALARIES:					
Non-instructional Staff	\$ 24,499	\$ -	\$ 17,242	\$ -	\$ 41,741
Board/Trustee Honoraria	-	-	4,190	7,926	12,116
EMPLOYEE BENEFITS					
Employee Benefit/Allowance	7,223	-	6,015	-	13,238
SERVICES PURCHASED/ CONTRACTED					
Professional/Technical Services	-	-	-	-	-
Travel	-	-	316	42	358
Student Travel	1,628	-	-	-	1,628
Rentals/Leases	-	-	6,750	-	6,750
Others	2,000	-	4,171	-	6,171
Contracted Services	58,255	21,016	914	4,700	84,885
MATERIALS/SUPPLIES/FREIGHT					
Materials	20,225	-	5,579	3,699	29,503
Freight	104	-	950	38	1,092
Total	<u>\$ 113,934</u>	<u>\$ 21,016</u>	<u>\$ 46,127</u>	<u>\$ 16,405</u>	<u>\$ 197,482</u>

ULUKHAKTOK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION

For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 54,758	\$ 52,634
Due from Related Parties	-	7,945
Accounts Receivable	<u>689</u>	<u>321</u>
	<u>55,447</u>	<u>60,900</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	250	250
Due to Related Parties	4,080	-
Payroll Liabilities	925	757
Deferred Revenue	<u>27,181</u>	<u>25,586</u>
	<u>32,436</u>	<u>26,593</u>
ACCUMULATED SURPLUS	<u>\$ 23,011</u>	<u>\$ 34,307</u>

ULUKHAKTOK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 69,054	\$ 69,044	\$ 73,407
Other ECE contributions	56,300	52,913	42,083
Other contributions	-	-	387
Rentals	-	2,422	1,529
Other	<u>31,285</u>	<u>24,516</u>	<u>28,410</u>
TOTAL REVENUE	<u>156,639</u>	<u>148,895</u>	<u>145,816</u>
EXPENSES			
Administration	32,207	39,204	32,219
School Programs	79,749	80,966	63,249
Inclusive Schooling	14,950	14,950	20,415
Aboriginal Languages/Cultural Programs	<u>29,733</u>	<u>25,071</u>	<u>24,445</u>
TOTAL EXPENSES	<u>156,639</u>	<u>160,191</u>	<u>140,328</u>
OPERATING DEFICIT	-	(11,296)	5,488
OPENING ACCUMULATED SURPLUS	<u>34,307</u>	<u>34,307</u>	<u>28,819</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 34,307</u>	<u>\$ 23,011</u>	<u>\$ 34,307</u>

ULUKHAKTOK DISTRICT EDUCATION AUTHORITY

DETAILS OF EXPENSES

For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Administration	Aboriginal Languages	2017
SALARIES:					
Non-instructional Staff	\$ 49,861	\$ 4,500	\$ 13,060	\$ 21,528	\$ 88,949
Board/Trustee Honoraria	2,198	-	10,250	1,675	14,123
EMPLOYEE BENEFITS					
Employee Benefit/Allowance	-	-	4,767	-	4,767
SERVICES PURCHASED/ CONTRACTED					
Professional/Technical Services	-	-	-	-	-
Student Travel	4,796	-	3,938	-	8,734
Rentals/Leases	-	4,200	-	-	4,200
Others	9,016	-	3,137	-	12,153
MATERIALS/SUPPLIES/FREIGHT					
Materials	14,170	6,250	4,052	1,868	26,340
Freight	925	-	-	-	925
Total	<u>\$ 80,966</u>	<u>\$ 14,950</u>	<u>\$ 39,204</u>	<u>\$ 25,071</u>	<u>\$ 160,191</u>

**NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL
STATEMENT OF FINANCIAL POSITION**

For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 9,630,461	\$ 8,563,232
Accounts Receivable	262,768	228,537
Restricted Assets	<u>258,884</u>	<u>256,459</u>
	<u>10,152,113</u>	<u>9,048,228</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	542,951	717,456
Due to Related Parties	10,623	96,876
Payroll Liabilities	2,681,459	2,667,766
Contribution Repayable	-	36,547
Employee Deductions Payable	716	1,537
Deferred Revenue	102,479	230,595
Post-Employment Benefits	3,422,599	2,207,324
Trust Liabilities	<u>258,884</u>	<u>256,459</u>
	<u>7,019,711</u>	<u>6,214,560</u>
NET FINANCIAL RESOURCES	<u>3,132,402</u>	<u>2,833,668</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	<u>19,643</u>	<u>9,241</u>
ACCUMULATED SURPLUS	<u>\$ 3,152,045</u>	<u>\$ 2,842,909</u>

NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget <u>(Unaudited)</u>	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Government of the NWT			
Regular contributions	\$ 27,911,000	\$ 28,645,178	\$ 27,395,293
Other ECE contributions	90,000	735,085	1,209,651
Other contributions	<u>75,000</u>	<u>438,702</u>	<u>492,454</u>
Total Government of the NWT	<u>28,076,000</u>	<u>29,818,965</u>	<u>29,097,398</u>
Government of Canada	-	6,361	1,000
Board Generated Funds			
Investment Income	52,000	72,560	67,718
Other	<u>469,960</u>	<u>501,951</u>	<u>549,836</u>
Total Board Generated Funds	<u>521,960</u>	<u>574,511</u>	<u>617,554</u>
TOTAL REVENUE	<u>28,597,960</u>	<u>30,399,837</u>	<u>29,715,952</u>
EXPENSES			
Administration	2,486,668	2,912,251	2,356,594
School Programs	18,960,278	17,018,669	18,096,919
Inclusive Schooling	4,672,000	4,858,271	5,274,420
Student Accommodations	-	133,477	105,792
Operations & Maintenance	-	2,197,877	476,384
Aboriginal Languages/Cultural Programs	<u>2,462,000</u>	<u>2,970,156</u>	<u>2,315,977</u>
TOTAL EXPENSES	<u>28,580,946</u>	<u>30,090,701</u>	<u>28,626,086</u>
OPERATING SURPLUS	17,014	309,136	1,089,866
OPENING ACCUMULATED SURPLUS	<u>2,842,909</u>	<u>2,842,909</u>	<u>1,753,043</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 2,859,923</u>	<u>\$ 3,152,045</u>	<u>\$ 2,842,909</u>

NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL
DETAILS OF EXPENSES
 For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Inclusive Schooling</u>	<u>Student Accommodations</u>	<u>Operations & Maintenance</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:							
Teachers	\$ 9,596,928	\$ 974,274	-	-	-	\$ 1,177,163	\$ 11,748,365
Instruction Assistants	23,635	-	-	-	-	-	23,635
Non-instructional Staff	1,822,761	2,093,317	-	-	1,316,543	372,285	5,604,906
Board/Trustee Honoraria	16,338	-	-	-	25,193	21,200	62,731
EMPLOYEE BENEFITS							
Employee Benefit/Allowance	3,869,731	1,201,926	-	141,789	379,570	571,035	6,164,051
Leave and Termination	55,739	-	-	-	-	-	55,739
SERVICES PURCHASED/ CONTRACTED							
Professional/Technical Services	-	82,591	-	-	50,903	-	133,494
Postage/Communication	96,026	-	3,060	-	33,210	-	132,296
Travel	136,492	81,213	510	-	131,115	71,955	421,285
Student Travel	54,744	5,641	129,907	-	-	21,009	211,301
Advertising/Printing/Publishing	-	-	-	-	8,000	-	8,000
Maintenance/Repair	58,878	-	-	-	57,234	5,981	122,093
Rentals/Leases	110,057	-	-	156,769	35,638	10,800	313,264
Others	30,469	-	-	1,899,319	35,875	9,245	1,974,908
Contracted Services	69,488	76,996	-	-	(1,879)	129,332	273,937
MATERIALS/SUPPLIES/FREIGHT							
Materials	726,343	70,202	-	-	69,019	250,767	1,116,331
Furniture and Equipment	149,312	183,218	-	-	573,601	21,566	927,697
Freight	53,785	14,689	-	-	15,567	15,965	100,006
CONTRIBUTIONS/TRANSFERS							
Transfers - Other	147,943	74,204	-	-	182,662	291,853	696,662
Total	<u>\$ 17,018,669</u>	<u>\$ 4,858,271</u>	<u>\$ 133,477</u>	<u>\$ 2,197,877</u>	<u>\$ 2,912,251</u>	<u>\$ 2,970,156</u>	<u>\$ 30,090,701</u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 29

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
FRENCH LANGUAGE PROGRAM
For the Year Ended June 30, 2017**

	ECE Contributions July <u>1 to June 30</u>	Commitment from Beaufort Delta <u>Education Council</u>	Total Expenses <u>July 1 to June 30</u>
Bilateral Agreement Funding			
Special Projects:			
Teacher's Assistant Salary	\$ 60,000	\$ 8,066	\$ 68,066
Core French 1:12 Salary	-	23,635	23,635
French Resources	5,000	2,978	7,978
Cultural Activities	5,000	(4,800)	200
Professional Development	5,000	(5,000)	-
French Monitor	15,000	(15,000)	-
Mentorship with YCS on Immersion Program	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Total	<u>\$ 90,000</u>	<u>\$ 39,879</u>	<u>\$ 129,879</u>
Regular GNWT Funding			
Immersion Program	\$ 90,000		
Core French Instruction	<u>48,710</u>		
Total	<u>\$ 138,710</u>		

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 30

REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
ABORIGINAL LANGUAGES
For the Year Ended June 30, 2017

	July 1 to <u>March 31</u>	April 1 to <u>June 30</u>	<u>Total</u>
Contribution Agreement			
<u>Aboriginal Languages</u>			
Revenue			
Funding Received	<u>-</u>	<u>78.000</u>	<u>78.000</u>
Expenses			
Other O & M	<u>-</u>	<u>116.752</u>	<u>116.752</u>
Total Expenses	<u>-</u>	<u>116.752</u>	<u>116.752</u>
Net Surplus (Deficit)			<u>(38.752)</u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 31

REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
STUDENT SUCCESS INITIATIVE

For the Year Ended June 30, 2017

NWT Student Success Initiative

Professional Development Initiative

Title of Project: Ongoing Development of Collaborative Teams and Response to Intervention

	<u>2017</u>
Revenue	<u>130,274</u>
Expenses:	
Travel	
Air Charter	60,478
Accommodation	19,586
Daily Per Diems	8,064
Workshop Expenses	
Room Rental	689
Miscellaneous	<u>27,865</u>
Total Expenses	<u>116,682</u>
Net Surplus (Deficit)	<u><u>13,592</u></u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 32

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
DETAILS OF ABORIGINAL LANGUAGE AND CULTURAL-BASED EDUCATION EXPENSES
For the Year Ended June 30, 2017**

<u>FUNCTION</u>	<u>Student Instruction</u>	<u>Teaching/ Learning Resources</u>	<u>Professional Development</u>	<u>School Activities and Integrated Community Programs</u>	<u>Total</u>
<u>SALARIES</u>					
ALCBE Teachers	\$ 1,177,163	\$ -	\$ -	\$ -	\$ 1,177,163
Language Consultants	372,285	-	-	-	372,285
Instruction Assistants	35,461	-	-	-	35,461
Non Instructional Staff	-	-	-	136,071	136,071
Honoraria	-	-	-	50,722	50,722
<u>EMPLOYEE BENEFITS</u>					
Employee Benefits/Allowances	571,035	-	-	9,935	580,970
<u>SERVICES PURCHASED/ CONTRACTED</u>					
Travel	21,985	-	46,959	6,113	75,057
Student Transportation (bussing)	-	-	-	21,009	21,009
Advertising/Printing/Publishing	-	-	-	1,164	1,164
Maintenance/Repair	-	-	-	5,981	5,981
Rentals/Leases	-	-	-	18,850	18,850
Other Contracted Services	-	125,682	7,295	26,192	159,169
Others	-	-	-	17,538	17,538
<u>MATERIAL/SUPPLIES/FREIGHT</u>					
Materials	-	233,070	1,436	58,860	293,366
Furniture and Equipment	-	-	-	39,832	39,832
Freight	-	104	-	15,899	16,003
TOTAL	\$ 2,177,929	\$ 358,856	\$ 55,690	\$ 408,166	\$ 3,000,641

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 33

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
DETAILS OF INCLUSIVE SCHOOLING EXPENSES
For the Year Ended June 30, 2017**

<u>FUNCTION</u>	<u>Staff Development</u>	<u>Assistive Technology</u>	<u>Student Resources</u>	<u>General Inclusive Schooling</u>	<u>Total</u>
<u>SALARIES</u>					
Program Support Teachers	\$ -	\$ -	\$ -	\$ 974,274	\$ 974,274
Consultants	-	-	-	133,123	133,123
Support Assistants	-	-	-	1,510,595	1,510,595
Non Instructional Staff	-	57,161	-	403,373	460,534
<u>EMPLOYEE BENEFITS</u>					
Employee Benefits/Allowances	-	-	-	1,202,399	1,202,399
<u>SERVICES PURCHASED/ CONTRACTED</u>					
Professional/Technical Services	-	-	-	82,591	82,591
Travel	-	-	-	1,004	1,004
Travel	31,796	-	-	49,417	81,213
Student Transportation (bussing)	-	-	-	5,641	5,641
Rentals/Leases	-	-	-	18,840	18,840
Other Contracted Services	16,821	-	-	81,191	98,012
Others	205	-	-	6,915	7,120
<u>MATERIAL/SUPPLIES/FREIGHT</u>					
Materials	-	-	63,334	13,566	76,900
Furniture and Equipment	-	-	-	183,218	183,218
Freight	-	-	-	14,689	14,689
TOTAL	\$ 48,822	\$ 57,161	\$ 63,334	\$ 4,680,836	\$ 4,850,153

**Commission scolaire francophone
Territoires du Nord-Ouest**

Consolidated Financial Statements

June 30, 2017

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Financial Statements

June 30, 2017

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Commission scolaire francophone Territoires du Nord-Ouest

Rapport de gestion

L'objectif du rapport de gestion consiste à expliquer, du point de vue du bureau central, la situation financière et les perspectives d'avenir de la Commission scolaire francophone TNO. Le rapport de gestion est la responsabilité de la direction générale et du Conseil des commissaires de la Commission scolaire francophone TNO et sert à promouvoir la transparence et la reddition de compte.

Les objectifs de la gestion financière de la Commission scolaire francophone TNO se résument en deux objectifs :

- 1) Fournir les meilleurs programmes d'éducation possible selon les ressources financières allouées.
- 2) Gérer les ressources financières avec compétence et être redevable pour ces ressources financières devant le ministère de l'Éducation, de la Culture et de la Formation des Territoires du Nord-Ouest et le gouvernement du Canada.

La vision de la Commission scolaire francophone TNO est de permettre à l'élève de développer ses compétences et de cultiver ses talents, selon ses besoins spécifiques, dans une perspective de développement global de sa personne et de son identité francophone.

Selon la *Loi sur l'Éducation des Territoires du Nord-Ouest*, la Commission scolaire francophone compte six sièges de commissaires élus, trois à Yellowknife et trois à Hay River.

Ce sont les commissaires qui supervisent la gestion de la Commission scolaire et des écoles. En fait, ils constituent le lien entre les élèves, les parents, les écoles et les deux paliers de gouvernement.

Les commissaires pour 2016-17 étaient :

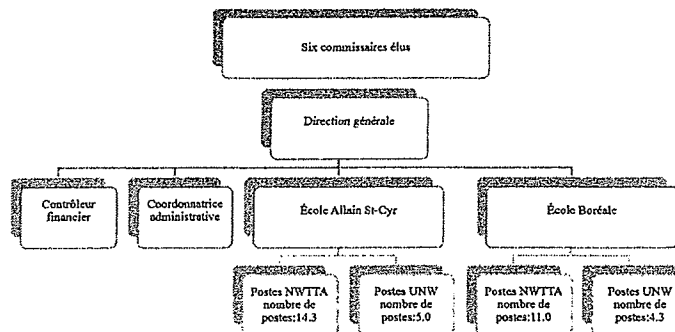
Nom	Titre
Simon Cloutier	Présidente
Natalie Campbell	Vice-présidente
Christian Marcoux	Trésorier
David Couture	Commissaire
Étienne Croteau	Commissaire
Michael St-Amour	Commissaire

La Commission scolaire francophone TNO gouverne deux écoles publiques en français langue première de la maternelle à la 12^e année: l'école Allain St-Cyr à Yellowknife et l'école Boréale à Hay River. En 2016-17, la CSFTNO avait trois employés au bureau central et trente-deux employés dans les écoles pour un total de trente-cinq employés.

L'organigramme de la Commission scolaire francophone pour l'année scolaire 2016-17:



COMMISSION SCOLAIRE FRANCOPHONE DES TNO



Au 30 septembre 2016, 117.5 élèves fréquentaient l'école Allain St-Cyr et 81.5, l'école Boréale.

La Commission scolaire a adopté son Plan stratégique 2015-2020 le 17 décembre 2015. Le plan comprend 5 priorités :

- La réussite et le bien-être de chaque élève;
- Espace francophone et communautaire;
- Engagement des parents et des familles;
- L'école francophone, le premier choix des parents; et
- Gestion et gouvernance efficaces.

Priorité : La réussite et le bien-être de chaque élève

- Développer les compétences à l'ère numérique chez nos élèves de la maternelle à la 12e année;
- Appuyer nos élèves à partir d'une compréhension commune de « la réussite » et du « bien-être »;
- Améliorer la diversité et la qualité des programmes et des services offerts dans nos écoles;
- Entretenir un climat sain, inclusif et sécuritaire dans nos écoles;
- Assurer l'utilisation efficace et judicieuse des technologies informatiques et de communication pour améliorer l'expérience d'apprentissage;
- Maintenir un personnel engagé et compétent;
- Assurer le développement professionnel continu et l'échange de pratiques qui favorisent la réussite et le bien-être des élèves; et
- Favoriser le développement de l'autonomie chez les élèves tout au long de leur parcours scolaire.

Priorité : Espace francophone et communautaire

- Favoriser le développement de la construction identitaire chez nos élèves;
- Renforcer les partenariats avec la communauté pour appuyer l'apprentissage de chaque élève; et
- Promouvoir la valeur ajoutée de l'éducation en français langue première et de la dualité linguistique canadienne.

Priorité : Engagement des parents et des familles

- Impliquer nos parents comme partenaires dans l'apprentissage et l'épanouissement de leur enfant;
- Aider nos parents afin qu'ils puissent accompagner leur enfant; et
- Assurer une communication ouverte et soutenue avec les parents.

Priorité : L'école francophone, le premier choix des parents

- Assurer la pérennité et la vitalité de nos écoles; et
- Favoriser la rétention et le recrutement des élèves.

Priorité : Gestion et gouvernances efficaces

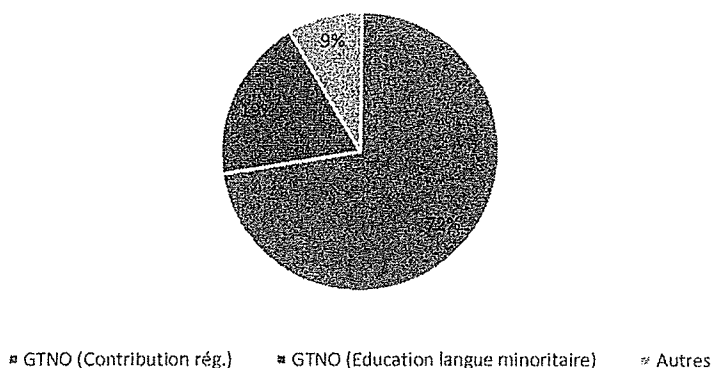
- Mettre à jour les politiques de gouvernance de la CSFTNO;
- Renforcer les capacités de leadership au sein de la CSFTNO; et
- Améliorer la communication et la diffusion d'information auprès des parents et des membres de la communauté.

Revenus

La source principale de revenu provient du Gouvernement des Territoires du Nord-Ouest. Cette source de revenu est majoritairement divisée entre 2 catégories :

- Les contributions régulières calculées par le Cadre de financement scolaire des Territoires du Nord-Ouest; et
- La contribution provenant de l'entente *Enseignement en français langue de la minorité* de Patrimoine canadien.

Sources de revenu CSFTNO 2016-17

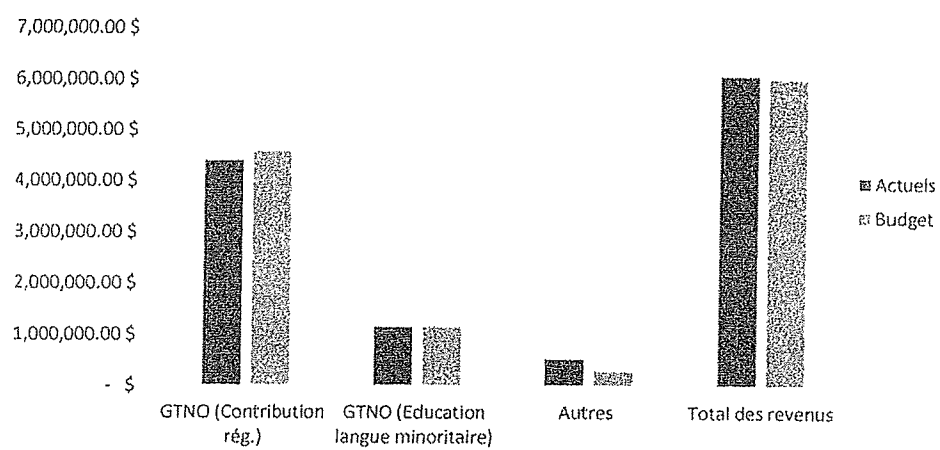


En 2016-2017, la Commission scolaire francophone TNO a enregistré des revenus d'une somme de 6.08 M\$ comparativement à un montant budgété de 6.03 M\$. Cette variance de 50 K\$ s'explique principalement par 4 facteurs :

- Des revenus surestimés par la CSFTNO de (106 K\$) dans les contributions régulières du GTNO.
- Les contributions additionnelles de 90 K\$ reçues par le Gouvernement des Territoires du Nord-Ouest pendant l'année scolaire 2016-17 pas inclus dans le budget approuvé.
- Une somme de 52 K\$ non budgétée reçu en raison des montants résiduels du *Programme de contestation judiciaire*.
- La somme de 17 K\$ non budgétée reçu pour le programme de développement professionnel du NWTTA.

Voici un tableau illustrant les revenus actuels comparativement aux revenus budgétés :

Revenus actuels vs. budgétés 2016-17



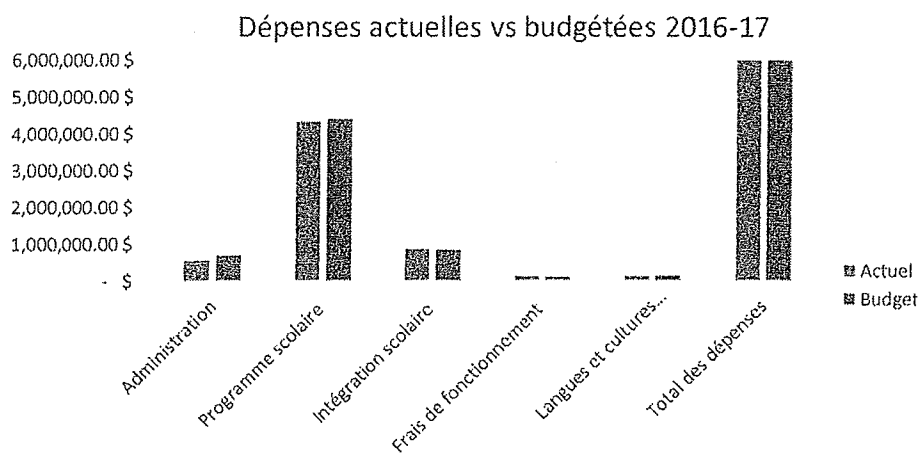
Dépenses

Le total des dépenses de la Commission scolaire francophone TNO au 30 juin 2017 se chiffrait à 6.04 M\$ comparativement à un budget approuvé de 6.20 M\$.

Cette variance de 160 K\$ s'explique majoritairement par les revenus surestimés de 106 K\$. Ayant déjà un budget déficitaire de (176 K\$), lorsque la CSFTNO a réalisé que les revenus étaient surestimés de 106 K\$, plusieurs changements au budget ont été implantés afin de limiter l'impact sur le surplus, notamment :

- Réductions dans le programme d'administration
 - Frais de voyage réduit de 7 K\$.
 - Frais de marketing réduit de 5 K\$
 - Frais administratifs réduits de 8 K\$
 - Frais de matériaux réduits de 10 K\$
 - Les initiatives découlant du Plan stratégique ont été remises à 2017-18. (Économie de 80 K\$)
 - Frais légaux 10 K\$ plus bas que budgétés
- Réduction dans le programme scolaire
 - Frais de matériaux 52 K\$ plus bas que budgétés
 - Frais de développement professionnel de 5 K\$ plus bas que budgétés
 - Bourses de rétention plus bas que prévu de 10 K\$

Voici un tableau illustrant les dépenses actuelles comparativement aux dépenses budgétées par programme :



Programmes

- Administration

La section administration comprend les dépenses pour les salaires et bénéfices des employés au bureau central, les honoraires du Conseil d'administration et les dépenses administratives de la Commission scolaire francophone TNO.

- Programme scolaire

Cette section inclue les dépenses opérationnelles des écoles telles que les salaires et bénéfices des enseignants, aide-enseignants, consultants, secrétaires et concierges. Le programme scolaire comprend également les frais de développement professionnel, le transport par autobus, les matériaux scolaires et les fournitures scolaires dans les écoles.

- Intégration scolaire

Les dépenses pour l'intégration scolaire permettent aux écoles d'inclure tous les élèves et d'assurer leur participation dans les classes régulières. Cette section inclue les salaires et bénéfices des enseignants, les adjoint(e)s au programme de soutien, le développement professionnel, les matériaux et fournitures de classe associés au programme d'intégration scolaire.

- Frais de fonctionnement

Les frais de fonctionnement consistent des dépenses d'opération et de maintenance des écoles non couverts par le Gouvernement des Territoires du Nord-Ouest.

- Langue et cultures autochtones

Ce programme comprend les salaires et bénéfices des enseignants, ainsi que les matériaux et les fournitures reliés au programme de Langue et culture autochtones.

Modification de méthode comptable

En 2016-17, la CSFTNO a appliqué les changements relatifs à la norme SP 3255, *Avantages postérieurs à l'emploi, congés rémunérés et prestations de cessation d'emploi*. L'objectif comptable est de mesurer l'obligation au titre des avantages sociaux futurs en vue de communiquer cette information et d'attribuer le coût des avantages aux exercices pertinents.

La note 17 aux états financiers illustre les détails provenant de la norme SP 3255. Le passif initial non comptabilisé se voit comme une modification de méthode comptable appliquée rétroactivement. L'ajustement rétroactif réduit le surplus accumulé en fin d'année 2015-16 de 457 267\$. Avec ce changement, le surplus accumulé au 30 juin 2016 se chiffre à 119 564\$ comparativement à 576 831\$.

Sommaire

En 2016-17, la Commission scolaire francophone TNO a approuvé un déficit de (176 501\$) en raison des dépenses liées à la réalisation du Plan stratégique 2015-2020 et à l'implantation des programmes préscolaires 4 ans à temps plein dans nos deux écoles.

La Commission scolaire francophone TNO a terminé l'année fiscale avec un surplus annuel de 67 646\$. Par conséquent, le surplus accumulé a augmenté à 187 210\$ comparativement à 119 564\$ au 30 juin 2016. Ce surplus annuel s'explique majoritairement par des revenus excédentaires non budgétés d'environ 50 K\$, le recouvrement des *Avantages postérieurs à l'emploi, congés rémunérés et prestations de cessation d'emploi* de 25 K\$ et des réductions des dépenses budgétés au bureau central et dans les écoles.

Finalement, les fonds budgétés pour l'année fiscale 2017-2018 s'enlignent avec le Plan stratégique 2015-2020 dans le but de continuer à offrir un excellent programme d'éducation en français langue première dans nos deux écoles.

Nous souhaitons une bonne rentrée scolaire à tous les élèves et employés de la Commission scolaire francophone TNO.

**To the Minister of Education, Culture and Employment
Government of the Northwest Territories**

Management's Responsibility for Financial Reporting with respect to the school year ended June 30, 2017

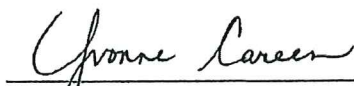
The Management Discussion and Analysis, Consolidated Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of Commission scolaire francophone Territoire du Nord-Ouest ("the Commission") in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of the Commission have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Commission



Yvonne Careen

Directrice générale



Eric Frenette, CPA, CGA

Contrôleur financier

September 18, 2017



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Independent Auditors' Report

To the Minister of Education, Culture and Employment Government of the Northwest Territories

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Commission Scolaire Francophone Territoires du Nord-Ouest ("the Commission") which comprise the consolidated statement of financial position as at June 30, 2017 and the consolidated statements of operations, changes in net financial asset, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the consolidated 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 Commission'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 consolidated financial statements.

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



Independent Auditors' Report (continued)

Basis for Qualified Opinion

Salaries and benefits paid to management and employees of the Commission are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories. Our audit scope was limited as we did not audit the components of salaries and benefits expenditures. Accordingly, we were not able to determine whether any adjustments might be necessary to salaries and benefits expenditures, employee deductions payable, vacation payable, salaries and wages payable, employee leave and termination benefits and accumulated surplus (deficit).

Qualified Opinion

In our opinion, except for the possible effect of the matters described in the Basis of Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Commission as at June 30, 2017 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the *Financial Administration Act*, in our opinion, proper books of account have been kept by the Commission, the consolidated financial statements are in agreement therewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Commission.

A handwritten signature in black ink that reads "Crowe MacKay LLP".

**Yellowknife, Northwest Territories
September 18, 2017**

Chartered Professional Accountants

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Statement of Financial Position

As at June 30, 2017 2016
(Restated
- Note 32)

Financial Assets

Cash (Note 4)	\$ 1,686,375	\$ 1,149,689
Accounts receivable (Note 8)	206,554	329,992
	1,892,929	1,479,681

Liabilities

Accounts payable and accrued liabilities (Note 10)	634,389	151,477
Deferred revenue (Note 11)	12,300	-
Post-employment benefits (Note 17)	610,525	648,814
Payroll liabilities (Note 34)	456,511	576,672
	1,713,725	1,376,963

Net financial assets **179,204** **102,718**

Non-financial assets

Prepaid expenses and deposits (Note 20)	8,006	16,846
Accumulated surplus	\$ 187,210	\$ 119,564


Represented By:

Operating surplus **\$ 187,210** **\$ 119,564**

Contractual obligations and contingencies (Note 24 and 25)

Approved on behalf of the Board:

 Trustee

 Trustee

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Statement of Operations

For the year ended June 30,	2017 Budget	2017 Actual	2016 Actual (Restated - Note 32)
Revenue			
Government of the NWT Education, Culture, & Employment			
ECE Regular contributions	\$ 4,582,460	\$ 4,514,588	\$ 4,446,189
French language instruction	1,152,850	1,152,850	1,152,850
ECE Other contributions (Note 33)	-	96,901	59,245
Total GNWT ECE	5,735,310	5,764,339	5,658,284
GNWT Other contributions (Note 34)	50,000	44,234	23,027
Total GNWT	5,785,310	5,808,573	5,681,311
Government of Canada			
Other contributions	45,500	46,578	47,553
Education body generated funds			
Northwest Territories Teachers' Association Contributions	-	17,830	9,039
Interest	10,000	12,773	19,298
School fees	185,000	156,165	12,492
Other revenue	-	39,181	23,732
	195,000	225,949	64,561
	6,025,810	6,081,100	5,793,425
Expenses (Schedule 1)			
Administration	699,353	562,628	598,859
School programs	4,402,623	4,327,553	4,083,653
Inclusive schooling	840,098	865,611	855,388
Operations and maintenance	106,300	138,959	98,943
Aboriginal languages	153,937	143,784	145,258
	6,202,311	6,038,535	5,782,101
Operating surplus (deficit) before other items	(176,501)	42,565	11,324
Other items			
Post-employment benefit (recovery) expense (Note 17)	-	(25,081)	140,759
Grant in-kind - Assets provided at no cost (Note 23)	-	164,160	164,160
Rent expense - Assets provided at no cost (Note 23)	-	(164,160)	(164,160)
Adjusted operating surplus (deficit)	(176,501)	67,646	(129,435)
Opening accumulated surplus, as previously stated	577,564	576,831	577,564
Restatement for change in accounting policy (Note 32)	-	(457,267)	(328,565)
Opening accumulated surplus, as restated	577,564	119,564	248,999
Closing accumulated surplus	\$ 401,063	\$ 187,210	\$ 119,564

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Statement of Changes in Net Financial Assets

For the year ended June 30,	2017	2016 (Restated - Note 32)
Adjusted operating surplus (deficit)	\$ 67,646	\$ (129,435)
Use (acquisition) of prepaid expenses and deposits	8,840	(1,663)
Increase in net financial assets	76,486	(131,098)
Net financial assets, beginning of year	102,718	233,816
Net financial assets, end of year	\$ 179,204	\$ 102,718

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Statement of Cash Flows

For the year ended June 30,	2017	2016 (Restated - Note 32)
<i>Cash provided by (used in):</i>		
Operating transactions		
Operating surplus (deficit)	\$ 67,646	\$ (129,435)
Changes in non-cash assets and liabilities		
Increase (decrease) in accounts receivable	123,438	(114,417)
Increase (decrease) in accounts payable	482,912	(21,587)
Increase (decrease) in payroll liabilities	(120,161)	(89,902)
Increase (decrease) in contributions repayable	-	(17,410)
Increase (decrease) in deferred revenue	12,300	(45,000)
Increase (decrease) in post-employment benefits	(38,289)	151,964
Increase (decrease) in prepaid expenses and deposits	8,840	(1,664)
Increase (decrease) in cash and cash equivalents	536,686	(267,451)
Cash at beginning of year	1,149,689	1,417,140
Cash at end of year	\$ 1,686,375	\$ 1,149,689

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 1
Consolidated Details of Expenses

For the year ended June 30,

	School Programs	Inclusive Schooling (schedule 3)	Operations & Maintenance	Administration	Aboriginal Languages (schedule 2)	Total 2017	Budget 2017	Total 2016
Salaries								
Teacher salaries	\$ 2,980,280	\$ 457,295	\$ -	\$ -	\$ 63,918	\$ 3,501,493	\$ 3,467,257	\$ 3,381,396
Instruction assistants	372,705	209,634	-	-	-	582,339	567,636	426,569
Non-instruction staff	375,616	60,687	-	359,562	-	795,865	818,350	815,015
Board/trustee honoraria	-	-	-	36,357	-	36,357	38,000	38,884
	3,728,601	727,616	-	395,919	63,918	4,916,054	4,891,243	4,661,864
Employee Benefits								
Employee benefit	-	-	30,986	-	-	30,986	26,000	36,823
Leave and termination	-	-	75,721	-	-	75,721	20,000	10,827
	-	-	106,707	-	-	106,707	46,000	47,650
Services Purchased/Contracted								
Advertising/Publishing	-	-	123	29,912	-	30,035	47,000	21,089
Communication	17,121	-	-	12,389	-	29,510	38,576	24,149
Contracted services	64,555	38,693	-	42,710	-	145,958	233,500	169,703
Maintenance & repairs	14,499	-	32,129	-	-	46,628	65,800	60,363
Other	62,007	49,830	-	19,863	31,172	162,872	241,050	199,304
Rental/leases	112,027	-	-	7,455	-	119,482	109,000	124,458
Student travel	57,866	-	-	-	-	57,866	67,000	61,738
Travel	32,639	10,790	-	21,174	28,988	93,591	93,632	81,311
	360,714	99,313	32,252	133,503	60,160	685,942	895,558	742,115
Supplies and Materials								
Freight	706	2,432	-	-	-	3,138	4,050	5,414
Materials	237,532	36,250	-	33,206	19,706	326,694	365,460	325,058
	238,238	38,682	-	33,206	19,706	329,832	369,510	330,472
Total	\$ 4,327,553	\$ 865,611	\$ 138,959	\$ 562,628	\$ 143,784	\$ 6,038,535	\$ 6,202,311	\$ 5,782,101

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 2

Details of Aboriginal Language and Culture Expenses

For the year ended June 30, 2017

	Student Instructions	School Activities & Integrated Community Programs	Total
Function Salaries			
ALCBE teachers	\$ 63,918	\$ -	\$ 63,918
Honoraria	-	21,272	21,272
Elders in the schools	-	9,900	9,900
	63,918	31,172	95,090
Services Purchased/Contracted			
Travel	-	28,988	28,988
	-	28,988	28,988
Materials/Supplies/Freight			
Materials	-	19,706	19,706
	\$ 63,918	\$ 79,866	\$ 143,784

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 3

Details of Inclusive Schooling Expenses

For the year ended June 30, 2017

	Staff Development	Student Resources	General Inclusive Schooling	Total
Function Salaries				
Consultants	\$ -	\$ -	\$ 60,687	\$ 60,687
Program support teachers	-	-	457,295	457,295
Supportive assistants	-	-	209,634	209,634
	-	-	727,616	727,616
Services Purchased/Contracted				
Contracted services	-	-	38,693	38,693
Other	49,830	-	-	49,830
Travel	-	-	10,790	10,790
	49,830	-	49,483	99,313
Materials/Supplies/Freight				
Freight	-	-	2,432	2,432
Materials	-	36,250	-	36,250
	-	36,250	2,432	38,682
	\$ 49,830	\$ 36,250	\$ 779,531	\$ 865,611

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 4
French Language Funding

For the year ended June 30, 2017

	Contributions from GNWT	Commitments from Commission	Expenditures	(Under) Over Funding
STUDENT PARTICIPATION				
School administration (salary)	\$ 200,000	\$ 20,000	\$ 253,432	\$ (33,432)
Retention bursaries	12,000	-	32,750	(20,750)
2 grade level per class (salary)	299,350	1,700,000	2,449,982	(450,632)
2 secretaries / librarian (salary)	100,000	48,000	166,933	(18,933)
SCHOOL PROGRAMS				
Cyber pedagogy (salary)	105,000	10,000	119,124	(4,124)
Technology resources	60,000	-	60,560	(560)
PROGRAM ENRICHMENT				
Partnership early childhood	30,000	-	185,251	(155,251)
Teacher assistants for francisation (salary)	120,000	20,000	166,406	(26,406)
Art Program	75,000	-	86,315	(11,315)
Cultural activities	40,000	-	50,032	(10,032)
French resource purchase	30,000	5,000	43,988	(8,988)
EDUCATIONAL SUPPORT FOR PERSONNEL				
Mentors in literacy and numeracy	35,000	15,000	70,106	(20,106)
Mentors in literacy and numeracy (O&M)	25,500	-	26,337	(837)
Professional development	21,000	20,000	41,506	(506)
Total	\$ 1,152,850	\$ 1,838,000	\$ 3,752,722	\$ (761,872)

Regular GNWT Funding
Total

\$ 4,514,588

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 5
Student Success Initiative

For the year ended June 30, 2017

	Total
Revenue - GNWT	\$ 32,830
Expenditures	
Salaries/Wages	
Facilitator fees	20,331
Substitute teacher	8,044
	28,375
Travel	4,536
Total expenditures	32,911
Deficit	\$ (81)

June 30, 2017

1. Nature of the Organization

The Commission was established under the *Education Act* of the Government of the Northwest Territories ("GNWT") by order of the Minister dated November 7, 2000. A full range of instructional programs ranging from pre-kindergarten through Grade 12 is offered by the Commission in both Yellowknife and Hay River.

The Commission is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the Commission includes all aspects of operation and management. The Commission is the lowest (and sole) level of government exercising oversight responsibility.

The Commission is a public body performing a function of government in Canada. Paragraph 149(1)(c) of the *Income Tax Act* provides that a public body performing the function of government in Canada is exempt from taxation.

2. Significant Accounting Policies

(a) Basis of Accounting

The consolidated financial statements of the Commission have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality.

The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the consolidated financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.

June 30, 2017

2. Significant Accounting Policies (continued)

(c) Financial Instruments

The Commission classifies its financial instruments at cost or amortized cost. The Commission's accounting policy for this financial instrument category is as follows:

This category includes cash, restricted assets, accounts receivable, accounts payable and accrued liabilities, and payroll liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(d) Non-financial Assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver services that may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses. These assets do not normally provide resources to discharge the liabilities of the Commission unless they are sold.

(e) Tangible Capital Assets

The Commission does not carry any tangible capital assets. All tangible capital assets used by the Commission are purchased by and remain the property of the GNWT. The Minister grants to the Education Body the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Tangible capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Tangible capital assets with a value of less than \$50,000 are recorded as a current expenditure.

June 30, 2017

2. Significant Accounting Policies (continued)

(f) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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.

GNWT - regular contributions

The regular contributions from the GNWT are determined by a funding formula, based on student enrolment and price and volume fluctuation, and are received in monthly installments. The Commission retains surpluses and is responsible for deficits. Any funding requests over and above those levels provided by the formula must be first approved by the GNWT. The contribution revenue is recognized when received or receivable.

GNWT - French minority language

The French minority language contributions from the GNWT are determined by additional costs related to French minority language, and are received in three installments on the first of November, January and March. The contribution revenue is recognized when received or receivable.

Other contributions

The Commission follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reliably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Funds received that are not expended at year-end are recorded as either deferred revenue or contributions repayable depending upon the terms of the contribution agreement.

Special Purpose funds

Schools in the system administer funds which arise from certain school and student activities. Such funds, although subject to internal review, are not recorded in the accounts or in the financial statements of the Commission as they do not constitute any part of the approved budget and are available for use at the discretion of each individual school.

Deferred revenue

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

June 30, 2017

2. Significant Accounting Policies (continued)

(g) Budget Data

The *Education Act* of the Northwest Territories requires that Boards of Education prepare an annual budget, as outlined in Section 128 and 129.

The final priorities and funding allocations are determined by the Trustees of the Commission at a special meeting called for the purposes of reviewing budget proposals, recommending changes, additions or deletions and adopting the proposed budget. The budget is legally adopted by a motion of the Board in accordance with Section 135(2) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture, and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

This annual budget includes estimates of revenue and expenditures for operations. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Commission.

The budget may be amended within a given fiscal year in accordance with the Commission's policy, regulations and approved budget procedures. The budget data presented in the financial statements reflects the amended budget for the fiscal year, and therefore, includes any amendments that may have been made during the year. The budget has not been audited.

(h) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) Inventories Including Materials and Supplies

Materials and supplies are considered a cost of operations and are expensed to the applicable program when received.

June 30, 2017

2. Significant Accounting Policies (continued)

(j) Payroll Liabilities

According to the Northwest Territories Teachers' Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT Payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued as a liability.

The duties and compensation base for UNW School Year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Commission determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff salaries are accrued to include earnings to June 30.

(k) Post-employment Benefits, Compensated Absences and Termination Benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Annual leave is payable within one fiscal year. Employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Payment of the removal and termination is dependent on employees leaving the Commission and other criteria as outlined in the negotiated collective agreements and management handbook guidelines of the GNWT.

(l) Special Purpose Funds

Student activity funds which are controlled by students or parties other than the Commission are not included even if custody of the funds is held by the Commission. Examples of excluded funds might be student clubs or associations for which the Commission has no ongoing responsibility of liability for losses.

(m) Donated Goods and Services

The school buildings occupied by the Commission are the property of the GNWT. The lease of the office space occupied by the Commission is paid for by the GNWT. The fair value of the use of the building and office space is estimated at its fair value and recognized as assets provided at no cost in the statement of operations.

June 30, 2017

2. Significant Accounting Policies (continued)

(n) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met: an environmental standard exists; contamination exceeds the environmental standard; The Commission is directly responsible and accepts responsibility and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at June 30, 2017.

At each financial reporting date, management reviews the carrying amounts of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. Management at the Commission has concluded that there is no contamination that exceeds environmental standards and as a result there are no liabilities for contaminated sites.

3. Future Accounting Changes

Related party disclosures, Section PS 2200

PSAB approved Section PS 2200, Related Party Disclosures. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The impact of the transition to this accounting standard has not yet been determined.

Inter-entity Transactions, Section PS 3420

PSAB approved Section PS 3420, Inter-entity Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section PS 2200.

The impact of the transition to this accounting standard has not yet been determined.

Notes to Consolidated Financial Statements

June 30, 2017

3. Future Accounting Changes (continued)

Assets, Section PS 3210

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

The impact of the transition to this accounting standard has not yet been determined.

Contingent Assets, Section PS 3320

PSAB approved Section PS 3320, Contingent Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

The impact of the transition to this accounting standard has not yet been determined.

Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

Student Activity Funds

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the consolidated financial statements of the Commission in the future.

4. Cash and Cash Equivalents

	2017	2016
Cash	\$ 1,686,375	\$ 1,149,689

The cash is held in a bank account with Royal Bank of Canada (RBC).

5. Special Purpose Funds

The Commission does not have special purpose funds.

Commission scolaire francophone Territoires du Nord-Ouest**Notes to Consolidated Financial Statements**

June 30, 2017

6. Restricted Assets

The Commission does not have any restricted assets.

7. Portfolio Investments

The Commission does not have any portfolio investments.

8. Accounts Receivable

	Accounts Receivable 2017	Allowance for doubtful accounts 2017	Net 2017	Net 2016
GNWT - Department of Education, Culture and Employment	\$ 132,960	\$ -	\$ 132,960	\$ 144,697
GNWT - Department of Health and Social Services	-	-	-	2,000
Trade Receivable	73,924	330	73,594	183,295
	\$ 206,884	\$ 330	\$ 206,554	\$ 329,992

9. Inventory

The Commission does not have inventory.

10. Accounts Payable and Accrued Liabilities

	2017	2016
Due to WSCC	\$ 8,882	\$
Due to GNWT	382,052	17,410
Trade payables	243,455	134,067
	\$ 634,389	\$ 151,477

11. Deferred Revenue

Deferred revenue consists of funding received from the GNWT for the Active After School Program for expenditures not yet incurred at year end.

	2017	2016
GNWT - Active After School program funding	\$ 12,300	\$ -

June 30, 2017

12. Contributions Repayable

The Commission does not have any contributions repayable.

13. Due From and To the Government of Canada

The Commission does not have amounts due from and to the Government of Canada.

14. Capital Lease Obligations

The Commission does not have capital lease obligations.

15. Pensions

The Commission does not have pensions.

16. Long-Term Debt

The Commission does not have long-term debt.

17. Post-Employment Benefits

Under the conditions of employment, employees earn severance remuneration based on the number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. The payment of these benefits is dependent on employees leaving the Commission.

These liabilities are to be funded in the year they become due through regular annual budget allocations that are received from the GNWT.

Severance benefits are paid to the Commission's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits for all staff are accrued as employee render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Notes to Consolidated Financial Statements

June 30, 2017

17. Post-Employment Benefits (Continued)

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Authority.

Changes in Obligation	Severance and Removal	Compensated Absences	2017	2016 (Restated - Note 32)
Accrued benefit obligation beginning of year	\$ 158,634	\$ 32,913	\$ 191,547	\$ 520,112
Current period benefit cost	17,105	4,380	21,485	127,031
Interest accrued	5,454	1,151	6,605	13,728
Benefits payments	(10,552)	(2,656)	(13,208)	(12,057)
Actuarial (gain)/loss	14,647	21,296	35,943	(457,267)
Accrued benefit obligation end of year	185,288	57,084	242,372	191,547
Unamortized net actuarial loss/(gain)	262,008	106,145	368,153	457,267
Total accrued liability	\$ 447,296	\$ 163,229	\$ 610,525	\$ 648,814
Benefits Expense				
Current period benefit cost	\$ 17,105	\$ 4,380	\$ 21,485	\$ 127,031
Interest accrued	5,454	1,151	6,605	13,728
Amortization of gains	(36,402)	(16,769)	(53,171)	-
Total benefits expense	\$ (13,843)	\$ (11,238)	\$ (25,081)	\$ 140,759

Commission scolaire francophone Territoires du Nord-Ouest

Notes to Consolidated Financial Statements

June 30, 2017

17. Post-Employment Benefits (Continued)

The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
	\$	\$	\$
2018	17,693	5,822	23,515
2019	18,910	6,856	25,766
2020	18,780	5,897	24,677
2021	20,805	6,251	27,056
2022	20,668	6,194	26,862
2023-2027	85,035	22,353	107,388
Total	181,891	53,373	235,264

18. Trust Assets Under Administration

The Commission does not have trust assets under administration.

19. Tangible Capital Assets

The Commission does not have tangible capital assets.

20. Prepaid Expenses and Deposits

	2017	2016
Other prepaids	\$ 8,006	\$ 15,183

21. Accumulated Surplus/Deficit

A breakdown is included in the consolidated statement of financial position.

22. Capital Advances

The Commission does not have capital advances.

Commission scolaire francophone Territoires du Nord-Ouest

Notes to Consolidated Financial Statements

June 30, 2017

23. GNWT Assets Provided At No Cost

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Ecole Allain St-Cyr	\$ 3,392,305	\$ 1,547,895	\$ 1,844,410	\$ 1,929,211
Ecole Boreale	3,741,675	1,021,677	2,719,998	2,708,348
Ecole Allain St-Cyr Phase 1	4,490,598	1,071,251	3,419,347	3,549,195
Final deficiencies	-	-	-	270,541
Ecole Boreale Modular Units	1,189,060	236,479	952,581	985,148
Ecole Boreale Pellet Boiler	86,115	31,216	54,899	59,204
	12,899,753	3,908,518	8,991,235	9,501,647
Deferred Capital Contribution				
Ecole Allain St-Cyr	(3,230,000)	(1,296,250)	(1,933,750)	(1,933,750)
Ecole Boreale	(2,600,000)	(686,851)	(1,913,149)	(1,913,149)
Ecole Allain St-Cyr Phase 1	(1,300,000)	(287,208)	(1,012,792)	(1,012,792)
	\$ 5,769,753	\$ 1,638,209	\$ 4,131,544	\$ 4,641,956

Rent expense of \$164,160 (2016 - \$164,160) was offset by a grant in-kind.

24. Contractual Obligations

The Commission has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2017.

The future minimum payments are as follows:

	Expires in fiscal year	2018	2019-2022	Total
Equipment leases				
Workcenter 5955	2021	\$ 3,227	\$ 8,067	\$ 11,294
Printer/Mono Scanner				
Xerox WC7845i	2020	4,000	8,001	12,001
Aficia MP C4502	2022	2,052	7,695	9,747
		9,279	23,763	33,042
Operational Contracts				
First Canada ULC	2018	40,000	-	40,000
		\$ 49,279	\$ 23,763	\$ 73,042

Commission scolaire francophone Territoires du Nord-Ouest**Notes to Consolidated Financial Statements**

June 30, 2017

25. Contingencies

In early June 2012, a judgement was decreed in the legal action brought by the Commission against the GNWT to provide additional classroom space in Hay River and to assert the right to enrol students in both schools, and in a second legal action brought against the GNWT by L'Association des Parents Ayants Droit, with the support of the Commission, to provide additional classroom space in Yellowknife. In this judgement the GNWT was ordered by the Supreme Court of the Northwest Territories to reimburse \$1,127,287 to the Commission. Payment was received during the fiscal year ended June 30, 2014.

During the fiscal year ended June 30, 2015, the GNWT submitted an appeal and was successful. The Commission then submitted an appeal to the Supreme Court of Canada which was refused to be heard. The amounts owing through the GNWT appeal process have not yet been determined.

26. Related Parties

The Commission is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business. The Commission is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, payroll services and internal audit services by the Department of Finance, and utilities and maintenance by Public Works and Services. Transactions with related parties and balances at year-end disclosed in the financial statements are summarized in this note.

	2017	2016
Accounts Receivable		
GNWT - Department of Education, Culture and Employment	\$ 132,960	\$ 146,697
Accounts Payable		
GNWT - Department of Education, Culture and Employment	\$ 15,464	\$ 17,410
GNWT - Department of Finance	366,588	-
Hay River District Education Authority	17,943	-
Yellowknife Education District No.1	31,695	-
	\$ 413,747	\$ 17,410
Salaries and wages payable		
GNWT - Department of Finance (salaries and wages payable)	\$ 453,914	\$ 570,684
GNWT - Department of Finance (employee deductions payable)	2,597	5,988
	\$ 456,511	\$ 576,672

June 30, 2017

27. Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Commission.

The budget figures presented are those approved by the Trustees of the Commission on June 19, 2016 and have not been audited.

28. Economic Dependence

The Commission receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Commission's operations would be significantly affected.

29. Risk Management

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

a) Credit risk

Credit risk is the risk of financial loss to the Commission if a debtor fails to make payments of interest and principal when due. The Commission is exposed to this risk relating to its cash, restricted assets, and accounts receivable. The Commission holds its cash in accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Commission's cash in accounts are insured up to \$100,000.

The Commission's maximum exposure to credit risk is represented by the financial assets balance for a total of \$1,892,929 (2016 - \$1,479,681).

Accounts receivable are ultimately due from the departments of the Government of the Northwest Territories (GNWT) and pertain to outstanding contribution agreements. There is a concentration of credit risk in cash as the majority of the deposits are held in one Canadian chartered bank and the balance is in excess of the insurable limit. There is also a concentration risk in accounts receivable as more than 10% of the total balance is from the Government of the Northwest Territories. At June 30, 2017, receivables from the GNWT comprised approximately 64% of the total balance. The amounts represent a low credit risk as the debtors are reputable governments and government organizations with a good credit score. The Commission reduces its risk exposure by following up on old account receivables for collection.

Commission scolaire francophone Territoires du Nord-Ouest

Notes to Consolidated Financial Statements

June 30, 2017

29. Risk Management (continued)

b) Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet all cash outflow obligations as they come due. The Commission mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The Commission's maximum exposure to liquidity risk is represented by accounts payable, accrued liabilities, payroll liabilities and contributions repayable for a total \$1,090,900 (2016 - \$728,149).

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

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

30. Expenditures By Object

	2017 Budget	2017 Actual	2016 Actual
Compensation	\$ 4,937,243	\$ 5,022,762	\$ 4,709,515
Materials/freight	397,510	329,832	350,471
Services purchased/contracted	867,558	716,853	862,874
	\$ 6,202,311	\$ 6,069,447	\$ 5,922,860

31. Subsequent Events

There were no subsequent events that have taken place between June 30, 2017 and the date the audit report was signed.

32. Comparative Figures

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

The financial statements have been restated to reflect the change in accounting policy for the recognition of employee future benefits. The impact of the changes are as follows:

	2017	2016
Increase in opening balance - Post-employment Benefits	\$ 457,267	\$ 328,565
Increase in closing balance - Post-employment Benefits	\$ -	\$ 457,267
Decrease in opening balance - Accumulated Surplus	\$ (457,267)	\$ (328,565)
Decrease in closing balance - Accumulated Surplus	\$ -	\$ (457,267)
Increase in Post-employment Benefit expense	\$ -	\$ 128,702

Commission scolaire francophone Territoires du Nord-Ouest

Notes to Consolidated Financial Statements

June 30, 2017

33.ECE Other Contributions

	2017		2016
Government of the Northwest Territories - Department of Education, Culture and Employment			
Early Childhood	\$ 61,562	\$	6,882
Other	16,589		42,363
Self-Regulation	18,750		10,000
	\$ 96,901	\$	59,245

34.GNWT Other Contributions

	2017		2016
Government of the Northwest Territories			
Department of Environment and Natural Resources	\$ 8,250	\$	-
Department of Health and Social Services	4,004		5,070
Department of Municipal and Community Affairs	28,380		17,957
Legislative Assembly	3,600		-
	\$ 44,234	\$	23,027

35.Payroll Liabilities

	2017		2016
NWTTA	\$ 314,721	\$	409,158
UNW School Year	48,632		75,895
Other June 30	93,158		91,619
	\$ 456,511	\$	576,672

36.Statement of Remeasurement Gains and Losses

The Commission does not have remeasurement gains and losses.

Consolidated Financial Statements of

**DEHCHO DIVISIONAL
EDUCATION COUNCIL**

June 30, 2017

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Financial Statements

June 30, 2017

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MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Management Discussion and Analysis (MD&A) is a go-forward responsibility of management and the Council Members to promote transparency and accountability.

Vision and Core Strategy

The Dehcho Divisional Education Council mission is to provide quality education based on the cultures of its students and partnerships with the communities it serves.

The vision and core strategy for the Dehcho Divisional Education include a variety of goals and objectives, which include:

- Promote excellence in student performance.
- Deliver school programs and activities that support the intellectual, physical, emotional, social, and spiritual development of students.
- Deliver school programs and activities in a manner that integrates traditional and contemporary education practices.
- Provide programs that result in completion of secondary school graduation requirements so that students can pursue post-secondary education, skills, training and/or employment.
- Involve students in identification of learning needs and planning school programs.
- Build partnerships with community and regional agencies to meet student needs and strengthen wellness.
- Provide training to trustees, other educational leaders in schools and communities so that they may effectively exercise their roles and responsibilities.
- Promote and encourage the wellness of educational personnel (Trustees, Council staff and school staffs).

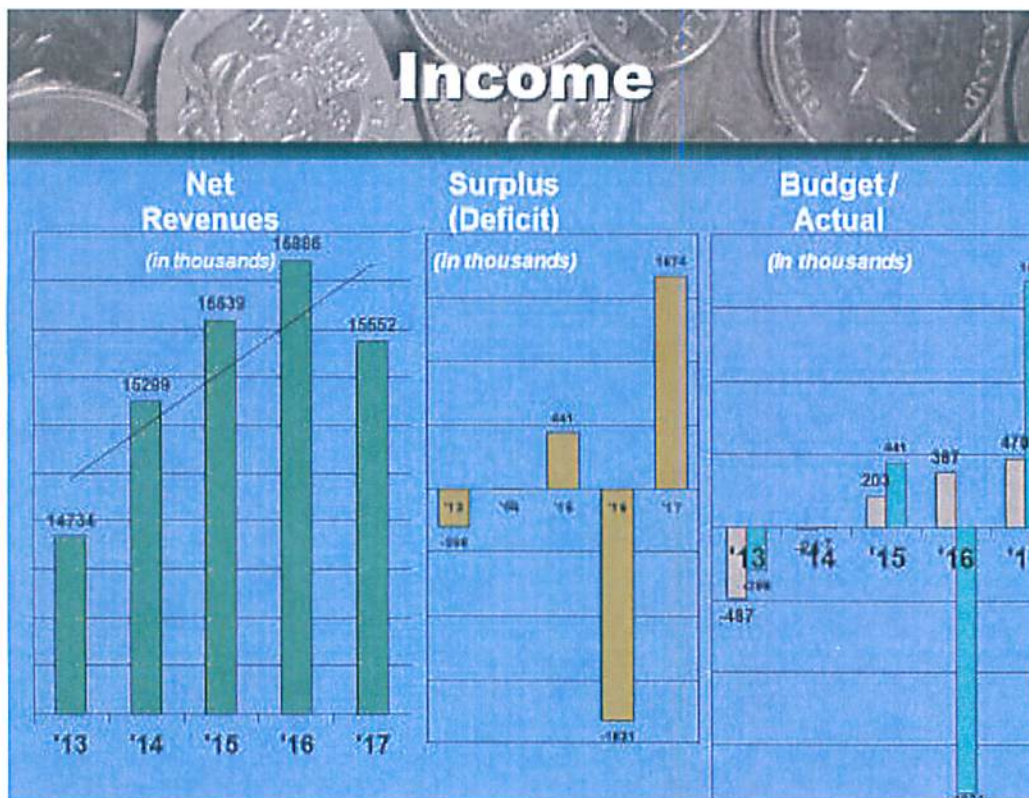
Governance, Trustees and Key Management

Presently, the Council is represented by trustees from eight communities in the Dehcho region. The Council Members are as follows:

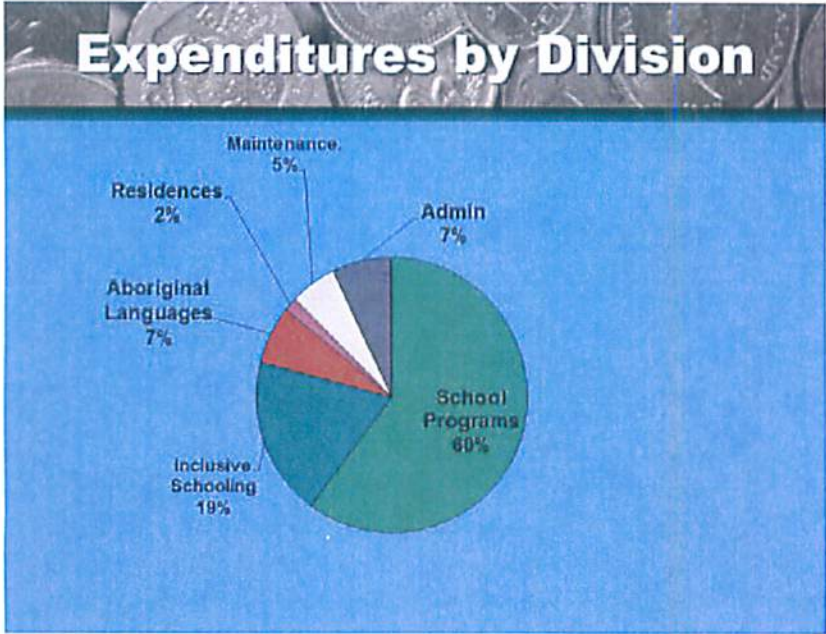
- Fort Providence- Peter Canadien
- Fort Liard- Sylvia Bertrand
- Fort Simpson- Renalyn Pascua-Matte
- Jean Marie River- Yvonne Norwegian
- Kakisa Lake- Anita Chicot- Chairperson
- Trout Lake- Danna Auger
- Wrigley- Lisa Moses-Vice-Chairperson
- Nahanni Butte- Roxanne Konisenta

The management staff include Terry Jaffray, who performs the duties of the Superintendent and is responsible for school operations and overall operations of the Council and David Fiebelkorn who manages the financial and business affairs as Comptroller of the Council.

Key Financial Highlights



Revenue has fluctuated over the past five years due to fluctuating enrollment. Due to these factors and a healthy accumulated surplus from earlier years, the Council has recorded deficits, or small surpluses over the past five years. Actual surpluses have been favorable over original budgets in four the past five years as Council tries to operate in the most financial responsible manner, taking advantage of cost saving measures wherever possible and maximizing other sources of income wherever possible. The exception to this trend is in the previous year where Senior Small Schools Secondary funding claw back due to decreased enrollment, larger than budgeted retirement and leave payouts, larger than funded personnel infrastructure costs all contributed to a much larger than budgeted deficit. During the current fiscal year, the Council recorded a favorable surplus which offset the larger deficit recorded in 2016. Much of this surplus resulted from recovery of unfunded costs of the previous year, as well as prudent fiscal management.



School programs continue to comprise the largest component of expenditures for the Council, with a strong emphasis on Inclusive Schooling and Aboriginal Language programs. The Council has constantly strived to maintain Administration cost at below 10% of total funding.

Total Student and Teacher Populations

COMMUNITY	FORT SIMPSON		FORT PROVIDENCE		JEAN MARIE RIVER	KAKISA LAKE	TROUT LAKE	WRIGLEY	FT LIARD	NAHANNI BUTTE	
SCHOOL	<u>Thomas Simpson</u>	<u>Bompas School</u>	<u>Deh Gah School</u>	<u>Louie Norwegian</u>	<u>Kakisa L School</u>	<u>Tetcho School</u>	<u>Charles Chief J</u>	<u>Yendo School</u>	<u>Echo Dene School</u>	<u>Charles Yohin School</u>	TOTAL

STUDENTS

Beginning of Year Enrollment	122	99	145	6	8	17	21	119	6	543
End of Year Enrollment	120	101	142	6	8	16	21	119	6	539
TOTAL BY DISTRICT EDUCATION AUTHOR (DEA) END OF YEAR		221	142	6	8	16	21	119	6	539

**TEACHING
STAFF**

Beginning of Year Teachers	8.5	6	11	1	1	2	1.5	8	1	40
End of Year Teachers	8.5	6	11	1	1	2	1.5	8	1	40
TOTAL BY DISTRICT EDUCATION AUTHORITY (DEA) END OF YEAR		14.5	11	1	1	2	1.5	8	1	40

Operating Environment

The Dehcho Divisional Education Council has been strengthened by sound fiscal and operation management over its history. The Council has enjoyed consistency in key management positions which has allowed for solid financial and administrative decision making. It also has been fortunate in attracting and retaining personnel in key positions. It has developed strong partnership with local groups and organizations and has developed relationships that have benefited the Council and schools. In addition, Council development and training has been a key area of strength in recent years. The Council has experienced some turnover in Principal and teaching staff in recent years which has weakened the consistency in student learning and achievement. The Council sees opportunities in the Education Renewal and Innovation to offer more dynamic education initiatives throughout the region and, with its partnerships with local and First Nations, it has opportunities to improve and develop language and cultural emphasis in education. Declining enrollment and related funding reductions represent a significant risk as well as retention of senior staff members over the next several years.

Financial Conditions

During the fiscal year ending June 30, 2017, the Council budgeted for an operating surplus to reduce the accumulated deficit and at the same time, maintain a similar level of service in the schools and communities. In doing so, the Council budgeted for an annual surplus of \$ 469,774. During the year, the Council managed to incorporate several recoveries as well as prudent fiscal management, despite declining enrollment, to record a surplus of \$1,673,882. When converted to cash flow working capital surplus, the amount of available surplus for future years is even more. This surplus for the 2017 year brought the overall accumulated books from a deficit to surplus of \$33,321 after several years of declining enrollment and unexpected costs. The break-even budget planned for 2017-18 as well as the current cash balance of \$3,342,918 eliminated any liquidity concerns as the Council continues to maintain cost controls in the current year, while contingent liabilities are not a risk to the Council's financial health. In addition, the Council has budgeted for a surplus of \$22,513 for the 2017-18 fiscal year in order to maintain the financial stability of the Council.

Surplus/(Deficit)

	2017	2016
Operating surplus (deficit) before other item	\$ 1,676,910	\$ (531,122)
Other items:		
Post-employment benefit recovery (expense), Note 17	(3,028)	(387,546)
Payroll Expenses, refer to Note 17	-	(902,383)
Prior Year Funding Received	-	-
	1,673,882	(1,821,051)
Unfunded Items:		
Change in employee leave and termination benefits	22,160	(32,537)
Change in post-employment benefits	(269,820)	1,159,516
Annual Surplus (Deficit)	\$ 1,426,222	\$ (694,072)

	2017	2016
Accumulated Surplus (Deficit)	\$ 33,321	\$ (1,640,561)
Employee leave and termination benefit	41,564	19,404
Post-employment benefits	2,127,531	2,397,351
Adjusted Accumulated Surplus (Deficit)	\$ 2,202,416	\$ 776,194

Summary and Outlook

During the past year, the Council was fortunate to recover from a large deficit the previous year, to return the Council to previous accumulated surplus levels. Despite being affected by several unanticipated and unbudgeted cost and funding reductions due to declining enrollment which reduced its accumulated financial position in a period of declining or stagnant enrollment, the Council was able to combine some cost recoveries along with strong fiscal management to reverse the fiscal trend. It was able to be successful in continuing many new initiatives including distance learning courses, mental health support for small schools, resiliency programs, and self-regulation. Several programs such as literacy development, the Aboriginal Language Revitalization program in partnership with the University of Victoria, and Council governance training and development continued. Moving forward, the Council's goals for the upcoming year are to increase student achievement through continuing to provide staff and Council training and to provide programs that meet the needs of our 21st century learners and the goals of Education Renewal. Literacy, distance learning, self-regulation, and the Aboriginal Language revitalization programs will continue. New initiatives include: programs and training for incumbent Aboriginal Language Teachers, disciplinary literacy training, autism training and programs and co-teaching. Finally, Council plans to upgrade aging technology and provide ongoing training for education applications including PowerSchool.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

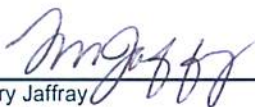
Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Dehcho Divisional Education Council have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment of the Government of the Northwest Territories.

The financial statements have been reported on by Ashton Chartered Accountants. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Approved and confirmed on behalf of the Dehcho Divisional Education Council



Terry Jaffray
Superintendent
Dehcho Divisional Education Council

31-09-2017
Date



David Fiebelkorn, CGA
Comptroller
Dehcho Divisional Education Council

30-09-2017
Date

AUDITORS' REPORT

To the Minister of Education, Culture and Employment of the Government of the Northwest Territories:

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of the Dehcho Divisional Education Council, which comprise the consolidated statement of financial position as at June 30, 2017, and the consolidated statements of operations, changes in net financial assets (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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in 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.

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

Basis for Qualified Opinion

Salaries and related benefits paid to employees of the Education Body are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories audit. Our audit scope was limited as we did not audit the components of compensation and benefits expenditures and related balances. Accordingly we are not able to determine whether any adjustments might be necessary to compensation and benefit expenditures, payroll liabilities, employee future benefits, net financial resources and accumulated surplus/deficit as well as note disclosures associated with transactions and year-end balances related to compensation and benefits.

Audit Report to the Minister of Education, Culture and Employment of the Government of the Northwest Territories (continued)

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these financial present fairly, in all material respects, the financial position of the Education Body as at June 30, 2017 and its financial performance and its cash flow for the year then ended in accordance with the Canadian public sector accounting standards.

Report on Other Legal and Regulator Requirements

We further report, in accordance with the Financial Administration Act, that, in our opinion, proper books of account have been kept by the Education Body, the consolidated financial statements are in agreement therewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Education Body.



ASHTON
Chartered Accountants
Business Advisors

Hay River, NT
September 30, 2017

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Statement of Financial Position

June 30, 2017

	2017	*2016
FINANCIAL ASSETS		
Cash and cash equivalents, Note 4	\$ 3,342,918	\$ 2,088,588
Special purpose funds, Note 5	291,097	207,895
Due from Government of Canada, Note 13	56,801	-
Accounts receivable, Note 8	97,828	304,315
	<u>\$ 3,788,644</u>	<u>\$ 2,600,798</u>

LIABILITIES

Accounts payable and accrued liabilities, Note 10	\$ 61,173	\$ 65,040
Payroll liabilities, Note 10	1,387,011	1,664,002
Due to the Government of Canada, Note 13	-	4,897
Deferred revenue, Note 11	73,883	96,450
Post-employment benefits, Note 17	2,127,531	2,397,351
Trust Liabilities, Note 18	136,182	33,619
	<u>3,785,780</u>	<u>4,261,359</u>
Net Assets (Deficit)	<u>\$ 2,864</u>	<u>\$ (1,660,561)</u>

NON-FINANCIAL ASSETS

Prepaid expenses, Note 20	\$ 30,457	\$ 20,000
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ACCUMULATED SURPLUS (DEFICIT)	\$ 33,321	\$ (1,640,561)
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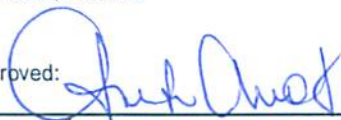
* Reclassified for comparative purposes


Represented by:

Operating surplus (deficit)		
Divisional Education Council	\$ (250,901)	\$ (1,859,472)
District Education Authorities	284,222	218,911
	<u>\$ 33,321</u>	<u>\$ (1,640,561)</u>

Contractual obligations, Note 24

Contingencies, Note 25

Approved:  Chair

 Vice-chair

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Statement of Operations

For the year ended June 30, 2017

	Budget 2017	Actual 2017	Actual *2016
Revenue			
Government of the NWT			
ECE regular contribution	\$ 14,229,000	\$ 14,449,482	\$ 14,533,006
Teaching and learning centers, Schedule C	73,000	73,000	73,000
French language program Schedule B	55,000	50,000	50,000
ECE other contributions, Note 33	-	183,986	10,000
Total ECE contributions	14,357,000	14,756,468	14,666,006
GNWT other contributions, Note 34	330,000	402,038	358,220
Total GNWT	14,687,000	15,158,506	15,024,226
Government of Canada contributions	-	103,534	214,870
	14,687,000	15,262,040	15,239,096
Self-Generated Funds			
Rentals	36,000	25,460	29,000
Investment income	15,000	20,293	18,737
Contract and other	137,000	118,098	285,119
	188,000	163,851	332,856
Education authority self-generated funds, Schedule F-1	-	145,662	203,290
GNWT contributions to Education Authorities, Schedule F-1	-	44,830	111,426
	-	190,492	314,716
	14,875,000	15,616,383	15,886,668
Expenses			
Administration	1,164,907	1,077,082	1,394,595
School programs	8,558,748	8,107,699	9,324,430
Inclusive schooling	2,441,803	2,681,648	3,433,420
Student accommodation	-	237,260	200,847
Operations and maintenance	818,955	780,267	788,332
Aboriginal language/cultural programs	1,420,813	1,055,517	1,276,166
	14,405,226	13,939,473	16,417,790
Operating surplus (deficit) before other item	469,774	1,676,910	(531,122)
Other item:			
Post-employment benefit recovery (expense), Note 17	-	(3,028)	(387,546)
Payroll expense, Note 17	-	-	(902,383)
Operating surplus (deficit)	\$ 469,774	\$ 1,673,882	\$ (1,821,051)
Accumulated surplus (deficit), beginning of year		(1,640,561)	180,490
Accumulated surplus (deficit), end of year		\$ 33,321	\$ (1,640,561)
* Reclassified for comparative purposes			
Accumulated surplus (deficit) is comprised of the following:			
Accumulated surplus (deficit), end of year		\$ 33,321	\$ (1,640,561)
Post employment benefits - Unamortized net actuarial (gain)/loss (Note 17)		613,521	902,383
Revised accumulated surplus (deficit), end of the year		\$ 646,842	\$ (738,178)

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Statement of Change in Net Assets (Debt)

For the year ended June 30, 2017

	2017	2016
Operating Surplus (Deficit)	\$ 1,673,882	\$ (1,821,051)
Amortization of tangible assets	-	-
Net change in prepaids	(10,457)	-
(Increase) Decrease in net debt	1,663,425	(1,821,051)
Net assets (debt) beginning of the year	(1,660,561)	160,490
Net assets (debt) end of year	\$ 2,864	\$ (1,660,561)

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Statement of Cash Flow

For the year ended June 30, 2017

	2017	2016
Operating Activities		
Operating Surplus (Deficit)	\$ 1,676,910	\$ (531,122)
Items not affecting cash:		
Amortization	-	-
Changes in non-cash assets and liabilities		
Decrease (increase) in due from the Government of Canada	(56,801)	-
Decrease (increase) in trust assets	-	-
Decrease (increase) in accounts receivable	206,487	(207,259)
Increase (decrease) in accounts payable	(3,867)	88,148
Increase (decrease) in payroll liabilities	(276,991)	(125,461)
Increase (decrease) in contributions repayable	-	(57,238)
Increase (decrease) in due to the Government of Canada	(4,897)	3,442
Increase (decrease) in deferred revenues	(22,567)	(49,110)
Increase (decrease) in post-employment benefits	(269,820)	257,133
Increase (decrease) in trust liabilities	102,563	(2,591)
Decrease (increase) in prepaids	(10,457)	-
	(336,350)	(92,936)
Cash provided by operating transactions	1,340,560	(624,058)
Financing Activities		
Repayment of capital lease obligation	-	-
Proceeds from capital lease obligation	-	-
Cash provided by (used for) financing activities	-	-
Investing Activities		
Disposition of portfolio investments	-	-
Acquisition of portfolio investments	-	-
Cash provided by (used for) investing transactions	-	-
Capital transactions		
Acquisition of tangible capital assets	-	-
Proceeds of disposition of tangible capital assets	-	-
Cash used for capital transactions	-	-
Increase (Decrease) in cash and cash equivalents	1,340,560	(624,058)
Cash and cash equivalents, beginning of year	2,684,029	3,308,087
Cash and cash equivalents, end of year	\$ 4,024,589	\$ 2,684,029
Cash consists of :		
Cash, Note 4	\$ 3,342,918	\$ 2,088,588
Special purpose funds, Note 5	291,097	207,895
	\$ 3,634,015	\$ 2,296,483

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations and Maintenance	Administration	Aboriginal Languages	2017 Total
Salaries							
Teachers' salaries	\$ 6,019,027	\$ 908,800	\$ -	\$ -	\$ -	\$ -	\$ 6,927,827
Instruction assistants	61,419	1,270,029	-	-	-	698,909	2,030,357
Non-instructional staff	777,091	319,326	-	706,534	666,304	127,082	2,596,337
Board/Trustee Honoraria	-	-	-	-	48,953	8,750	57,703
	6,857,537	2,498,155	-	706,534	715,257	834,741	11,612,224
Employee Benefits							
Employee benefits and allowances	152,679	45,269	-	12,948	13,627	15,671	240,194
Leave and termination	179,963	92,708	-	-	-	94,219	366,890
	332,642	137,977	-	12,948	13,627	109,890	607,084
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	27,133	-	27,133
Postage/Communication	46,167	-	-	-	43,155	-	89,322
Utilities	-	-	2,897	41,821	779	-	45,497
Travel	147,740	14,302	33,308	-	103,576	3,890	302,816
Student Travel (Bussing)	24,753	-	-	-	-	-	24,753
Advertising/Printing/Publishing	16,797	-	-	-	-	9,290	26,087
Maintenance/Repair	-	-	-	-	27,635	-	27,635
Rentals/Leases	24,674	-	-	13,200	9,650	5,080	52,604
Other - Student Awards	6,746	-	-	-	30,510	-	37,256
Other - Contracted Services	-	11,285	171,166	5,764	7,073	-	195,288
Other - School Programs	71,327	-	-	-	6,487	-	77,814
Other - Miscellaneous	-	-	-	-	6,436	-	6,436
	338,204	25,587	207,371	60,785	262,434	18,260	912,641
Materials, Supplies and Freight							
Materials	564,730	19,929	29,478	-	85,564	92,380	792,081
Freight	14,586	-	411	-	200	246	15,443
	579,316	19,929	29,889	-	85,764	92,626	807,524
Contributions and Transfers							
Transfers	-	-	-	-	-	-	-
Amortization							
	-	-	-	-	-	-	-
Total	\$ 8,107,699	\$ 2,681,648	\$ 237,260	\$ 780,267	\$ 1,077,082	\$ 1,055,517	\$ 13,939,473

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 1. Dehcho Divisional Education Council

The Dehcho Divisional Education Council (formerly known as the Divisional Board of Education) was established on March 30, 1990. The Dehcho Division encompasses an area which includes the communities of Wrigley (Chief Julian Yendo School), Nahanni Butte (Charles Yohin School), Trout Lake (Charles Tetcho School), Fort Simpson (Bompas Elementary School and Thomas Simpson Secondary School), Fort Liard (Echo-Dene School), Fort Providence (Deh Gah Elementary and Secondary School), Jean Marie River (Louie Norwegian School) and Kakisa Lake (Territorial School - Kakisa Lake School).

The Education Body's purpose is to administer and manage the educational affairs of the Division in accordance with the Education Act and the Financial Administration Act of the Northwest Territories and the regulations of the Order establishing the Education Division.

Note 2. Summary of Significant Accounting Policies

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques, and short term highly liquid investments that are readily convertible to cash and with a date of 90 days or less from the date of acquisition.

(c) 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 transaction 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.

Financial assets subsequently measured at amortized cost include cash, accountable funds, due from the GNWT and other accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued salaries, deferred revenue, post-employment benefits and accountable funds.

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

(d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Education Body because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Education Body.

(e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Education Body the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

(f) Revenue Recognition

Government Transfers:

Revenues are recognized in the period in which the transactions or events occur that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

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

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

(f) Revenue Recognition - (Continued)

GNWT – Regular Contributions:

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The Education Body retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

Other Contributions:

The Education Body follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Deferred Revenue:

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

Investment Income:

Investment income is recognized when received or receivable, if the amount can be reasonably estimated

(g) Budget Data

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Education Body and the budget is legally adopted by a motion of the Board in accordance with Section 135(3) of the Education Act.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the Education Act.

This annual budget includes estimates of revenues, expenditures and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget may be amended within a given fiscal year in accordance with Education Body policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

(h) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian Public Sector Accounting Standards 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Education Body are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

(j) Payroll Liabilities

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT Payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued.

The duties and compensation base for UNW School Year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Education Body determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff are accrued to include earnings to June 30.

(k) Post-employment Benefits, Compensated Absences and Termination Benefits

Under the terms and conditions of employment, education board employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reasons for termination. Benefit entitlements are paid upon resignation, retirement or death of an employees. The expected cost of providing these benefits is recognized as employees render services. Termination benefits are recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides services, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

(l) Special Purpose Funds

School activity funds which are fully controlled by the Education Body with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefits.

Student activity funds which are controlled by students or parties other than the Education Body are not included even if custody of the funds is held by the Education Body.

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 3. Future Accounting Changes

Financial Instruments - Section PS 3450

PSAB has implemented changes to Section PS 3450, Financial Instruments that outlines offsetting of financial assets and financial liabilities and the valuation of investments to be measured at fair value. These changes are to be applied on a go forward basis for all fiscal years beginning on or after April 1, 2019. The impact of the transition to these changes has not yet been determined.

Inter-entity Transactions - Section PS 3420

PSAB approved Section PS 3420, Inter-entity transactions. This section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The new standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. Management is currently assessing the impact of the standard.

Student Activity/Fiduciary Funds Policy

Student Activity/Fiduciary funds policy is currently under review by the GNWT - ECE for possible inclusion in Special Purpose Funds. At this time no formal directive has been released and, therefore management is unable to determine any impact that may exist on the financial statements.

Note 4. Cash and Cash Equivalents

	2017	2016
Cash	\$ 3,342,918	\$ 2,088,588
Short term investments	-	-
Cash	\$ 3,342,918	\$ 2,088,588

Note 5. Special Purpose Funds

Special purpose funds consist of account balances held by each of the individual District Education Authorities for which the Education Body has control of when and how the funds are disbursed.

	2017	2016
Fort Simpson (Bompas Elementary/Thomas Simpson Secondary Schools)	\$ 48,978	\$ 54,354
Fort Providence (Deh Gah Elementary/Secondary Schools)	98,450	47,427
Fort Liard (Echo-Dene School)	30,684	3,873
Jean Marie River (Louie Norwegian School)	12,768	7,864
Wrigley (Chief Julian Yendo School)	64,448	56,946
Nahanni Butte (Charles Yohin School)	22,855	22,711
Trout Lake (Charles Tetcho School)	8,900	2,107
Kakisa Lake (Territorial School - Kakisa Lake School)	4,014	12,613
	\$ 291,097	\$ 207,895

Note 6. Restricted Assets - Nil Report

Note 7. Portfolio Investments - Nil Report

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 8. Accounts Receivable

	Receivables 2017	AFDA 2017	Net 2017	Net 2016
GNWT - ECE	\$ 24,498	-	\$ 24,498	\$ 33,997
GNWT - Finance	2,954	-	2,954	-
GNWT - HSS	831	-	831	831
GNWT - ITI	-	-	-	-
Aurora College	10,620	-	10,620	14,543
Total Due from GNWT	38,903	-	38,903	49,371
WSCC	-	-	-	-
Other	58,925	-	58,925	254,944
Total receivables before amounts due from Government of Canada	97,828	-	97,828	304,315
Government of Canada	56,801	-	56,801	-
	\$ 154,629	-	\$ 154,629	608,630

Note 9. Inventories - Not Applicable

Note 10. Accounts Payable and Accrued Liabilities

	2017	2016
GNWT - Human Resources	\$ 294	\$ -
WSCC	-	-
Employee source deductions	55	151
Accounts payable and accrued liabilities	60,824	64,889
	61,173	65,040
Payroll liabilities		
UNW School Year & NWTTA	1,345,447	1,644,598
Leave	41,564	19,404
	1,387,011	1,664,002
	\$ 1,448,184	\$ 1,729,042

Note 11. Deferred Revenue

	2017	2016
GNWT - MACA		
Sport and Recreation	\$ -	\$ 16,250
Active After School	6,266	-
Physical Literacy	4,675	49,008
Resiliency Training	-	7,043
Math Training	-	4,000
Operating and Maintenance	-	5,000
	10,941	81,301
National Indian Brotherhood Trust		
Willow Lake Culture Camp	62,942	-
NWT Teachers Association		
Student Success Initiative	-	15,149
	\$ 73,883	\$ 96,450

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 12. Contribution Repayable - Nil Report

Note 13. Due From and To the Government of Canada

	2017	2016
Receivables		
Project - Youth Wellness Program	\$ 56,801	\$ -
Miscellaneous receivables	-	-
	\$ 56,801	\$ -
Payables		
Advances on projects	\$ -	\$ -
Miscellaneous payables	-	4,897
	\$ -	\$ 4,897

Note 14. Capital Lease Obligations - Nil Report

Note 15. Pension - Not Applicable

Note 16. Long-term Debt - Nil Report

Note 17. Post-employment Benefits, Compensated Absences and Termination Benefits

The Education Body provides severance (resignation and retirement), removal and compensated absence (sick, special maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a deficit equal to the accrued post-employment benefits obligation.

Severance benefits are paid to the employees based on the types of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment, and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued by an external actuarial with the GNWT payroll valuations using the expected utilization methodology.

Compensated absence benefits generally accrue as employees render services and are paid upon the occurrence of an event resulting in eligibility for the benefits. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under the compensated absence benefits were valued by an external actuarial with the GNWT payroll valuations using the expected utilization methodology.

Leave includes annual and lieu time for all staff (UNW, Excluded, Senior Management, Contract) which consists of leave banks, leave accruals and leave payouts due.

Costs are to include those for contracted non-public servant employees (including Superintendents)

These liabilities are to be funded in the year they become due through regular annual budget allocation.

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 17. Post-employment Benefits, Compensated Absences and Termination Benefits (continued)

Change in Estimate

During the year ended June 30, 2016, the method for calculating other employee future benefits and compensated absences was refined to better reflect the probability that these benefits would be used in the future based on past experiences. This change in accounting estimate is being accounted for on a prospective basis starting July 1, 2016 based on the actuarial valuation where the prior year was calculated based on an expectation formula determined by management.

Valuation Results

The actuarial valuation as at June 30, 2017 as extrapolated from the last actuarial valuation that was completed on March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The values presented below are for all of the benefits under the Compensated Absences and Terminations Benefits for the consolidated Government.

	Severance and removal	Compensated Absences	2017	2016 Restated
Changes in Obligation				
Accrued benefit obligations beginning of the year	\$ 1,313,103	\$ 181,865	\$ 1,494,968	\$ 2,533,301
Current period benefit cost	53,899	13,205	67,104	327,386
Interest accrued	35,551	5,301	40,852	60,160
Benefits payments	(213,998)	(58,850)	(272,848)	(523,496)
Plan amendments	-	-	-	-
Actuarial (gain)/loss	79,945	103,989	183,934	(902,383)
Accrued benefit obligation, end of year	1,268,500	245,510	1,514,010	1,494,968
Unamortized net actuarial gain	630,488	(16,967)	613,521	902,383
Net future obligation	\$ 1,898,988	\$ 228,543	\$ 2,127,531	\$ 2,397,351
Benefits Expense				
Current period benefit cost	53,899	13,205	67,104	327,386
Interest cost	35,551	5,301	40,852	60,160
Plan amendments	-	-	-	-
Amortization of actuarial gains	(93,478)	(11,450)	(104,928)	-
	(4,028)	7,056	3,028	387,546

The discount rate used to determine the accrued benefit obligation is an average of 3.3%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	Severance and removal	Compensated Absences	2017
2018	\$ 479,940	\$ 73,250	\$ 553,190
2019	194,361	33,373	227,734
2020	131,631	28,203	159,834
2021	112,997	27,752	140,749
2022	109,441	26,813	136,254
	\$ 1,028,370	\$ 189,391	\$ 1,217,761

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 17. Post-employment Benefits, Compensated Absences and Termination Benefits (continued)

Prior Period Adjustment

In the prior year, the post-employment benefits liability was recorded as the accrued benefit obligation from the actuaries report. This represents a departure from Canadian public sector accounting principles because it does not include the unamortized net actuarial (gain)/loss. The correct treatment is to record the accrued benefit liability which consists of the accrued benefit obligation plus the unamortized net actuarial (gain)/loss. This has resulted in the understatement of post-employment benefits, and salaries and the overstatement of accumulated surplus by \$902,383. The balances have been adjusted retrospectively.

Note 18. Trust Assets and Liabilities under Administration

Superintendent's Association Fund: The balance is held on behalf of the Superintendent's Association. The fund increases by dues paid by Superintendents and funds are spent at the discretion of the Association.

Steve Rowan Memorial Scholarship Fund: The balance is held to provide scholarships to qualifying students.

Mercedes Benz Scholarship Fund: The balance is held to provide scholarships to qualifying students.

	2017	2016
Superintendent Fund	\$ 10,481	\$ 7,181
Steve Rowan Memorial Scholarship Fund	113,731	14,631
Mercedes Benz Scholarship Fund	11,970	11,807
	\$ 136,182	\$ 33,619

Note 19. Tangible Capital Asset - Nil Report

Note 20. Prepaid Expenses

	2017	2016
CIBC Visa Deposit	\$ 20,000	\$ 20,000
Prepaid service contracts	10,457	-
CIBC Visa Deposit	\$ 30,457	\$ 20,000

Note 21. Accumulated Surplus/Deficit - Not Applicable

(Not applicable, breakdown included in Statement of Financial Position)

Note 22. Capital Advances - Not applicable

Note 23. GNWT Assets Provided at No Cost

	Cost	Accumulated Amortization	2017 Net Book Value	2017 Net Book Value
Buildings				
Schools and colleges	\$ 27,512,799	\$ 17,591,493	\$ 9,921,306	\$ 10,204,638
Residences	843,808	511,617	332,191	353,282
Staff Housing	287,453	209,190	78,263	85,447
	\$ 28,644,060	\$ 18,312,300	\$ 10,331,760	\$ 10,643,367

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 24. Contractual Obligations

The Education Body has a contractual obligation for the lease of office equipment and with a contractor for the operation of the student accommodations. This commitment requires payments as shown below:

	Expires in Fiscal Year*	2018	2019 - 2021	Total
Equipment leases	2021	\$ 51,600	\$ 99,903	\$ 151,503
Operational leases	2017	133,126	-	133,126
		\$ 184,726	\$ 99,903	\$ 284,629

* Refers to the last fiscal year of all agreements in that line category

Note 25. Contingencies - Nil Report

Note 26. Related Parties

The Education Body is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Education Body enters into transactions with these entities in the normal course of operations. The Education Body is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, payroll services by the Department of Human Resources, internal audit services by the Department of Finance, and utility and maintenance by Public Works and Services.

Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note:

	2017	2016
Accounts payable, Note 10		
Government of the Northwest Territories		
Human Resources	\$ 294	\$ -
Other related parties		
NWT Power Corporation	3,000	1,964
	\$ 3,294	\$ 1,964
Payroll liabilities, Note 10		
Government of the Northwest Territories	\$ 1,387,011	\$ 1,664,002
Deferred Revenues, Note 11		
Government of the Northwest Territories		
Municipal and Community Affairs	\$ 10,941	\$ 81,301
Accounts receivable, Note 8		
Government of the Northwest Territories		
Education, Culture and Employment (ECE)	\$ 24,498	\$ 33,997
Health & Social Services (DHSS)	831	831
Finance	2,954	-
Industry, Tourism and Investment (ITI)	-	-
Total GNWT	28,283	34,828
Other related parties		
Aurora College	10,620	14,543
	\$ 38,903	\$ 49,371

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 26. Related Parties (continued)

	2017	2016
Revenues		
Government of the Northwest Territories		
ECE - Core contribution	\$ 14,449,482	\$ 14,533,008
ECE - Teaching and learning centers, pg 11	73,000	73,000
ECE - French language program pg 10	50,000	50,000
ECE - other contributions, Note 33	183,986	10,000
MACA - GNWT other Contributions, Note 34	347,636	296,599
ITI - GNWT other Contributions, Note 34	40,200	45,157
DHSS - GNWT other Contributions, Note 34	14,202	16,464
GNWT contributions to Education Authorities, Schedule F-1	44,830	111,426
Department of Finance - rent and custodian	18,120	18,800
Total GNWT	15,221,456	15,152,252
Other related parties		
Aurora College	33,921	79,086
Beaufort Delta Education Council	-	32,902
	\$ 15,255,377	\$ 15,264,240

Note 27. Budget

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenues and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget figures presented are those approved by the Minister of Education, Culture and Employment on August 8, 2016 and have not been audited.

Note 28. Economic Dependence

The Dehcho District Education Council received its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that Dehcho District Education Council operations would be significantly affected.

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 29. Financial Instruments

The Education Body is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Education Body's risk exposure and concentration as of June 30, 2017.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Education Body has little exposure to credit risk as the majority of its revenues originate from government sources with strong credit worthiness.

Liquidity

Liquidity risk is the risk the Education Body will not be able to meet its obligations as they come due. The Education Body meets its liquidity requirements by preparing detailed cash budgets and having cash available on hand to meet its obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of currency risk, interest rate risk and other price risk.

Currency risk

The Education Body deals exclusively in Canadian funds and therefore has no currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Education Body minimizes risk through its normal operating and financing activities and maintains cash in a general bank account with interest fixed at 1.0%.

Note 30. Expenses by Object

	2017 Budget	2017 Actual	2016 Actual
Compensation	\$ 12,624,160	\$ 12,219,308	\$ 14,300,596
Professional/Technical Services	55,000	27,133	30,167
Postage/Communication	68,000	89,322	104,677
Utilities	-	45,497	34,040
Travel	546,000	302,816	446,833
Student Travel (Bussing)	165,000	24,753	58,483
Advertising/Printing/Publishing	21,000	26,087	36,479
Maintenance/Repair	20,000	27,635	27,835
Rentals/Leases	102,272	52,604	62,339
Other - Student Awards	-	37,256	61,512
Other - Contracted Services	233,500	195,288	195,114
Other - School Programs	-	77,814	52,439
Other - Miscellaneous	-	6,436	39,115
Materials, Supplies and Freight	570,294	807,524	968,161
Amortization	-	-	-
	\$ 14,405,226	\$ 13,939,473	\$ 16,417,790

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 31. Subsequent Events - Nil Report

Note 32. Comparative Figures

Some comparative figures have been reclassified to conform with current year's presentation.

Note 33. ECE Other Contributions

	2017	2016
Infrastructure funding	\$ 138,472	\$ -
Distance education	38,514	-
Self regulation	7,000	10,000
	\$ 183,986	\$ 10,000

Note 34. GNWT Other Contributions

	2017	2016
Municipal and Community Affairs		
Sports and youth programs	\$ 5,000	\$ 34,250
Sport strategy	127,140	127,140
Children and youth resiliency	36,136	25,000
Active after school	108,000	29,140
Other	1,000	16,810
Industry, Tourism and Investment		
Take a kid trapping	40,200	45,157
Health and Social Services		
Drop the pop	14,202	16,464
Deferred revenue - GNWT, opening	81,301	145,560
Deferred revenue - GNWT, closing	(10,941)	(81,301)
	\$ 402,038	\$ 358,220

DEHCHO DIVISIONAL EDUCATION COUNCIL

Aboriginal Language and Cultural-based Education Expenses

Schedule A

For the year ended June 30, 2017

	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	2017 Total
Salaries					
ALCBE teachers	\$ -	\$ -	\$ -	\$ -	\$ -
Language consultants	-	-	-	-	-
Instruction assistants	744,028	-	-	-	744,028
Non-instructional staff	75,000	-	-	-	75,000
Elders in schools	-	8,750	-	-	8,750
	819,028	8,750	-	-	827,778
Employee Benefits					
Employee benefits and allowances	15,671	-	-	-	15,671
Leave and termination benefits	94,219	-	-	-	94,219
	109,890	-	-	-	109,890
Services Purchased/Contracted					
Professional services	-	-	-	-	-
Postage and communication	-	-	-	-	-
Travel	3,300	-	-	-	3,300
Student transportation	-	-	-	-	-
Advertising, printing and publishing	9,290	-	-	-	9,290
Maintenance and repairs	-	-	-	-	-
Rentals and leases	1,580	-	-	-	1,580
Other contracted services	-	-	-	-	-
	14,170	-	-	-	14,170
Materials, Supplies and Freight					
Materials	-	65,019	-	-	65,019
Freight	-	246	-	-	246
	-	65,265	-	-	65,265
Total	\$ 943,088	\$ 74,015	\$ -	\$ -	\$ 1,017,103

DEHCHO DIVISIONAL EDUCATION COUNCIL

French Language Program

Schedule B

For the year ended June 30, 2017

	Contributions from GNWT July 1 to June 30	Commitment from Dehcho July 1 to June 30	Expenses July 1 to June 30	Over/Under Funding
Special projects:				
Core French 1-12 (salary)	\$ 50,000	\$ 50,000	\$ 126,897	\$ (26,897)

DEHCHO DIVISIONAL EDUCATION COUNCIL

Aboriginal Languages - Teaching and Learning Center

Schedule C

For the year ended June 30, 2017

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total Fiscal Year 2016/2017
Revenue			
Funding received	\$ 73,000	\$ -	\$ 73,000
Expenditure			
Salaries	5,285	10,352	15,637
Resources	-	-	-
Other O & M	54,012	6,046	60,058
Deficit Funding - June 30 previous year	-	-	-
	<u>59,297</u>	<u>16,398</u>	<u>75,695</u>
Surplus (Deficit), March 31, 2015	\$ <u>13,703</u>		
Surplus (Deficit), June 30, 2015		\$ <u>(16,398)</u>	
Surplus (Deficit) - Total			\$ <u>(2,695)</u>

DEHCHO DIVISIONAL EDUCATION COUNCIL

Student Success Initiative Projects

Schedule D

For the year ended June 30, 2017

	2017	2016
Revenue		
GNWT - Education, Culture & Employment	\$ 55,000	\$ 55,000
NWT Teachers Association	11,853	83,516
	66,853	138,516
Expenditure		
Salaries and wages		
Facilitator fees	6,318	6,355
Substitute teacher wages	2,908	2,306
Staff	45,000	45,000
Travel		
Facilitator travel	-	-
Airfare	4,128	9,711
Staff travel	3,796	9,425
Accommodations	-	5,375
Per diems	-	-
Other expenses	-	-
Student resources		
Room rental	-	-
Refreshments	-	342
Resources	4,703	25,016
Stationary printing	-	-
	66,853	103,530
Surplus (Deficit)	\$ -	\$ 34,986

DEHCHO DIVISIONAL EDUCATION COUNCIL

Statement of Council Operations and Financial Position (Non-Consolidated)

Schedule E-1

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Government of the NWT			
ECE regular contributions	\$ 14,229,000	\$ 14,449,482	\$ 14,533,006
Teaching and learnings centers, pg 11	73,000	73,000	73,000
French language instruction, pg 10	55,000	50,000	50,000
ECE other contributions, Note 33	-	183,986	10,000
	14,357,000	14,756,468	14,666,006
GNWT - other contributions	330,000	402,038	358,220
Government of Canada contributions	-	103,534	214,870
Self-Generated Funds			
Rentals	36,000	25,460	29,000
Investment income	15,000	20,293	18,737
Contract and other	137,000	118,098	285,119
	188,000	163,851	332,856
	14,875,000	15,425,891	15,571,952
Expenditure			
School programs	8,558,748	8,218,824	9,263,370
Inclusive schooling	2,441,803	2,681,648	3,433,420
Student accommodations	-	237,260	200,847
Operations and maintenance	818,955	774,138	784,682
Council administration	1,164,907	930,438	1,124,995
Aboriginal languages	1,420,813	971,984	1,220,030
	14,405,226	13,814,292	16,027,344
Excess of Revenue over Expenditure before other items	\$ 469,774	\$ 1,611,599	\$ (455,392)
Other Items:			
Post-employment benefit recovery (expense), Note 17		(3,028)	(387,546)
Payroll Expenses, Note 17		-	(902,383)
Excess (Deficiency) of Revenue over Expenditure	\$	1,608,571	\$ (1,745,321)
Accumulated surplus (deficit), beginning of year		(1,859,472)	(114,151)
Accumulated surplus (deficit), end of year	\$	(250,901)	\$ (1,859,472)

DEHCHO DIVISIONAL EDUCATION COUNCIL

Details of Council Expenses (Non-Consolidated)

Schedule E-2

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Council Administration	Aboriginal Languages	2017 Total	2017 Budget	*2016 Total
Salaries									
Teachers' salaries	\$ 6,140,335	\$ 908,800	\$ -	\$ -	\$ -	\$ -	\$ 7,049,135	\$ 7,980,776	\$ 8,062,925
Instruction Assistant	-	1,270,029	-	-	-	698,909	1,968,938	1,384,176	2,326,767
Non Instructional Staff	663,731	319,326	-	700,405	650,762	75,000	2,409,224	2,406,279	2,761,743
Board/Trustee Honoraria	-	-	-	-	17,025	8,750	25,775	66,000	21,375
	6,804,066	2,498,155	-	700,405	667,787	782,659	11,453,072	11,837,231	13,172,810
Employee Benefits									
Employee benefits and allowances	126,024	45,269	-	12,948	13,627	15,671	213,539	236,000	302,473
Leave and termination	179,963	92,708	-	-	-	94,219	366,890	550,929	619,855
	305,987	137,977	-	12,948	13,627	109,890	580,429	786,929	922,328
Services Purchased/Contracted									
Professional/Technical Services	-	-	-	-	25,533	-	25,533	55,000	28,665
Postage/Communication	46,167	-	-	-	43,155	-	89,322	68,000	104,645
Utilities	-	-	2,897	41,821	-	-	44,718	-	32,896
Travel	202,115	14,302	33,308	-	66,373	3,300	319,398	546,000	413,153
Student Travel (Bussing)	53,622	-	-	-	-	-	53,622	165,000	54,262
Advertising/Printing/Publishing	16,797	-	-	-	-	9,290	26,087	21,000	35,289
Maintenance/Repair	-	-	-	-	22,936	-	22,936	20,000	26,491
Rentals/Leases	24,674	-	-	13,200	9,650	1,580	49,104	102,272	62,339
Other - Student Awards	-	-	-	-	30,110	-	30,110	-	29,247
Other - Contracted Services	-	11,285	171,166	5,764	-	-	188,215	233,500	176,156
Other - School Programs	-	-	-	-	6,487	-	6,487	-	-
Other - Miscellaneous	-	-	-	-	6,436	-	6,436	-	9,319
	343,375	25,587	207,371	60,785	210,680	14,170	861,968	1,210,772	972,462
Materials, Supplies and Freight									
Materials	542,661	19,929	29,478	-	38,344	65,019	695,431	526,794	718,844
Freight	14,586	-	411	-	-	246	15,243	43,500	31,651
	557,247	19,929	29,889	-	38,344	65,265	710,674	570,294	750,495
Contributions and Transfers									
Transfers to DEA	208,149	-	-	-	-	-	208,149	-	209,249
Amortization									
	-	-	-	-	-	-	-	-	-
Total	\$ 8,218,824	\$ 2,681,648	\$ 237,260	\$ 774,138	\$ 930,438	\$ 971,984	\$ 13,814,292	\$ 14,405,226	\$ 16,027,344

* Reclassified for comparative purposes

DEHCHO DIVISIONAL EDUCATION COUNCIL

District Education Authority Operations Summary
 Non-Consolidated
 For the year ended June 30, 2017

Schedule F-1

	Fort Simpson	Fort Providence	Fort Liard	Jean Marie River	Wrigley	Nahanni Butte	Trout Lake	Kakisa Lake	Total
Revenue									
Operating contributions from Divisional Council	\$ 50,442	\$ 45,862	\$ 28,533	\$ 15,725	\$ 18,645	\$ 16,152	\$ 17,061	\$ 15,729	\$ 208,149
Other contributions from Divisional Council	37,320	258,279	47,781	21,322	5,000	-	12,422	1,353	383,477
Contributions from GNWT	4,330	40,500	-	-	-	-	-	-	44,830
Self-generated funds	90,978	24,229	-	-	22,810	-	1,125	6,520	145,662
	<u>183,070</u>	<u>368,870</u>	<u>76,314</u>	<u>37,047</u>	<u>46,455</u>	<u>16,152</u>	<u>30,608</u>	<u>23,602</u>	<u>782,118</u>
Expenditure									
Administration	72,714	29,108	10,532	8,426	4,369	2,104	13,646	11,958	152,857
School programs	108,672	248,658	23,542	19,077	34,584	14,864	1,077	14,246	464,720
Inclusive schooling	-	-	-	-	-	-	-	-	-
Student accommodations	-	-	-	-	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	-	6,129	-	6,129
Aboriginal language/cultural programs	20,831	40,081	18,589	4,640	-	-	2,963	5,997	93,101
	<u>202,217</u>	<u>317,847</u>	<u>52,663</u>	<u>32,143</u>	<u>38,953</u>	<u>16,968</u>	<u>23,815</u>	<u>32,201</u>	<u>716,807</u>
Excess (Deficiency) of Revenue over Expenditure	(19,147)	51,023	23,651	4,904	7,502	(816)	6,793	(8,599)	65,311
Accumulated surplus, beginning of year	62,487	47,427	6,756	7,864	56,946	22,711	2,107	12,613	218,911
Accumulated surplus, end of year	\$ 43,340	\$ 98,450	\$ 30,407	\$ 12,768	\$ 64,448	\$ 21,895	\$ 8,900	\$ 4,014	\$ 284,222
Composition of Ending Accumulated Surplus									
Cash	\$ 48,978	\$ 98,450	\$ 30,684	\$ 12,768	\$ 64,448	\$ 22,855	\$ 8,900	\$ 4,014	\$ 291,097
Accounts receivable	500	-	-	-	-	-	-	-	500
Accounts payable	(6,138)	-	(277)	-	-	(960)	-	-	(7,375)
	<u>\$ 43,340</u>	<u>\$ 98,450</u>	<u>\$ 30,407</u>	<u>\$ 12,768</u>	<u>\$ 64,448</u>	<u>\$ 21,895</u>	<u>\$ 8,900</u>	<u>\$ 4,014</u>	<u>\$ 284,222</u>

DEHCHO DIVISIONAL EDUCATION COUNCIL

Details of DEA Expenses Summary

Non-Consolidated

For the year ended June 30, 2017

Schedule F-2

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations and Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ 1,157	\$ -	\$ -	\$ -	\$ -	\$ -	1,157
Instruction Assistant	61,419	-	-	-	-	-	61,419
Non-instructional Staff	114,610	-	-	6,129	21,305	52,082	194,126
Board/Trustee Honorarium	-	-	-	-	31,928	-	31,928
	177,186	-	-	6,129	53,233	52,082	288,630
Employee Benefits							
Employee Benefits and Allowances	26,655	-	-	-	-	-	26,655
Leave and Termination	-	-	-	-	-	-	-
	26,655	-	-	-	-	-	26,655
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	1,600	-	1,600
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	779	-	779
Travel	-	-	-	-	37,203	590	37,793
Student Travel (Bussing)	24,753	-	-	-	-	-	24,753
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	4,699	-	4,699
Rentals/Leases	-	-	-	-	-	3,500	3,500
Other - Student Awards	6,746	-	-	-	400	-	7,146
Other - Contracted Services	-	-	-	-	7,073	-	7,073
Other - School Programs	159,385	-	-	-	-	-	159,385
	190,884	-	-	-	51,754	4,090	246,728
Materials/Supplies/Freight							
Materials	69,995	-	-	-	47,670	36,929	154,594
Freight	-	-	-	-	200	-	200
	69,995	-	-	-	47,870	36,929	154,794
Total	\$ 464,720	\$ -	\$ -	6,129	\$ 152,857	\$ 93,101	716,807

FORT SIMPSON

District Education Authority
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenues			
Contributions from Divisional Council	\$ 50,442	\$ 50,442	\$ 51,102
Other - Dehcho DEC	-	37,320	45,772
Other - Contributions from GNWT	-	4,330	36,393
Other	-	90,978	126,508
	50,442	183,070	259,775
Expenses			
Administration	12,500	72,714	114,541
School programs	33,942	108,672	165,458
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	1,344
Aboriginal language/cultural programs	4,000	20,831	24,237
	\$ 50,442	202,217	305,580
Surplus (Deficit)	-	(19,147)	(45,805)
Opening equity		62,487	108,292
Closing equity	\$	43,340	\$ 62,487
Composition of Closing Equity			
Cash	\$	48,978	\$ 54,354
Accounts receivable		500	8,133
Accounts payable		(6,138)	-
	\$	43,340	\$ 62,487

FORT SIMPSON

District Education Authority
Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	61,419	-	-	-	-	-	61,419
Non Instructional Staff	-	-	-	-	2,691	9,201	11,892
Board/Trustee Honoraria	-	-	-	-	4,318	-	4,318
	61,419	-	-	-	7,009	9,201	77,629
Employee Benefits							
Employee Benefits/Allowances	1,920	-	-	-	-	-	1,920
Leave and Termination Benefits	-	-	-	-	-	-	-
	1,920	-	-	-	-	-	1,920
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	36,148	-	36,148
Student Travel (Bussing)	24,377	-	-	-	-	-	24,377
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	4,699	-	4,699
Rentals/Leases	-	-	-	-	-	-	-
Other - Student Awards	3,595	-	-	-	-	-	3,595
Other - Contracted Services	-	-	-	-	5,223	-	5,223
Other - School Programs	9,330	-	-	-	-	-	9,330
	37,302	-	-	-	46,070	-	83,372
Materials/Supplies/Freight							
Materials	8,031	-	-	-	19,635	11,630	39,296
Freight	-	-	-	-	-	-	-
	8,031	-	-	-	19,635	11,630	39,296
Total	\$ 108,672	\$ -	\$ -	\$ -	\$ 72,714	\$ 20,831	\$ 202,217

FORT PROVIDENCE

District Education Authority
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ 45,862	\$ 45,862	\$ 47,017
Other - Dehcho DEC	-	258,279	342,757
Other - Contributions from GNWT	-	40,500	38,300
Other	-	24,229	44,674
	45,862	368,870	472,748
Expenses			
Administration	21,275	29,108	91,659
School programs	22,587	248,658	337,218
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	2,000	40,081	20,352
	45,862	317,847	449,229
Surplus (Deficit)	-	51,023	23,519
Opening equity		47,427	23,908
Closing equity	\$	98,450	\$ 47,427
Composition of Closing Equity			
Cash	\$	98,450	\$ 47,427
Accounts receivable		-	-
Accounts payable		-	-
	\$	98,450	\$ 47,427

FORT PROVIDENCE

District Education Authority
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ 1,157	\$ -	\$ -	\$ -	\$ -	\$ -	1,157
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	114,493	-	-	-	4,790	20,660	139,943
Board/Trustee Honoraria	-	-	-	-	5,642	-	5,642
	<u>115,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,432</u>	<u>20,660</u>	<u>146,742</u>
Employee Benefits							
Employee Benefits/Allowances	24,735	-	-	-	-	-	24,735
Leave and Termination Benefits	-	-	-	-	-	-	-
	<u>24,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,735</u>
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	779	-	779
Travel	-	-	-	-	846	-	846
Student Travel (Bussing)	376	-	-	-	-	-	376
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	3,500	3,500
Other - Awards/Gifts	2,320	-	-	-	400	-	2,720
Other - Contracted Services	-	-	-	-	532	-	532
Other - School Programs	63,923	-	-	-	-	-	63,923
	<u>66,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,557</u>	<u>3,500</u>	<u>72,676</u>
Materials/Supplies/Freight							
Materials	41,654	-	-	-	16,119	15,921	73,694
Freight	-	-	-	-	-	-	-
	<u>41,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,119</u>	<u>15,921</u>	<u>73,694</u>
Total	\$ 248,658	\$ -	\$ -	\$ -	\$ 29,108	\$ 40,081	\$ 317,847

FORT LIARD

District Education Authority
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ 28,533	\$ 28,533	\$ 27,158
Other - Dehcho DEC	-	47,781	46,260
Other - Contributions from GNWT	-	-	36,733
Other	-	-	9,143
	28,533	76,314	119,294
Expenses			
Administration	9,250	10,532	25,212
School programs	17,283	23,542	87,769
Inclusive Schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	2,000	18,589	22,620
	28,533	52,663	135,601
Surplus (Deficit)	-	23,651	(16,307)
Opening equity		6,756	23,063
Closing equity	\$	30,407	\$ 6,756
Composition of Closing Equity			
Cash	\$	30,684	\$ 3,873
Accounts receivable		-	2,883
Accounts payable		(277)	-
		30,407	6,756

FORT LIARD

District Education Authority
Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	117	-	-	-	-	13,263	13,380
Board/Trustee Honoraria	-	-	-	-	4,952	-	4,952
	117	-	-	-	4,952	13,263	18,332
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	163	-	163
Other - Local Programs	4,827	-	-	-	-	-	4,827
	4,827	-	-	-	163	-	4,990
Materials/Supplies/Freight							
Materials	18,598	-	-	-	5,217	5,326	29,141
Freight	-	-	-	-	200	-	200
	18,598	-	-	-	5,417	5,326	29,341
Total	\$ 23,542	\$ -	\$ -	\$ -	\$ 10,532	\$ 18,589	\$ 52,663

JEAN MARIE RIVER

District Education Authority
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenues			
Contributions from Divisional Council	\$ 15,725	\$ 15,725	\$ 15,945
Other - Dehcho DEC	-	21,322	7,980
Other - Contributions from GNWT	-	-	-
Other	-	-	9,097
	15,725	37,047	33,022
Expenses			
Administration	10,950	8,426	14,926
School programs	2,775	19,077	25,898
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	2,000	4,640	7,378
	\$ 15,725	32,143	48,202
Surplus (Deficit)	-	4,904	(15,180)
Opening equity		7,864	23,044
Closing equity	\$	12,768	\$ 7,864
Composition of Closing Equity			
Cash	\$	12,768	\$ 7,864
Accounts receivable		-	-
Accounts payable		-	-
		12,768	7,864

JEAN MARIE RIVER

District Education Authority
Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	4,165	3,650	7,815
Board/Trustee Honoraria	-	-	-	-	3,385	-	3,385
	-	-	-	-	7,550	3,650	11,200
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	590	590
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	831	-	-	-	-	-	831
Other - Contracted Services	-	-	-	-	314	-	314
Other - School Programs	17,611	-	-	-	-	-	17,611
	18,442	-	-	-	314	590	19,346
Materials/Supplies/Freight							
Materials	635	-	-	-	562	400	1,597
Freight	-	-	-	-	-	-	-
	635	-	-	-	562	400	1,597
Total	\$ 19,077	\$ -	\$ -	\$ -	\$ 8,426	\$ 4,640	\$ 32,143

WRIGLEY

District Education Authority Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ 18,645	\$ 18,645	\$ 18,425
Other - Deh Cho DEC	-	5,000	11,430
Other - Contributions from GNWT	-	-	-
Other	-	22,810	13,868
	<u>18,645</u>	<u>46,455</u>	<u>43,723</u>
Expenses			
Administration	12,050	4,369	3,405
School programs	4,595	34,584	28,268
Inclusive schooling	-	-	-
Student Accomodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	2,000	-	-
	<u>18,645</u>	<u>38,953</u>	<u>31,673</u>
Surplus (Deficit)	-	7,502	12,050
Opening equity		56,946	44,896
Closing equity		\$ 64,448	\$ 56,946
Composition of Closing Equity			
Cash		\$ 64,448	\$ 56,946
Accounts receivable		-	-
Accounts payable		-	-
		<u>\$ 64,448</u>	<u>\$ 56,946</u>

WRIGLEY

District Education Authority
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations and Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	-	-	-
Board/Trustee Honoraria	-	-	-	-	2,450	-	2,450
	-	-	-	-	2,450	-	2,450
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	1,600	-	1,600
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	319	-	319
Other - Local Programs	34,584	-	-	-	-	-	34,584
	34,584	-	-	-	1,919	-	36,503
Materials/Supplies/Freight							
Materials	-	-	-	-	-	-	-
Freight	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	\$ 34,584	\$ -	\$ -	\$ -	\$ 4,369	\$ -	\$ 38,953

NAHANNI BUTTE

District Education Authority Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenues			
Contributions from Divisional Council	\$ 16,152	\$ 16,152	\$ 16,152
Other - Dehcho DEC	-	-	7,900
Other - Contributions from GNWT	-	-	-
Other	-	-	-
	16,152	16,152	24,052
Expenses			
Administration	10,950	2,104	4,408
School programs	3,202	14,864	21,451
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	2,000	-	-
	16,152	16,968	25,859
Surplus (Deficit)	-	(816)	(1,807)
Opening equity		22,711	24,518
Closing equity	\$	21,895	\$ 22,711
Composition of Closing Equity			
Cash	\$	22,855	\$ 22,711
Accounts receivable		-	-
Accounts payable		(960)	-
	\$	21,895	\$ 22,711

NAHANNI BUTTE

District Education Authority
Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	-	-	-
Board/Trustee Honoraria	-	-	-	-	1,850	-	1,850
	-	-	-	-	1,850	-	1,850
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Student Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	254	-	254
Other - School Programs	14,864	-	-	-	-	-	14,864
	14,864	-	-	-	254	-	15,118
Materials/Supplies/Freight							
Materials	-	-	-	-	-	-	-
Freight	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	\$ 14,864	\$ -	\$ -	\$ -	\$ 2,104	\$ -	\$ 16,968

TROUT LAKE

District Education Authority
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ 17,061	\$ 17,061	\$ 16,951
Other - Dehcho DEC	-	12,422	5,909
Other - Contributions from GNWT	-	-	-
Other	-	1,125	-
	<u>17,061</u>	<u>30,608</u>	<u>22,860</u>
Expenses			
Administration	10,950	13,646	9,642
School programs	4,111	1,077	4,122
Inclusive schooling	-	-	-
Student Accomodations	-	-	-
Operations and maintenance	-	6,129	7,242
Aboriginal language/cultural programs	2,000	2,963	-
	<u>17,061</u>	<u>23,815</u>	<u>21,006</u>
Surplus (Deficit)	-	6,793	1,854
Opening equity		2,107	253
Closing equity	\$	8,900	\$ 2,107
Composition of Closing Equity			
Cash	\$	8,900	\$ 2,107
Accounts receivable		-	-
Accounts payable		-	-
	\$	8,900	\$ 2,107

TROUT LAKE

District Education Authority
Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	6,129	4,759	2,963	13,851
Board/Trustee Honoraria	-	-	-	-	5,871	-	5,871
	-	-	-	6,129	10,630	2,963	19,722
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	167	-	167
Other - Local Programs	-	-	-	-	-	-	-
	-	-	-	-	167	-	167
Materials/Supplies/Freight							
Materials	1,077	-	-	-	2,849	-	3,926
Freight	-	-	-	-	-	-	-
	1,077	-	-	-	2,849	-	3,926
Total	\$ 1,077	\$ -	\$ -	\$ 6,129	\$ 13,646	\$ 2,963	\$ 23,815

KAKISA LAKE

District Education Authority
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenues			
Contributions from Divisional Council	\$ 15,729	\$ 15,729	\$ 15,399
Other - Dehcho DEC	-	1,353	3,576
Other - Contributions from GNWT	-	-	-
Other	-	6,520	-
	<u>15,729</u>	<u>23,602</u>	<u>18,975</u>
Expenditure			
Administration	10,950	11,958	10,989
School programs	2,779	14,246	8,655
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	3,589
Aboriginal language/cultural programs	2,000	5,997	29,796
	<u>\$ 15,729</u>	<u>32,201</u>	<u>53,029</u>
Surplus (Deficit)	-	(8,599)	(34,054)
Opening equity		12,613	46,667
Closing equity		<u>\$ 4,014</u>	<u>\$ 12,613</u>
Composition of Closing Equity			
Cash		\$ 4,014	\$ 12,613
Accounts receivable		-	-
Accounts payable		-	-
		<u>\$ 4,014</u>	<u>\$ 12,613</u>

KAKISA LAKE

District Education Authority
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	4,900	2,345	7,245
Board/Trustee Honoraria	-	-	-	-	3,460	-	3,460
	-	-	-	-	8,360	2,345	10,705
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	209	-	209
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	101	-	101
Other - School Programs	14,246	-	-	-	-	-	14,246
	14,246	-	-	-	310	-	14,556
Materials/Supplies/Freight							
Materials	-	-	-	-	3,288	3,652	6,940
Freight	-	-	-	-	-	-	-
	-	-	-	-	3,288	3,652	6,940
Total	\$ 14,246	\$ -	\$ -	\$ -	\$ 11,958	\$ 5,997	\$ 32,201

Dettah District Education Authority
Consolidated Financial Statements
June 30, 2017

Dettah District Education Authority

Consolidated Financial Statements

June 30, 2017

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Management Discussion and Analysis

Introduction

Dettah District Education Authority Administration:

Metro Huculak – Superintendent of Yellowknife Educational District #1
Lea Lamoureux – Principal of Kaw Tay Whee School
Sally Ann Drygeese - Administration/Educational Assistant

Current DEA Members:

Rebecca Plotner – Chairperson
James Sanderson – Vice-Chairperson
Beatrice Sangris – Member
Mary Laurie Tobie – Member
Tina Crookedhand – Member
Angela Lafferty – Member
Eileen Drygeese – Member

Acknowledgements:

The Dettah District Education Authority acknowledges the preparation of the Annual Management Discussion and Analysis as a go-forward responsibility of school management/administration and the Board Members to promote transparency and accountability.

Vision Statement:

“To create a safe learning environment where students can develop both academic and traditional skills as they become community leaders.”

Mission Statement:

“We believe in working together to create a thriving community through education, culture and pride.”

Core Strategies:

- Develop, build, and maintain strong and respectful working relationships between the Dettah District Education Authority and Kaw Tay Whee School management/administration and staff to best serve students and families
- Provide daily instruction in the Wiiliideh language and frequent opportunities for students to learn traditional ways of the community
- Recruit, train, and retain high quality, and highly qualified teaching and support staff to best serve current and future students
- Support school staff team to provide a whole-child educational experience and to provide a “wrap-around” services model to better support families in the community
- Actively engage in ensuring that students from the community from junior kindergarten to grade twelve attend and engage in educational opportunities; and work with extended families to promote the importance of school attendance and graduation
- Offer opportunities for pre-school aged children (0-5) to be involved in the wider life of the school to ease the transition when it is time for these children to register for school
- Support school management in their advocacy for services to be offered in the community school so as to ease challenges with system navigability; including but not limited to health services
- Plan for the future of a healthy thriving school and the possible provision of needed early intervention by networking and supporting new families and new parents

- Carefully ensure maximum fiscal responsibility to best meet the specific needs of students in out school
- Support school staff team in their quest to provide ample opportunities for students to have a wide variety of learning experiences so as to broaden their general knowledge base, and have a positive impact on personal health, well being, confidence, and strong personal cultural identity

Active Committees:

The Dettah District Education Authority has two main committees, comprised of the hiring committee and the finance committee. Each committee has two members, and the chairperson is also automatically added to each committee.

As a core value of the Dettah District Education Authority is collaboration and partnership with the school administration, the committees meet on an as-needed basis, and conduct business in collaboration with school management/administration.

School Staff Equivalents:

In 2016-2017, the FTE enrolment of Kaw Tay Whee School was 28.0 students from junior kindergarten to grade 9. The total enrolment of Dettah students in all schools up to grade 12 was 48.0.

The school was split into three classrooms to accommodate this number of grade levels and student needs. The Multi-Age-Grouped classrooms were grouped as junior kindergarten and kindergarten, grades one to three, grades three to five, and grades six to eight.

The school employed 3.0 full time teachers, 1.0 language teacher/EA, and 1.0 principal/PST/teacher.

When considering school population and staffing, it is important to note that the principal/PST/teacher position includes a variety of responsibilities, not normally required in this role, due to the unique position of the Dettah District Education Authority. The Dettah District Education Authority contracts superintendency services from Yellowknife Education District Number One.

- The DDEA is site-based-managed for funding, and is also independently audited. The day-to-day responsibilities and management of these tasks is part of the principal's job; as are any responsibilities that are designated to him/her by the DEA Chair.
- The principal is responsible for working with contractors, the GNWT, and many other bodies directly, as opposed to being filtered through school-board level coordinators. The principal is also responsible for the complete Operating Plan (Accountability Framework) and the Inclusive Schooling Compliance Tool.

Operating Environment

Strengths and Opportunities:

- Consistently positive working relationship between Dettah District Education Authority and Kaw Tay Whee School Staff; maximizing the potential for a positive learning environment for students and support for families
- An increase in the amount and quality of instruction in the local Wiiliideh language, by a caring, and qualified individual from the community
- An increase in grades offered over the past several years, to now encompass junior kindergarten to grade eight; therefore maximizing potential for students to access high quality learning in the home community, and ensuring that there are no barriers with transportation if a student is late. This year, the school has offered grade nine to students following IEPs.
- Over the past nine years, the school and school staff have received many accolades and awards; including the Prime Minister's Award for Teaching Excellence Certificate of Achievement, and a Canada's Outstanding Principal award; attesting to the change in student achievement, and attendance,
- The Dettah District Education Authority and school management have carefully managed funds to ensure that a small surplus is available for the future, should enrollment change due to moving or a low birth year

Challenges and Threats:

- This year our DEA encountered a large financial challenge as three of our staff accessed maternity and parental leave; this was unexpected and resulted in a large impact on our budget; as did hiring replacements for these staff members
- As in years past; due to large families moving away from Dettah, or a low birth year in the community, school enrollment can be volatile and unpredictable from year to year;

thus providing a challenge for the number of grades offered in one room, and in providing assistance for those students requiring one-on-one support. In order to minimize threat, as school funding changes, the DDEA has ensured a small surplus to attempt to maintain the integrity of school programming and staff allocations.

Financial Condition

The Authority's financial assets increased from \$444,509 to \$500,377. This year the net financial assets (financial assets less liabilities) were \$279,828 compared to \$193,657 in the prior year indicating a stronger financial position.

The Authority had an operating surplus of \$86,171 for the year compared to an operating deficit of \$160,265 in the prior year. The 2016-17 surplus can be attributed to the decrease in spending on wages and benefits due to two employees being on maternity leave as well as a reduction in transfer costs as there were fewer transfer students than in prior years. The accumulated surplus at year end is \$279,828.

Accounts payable and accrued liabilities have increased from \$41,650 to \$49,191 due to increased amounts owing on the Authority's VISA at year end.

The Yellowknife Education District #1 Payable decreased from \$208,260 to \$139,594. The decrease is due to the Authority having less staff on payroll in 2017 compared to the prior year as a result of the two employees on maternity leave.

Dettah DEA received 97% (2016 - 97%) of its funding from the GNWT. The core funding decreased from \$1,502,590 to \$1,373,283 in the current year. Other revenue in the current year mainly consists of donations from Dominion Diamond Corporation of \$25,000.

Summary and Outlook

Achievements and Successes:

- Students in need of speech support has continued to grow; yet students received one-on-one support on a daily basis to improve their skills
- School staff remained consistent; with over 50% of employees being employed at the school for five years or longer; with most staff on maternity leave or covering maternity leave returning for the 2017-2018 school year
- Attendance of community members and family members at school events continued to increase

Top Priority Challenges for the Coming Year:

- As in years past, due to a high number of families moving out of Dettah, and several students beginning grade 9, student enrollment is projected to potentially decrease for the 2017-2018 school year; thus potentially having a financial impact on the funding allocations for the 2018-2019 school year
- In order to minimize the impact on school programming, and experiences, school management will continue to work with outside stakeholders and partners to provide opportunities for students without impacting current allocations

Management's Responsibility for Financial Reporting

To the Minister of Education, Culture and Employment
Government of Northwest Territories

and

To the Members of Dettah District Education Authority

The Management Discussion and Analysis, Consolidated Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of Dettah District Education Authority (the "Authority") in all material respects and in accordance with Canadian public sector accounting standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of the Authority have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

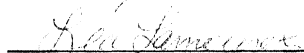
Management hereby asserts that auditors have been provided with all relevant records and documentation except payroll paid by Yellowknife Education District #1. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Authority



Chairperson
Dettah District Education Authority



Principal
Dettah District Education Authority

September 19, 2017

Independent Auditors' Report

**To the Minister of Education, Culture and Employment
Government of Northwest Territories
and
To the Members of Dettah District Education Authority**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dettah District Education Authority (the "Authority") which comprise the consolidated statement of financial position as at June 30, 2017 and the consolidated statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the consolidated 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 Authority'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 consolidated financial statements.

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

Independent Auditors' Report (continued)

Basis for Qualified Opinion

The Yellowknife Education District #1 is responsible for the calculation and distribution of the salaries and wages to indeterminate and term employees. Our audit scope was limited, as we did not audit the components of wages and salaries expenditures. Accordingly, we are not able to determine whether any adjustments might be necessary to wages and salaries expenditures, liabilities and net financial assets.

Qualified Opinion

In our opinion, except for the effects of adjustments, if any, of the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at June 30, 2017, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We report further, in accordance with the *Financial Administration Act*, in our opinion, proper books of account have been kept by the Authority, the financial statements are in agreement herewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Authority.



Yellowknife, Northwest Territories
September 21, 2017

Chartered Professional Accountants

Dettah District Education Authority

Consolidated Statement of Financial Position

As at June 30, 2017 2016

Financial Assets

Cash and cash equivalents (Note 4) \$ 500,377 \$ 444,509

Liabilities


Accounts payable and accrued liabilities (Note 10) 49,191 41,650
Payroll liabilities (Note 10) 3,082 943
Leave and termination benefit (Note 17) 28,682 -
Due to Yellowknife Education District #1 (Note 26) 139,594 208,260

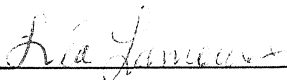
220,549 250,853

Net Financial Assets and Accumulated Surplus **\$ 279,828 \$ 193,657**

Contractual obligations and contingencies (Note 24 and 25)

Approved on behalf of the Authority

 _____ Chairperson

 _____ Principal

Dettah District Education Authority

Consolidated Statement of Operations

For the year ended June 30,	2017	2017	2016
	Budget (unaudited)	Actual	Actual
Revenues			
Government of the NWT			
ECE Regular Contributions	\$ 1,357,400	\$ 1,373,283	\$ 1,501,126
ECE Other Contributions (Note 33)		3,167	1,464
Total ECE	1,357,400	1,376,450	1,502,590
MACA Other Contributions (Note 34)	-	15,300	-
Total GNWT	1,357,400	1,391,750	1,502,590
Education Body Generated Funds			
Donations	-	36,974	32,780
Investment Income	-	518	619
Yellowknife Education District #1	-	-	17,300
Total Generated Funds	-	37,492	50,699
Total Revenues	\$ 1,357,400	\$ 1,429,242	\$ 1,553,289
Expenditures			
Administration (Schedule 1)	91,850	144,558	102,380
School Programs (Schedule 1)	744,794	879,920	1,198,587
Inclusive Schooling (Schedules 1 and 3)	344,627	142,236	254,389
Operations and Maintenance (Schedule 1)	-	33,149	39,307
Aboriginal Languages (Schedules 1 and 2)	175,061	143,208	118,891
	\$ 1,356,332	\$ 1,343,071	\$ 1,713,554
Operating Surplus (deficit) before other items	1,068	86,171	(160,265)
Other Items			
Grant in-kind - Assets provided at no cost (Note 23)	-	42,111	42,111
Rent expense - Assets provided at no cost (Note 23)	-	(42,111)	(42,111)
Operating Surplus (deficit)	1,068	86,171	(160,265)
Opening Accumulated Surplus	193,657	193,657	353,922
Closing Accumulated Surplus	\$ 194,725	\$ 279,828	\$ 193,657

Dettah District Education Authority

Consolidated Statement of Changes in Net Financial Assets

For the year ended June 30,	2015	2016
Operating surplus (deficit)	\$ 86,171	\$ (160,265)
Net financial assets, beginning of year	193,657	353,922
Net financial assets, end of year	\$ 279,828	\$ 193,657

Dettah District Education Authority**Consolidated Statement of Cash Flows**

For the year ended June 30,	2017	2016
<i>Cash provided by (used in):</i>		
Operating transactions		
Operating surplus (deficit)	\$ 86,171	\$ (160,265)
Changes in non-cash assets and liabilities		
Decrease (increase) accounts receivable	-	25,363
Increase (decrease) accounts payable and accrued liabilities	7,541	10,928
Increase (decrease) payroll liabilities	2,140	10,930
Increase (decrease) due to Yellowknife District Education #1	(68,666)	(10,946)
Increase (decrease) post-employment benefits	28,682	-
	(30,303)	36,275
Cash used for operating transactions	55,868	(134,920)
Decrease in cash and cash equivalents	55,868	(134,920)
Cash and cash equivalents at beginning of year	444,509	579,429
Cash and cash equivalents at end of year (Note 4)	\$ 500,377	\$ 444,509

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

1. Nature of Operations

The Dettah District Education Authority (the "Authority") was established under the *Education Act* of the Government of the Northwest Territories ("GNWT") by order of the Minister dated February 12, 2004. Its purpose is to administer and maintain the standards of educational programs in Dettah as defined under the Act. A full range of instructional programs ranging from kindergarten through grade 12 is offered by the Authority.

The Authority is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the Authority includes all aspects of operation and management. The Authority is the lowest (and sole) level of government exercising oversight responsibility.

The Authority is a public body performing a function of government in Canada. Paragraph 149(1)(c) of the *Income Tax Act* provides that a public body performing the function of government in Canada is exempt from taxation.

2. Significant Accounting Policies

(a) Basis of accounting

The consolidated financial statements of the the Authority have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in the management's opinion, been properly prepared within reasonable limits of materiality.

The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the consolidated financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms'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 transaction 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.

Financial assets measured at amortized cost include cash and cash equivalents.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, payroll liabilities and amounts due to Yellowknife Education District #1.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

(d) 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 for the year.

(e) Tangible capital assets

The Authority does not carry any tangible capital assets. All tangible capital assets used by the Authority are purchased by and remain the property of the GNWT. The Minister grants to the Education Body the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Tangible capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Tangible capital assets with a value of less than \$50,000 are recorded as a current expenditure.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(f) Revenue Recognition

Government transfers

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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.

GNWT regular contributions

The regular contributions from the GNWT is determined by a funding formula, based on student enrolment and price and volume fluctuation, and is received in monthly installments. The Authority retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT. The contribution revenue is recognized when received or receivable.

Other contributions

The Authority follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Other revenue is recorded as the service is provided and receipt is reasonably assured.

Deferred revenue

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

Investment income

Investment income is recognized when received or receivable, if the amount can be reasonably estimated.

Donations

Donations are recognized in the period they are received.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(g) Budget Data

The *Education Act* of the Northwest Territories requires that Boards of Education prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of the Authority and the budget is legally adopted by a motion of the Board in accordance with Section 135(3) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture, and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

This annual budget includes estimates of revenue and expenditures and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget may be amended within a given fiscal year in accordance with the Authority's policy, regulations and approved budget procedures. The budget data presented in the financial statements reflects the Minister approved budget for the school year. The budget has not been audited.

(h) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards, 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Authority are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

(j) Payroll Liabilities

Teacher payrolls for July and August are accrued.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(k) Post-employment Benefits, Compensated Absences and Termination Benefits

Under the terms and conditions of employment, education board employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumption based on management's best estimates.

(l) Special Purpose Funds

School activity funds which are fully controlled by the Authority with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Authority are not included even if custody of the funds is held by the Authority. Examples of excluded funds might be student clubs or associations for which the Authority has no ongoing responsibility of liability for losses.

3. Future Accounting Changes

Related Party Disclosures, Section PS 2200

This new Section defines a related party and establishes disclosures required for related party transactions.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Inter-entity transactions, Section PS 3420

This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

3. Future Accounting Changes (continued)

Assets, Section PS 3210

This new Section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure information about the major categories of assets that are not recognized is required.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Contingent Assets, Section PS 3320

This new Section defines and establishes disclosure on contingent assets. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Contractual Rights, Section PS 3380

This new Section defines and establishes disclosure standards on contractual rights. Disclosure of the nature, extent, and timing or any contractual rights is required.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1200

This standard will establish how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative financial instruments. Governments should adopt Section PS 3450 in the same fiscal year Section PS 2601, Foreign Currency Translation, is adopted.

This Section is effective for fiscal periods beginning on or after April 1, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Restructuring Transactions, Section PS 3430

This new Section establishes standards on how to record assets, liabilities, revenues and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor.

This Section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Student Activity Funds

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the consolidated financial statements of the Authority in the future.

Dettah District Education Authority**Notes to Consolidated Financial Statements**

June 30, 2017

4. Cash and Cash Equivalents

	2017	2016
Cash and cash equivalents	\$ 500,377	\$ 444,509

5. Special Purpose Funds

The Authority does not have special purpose funds.

6. Restricted Assets

The Authority does not have restricted assets.

7. Portfolio Investments

The Authority does not have any portfolio investments.

8. Accounts Receivable

The Authority does not have any accounts receivable.

9. Inventory

The Authority does not record inventory as per note 2(i).

10. Accounts Payable and accrued liabilities

	2017	2016
Trade	\$ 49,191	\$ 41,650
Payroll liabilities	3,082	943
	\$ 52,273	\$ 42,593

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

11. Deferred Revenue

The Authority does not have any deferred revenue.

12. Contributions Repayable

The Authority does not have any contributions repayable.

13. Due From and To the Government of Canada

The Authority does not have amounts due from and due to the Government of Canada.

14. Capital Lease Obligations

The Authority does not have capital lease obligations.

15. Pensions

The Authority makes contributions to the Northern Employee Benefits (NEBS) Pension Plan, which is a multi-employer plan, on behalf of some members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to the NEBS pension was \$79,256. The contributions are calculated at a rate of 8% of earning and allowances employee and employer contribution for a total of 16%. The maximum pensionable earnings is \$165,077 for January 2017, and \$163,715 for January 2016. The maximum monthly contributions is \$2,914 for January 2017, and \$2,182 for January 2016.

NEBS is an employer owned program and as such the Authority will be liable for its portion of any shortfall. The Plan serves 2,600 Employee Members and 99 Employer Members (total active, disabled and on leave 1542).

As of January 1, 2017, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be \$18,500,000 - funded ratio 111% (2016 - \$12,500,000 and 109%) on a going concern valuation basis. The Plan had a solvency ratio deficiency of \$102,495,300 and a solvency ratio of 64%. Solvency is calculated for the purposes of determining obligations only in the event of a plan wrap up. Any potential deficiency in termination payments is guaranteed to be paid over the next 10 years or less, depending on the position of the fund. For the period ending December 31, 2016, the NEBS Pension plan had an accumulated surplus of \$25,121,532.

As of April 2004, the OSFI has exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). On April 2015, the Legislative Assembly passed The Northern Employee Benefits Act (Bill 12) which was enacted October 1, 2015. NEBS is now operating under Bill 12.

16. Long-Term Debt

The Authority does not have long-term debt.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

17. Other employee future benefits and compensated absences

In addition to the pension benefits, the Authority provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Authority's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits for all staff are accrued as employee render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Authority.

	Severance and Removal	Compensated absences	2017
Changes in Obligations			
Accrued benefit obligations	\$ 16,282	\$ 5,976	\$ 22,258
Current period benefit cost	1,925	547	2,472
Interest accrued	528	185	713
Benefits payments	-	(1,463)	(1,463)
Plan amendments	-	337	337
Actuarial (gain)/loss	1,771	2,594	4,365
Accrued benefit obligations end of year	20,506	8,176	28,682
Unamortized net actuarial loss	(1,771)	(2,594)	(4,365)
Total employee future benefits and compensated absences	18,735	5,582	24,317
Benefit expenses	-	-	-
Current service costs	1,925	547	2,472
Interest costs	528	185	713
Plan amendments	-	337	337
Amortization of actuarial gains	\$ 2,453	\$ 1,069	\$ 3,522

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

18. Trust Assets Under Administration

The Authority does not have trust assets under administration.

19. Tangible Capital Assets

The Authority does not have tangible capital assets.

20. Prepaid Expenses and Deposits

The Authority does not have prepaid expenses and deposits.

21. Accumulated Surplus/Deficit

	2017	2016
Operating surplus	\$ 279,828	\$ 193,657

22. Capital Advances

The Authority does not have capital advances.

23. GNWT Assets Provided At No Cost

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Kaw Tay Whee	\$ 895,327	\$ 442,642	\$ 452,685	\$ 494,796

Rent expense of \$42,111 (2016 - \$42,111) was offset by a grant in-kind.

24. Contractual Obligations

The Authority does not have any contractual obligations.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

25. Contingencies

The Authority does not have any contingencies.

26. Related Parties

The Authority is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Authority enters into transactions with these entities in the normal course of business. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are summarized in this note.

Due to Related Party

	2017	2016
Yellowknife Education District #1	\$ 139,594	\$ 208,260

Revenues from Related Parties

	2017	2016
GNWT - Department of Education, Cultural and Employment	\$ 1,376,450	\$ 1,502,590
GNWT - Department of Municipal and Community Affairs	15,300	-
Total Revenues from Related Parties	\$ 1,391,750	\$ 1,502,590

Expenses Paid to Related Parties

	2017	2016
Yellowknife Catholic Schools	\$ 217,120	\$ 271,189
Yellowknife Education District #1	77,590	43,490
Total Expenses Paid to Related Parties	\$ 294,710	\$ 314,679

27. Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Authority which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget figures presented are those approved by the Trustees of the Authority on **December 8, 2016** and have not been audited.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

28. Economic Dependence

The Authority receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Authority's operations would be significantly affected.

29. Financial Instruments

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

a) Credit risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its cash and cash equivalents. The Authority holds its cash and cash equivalents in accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Authority's cash in accounts are insured up to \$100,000.

The Authority's maximum exposure to credit risk is represented by the financial assets balance for a total of \$500,377 (2016 - \$444,509).

b) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The Authority's maximum exposure to liquidity risk is represented by accounts payable and accrued liabilities, payroll liabilities and amounts due to Yellowknife Education District #1 for a total \$191,867 (2016 - \$250,853).

The financial assets including cash and cash equivalents. The financial liabilities including accounts payable and accrued liabilities, payroll liabilities and amounts due to Yellowknife Education District #1 mature within 6 months.

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

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

30. Expenditures By Object

	2017 Budget		2017 Actual		2016 Actual
Compensation	\$ 910,255	\$	884,769	\$	956,641
Materials and freight	83,547		71,425		155,659
Services purchased or contracted	362,530		386,877		601,254
	\$ 1,356,332	\$	1,343,071	\$	1,713,554

31. Subsequent Events

There were no material subsequent events that have taken place between June 30, 2017 and the audit report date.

32. Comparative Figures

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

33. ECE Other Contributions

	2017		2016
Government of the Northwest Territories - Department of Education, Culture and Employment			
Other	\$ 3,167	\$	1,464

34. GNWT Other Contributions

	2017		2016
Government of the Northwest Territories			
Department of Municipal and Community Affairs	\$ 15,300	\$	-

Dettah District Education Authority

Schedule 1 - Consolidated Details of Expenditures

For the year ended June 30,

							Total 2017	Budget 2017	Total 2016
	School Programs	Operations and Maintenance	Administration	Aboriginal Languages	Inclusive Schooling	Other	Total	Total	Total
Salaries									
Teachers	\$ 387,979	\$ -	\$ 38,372	\$ -	\$ 113,932	\$ -	\$ 540,283	\$ 704,806	\$ 599,652
Instructional assistant	-	-	-	-	-	-	-	15,000	-
YK1 superintendent	-	-	27,500	-	-	-	27,500	-	29,750
Non-instructional staff	-	32,074	-	124,233	-	-	156,307	169,449	136,929
Board/Trustee honoraria	-	-	13,798	-	-	-	13,798	18,000	15,180
School secretary	-	-	-	-	-	-	-	-	22,826
Total salaries	387,979	32,074	79,670	124,233	113,932	-	737,888	907,255	804,337
Employee benefits									
Employee benefits and allowances	79,991	-	4,055	15,997	18,156	-	118,199	3,000	152,304
Leave and termination benefits	18,011	1,075	2,805	2,863	3,928	-	28,682	-	-
Total employee benefits	98,002	1,075	6,860	18,860	22,084	-	146,881	3,000	152,304
Services Purchased or Contracted									
Advertising	13,969	-	-	-	-	-	13,969	18,000	26,627
Art and physical education	-	-	-	115	-	-	115	-	-
Contracted services	217,120	-	31,588	-	-	-	248,708	17,000	403,499
Maintenance and upgrades	5,422	-	531	-	-	-	5,953	-	9,057
Other	20,632	-	25,838	-	-	-	46,470	196,450	60,908
Postage and communications	-	-	-	-	178	-	178	7,000	-
Professional and technical services	490	-	-	-	6,042	-	6,532	60,400	29,525
Student transportation (bussing)	64,952	-	-	-	-	-	64,952	63,680	71,638
Total Services Purchased or Contracted	322,585	-	57,957	115	6,220	-	386,877	362,530	601,254
Materials and Freight									
Freight	-	-	-	-	-	-	-	-	150
Materials	71,354	-	71	-	-	-	71,425	83,547	155,509
Total Materials and freight	71,354	-	71	-	-	-	71,425	83,547	155,659
Total Expenditures	\$ 879,920	\$ 33,149	\$ 144,558	\$ 143,208	\$ 142,236	\$ -	\$ 1,343,071	\$ 1,356,332	\$ 1,713,554

Dettah District Education Authority**Schedule 2****Details of Aboriginal Language and Culture Program Expenditures**

For the year ended June 30,

2017

Function	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	Total
Salaries					
Non-instructional staff	\$ 124,233	\$ -	\$ -	\$ -	\$ 124,233
Employee Benefits					
Employee benefits and allowances	15,997	-	-	-	15,997
Leave and termination benefits	2,863	-	-	-	2,863
	18,860				18,860
Services Purchased or Contracted					
Art and physical education	115	-	-	-	115
Total	\$ 143,208	\$ -	\$ -	\$ -	\$ 143,208

Dettah District Education Authority

Schedule 3

Details of Inclusive Schooling Expenditures

For the year ended June 30,

2017

Function	Staff Development	Intervention Strategies	Assistive Technology	Student Resources	Southern Placements	Magnet Facilities	General Inclusive Schooling	Total
Salaries								
Program support teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	113,932	\$ 113,932
Employee Benefits								
Employee benefits and allowances	-	-	-	-	-	-	18,156	18,156
Leave and termination benefits	-	-	-	-	-	-	3,928	3,928
	-	-	-	-	-	-	22,084	22,084
Services Purchased or Contracted								
Professional and technical services	-	-	-	-	-	-	6,042	6,042
Postage and communications	-	-	-	-	-	-	178	178
							6,220	6,220
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	142,236	\$ 142,236

Dettah District Education Authority**Schedule 4
Aboriginal Languages**

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total
Revenue			
GNWT ECE funding	\$ 92,280	\$ 53,720	\$ 146,000
Expenditures			
Salaries	92,632	31,601	124,233
Employee benefits	13,478	5,382	18,860
Services Purchased or Contracted	-	115	115
	106,110	37,098	143,208
Surplus	\$ (13,830)	\$ 16,622	\$ 2,792

**K'alemi Dene School
(Ndilo District Education Authority)
Consolidated Financial Statements
June 30, 2017**

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Financial Statements

June 30, 2017

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**Management Discussion and Analysis
K'alemi Dene School
2016-17 School Year**

Introduction

This Management Discussion and Analysis is prepared for the Ndilo District Education Authority (NDEA) to promote transparency and accountability.

The current NDEA board members are (May 2016 to May 2019):

Lila Erasmus	Chairperson
Rose Black	Vice Chairperson
Cecilie Beaulieu	Trustee
Muriel Betsina	Trustee
George Goulet	Trustee
Nyra Mackenzie	Trustee
Vacant Position	Trustee

The NDEA as a whole sits as the financial committee. The finances of the NDEA are managed and reviewed by the K'alemi Dene School (KDS) principal then sent to Crowe McKay for processing.

The NDEA contracts Metro Huculak, Yellowknife Education District No. 1's (YK1) Superintendent, to provide Superintendent services for KDS. All of the teaching staff, including teachers and educational assistants are employees of YK1. Superintendent Huculak's contract expired at the end of the 2016-17 school year. The NDEA will review the contract in September 2017.

Non-instructional staff are employees of the Yellowknives Dene First Nation (YKDFN).

During the 2016-17 school year, KDS was funded for 115 Full Time Enrolments (FTE) from Junior Kindergarten through Grade 12.

Operating Environment

Strengths – We are a small community school that serves students from Junior Kindergarten to Grade 12. We have a comprehensive culture program that includes a school Elder, Language Instructor and Indigenous Culture Coordinator. Students participate in twice weekly Willìideh Yatì classes. As well, students have many opportunities to participate in culture experiences based on the seasonal Dene calendar such as: overnight canoe trips, trapping camps, berry picking and fishing with a net.

Weakness – As identified by the Early Development Instrument (<https://edi.offordcentre.com>), many of our students are beginning school with vulnerability in their development. This affects children's overall development including language and communication development, gross and fine motor skills and social-

emotional skills. All of the areas must be taken into consideration when planning for academic success.

As well, with an enrolment of 115 students, we are transporting just under 50% of our student population to KDS from Yellowknife. This proves challenging with the limited transportation budget provided by the Department of Education, Culture and Employment.

Opportunities – A number of opportunities are available including the possibility of providing daycare services, trades opportunities and dual credit arrangements.

Threats – Lack of sufficient space hinders opportunity for growth. In recent year we have renovated the activity room and computer room to make space for additional classrooms as our student population increases.

There are also a number of poverty, addictions and mental illness challenges facing our students and families. It is critical that interagency partnerships are established so that proactive support can be provided.

Financial Condition

The NDEA is currently managing a surplus. The surplus is being used for a number of initiatives to enhance literacy learning at KDS. It has also been used to enhance the playground.

The NDEA will sign a contract with YKDFN to provide financial and human resources support.

Summary and Outlook

Achievement & Success

Using our surplus funds, KDS hired a Literacy Coach for two school years. This position provided job embedded, professional development for teachers from Junior Kindergarten to Grade four. Our Literacy Coach also provided one-on-one reading support to our struggles readers.

The NDEA also used surplus funds to develop the outdoor play space in front of KDS. In 2016-17, work was started to create a fenced futsal field. This field gives KDS increase activity space and opportunities for physical development. The work will finish in 2017-18.

Challenges

Our school continues to operate at a high utilization rate. We lack the space for additional classrooms to provide additional services. For example, there is not a large enough space for our entire student population to gather for assemblies and other large functions. As well, we struggle to offer counseling and health services because we lack the confidential break out space.

YKDFN generously allows the school the use of the community gymnasium for physical education, which is not attached to the school. Unfortunately this gymnasium is small and is not meant for older students and large classes. It greatly affects the level physical activity that we are able to offer and it hinders students' physical development. Some of our Ndilo families choose to send their children to "uptown" schools for the physical education options that are available.

The NDEA has requested a meeting with the Dettah District Education Authority, however they have not responded to the request.

Sincerely,

Metro Huculak
Superintendent

Cc: Eileen Erasmus

Management Responsibility for Financial Reporting

**To the Minister of Education, Culture and Employment
Government of Northwest Territories**

Management's Responsibility for Financial Reporting with respect to the school year ended June 30, 2017


The Management Discussion and Analysis, Consolidated Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of K'alemi Dene School ("the Authority") in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of the Authority have been conducted within the statutory powers of the Authority. The operations and administration of the Authority as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Authority's Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Authority

 **Superintendent**
Metro Huculak

September 15, 2017

Independent Auditors' Report

To the Minister of Education, Culture and Employment Government of Northwest Territories and to the Members of K'alemi Dene School

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of K'alemi Dene School ("the Authority"), which comprise of the consolidated statement of financial position as at June 30, 2017, and the consolidated statements of operations, changes in net financial assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the consolidated 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 Authority'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 consolidated financial statements.

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

Independent Auditors' Report (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Authority as at June 30, 2017, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We report further, in accordance with the *Financial Administration Act*, in our opinion, proper books of account have been kept by the Authority, the consolidated financial statements are in agreement herewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Authority.



Yellowknife, Northwest Territories
September 15, 2017

Chartered Professional Accountants

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Financial Position

As at June 30, 2017 2016

Financial Assets

Cash and cash equivalents (Note 4)	\$ 1,307,886	\$ 1,520,523
Portfolio investments (Note 7)	66,500	-
Due from Government of Canada (Note 13)	43,651	33,366
Accounts receivable (Note 8)	500	110,653
	1,418,537	1,664,542

Liabilities

Accounts payable and accrued liabilities (Note 10)	74,362	2,753
Payroll Liabilities	623,740	984,402
Post-employment benefits (Note 17)	33,782	-
	731,884	987,155

Net Financial Assets \$ 686,653 \$ 677,387

Non-Financial Assets

Prepaid expenses (Note 20)	4,982	-
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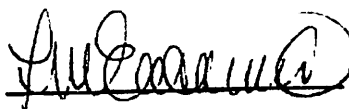
Accumulated Surplus \$ 691,635 \$ 677,387

Represented By:

Operating Fund \$ 691,635 \$ 677,387

Contractual obligations and contingencies (Notes 24 and 25)

Approved on behalf of the Authority

 Chairperson

 Trustee
Cecilie Beaulieu

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Operations

For the year ended June 30,	2017	2017	2016
	Budget (unaudited)	Actual	Actual
Revenues			
Government of the Northwest Territories (GNWT)			
ECE Regular contributions	\$2,182,969	\$2,391,000	\$2,404,423
ECE Other contributions (Note 33)	-	12,320	3,125
Total ECE	-	2,403,320	2,407,548
GNWT Other contributions (Note 34)	-	27,300	36,298
Education body generated funds			
Donations	-	48,960	52,614
Fundraising	-	65,281	65,020
Recovery from YKDFN	-	118,046	-
	2,182,969	2,662,907	2,561,480
Expenditures - Schedule 1			
School programs	1,635,917	1,957,890	2,106,935
Inclusive schooling	510,066	436,102	493,114
Administration	85,000	28,428	158,314
Aboriginal languages	184,587	226,239	230,531
Operations and maintenance	15,000	-	-
	2,430,570	2,648,659	2,988,894
Operating surplus (deficit) before other items	(247,601)	14,248	(427,414)
Other items			
Grant in-kind - Tangible Capital Assets provided at no cost (Note 23)	-	226,653	226,653
Rent expense - Tangible Capital Assets provided at no cost (Note 23)	-	(226,653)	(226,653)
	-	-	-
Operating surplus (deficit)	(247,601)	14,248	(427,414)
Opening accumulated surplus	677,387	677,387	1,104,801
Closing accumulated surplus	\$ 429,786	\$ 691,635	\$ 677,387

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Changes in Net Financial Assets

For the year ended June 30,	2017	2016
Operating surplus (deficit)	\$ 14,248	\$ (427,414)
Change in prepaid expenses	(4,982)	-
Increase (decrease) in net financial assets	9,266	(427,414)
Net financial assets, beginning of year	677,387	1,104,801
Net financial assets, end of year	\$ 686,653	\$ 677,387

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Cash Flows

For the year ended June 30,	2017	2016
Cash provided by (used in):		
Operating Activities		
Operating surplus (deficit)	\$ 14,248	\$ (427,414)
Change in non-cash assets and liabilities		
Decrease (increase) in accounts receivable	110,153	1,173,384
Increase (decrease) in accounts payable and accrued liabilities	71,609	(32,141)
Increase (decrease) in payroll liabilities	(360,662)	454,773
Increase (decrease) in leave and termination benefits	33,782	-
Decrease (increase) in amounts due from Government of Canada	(10,285)	(14,042)
Decrease (increase) in prepaid expenses	(4,982)	-
	(160,385)	1,581,974
	(146,137)	1,154,560
Investing Activity		
Purchase of GIC	(66,500)	-
Change in cash position	(212,637)	1,154,560
Cash and cash equivalents, beginning of year (Note 4)	1,520,523	365,963
Cash and cash equivalents, end of year (Note 4)	\$ 1,307,886	\$ 1,520,523

K'alemi Dene School

Schedule 1 Consolidated Details of Expenditures

For the year ended June 30,	2017		2017		2016		
	School Programs	Inclusive Schooling (Schedule 3)	Administration	Aboriginal Languages (Schedule 2)	Total	Budget (unaudited)	Total
Salaries							
Teachers	\$ 992,849	\$ 193,274	\$ -	\$ 126,951	\$ 1,313,074	\$ 1,768,636	\$ 1,331,776
Instruction assistants	72,517	139,653	-	36,850	249,020	253,826	273,970
Non-Instructional staff	215,849	-	-	-	215,849	126,250	236,125
Board/Trustee honoraria	5,500	-	6,438	-	11,938	18,000	13,148
Total Salaries	1,286,715	332,927	6,438	163,801	1,789,881	2,166,712	1,855,019
Employee Benefits							
Employee benefits and allowances	199,333	67,612	-	26,306	293,251	23,858	326,128
Leave and termination benefits	23,846	5,962	-	3,974	33,782	-	-
Total Employee Benefits	223,179	73,574	-	30,280	327,033	23,858	326,128
Services Purchased or Contracted							
Advertising	2,243	-	351	-	2,594	-	339
Electricity	2,810	-	-	-	2,810	10,000	2,470
Insurance and permits	1,566	-	-	48	1,614	-	5,844
Interest and bank charges	181	-	966	-	1,147	-	148
Maintenance and repairs	64,644	-	-	655	65,299	5,000	6,940
Other contracted services	838	-	170	-	1,008	-	13,602
Postage and communication	8,943	-	-	-	8,943	20,000	9,123
Professional/technical services	92,789	14,535	17,753	22,261	147,338	30,000	331,685
Rentals and lease	15,123	-	-	-	15,123	10,000	23,587
Student transportation and bussing	21,728	-	-	-	21,728	-	36,700
Travel	45,851	-	-	3,003	48,854	-	104,777
Water and sewage	1,337	-	-	-	1,337	-	2,961
Total Services Purchased or Contracted	258,053	14,535	19,240	25,967	317,795	75,000	538,176
Total Materials/Supplies/Freight	189,943	15,066	2,750	6,191	213,950	165,000	269,571
Total Expenditures	\$ 1,957,890	\$ 436,102	\$ 28,428	\$ 226,239	\$ 2,648,659	\$ 2,430,570	\$ 2,988,894

K'alemi Dene School**Schedule 2****Details of Aboriginal Language and Culture Program Expenditures**

For the year ended June 30,**2017**

Function	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	Total
Salaries					
Teachers	\$ 126,951	\$ -	\$ -	\$ -	\$ 126,951
Language consultants	36,850	-	-	-	36,850
Instruction assistants	-	-	-	-	-
Non-instructional staff	-	-	-	-	-
Honoraria	-	-	-	-	-
School secretary	-	-	-	-	-
	163,801	-	-	-	163,801
Employee Benefits					
Employee benefits/allowances	30,280	-	-	-	30,280
Services Purchased/Contracted					
Advertising/printing/publishing	-	-	-	-	-
Licenses & permits	48	-	-	-	48
Maintenance/repair	655	-	-	-	655
Other contracted services	-	-	-	-	-
Professional/technical services	22,261	-	-	-	22,261
Rentals/leases	-	-	-	-	-
Student transportation (bussing)	-	-	-	-	-
Travel	3,003	-	-	-	3,003
	25,967	-	-	-	25,967
Materials/Supplies/Freight					
Materials	6,191	-	-	-	6,191
Total	\$ 226,239	\$ -	\$ -	\$ -	\$ 226,239

K'alemi Dene School

Schedule 3

Details of Inclusive Schooling Expenditures

For the year ended June 30,

2017

Function	Staff Development	Intervention Strategies	Assistive Technology	Student Resources	Southern Placements	Magnet Facilities	General Inclusive Schooling	Total
Salaries								
Program support teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,274	\$ 193,274
Consultants	-	-	-	-	-	-	-	-
Support assistants	-	-	-	-	-	-	139,653	139,653
Non-instructional staff	-	-	-	-	-	-	-	-
School secretary	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	332,927	332,927
Employee Benefits								
Employee benefits/allowances	-	-	-	-	-	-	73,574	73,574
Services Purchased/Contracted								
Professional/technical services	-	-	-	-	-	-	14,535	14,535
Travel	-	-	-	-	-	-	-	-
Student transportation (bussing)	-	-	-	-	-	-	-	-
Advertising/printing/publishing	-	-	-	-	-	-	-	-
Maintenance/repair	-	-	-	-	-	-	-	-
Rentals/leases	-	-	-	-	-	-	-	-
Other contracted services	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	14,535	14,535
Materials/Supplies/Freight								
Materials	-	-	-	-	-	-	15,066	15,066
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 436,102	\$ 436,102

K'alemi Dene School

Schedule 4 Aboriginal Languages

For the year ended

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total
Revenue			
GNWT ECE funding	\$ 125,877	\$ 73,123	\$ 199,000
	125,877	73,123	199,000
Expenditures			
Salaries	95,575	68,226	163,801
Employee benefits	13,987	16,293	30,280
Services purchased/contracted	23,657	2,310	25,967
Supplies and materials	5,633	558	6,191
	138,852	87,387	226,239
Surplus	\$ (12,975)	\$ (14,264)	\$ (27,239)

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

1. Nature of Operations

K'alemi Dene School ("the Authority") was established on June 25, 2013 under the *Education Act* of the Northwest Territories by order of the Minister. Its purpose is to administer and maintain the standards of educational programs in N'Dilo as defined under the Act. A full range of instructional programs ranging from kindergarten through grade 12 are offered by the Authority.

The Authority is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

The Authority is a public body performing a function of government in Canada. Paragraph 149(1)(c) of the *Income Tax Act* provides that a public body performing a function of government in Canada is exempt from taxation.

2. Significant Accounting Policies

(a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the consolidated financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.

(c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms'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 transaction 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.

Financial assets subsequently measured at amortized cost include cash, accountable funds, due from the GNWT and other accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued salaries, deferred revenue, post-employment benefits and accountable funds.

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

(d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Education Authority because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Education Authority.

(e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Authority full occupancy and use of such facilities and equipment required for the administration and delivery of the education programs within the community. Tangible capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines of the GNWT and they are not disclosed on the statement of financial position. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

(f) Revenue Recognition

Government Transfers

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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.

GNWT - Regular Contributions

The regular contributions from the GNWT are determined by a funding formula, based on student enrolment and price and volume fluctuation, and are received in monthly installments. The Authority retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(f) Revenue Recognition (continued)

Other Contributions

The Authority follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Other Revenue - Donations

Donations are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured.

Contributed Services

The Authority receives cleaning and catering services provided by school volunteers. The fair value of these services is recognized as an expense and a corresponding revenue is recorded. The fair value of these services is \$43,781 (2016 - \$28,720).

The school bus used by the Authority is the property of the Yellowknives Dene First Nation. The fair value of the use of the bus is estimated to be equivalent to the cost of bus passes that the Authority would have had to purchase. As such a bus pass expense and corresponding revenue has been reported in the Consolidated Statement of Operations. The fair value of these services is \$21,500 (2016 - \$36,300).

(g) Budget Data

The *Education Act* of the Northwest Territories requires that Education Authorities prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees at a special meeting called for the purposes of reviewing budget proposals, recommending changes, additions or deletions and adopting the proposed budget.

The budget is legally adopted by a motion of the Board of Trustees which also establishes a tax levy to support the approved budget in accordance with Section 135(3), Assessment and Taxation, of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117 (2) k, l and m of the *Education Act*.

The annual budget includes estimates of revenue and expenditures and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget may be amended within a given fiscal year in accordance with Board policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(h) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Education Body are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

(j) Payroll Liabilities

Teacher payrolls for July and August are accrued.

(k) Other Employee Future Benefits and Compensated Absences

Under the terms and conditions of employment, education board employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date of employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

(l) Special Purpose Funds

School activity funds which are fully controlled by the Authority with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Authority are not included even if custody of the funds is held by the Authority. Examples of excluded funds might be student clubs or associations for which the Authority has no ongoing responsibility of liability for losses.

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(m) Donated Goods and Services

Volunteer time or donated services are recorded as revenue with offsetting expenditure at their fair values in the period received, when the services would otherwise be purchased and their fair values have been objectively determined.

GNWT Tangible Capital Assets Provided At No Cost

The school buildings occupied by the Authority are the property of the GNWT. The fair value of the use of the building is estimated to be equivalent to the current year amortization of the building as such a rent expense and corresponding grant in-kind has been reported in the Consolidated Statement of Operations.

(n) Net Financial Assets (Debt)

The Authority's financial statements are presented so as to highlight net financial assets (debt) as the measurement of financial position. The net financial assets (debt) of the Authority is determined by its financial assets less its liabilities. Net financial assets (debt) combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

(o) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met: an environmental standard exists; contamination exceeds the environmental standard; the Authority is directly responsible or accepts responsibility and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at June 30, 2017.

At each financial reporting date, management reviews the carrying amounts of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. Management of the Authority has concluded that there is no contamination that exceeds environmental standards and as a result there are no liabilities for contaminated sites.

June 30, 2017

3. Future Accounting Changes

Related Party Disclosures, Section PS 2200

PSAB approved Section PS 2200, Related Party Disclosures. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The impact of the transition to this accounting standard has not yet been determined.

Inter-entity transactions, Section PS 3420

PSAB approved Section PS 3420, Inter-entity Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section PS 2200.

The impact of the transition to this accounting standard has not yet been determined.

Assets, Section PS 3210

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

The impact of the transition to this accounting standard has not yet been determined.

Contingent Assets, Section PS 3320

PSAB approved Section PS 3320, Contingent Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

The impact of the transition to this accounting standard has not yet been determined.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

3. Future Accounting Changes (continued)

Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

Student Activity Funds

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the consolidated financial statements of the Authority in the future.

4. Cash and Cash Equivalents

Cash and cash equivalents represent cash held in a bank account with the Royal Bank of Canada (RBC).

5. Special Purpose Funds

The Authority does not have special purpose funds.

6. Restricted Assets

The Authority does not have restricted assets.

7. Portfolio Investments

The Authority has a \$66,500 one-year guaranteed investment certificate (GIC) with the Royal Bank of Canada (RBC). The GIC has an interest rate of 0.500% per annum and matures on December 14, 2017.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

8. Accounts Receivable

	Accounts Receivable 2017	Allowance 2017	Net 2017	Net 2016
Accounts receivable	\$ 500	\$ -	\$ 500	\$ (23,068)
Surplus due from Yellowknives Dene First Nation	-	-	-	133,721
	\$ 500	\$ -	\$ 500	\$ 110,653

9. Inventories

The Authority does not have inventories.

10. Accounts Payable

	2017	2016
Trades payable	\$ 74,362	\$ 2,753
Payroll Liabilities	623,740	984,402
	\$ 698,102	\$ 987,155

11. Deferred Revenue

The Authority does not have deferred revenue.

12. Contribution Repayable

The Authority does not have contribution repayable.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

13. Due from and (to) the Government of Canada

	2017	2016
Goods and Services Tax receivable	\$ 43,651	\$ 33,366

14. Capital Lease Obligations

The Authority does not have capital lease obligations.

15. Pensions

The Authority makes contributions to the Northern Employee Benefits (NEBS) Pension Plan, which is a multi-employer plan, on behalf of some members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to the NEBS pension was \$260,336. The contributions are calculated at a rate of 8% of earning and allowances employee and employer contribution for a total of 16%. The maximum pensionable earnings is \$165,077 for January 2017, and \$163,715 for January 2016. The maximum monthly contributions is \$2,914 for January 2017, and \$2,182 for January 2016.

NEBS is an employer owned program and as such the Authority will be liable for its portion of any shortfall. The Plan serves 2,600 Employee Members and 99 Employer Members (total active, disabled and on leave 1,542).

As of January 1, 2017, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be \$18,500,000 - funded ratio 111% (2016 - \$12,500,000 and 109%) on a going concern valuation basis. The Plan had a solvency ratio deficiency of \$102,495,300 and a solvency ratio of 64%. Solvency is calculated for the purposes of determining obligations only in the event of a plan wrap up. Any potential deficiency in termination payments is guaranteed to be paid over the next 10 years or less, depending on the position of the fund. For the period ending December 31, 2016, the NEBS Pension plan had an accumulated surplus of \$25,121,532.

As of April 2004, the OSFI has exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). On April 2015, the Legislative Assembly passed The Northern Employee Benefits Act (Bill 12) which was enacted October 1, 2015. NEBS is now operating under Bill 12.

16. Long Term Debt

The Authority does not have long term debt.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

17. Post Employment Benefits

In addition to the pension benefits, the Authority provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Authority's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits for all staff are accrued as employee render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Authority.

	Severance and Removal	Compensated Absences	2017	2016
Changes in Obligation				
Accrued benefit obligation beginning of year	\$ 21,338	\$ 6,079	\$ 27,417	\$ -
Current service cost	3,251	708	3,959	-
Interest cost	758	214	972	-
Benefits paid	-	(174)	(174)	-
Actuarial (gain)/loss	3,797	315	4,112	-
Plan amendment	-	1,608	1,608	-
Accrued benefit obligation at end of year	29,144	8,750	37,894	-
Unamortized net actuarial loss/(gain)	(3,797)	(315)	(4,112)	-
Accrued benefit liability	\$ 25,347	\$ 8,435	\$ 33,782	\$ -

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

17. Post Employment Benefits (continued)

The discount rate used in the 2017 fiscal year to determine the accrued benefit obligation was an average of 3.3% (2016 - 3.2%). The expected payments during the next ten fiscal years are:

	Severance and Removal	Compensated Absences	Total
2018	\$ 2,235	\$ 219	\$ 2,454
2019	2,431	236	2,667
2020	2,964	477	3,441
2021	3,890	1,078	4,968
2022	4,072	998	5,070
2023-2027	18,704	4,467	23,171
	<u>\$ 34,296</u>	<u>\$ 7,475</u>	<u>\$ 41,771</u>

18. Trust Assets Under Administration

The Authority does not have trust assets under administration.

19. Tangible Capital Assets

The Authority does not have tangible capital assets.

20. Prepaid Expenses

	2017	2016
Vehicle licenses and insurance	\$ 4,892	\$ -

21. Accumulated Surplus/Deficit

A consolidated statement of accumulated surplus/deficit has been prepared and included in the Consolidated Statement of Financial Position.

22. Capital Advances

The Authority does not have capital advances.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

23. GNWT Tangible Capital Assets Provided At No Cost

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Buildings	\$ 9,066,125	\$ 1,699,898	\$ 7,366,227	\$ 7,592,880

Rent expense of \$226,653 (2016 - \$226,653) equal to current year amortization of the tangible capital assets was offset by a grant in-kind.

24. Contractual Obligations

The Authority has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2017

	Expires in Fiscal Year	2018	2019	Total
Equipment lease	2019	\$ 9,056	\$ 6,792	\$ 15,848
Contract for superintendent services	2018	3,000	-	3,000
		\$ 12,056	\$ 6,792	\$ 18,848

25. Contingencies

As of the audit report date, the Authority does not have contingencies.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

26. Related Parties

The Authority is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Authority enters into transactions with these entities in the normal course of business. The Authority is provided with various administrative services by the GNWT, the value of which is not reflected in these consolidated financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, payroll services and internal audit services by the Department of Finance, and utilities and maintenance by Public Works and Services. Transactions with related parties and balances at year-end not disclosed elsewhere in the consolidated financial statements are summarized in this note.

	2017	2016
Due to related parties		
Yellowknife Education District #1	\$ 595,701	\$ 984,402
Revenue from related parties		
GNWT - Department of Education, Culture and Employment	\$ 2,403,320	\$ 2,407,548
GNWT - Department of Environment and Natural Resources	8,000	-
GNWT - Department of Municipal and Community Affairs	19,300	-
Yellowknife Education District #1	-	36,298
Total revenues from related parties	\$ 2,430,620	\$ 2,443,846
Expenses to related parties		
Aurora College	\$ 200	\$ -
Yellowknife Education District #1	1,855,345	1,946,622
Total expenses to related parties	\$ 1,855,545	\$ 1,946,622

27. Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget figures presented are those approved by the Trustees of the Authority on May 9, 2016 and have not been audited.

Notes to Consolidated Financial Statements

June 30, 2017

28. Economic Dependence

The Authority receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Authority's operations would be significantly affected.

29. Financial Instruments

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

a) Credit risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its, cash and accounts receivable.

The Authority's maximum exposure to credit risk is represented by the financial assets balance for a total of \$1,418,537 (2016 - \$1,664,542).

There is a concentration of credit risk in cash as the majority of the deposits are held in one Canadian chartered bank and the balance is in excess of the insurable limit.

b) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The Authority's maximum exposure to liquidity risk is represented by accounts payable and accrued liabilities, and payroll liabilities for a total of \$731,884 (2016 - \$987,155).

All of the Authority's financial assets and financial liabilities at June 30, 2017 mature within 6 months.

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

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

30. Expenditures by Object

	Budget 2017 (Unaudited)	Actual 2017	Actual 2016
Compensation	\$ 2,190,570	\$ 2,116,914	\$ 2,181,147
Materials and freight	165,000	213,950	269,571
Services purchased/contracted	75,000	317,795	538,176
	\$ 2,430,570	\$ 2,648,659	\$ 2,988,894

31. Subsequent Events

There were no material subsequent events that occurred between June 30, 2017 and the date the audit report was signed.

32. Comparative Figures

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

33. ECE Other Contributions

	2017	2016
Government of the Northwest Territories, Department of Education, Culture and Employment		
Fundraising	\$ 4,500	\$ 3,125
Self Regulation	5,300	-
Drop the Pop	1,811	-
Other	709	-
	\$ 12,320	\$ 3,125

34. GNWT Other Contributions

	2017	2016
Government of the Northwest Territories		
Municipal and Community Affairs	\$ 19,300	\$ -
Environment and Natural Resources	8,000	-
	\$ 27,300	\$ -

Consolidated Financial Statements of

Sahtu Divisional Education Council

June 30, 2017

Sahtu Divisional Education Council

Consolidated Financial Statements

June 30, 2017

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Management Discussion and Analysis (MD&A)

Introduction

The Management's Discussion and Analysis (MD&A) of the Sahtu Divisional Education Council (SDEC) financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30th 2017. The intent of this discussion and analysis is to attest on a go-forward basis the responsibility of management and the Council Members to promote transparency and accountability. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the Sahtu Divisional Education Council financial performance.

What is the SDEC?

The Sahtu Divisional Education Council (SDEC) is responsible, under the Education Act, for all K-12 education in the Sahtu region. There are five schools in the district. In each community, a locally elected District Education Authority (DEA) is responsible for education in that community. The District Education Council (DEC) is made up of one member from each DEA and one chairperson.

As per the Education Act of the Northwest Territories, the SDEC is responsible to provide quality education to the residents of the Sahtu region. It is our hope that by reading this document, members of our community will receive valuable information on the infrastructure of the education system in the North and become involved in their community government.

Mission

To provide excellent educational environments where students will have the opportunity to experience success and contribute to society.

Council of Trustees

Chairperson

Karea Peachy – Norman Wells

Vice-Chairperson

Sally Ann Horrassi – Tulita

Angela Grandjambe – Fort Good Hope

Trudy Kochon – Colville Lake

Mary Ann Vital – Deline

Vacant – Norman Wells

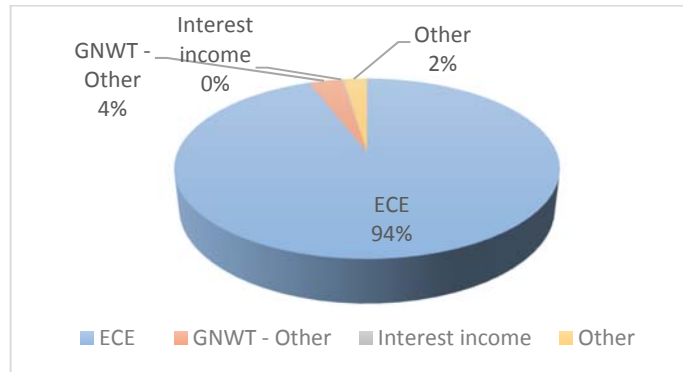
The management team of the SDEC comprised of the following;

Superintendent – Seamus Quigg

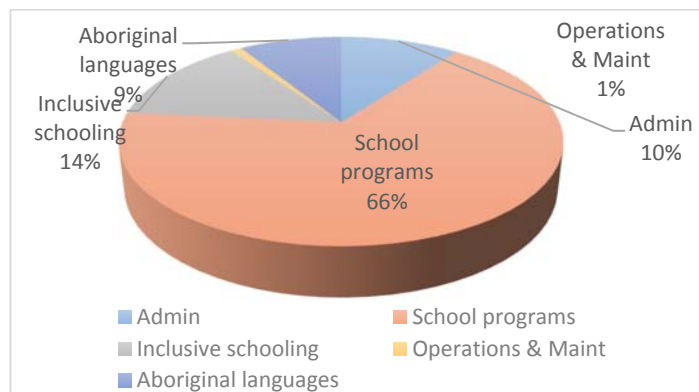
Assistant Superintendent – Renee Closs

Comptroller – Harry Cassie

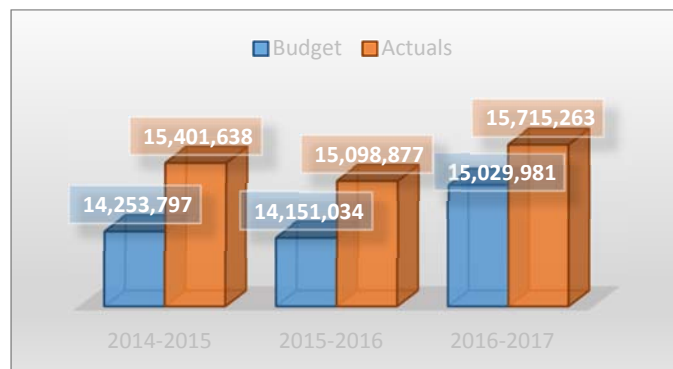
Revenues



Expenditures by Program



Operating Trends Actual to Budget



Expenditures exceeded revenues for a deficit of (\$51k), (2016-\$91k surplus), compared to budgeted surplus of \$68k. This resulted in a surplus fund balance \$377k (2016-\$614k) as at June 30th 2017. Additional revenues of \$822k (2016-\$948k) was received resulted in additional expenses incurred compared to budget.

Revenues have been trending positively compared to budget as a result of additional revenue received during the year for new initiatives, this is consistent year over year.

Total Student/Teacher Population by Schools

Schools	Students	Teachers
Mackenzie Mountain – Norman Wells	144	11.00
Chief Albert Wright - Tulita	107	9.50
Chief T' Selehye – Fort Good Hope	152	10.00
Ehtseo Ayha – Deline	100	8.00
Coville Lake – Colville Lake	54	3.00
Totals	557	41.50

Operating Environment

Strengths

Our relatively small Central Office staff of nine have good working relationships and considerable longevity. The average length of time employed here is between nine and ten years.

Operational systems and procedures are in place, and because of our smaller size, we are very well represented on all territorial educational committees.

Long time staff at the board office, at the school turnover is relatively low, system and manuals in place and a reasonable surplus on hand.

Weakness

Shipping to the Sahtu region is challenging as we have no control over delivery times due to the limited methods of delivery over each season. The most economical way of shipping is via barge but this has been challenging with fewer barge due to lower than normal water levels. The alternative when this happens is to fly in supplies or wait for the winter road season.

Opportunities

There is always the need for additional funding. There is also the opportunity to explore program funding from other GNWT departments.

Threats

The community of Deline, Northwest Territories has ushered in a new era of their history, assuming self-government responsibilities on August 31st 2016. This agreement was 20 years in the making and will mean that the community can enact laws governing areas from municipal services to health and education. While education is not on the front

burner at this, these discussions will eventually happen and at this time it is too soon to forecast an outcome. In the meantime, other communities are also engaging in self-government.

The 18th Legislative Assembly established its mandates for 2016-2019 and identified as one of its priorities a planning study on options for shared service administration across NWT education bodies, as an effort to increase the JK12 support systems. It is understood then that it is of importance for the GNWT to find opportunities to improve efficiencies, reduce costs, all the while also preserving or improving services required.

A steering committee has been established and a contractor has been engaged to begin looking at the possibilities. Following the presentation of Report 1: Capturing the Current State, the a2z team consulted with key stakeholders to confirm the various needs, requirements and constraints in the designing of a shared services model. Further, discussions took place to co-develop the model that would best answer the needs of Education Authority (EA).

While management is optimistic about shared services, at the time of these statements no decision has been made regarding a position.

Imperial Oil has suspended oil production at its field in Norman Wells, in response to the continued shutdown of the Line 21 pipeline to Alberta. Operations has been transitioned to care and maintenance phase. The moves come as Line 21 — which is owned by Enbridge and carries oil from Norman Wells to Zama, Alta. — remains shut down. The line was shut down due to concerns about ground stability at a section of the line near Fort Simpson. Oil and gas has long been a staple of economic planning in the NWT Sahtu region. With this shutdown, the town have already seen the impact of workers leaving. The impact affect both the business sector as well as the enrollment in schools. The funding for schools is dependent on enrollment.

Financial Condition

The Sahtu DEC health is stable in spite of having a deficit in the current year (\$51k), (2016: \$91k surplus). The closing surplus for the end of the fiscal year June 30, 2017 is \$377k (2016: \$614,813). The main challenge faced by Sahtu DEC is having to dip into surplus funding to offset operational issues from time to time, with no additional funding for these occurrences.

Accumulated surplus (deficit) is comprised of the following:

Accumulated surplus (deficit), end of year	\$ (351,141)	\$ (300,148)
Post employment benefits Unamortized net actuarial (gain)/loss (Note 17)	914,961	914,961
Less: Amortization of net actuarial (gain)/loss (included in current year deficit)	(106,391)	-
Less: 2017 increase in Actuarial (gain)/loss	(80,131)	-
<u>Revised accumulated surplus (deficit), end of the year</u>	<u>\$ 377,298</u>	<u>\$ 614,813</u>

As shown above, a significant portion of the change in the “Revised accumulated surplus (deficit)” is due to changes in the post-employment benefits liability. The GNWT has required the use of an actuary to determine the balance. Changes in the actuarial calculations have resulted in significant swings in the accumulated surplus (deficit) balance. Management recognizes that this creates difficulties in interpreting our surplus and in turn clouds the picture for decision making. However, the intention of using an actuary is to present the most accurate balances over the long term.

The challenge faced this year by the board was in the area of removal which contributed significantly towards the overall deficit (\$51k) as this cost is somewhat difficult to budget, due to timing of budget and the hiring process and was under budgeted for this fiscal year. Management will use this experience to increase allocation for removal moving forward.

The current ratio is a liquidity and efficiency ratio that measures an organization’s ability to pay off its short-term liabilities with its current assets. Sahtu DEC current ratio as at June 30th 2017 is 1.20, (2016, 1.19).

Summary and Outlook

We have continued to implement a very successful mathematics intervention program in all of our schools. Our Program Consultant, Lorraine Kuer, has traveled with an external consultant to all of our schools and provided in-service to our teachers in this initiative.

Play-based programming in Kindergarten and Junior Kindergartens is in place in all of our schools and all of our K and JK teachers have been given in-service in this programming.

Heritage and Science Fairs are being embedded into the regular curriculum and are running well, with much support and enthusiasm from the organizers and participants.

Self regulation has been introduced to all of our schools. This is a way of having students recognize their own behavioral issue and take steps to deal with them appropriately.

We have had a cohort of six Language Specialists graduate from Aurora college. This program was conducted entirely in the community of Tulita. These graduates will provide replacements for existing Language Specialist positions as they retire or move to other positions.

We have implemented a year-round calendar in one of our schools, Fort Good Hope. This has been well received by both staff and community.

We continue to struggle with offering a robust High School program in our small schools that have very few High School teachers. We are attempting to address this in a number of ways. In one school, we are piloting a distance education initiative together with ECE and the Beaufort Delta DEC.

Teacher turnover has been an issue of late. A lack of personnel continuity is detrimental to school programs. We are hopeful that the recent STIP initiative will improve teacher workload and mental health and reduce turnover.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Sahtu Divisional Education Council have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.


The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment of the Government of the Northwest Territories.

The financial statements have been reported on by Ashton Chartered Accountants. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Renee Closs
Assistant Superintendent
Sahtu Divisional Education Council

09/21/17
Date



Harry Cassie, CPA, CGA, CFE, CMgr FCMI, BBA (Hons.)
Comptroller
Sahtu Divisional Education Council

09/21/17
Date

INDEPENDENT AUDITORS' REPORT

**To the Minister of Education, Culture and Employment of the GNWT
To the Board of Trustees of the Sahtu Divisional Education Council**

We have audited the consolidated financial statements of the Sahtu Divisional Education Council, which comprise the consolidated statement of financial position as at June 30, 2017, and the consolidated statements of operations and surplus, changes in net assets (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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in 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.

Basis for Qualified Opinion

The Government of the Northwest Territories is responsible for the calculation and distribution of the Education Body's wages and benefits expenditure for public service employees, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT is properly reflected in the Education Body's records. As a result, we were not able to determine whether any adjustments might be necessary to expenditure, liabilities or accumulated surplus.

Independent Auditor's Report (continued)

Qualified Opinion

In our opinion, except for the possible effect of the matters described in the Basis of Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Sahtu Divisional Education Council as at June 30, 2017, and the results of its financial performance and cash flow for the year then ended in accordance with the Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the Financial Administration Act, that, in our opinion, proper books of account have been kept by the Education Body, the consolidated financial statements are in agreement therewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Education Body.



ASHTON
Chartered Accountants
Business Advisors

Hay River, NT
September 27, 2017

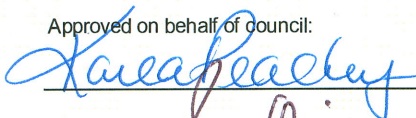
Sahtu Divisional Education Council
 Consolidated Statement of Financial Position

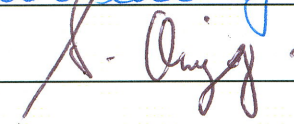
June 30, 2017

	2017	2016
FINANCIAL ASSETS		
Cash, Note 4	\$ 2,383,751	\$ 3,148,944
Special purpose funds, Note 5	284,044	267,434
Accounts receivable, Note 8	547,629	334,517
	\$ 3,215,424	\$ 3,750,895
LIABILITIES		
Accounts payable and accrued liabilities, Note 10	\$ 151,621	\$ 171,177
Payroll liabilities, Note 10	1,548,928	1,907,089
Deferred revenue, Note 11	284,044	267,435
Post-employment benefits, Note 17	1,608,785	1,720,172
	3,593,378	4,065,873
Net Financial Assets (Deficit)	\$ (377,954)	\$ (314,978)
NON-FINANCIAL ASSETS		
Prepaid expenses, Note 20	\$ 26,813	\$ 14,830
ACCUMULATED SURPLUS (DEFICIT)	\$ (351,141)	\$ (300,148)

Contractual obligations and contingencies, Note 24 and 25

Approved on behalf of council:

 _____ Chair

 _____ Superintendent

Sahtu Divisional Education Council

Consolidated Statement of Operations and Surplus

For the year ended June 30, 2017

	Budget 2017	Actual 2017	Actual 2016
Revenue			
Government of the Northwest Territories			
ECE Regular Contributions	\$ 13,964,000	\$ 14,875,399	\$ 14,146,828
Teaching and Learning Centres	58,000	58,000	58,000
French Language Instruction	55,000	55,000	55,000
ECE Other Contributions, Note 33	471,400	180,717	171,769
Total ECE	14,548,400	15,169,116	14,431,597
GNWT Other Contributions, Note 34	188,200	403,276	495,893
Total GNWT	\$ 14,736,600	\$ 15,572,392	\$ 14,927,490
Education council generated funds			
Interest income	30,000	25,839	31,034
Other	263,381	117,032	140,353
	293,381	142,871	171,387
	15,029,981	15,715,263	15,098,877
Expenses			
Administration	1,217,131	1,623,503	1,145,095
School programs	9,689,783	10,456,331	10,400,076
Inclusive schooling	2,517,099	2,152,768	1,994,500
Operations and maintenance	-	146,342	144,467
Aboriginal languages	1,537,593	1,404,770	1,323,730
	14,961,606	15,783,714	15,007,868
Operating Surplus (Deficit) before other item	\$ 68,375	\$ (68,451)	\$ 91,009
Other item:			
Post-employment benefit recovery (expense), Note 17	-	17,458	(914,961)
	\$ 68,375	\$ (50,993)	\$ (823,952)
Accumulated surplus (Deficit), beginning of year		\$ (300,148)	\$ 523,804
Accumulated surplus (deficit), end of year		\$ (351,141)	\$ (300,148)
<i>Accumulated surplus (deficit) is comprised of the following:</i>			
Accumulated surplus (deficit), end of year		\$ (351,141)	\$ (300,148)
Post employment benefits Unamortized net actuarial (gain)/loss (Note 17)		914,961	914,961
Less: Amortization of net actuarial (gain)/loss (included in current year deficit)		(106,391)	-
Less: 2017 increase in Actuarial (gain)/loss		(80,131)	-
Revised accumulated surplus (deficit), end of the year		\$ 377,298	\$ 614,813

Sahtu Divisional Education Council

Consolidated Statement of Changes in Net Assets (Debt)

For the year ended June 30, 2017

	2017	2016
Annual surplus (deficit)	\$ (50,993)	\$ (823,952)
Change in prepaid expenses	(11,983)	8,574
Increase (decrease) in net financial resources	(62,976)	(815,378)
Net financial resources, beginning of year	(314,978)	500,400
Net financial resources, end of year	\$ (377,954)	\$ (314,978)

Sahtu Divisional Education Council

Consolidated Statement of Cash Flow

For the year ended June 30, 2017

	2017	2016
Cash provided by (used in):		
Operating Transactions		
Operating Surplus (Deficit)	\$ (50,993)	\$ (823,952)
	(50,993)	(823,952)
Change in non-cash assets and liabilities:		
Accounts receivable	(213,112)	(171,905)
Accounts payable and accrued liabilities	(19,556)	20,641
Payroll liabilities	(358,161)	(330,405)
Deferred revenue	16,609	60,704
Post-employment benefits	(111,387)	837,288
Prepaid expenses	(11,983)	8,574
	(697,590)	424,897
Increase (Decrease) in cash and cash equivalents	(748,583)	(399,055)
Cash and cash equivalents, beginning of year	3,416,378	3,815,433
Cash and cash equivalents, end of year	\$ 2,667,795	\$ 3,416,378
Consists of:		
Cash	\$ 2,383,751	\$ 3,148,944
Special purpose funds	284,044	267,434
	\$ 2,667,795	\$ 3,416,378

Sahtu Divisional Education Council

Consolidated Detail of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accom.	Operations & Maintenance	Administration	Aboriginal Languages	Transfers & Other	2017 Total	2017 Budget	2016 Total
Salaries										
Teachers' salaries	\$ 7,273,632	\$ 806,300	\$ -	\$ -	\$ -	\$ 1,198,207	\$ -	\$ 9,278,139	\$ 8,964,112	\$ 9,266,958
Instruction assistants	11,887	798,468	-	-	-	100,616	-	910,971	1,035,020	889,487
Non-instructional staff	1,109,751	263,451	-	-	762,834	-	-	2,136,036	2,153,158	2,169,472
Board/Trustee honorarium	-	-	-	-	36,397	55,609	-	92,006	97,000	83,192
	8,395,270	1,868,219	-	-	799,231	1,354,432	-	12,417,152	12,249,290	12,409,109
Employee Benefits										
Employee benefits and allowances	26,108	-	-	-	-	-	-	26,108	36,000	114,764
Leave and termination benefits	472,460	-	-	-	582,930	-	-	1,055,390	384,471	283,119
	498,568	-	-	-	582,930	-	-	1,081,498	420,471	397,883
Services Purchased/Contracted										
Professional services	463,977	22,212	-	-	-	-	-	486,189	526,275	670,569
Postage and communication	46,823	-	-	-	33,864	-	-	80,687	81,417	73,684
Utilities	-	-	-	-	-	-	-	-	-	-
Heating	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-	-	-	-
Travel	161,453	87,078	-	-	88,335	2,526	-	339,392	296,100	246,978
Student transportation (busing)	151,500	-	-	-	-	-	-	151,500	152,000	149,000
Advertising/printing/publishing	1,417	-	-	8,796	-	18,755	-	28,968	8,350	8,565
Maintenance and repair	37,454	-	-	4,850	-	1,250	-	43,554	32,500	26,516
Rentals and leases	-	-	-	132,696	-	-	-	132,696	141,752	137,422
Other contracted services	47,932	132,497	-	-	-	-	-	180,429	140,200	48,123
Other	22,931	-	-	-	80,348	20,883	-	124,162	122,417	122,003
	933,487	241,787	-	146,342	202,547	43,414	-	1,567,577	1,501,011	1,482,860
Materials, Supplies and Freight										
Materials	602,628	39,853	-	-	34,724	3,750	-	680,955	617,534	680,060
Freight	26,378	2,909	-	-	4,071	3,174	-	36,532	52,300	37,956
	629,006	42,762	-	-	38,795	6,924	-	717,487	669,834	718,016
Contributions/Transfers										
Transfers	-	-	-	-	-	-	-	-	121,000	-
Debt Services										
Other	-	-	-	-	-	-	-	-	-	-
Total	\$ 10,456,331	\$ 2,152,768	\$ -	\$ 146,342	\$ 1,623,503	\$ 1,404,770	\$ -	\$ 15,783,714	\$ 14,961,606	\$ 15,007,868

SAHTU DIVISIONAL EDUCATION COUNCIL

Aboriginal Language and Cultural-based Education Expenses

For the year ended June 30, 2017

	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	2017 Total
Salaries					
ALCBE teachers	\$ 1,198,207	\$ -	\$ -	\$ -	\$ 1,198,207
Language consultants	-	-	-	-	-
Instruction assistants	100,616	-	-	-	100,616
Non-instructional staff	-	-	-	-	-
Honoraria	-	-	-	-	-
Elders in schools	-	-	-	55,609	55,609
	1,298,823	-	-	55,609	1,354,432
Employee Benefits					
Employee benefits and allowances	-	-	-	-	-
Services Purchased/Contracted					
Professional services	-	-	-	-	-
Postage and communication	-	-	-	-	-
Travel	2,047	-	-	-	2,047
Student transportation (busing)	-	-	-	-	-
Advertising, printing and publishing	18,755	-	-	-	18,755
Maintenance and repairs	-	-	-	-	-
Rentals and leases	-	-	-	-	-
Other contracted services	17,618	-	3,265	-	20,883
	38,420	-	3,265	-	41,685
Materials, Supplies and Freight					
Materials	-	1,185	-	714	1,899
Freight	-	3,174	-	-	3,174
	-	4,359	-	714	5,073
Total	\$ 1,337,243	\$ 4,359	\$ 3,265	\$ 56,323	\$ 1,401,190

Sahtu Divisional Education Council

French Language Programs

For the year ended June 30, 2017

	ECE Contributions July 1 to June 30	Commitment from Sahtu July 1 to June 30	Expenses July 1 to June 30
Special projects:			
Core French Instruction	\$ 55,000	\$ 134,442	\$ 167,903

Sahtu Divisional Education Council

Aboriginal Languages

For the year ended June 30, 2017

	July 1 to March 31	April 1 to June 30	Total
Contribution Agreement			
Aboriginal Languages			
Revenues			
Funding Received	\$ 58,000	\$ -	\$ 58,000
	58,000	-	58,000
Expenditure			
Salaries	-	58,000	58,000
Other O & M	-	-	-
	-	58,000	58,000
Net Surplus (Deficit)	\$ 58,000	\$ (58,000)	\$ -

Sahtu Divisional Education Council

Student Success Initiative Projects

For the year ended June 30, 2017

	School Year
Revenue	
Education, Culture and Employment	\$ 55,000
NWTTA	35,126
Total Revenue	90,126
Expenses	
Salaries and wages	
Facilitator fees (including per diems)	44,603
Substitute teacher wages	1,142
Staff (p/y)	-
Travel	
Facilitator travel	13,574
Air charter	-
Staff travel	20,143
Accommodations	-
Daily per diems	2,350
Workshop expenses	
Room rental	-
Refreshments	-
Resources	6,737
Miscellaneous (stationary/printing)	-
Total Expenses	88,549
Net Surplus (Deficit)	\$ 1,577

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 1. Nature of Organization

The Sahtu Divisional Education Council ("The Council") was established by the *Education Act* of the Government of the Northwest Territories (GNWT) by order of the Minister dated April 1, 1989. Its purpose is to administer and maintain the standards of education program defined under the *Education Act* in the communities in the Sahtu Region.

Consequently, the Council is dependent on funding from the Department of Education, Culture, and Employment (ECE) of the GNWT. Member Communities have formed local District Education Authorities (DEA) which have assumed responsibility to provide sufficient educational programs within their respective communities.

The Council is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

The Council is a public body performing a function of government in Canada. Paragraph 149(1)(C) of the *Income Tax Act* provides that a public body performing a function of government in Canada is exempt from taxation.

The accompanying consolidated financial statements include the operations of the Council, and the member District Education Authorities of Colville Lake, Deline, Fort Good Hope, Norman Wells, and Tulita.

Note 2. Significant Accounting Policies

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques, and short term highly liquid investments that are readily convertible to cash and with a maturity date of 90 days or less from the date of acquisition.

(c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms' 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 transaction 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.

Financial assets subsequently measured at amortized cost include cash, accountable funds, due from the GNWT and other accounts receivable.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. Significant Accounting Policies (continued)

(c) Financial Instruments

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued salaries, deferred revenue, post-employment benefits and accountable funds.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, asset is recognized in operations.

(d) Non-financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Education Body because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Education Body.

(e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Education Body the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

(f) Revenue Recognition

Government Transfers:

Revenues are recognized in the period in which the transactions or events occur that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

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

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

(f) Revenue Recognition - (Continued)

GNWT – Regular Contributions:

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The Education Body retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

Other Contributions:

The Education Body follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Deferred Revenue:

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

Investment Income:

Investment income is recognized when received or receivable, if the amount can be reasonably estimated

(g) Infrastructure Funding

Any personnel, utilities, and leases infrastructure funding net surplus at the end of the fiscal year is recorded as a payable to the GNWT. Net deficits are not shown as receivable from the GNWT since these amounts are not repayable.

(h) Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Education Body and the budget is legally adopted by a motion of the Board in accordance with Section 135(3) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

This annual budget includes estimates of revenues, expenditures and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget may be amended within a given fiscal year in accordance with Education Body policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

(i) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian Public Sector Accounting Standards 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(j) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Education Body are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

(k) Payroll Liabilities

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT Payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued.

The duties and compensation base for UNW School Year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Education Body determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff are accrued to include earnings to June 30.

(l) Post-employment and Termination Benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Annual leave is payable within one fiscal year. Employees also earn retirement and severance remuneration based on the number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Payment of the removal and termination is dependent on employees leaving the Education Body and other criteria as outlined in the negotiated collective agreements and management handbook guidelines of the GNWT.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. **Summary of Significant Accounting Policies (continued)**

(m) Special Purpose Funds

School activity funds which are fully controlled by the Education Body with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefits.

Student activity funds which are controlled by students or parties other than the Education Body are not included even if custody of the funds is held by the Education Body.

Note 3. **Future Accounting Changes**

Financial Instruments - Section PS 3450

PSAB has implemented changes to Section PS 3450, Financial instruments that outlines offsetting of financial assets and financial liabilities and the valuation of investments to be measured at fair value. These changes are to be applied on a go forward basis for all fiscal years beginning on or after April 1, 2019. Management is currently assessing the impact of the standard.

Inter-entity Transactions - Section PS 3420

PSAB approved Section PS 3420, Inter-entity transactions. This section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The new standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. Management is currently assessing the impact of the standard.

Student Activity/Fiduciary Funds Policy

Student Activity/Fiduciary funds policy is currently under review by the GNWT - ECE for possible inclusion in Special Purpose Funds. At this time no formal directive has been released and, therefore management is unable to determine any impact that may exist on the financial statements.

Sahtu Divisional Education Council

Consolidated Statement of Operations and Surplus

For the year ended June 30, 2017

Note 4. Cash and Cash Equivalents

	2017	2016
Cash	\$ 2,383,751	\$ 3,148,944
Short term investments	-	-
	\$ 2,383,751	\$ 3,148,944

Note 5. Special Purpose Funds

Special purpose funds consist of account balances held by each of the individual District Education Authorities for which the Education Body has control of when and how the funds are disbursed.

	2017	2016
Colville Lake	\$ 24,090	\$ 11,714
Deline	56,622	50,356
Fort Good Hope	62,010	65,172
Norman Wells	103,978	87,611
Tulita	37,344	52,581
	\$ 284,044	\$ 267,434

Note 6. Restricted Assets - Not Applicable

Note 7. Portfolio Investments - Not Applicable

Note 8. Accounts Receivable

	Receivables 2017	AFDA 2017	Net 2017	Net 2016
GNWT - ECE	\$ 180,730	\$ -	\$ 180,730	\$ 66,776
GNWT - MACA	22,950	-	22,950	130,000
GNWT - Justice	27,925	-	27,925	27,925
GNWT - HSS	9,904	-	9,904	11,140
GNWT - ENR	320	-	320	-
Total Due from GNWT	241,829	-	241,829	235,841
WSCC	22,534	-	22,534	-
Other	372,295	89,029	283,266	98,676
	\$ 636,658	\$ 89,029	\$ 547,629	\$ 334,517

Note 9. Inventories - Not Applicable

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 10. Accounts Payable and Accrued Liabilities

	2017	2016
Accounts payable and accrued liabilities		
GNWT	\$ 357	\$ 2,800
WSCC	22,534	19,006
Trade payables	128,730	149,371
	151,621	171,177
Payroll liabilities		
UNW School Year & NWTTA	1,482,231	1,452,928
Leave	66,697	223,161
Sahtu DEC employment contracts	-	231,000
	1,548,928	1,907,089
	\$ 1,700,549	\$ 2,078,266

Note 11. Deferred Revenue

	2017	2016
MACA		
Active After School	\$ 76,500	\$ 76,500
Youth Contribution	1,655	1,966
Regional Youth Sports	46,740	43,500
Drama	5,000	5,000
Justice		
Community Justice	45,973	51,350
ITI		
Seed	5,000	-
Other		
Food First	-	3,857
Library	103,176	84,547
Breakfast Program	-	715
	\$ 284,044	\$ 267,435

Note 12. Contribution Repayable - Not Applicable

Note 13. Due From and To the Government of Canada - Not Applicable

Note 14. Capital Lease Obligations - Not Applicable

Note 15. Pension - Not Applicable

Note 16. Long-term Debt - Not Applicable

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 17. **Post-employment Benefits**

The Education Body provides severance (resignation and retirement), removal and compensated absence (sick, special maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a deficit equal to the accrued post-employment benefits obligation.

Severance benefits are paid to employees based on the types of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment, and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the Projected Unit Credit methodology.

Compensated absence benefits generally accrue as employees render services and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under the compensated absence benefits were valued using the expected utilization methodology.

Change in estimate

During the year ended June 30, 2016, the method for calculating other employee future benefits and compensated absences was refined to better reflect the probability that these benefits would be used in the future based on past experience. This change in accounting estimate is being accounted for on a prospective basis starting July 1, 2016 which increases the compensation and benefits expense and increases the other employee future benefits and compensated absences liability by \$471,316.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Terminations Benefits for the consolidated Government.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 17. Post-employment Benefits (continued)

	Severance and removal	Compensated Absences	2017	2016 <i>Restated</i>
Changes in Obligation				
Accrued benefit obligations beginning of the year	\$ 732,996	\$ 72,216	\$ 805,211	\$ 1,592,245
Current period benefit cost	55,264	7,832	63,096	310,816
Interest accrued	23,430	2,406	25,836	41,209
Benefits payments	(84,198)	(9,730)	(93,928)	(224,097)
Plan amendments	-	-	-	-
Actuarial (gain)/loss	22,035	58,094	80,129	(914,962)
Accrued benefit obligation end of year	749,527	130,818	880,344	805,211
Unamortized net actuarial gain	596,615	131,826	728,441	914,961
Net future obligation	1,346,142	262,644	1,608,785	1,720,172
Benefits Expense				
Current period benefit cost	55,264	7,832	63,096	310,816
Interest accrued	23,430	2,406	25,836	41,209
Plan amendments	-	-	-	-
Amortization of actuarial gains	(81,401)	(24,989)	(106,390)	-
	(2,707)	(14,751)	(17,458)	352,025

The discount rate used to determine the accrued benefit obligation is an average of 3.3%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	Severance and removal	Compensated Absences	Total
2018	\$ 150,440	\$ 24,691	\$ 175,131
2019	118,593	20,271	138,864
2020	113,241	19,148	132,389
2021	94,238	18,133	112,371
2022	75,108	14,999	90,107
	\$ 551,620	\$ 97,242	\$ 648,862

Prior period adjustment

In the prior year, the Post-employment benefits liability was recorded as the Accrued benefit obligation from the actuaries report. This represents a departure from Canadian public sector accounting principles because it does not include the Unamortized net actuarial (gain)/loss. The correct treatment is to record the Accrued benefit liability which consists of the Accrued benefit obligation plus the Unamortized net actuarial (gain)/loss. This has resulted in the understatement of post-employment benefits, and employee benefits and allowances expense, and the overstatement of accumulated surplus by \$914,961. The balances have been adjusted retrospectively.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 18. **Trust Assets and Liabilities under Administration - Not Applicable**

Note 19. **Tangible Capital Asset - Not Applicable**

Note 20. **Prepaid Expenses**

	2017	2016
Prepaid expenses	\$ 26,813	\$ 14,830

Note 21. **Accumulated Surplus/Deficit - Not Applicable**

(Not applicable, breakdown included in Statement of Financial Position)

Note 22. **Capital Advances - Not Applicable**

Note 23. **GNWT Assets Provided at No Cost**

	Cost	Accumulated Amortization	Net Book Value	
			2017	2016
Buildings				
Schools and colleges	\$ 65,871,060	\$ 19,560,290	\$ 46,310,770	\$ 47,502,082
Staff Housing	275,800	88,616	187,184	199,526
	\$ 66,146,860	\$ 19,648,906	\$ 46,497,954	\$ 47,701,608

Note 24. **Contractual Obligations**

The Education Body has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to March 31, 2017.

	Expires in Fiscal Year *	2018	2018 and thereafter	Total
Commercial and residential leases	2023	\$ 106,752	\$ 533,760	\$ 640,512

* Refers to the last fiscal year of all agreements in that line category

The lease on the Council's office expires on August 31, 2023. A 15 year lease agreement was entered into at the Edward Hodgson Building with monthly lease payments starting September 1, 2008. From September 1, 2008 to August 31, 2018 the annual lease payments will remain at \$106,752. After 10 years, the lease amount will be adjusted based on the expected market conditions for the following 5 years.

In addition, the Council is responsible for its proportionate share of utilities and cleaning services received during its term of occupancy.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 25. Contingencies

The Council had employment agreements directly with senior management personnel which were transferred to the GNWT in the year. Part of transferring the agreements included cancelling contracts with third party benefit providers. Management expects that there will be penalties associated with the contract cancellations. At present, the potential penalties are not determinable. The amount of any future fees would be accounted for as current transactions in the year they are levied.

Note 26. Related Parties

The Education Body is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Education Body enters into transactions with these entities in the normal course of operations. The Education Body is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, payroll services by the Department of Human Resources, internal audit services by the Department of Finance, and utility and maintenance by Public Works and Services. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note. There are no related party balances not disclosed elsewhere.

Note 27. Budget

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenues and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget figures presented are those approved by the Minister of education, Culture and Employment on June 13, 2016 and have not been audited.

Note 28. Economic Dependence

The Sahtu District Education Council received its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that Sahtu District Education Council operations would be significantly affected.

Note 29. Financial Instruments

The Education Body is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Education Body's risk exposure and concentration as of June 30, 2017.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Education Body has little exposure to credit risk as the majority of its revenues originate from government sources with strong credit worthiness.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 29. Financial Instruments (continued)

Liquidity

Liquidity risk is the risk the Education Body will not be able to meet its obligations as they come due. The Education Body manages its liquidity requirements by preparing detailed cash budgets and having cash available on hand to meet its obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of currency risk, interest rate risk and other price risk.

Currency risk

The Education Body deals exclusively in Canadian funds and therefore has no currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Education Body minimizes risk through its normal operating and financing activities and maintains cash in a general bank account.

Note 30. Expenses by Object

	2017 Budget	2017 Actual	2016 Actual
Salaries	\$ 12,249,290	\$ 12,417,152	\$ 12,409,109
Employee Benefits	420,471	1,081,498	397,883
Services Purchased/Contracted	1,501,011	1,567,577	1,482,860
Materials, Supplies and Freight	669,834	717,487	718,016
Debt Services	-	-	-
	\$ 14,840,606	\$ 15,783,714	\$ 15,007,868

Note 31. Subsequent Events - Not Applicable

Note 32. Comparative Figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Note 33. Other ECE Revenue

	2017	2016
Infrastructure funding	\$ 34,512	\$ 133,838
Self regulation	18,750	7,578
Library	140,000	114,900
Literacy Initiative	10,838	-
Less: Deferred revenue & contributions repaid	(23,383)	(84,547)
	\$ 180,717	\$ 171,769

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 34. GNWT - Other Contributions

	2017	2016
MACA		
Active After School	76,500	91,800
Local Sport Leader's Development	5,000	-
Youth Contribution	-	5,000
Regional Youth Sports	46,300	43,500
On the land	-	5,000
TAKT	8,000	39,000
Drama	5,000	5,000
Youth Pride	5,000	-
HSS		
Drop The Pop	8,190	11,300
Nutrition North	29,332	29,332
ITI		
Seed	5,000	-
Agriculture	5,000	-
Greenhouse Project	7,000	-
Justice		
Community Justice	55,850	55,800
Not Us	-	5,000
Other		
Aurora College ALCIP	177,100	155,000
Safe and caring	-	5,900
Less: Deferred revenue & contributions repaid	(29,996)	44,261
	\$ 403,276	\$ 495,893

Note 35. Statement of Remeasurement Gains and Losses - Not Applicable

Sahtu Divisional Education Council

Schedule A-1 - Statement of Council Operations and Financial Position (Non-Consolidated)

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Government of the Northwest Territories	\$ 14,736,600	\$ 15,572,392	\$ 14,927,490
Other education body generated funds	293,381	142,871	171,387
	15,029,981	15,715,263	15,098,877
Expenditure			
Administration	1,217,131	1,504,965	1,150,425
School programs	9,689,783	10,106,659	9,732,957
Inclusive schooling	2,517,099	2,152,768	1,994,500
Operations and maintenance	-	146,342	469,893
Aboriginal languages	1,537,593	1,401,190	1,281,389
	14,961,606	15,311,924	14,629,164
Excess (Deficiency) of Revenue over Expenditure	\$ 68,375	\$ 403,339	\$ 469,713
Accumulated surplus (deficit), beginning of year		1,949,892	1,480,179
Accumulated surplus (deficit), end of year		\$ 2,353,231	\$ 1,949,892

SATHU DIVISIONAL EDUCATION COUNCIL

Schedule A-2 - Details of Council Expenses (Non-Consolidated)

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Council Administration	Aboriginal Languages	Fiscal & Transfers	2017 Total
Salaries								
Teachers' salaries	\$ 7,273,632	\$ 806,300	\$ -	\$ -	\$ -	\$ 1,198,207	\$ -	\$ 9,278,139
Instruction Assistant	11,887	798,468	-	-	-	100,616	-	910,971
Non Instructional Staff	1,011,819	-	-	-	710,858	-	-	1,722,677
Board/Trustee Honoraria	-	263,451	-	-	17,418	55,609	-	336,478
	8,297,338	1,868,219	-	-	728,276	1,354,432	-	12,248,265
Employee Benefits								
Employee benefits and allowances	26,108	-	-	-	-	-	-	26,108
Leave and termination benefits	472,460	-	-	-	582,930	-	-	1,055,390
	498,568	-	-	-	582,930	-	-	1,081,498
Services Purchased/Contracted								
Professional/Technical Services	457,977	22,212	-	-	-	-	-	480,189
Postage/Communication	46,823	-	-	-	33,864	-	-	80,687
Utilities	-	-	-	-	-	-	-	-
Heating	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-	-
Travel	99,091	87,078	-	-	88,335	2,047	-	276,551
Student Travel (busing)	151,500	-	-	-	-	-	-	151,500
Advertising/Printing/Publishing	1,417	-	-	8,796	-	18,755	-	28,968
Maintenance/Repair	37,454	-	-	4,850	-	-	-	42,304
Rentals/Leases	-	-	-	132,696	-	-	-	132,696
Other - Contracted Services	42,732	132,497	-	-	-	-	-	175,229
Other - Miscellaneous	22,931	-	-	-	39,153	20,883	-	82,967
	859,925	241,787	-	146,342	161,352	41,685	-	1,451,091
Materials, Supplies and Freight								
Materials	433,863	39,853	-	-	28,336	1,899	-	503,951
Freight	16,965	2,909	-	-	4,071	3,174	-	27,119
	450,828	42,762	-	-	32,407	5,073	-	531,070
Contributions and Transfers								
Transfers to DEAs	-	-	-	-	-	-	-	-
Transfers to Capital	-	-	-	-	-	-	-	-
Amortization								
Amortization	-	-	-	-	-	-	-	-
Debt Services								
Debt Services	-	-	-	-	-	-	-	-
Total	\$ 10,106,659	\$ 2,152,768	\$ -	\$ 146,342	\$ 1,504,965	\$ 1,401,190	\$ -	\$ 15,311,924

SAHTU DIVISIONAL EDUCATION COUNCIL

Schedule B-1 District Education Authorities
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	121,000	121,000
GNWT	-	398,893	438,081
Other	-	-	12,115
Deferred Revenue	-	(20,467)	(61,010)
Contributions Repaid	-	(25,172)	(7,483)
	-	353,254	381,703
Total revenue	-	474,254	502,703
Expenditure			
Administration	-	118,538	115,670
School programs	-	349,672	340,364
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	3,580	42,341
	\$ -	471,790	498,375
Surplus (Deficit)	-	2,464	4,328
Opening equity		48,100	43,772
Closing equity	\$	50,564	\$ 48,100
Composition of Ending Accumulated Surplus			
Cash	\$	-	\$ -
Accounts receivable		50,564	48,516
Accounts payable		-	(416)
	\$	50,564	\$ 48,100

SAHTU DIVISIONAL EDUCATION COUNCIL

Schedule B-2 - Details of DEA Expenses

Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accom.	Operations and Maintenance	Council Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non-instructional Staff	97,932	-	-	-	51,976	-	149,908
Board/Trustee Honorarium	-	-	-	-	18,979	-	18,979
	97,932	-	-	-	70,955	-	168,887
Employee Benefits							
Employee Benefits and Allowances	-	-	-	-	-	-	-
Leave and Termination	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	6,000	-	-	-	-	-	6,000
Postage/Communication	-	-	-	-	-	-	-
Utilities							
Heating	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-
Travel	62,362	-	-	-	-	479	62,841
Student Transportation (busing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	1,250	1,250
Rentals/Leases	-	-	-	-	-	-	-
Other - Fees	5,200	-	-	-	-	-	5,200
Other - Special Requests	-	-	-	-	41,195	-	41,195
	73,562	-	-	-	41,195	1,729	116,486
Materials/Supplies/Freight							
Materials	168,765	-	-	-	6,388	1,851	177,004
Freight	9,413	-	-	-	-	-	9,413
	178,178	-	-	-	6,388	1,851	186,417
Total	\$ 349,672	\$ -	\$ -	\$ -	118,538	\$ 3,580	471,790

COLVILE LAKE

District Education Authority
Statement of Operations

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 16,000	\$ 16,000
GNWT	-	24,090	20,878
Other	-	-	3,900
Deferred Revenue	-	(12,376)	(11,714)
Contributions Repaid	-	(7,567)	-
	-	20,147	29,064
Expenses			
Administration	-	10,005	13,574
School programs	-	4,146	5,064
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	8,000
	-	14,151	26,638
Surplus (Deficit)	-	5,996	2,426
Opening equity		13,390	10,964
Closing equity	\$	19,386	\$ 13,390
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		19,386	13,390
Accounts Payable		-	-
	\$	19,386	\$ 13,390

COLVILLE LAKE

District Education Authority
Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	7,285	-	7,285
Board/Trustee Honoraria	-	-	-	-	2,720	-	2,720
	-	-	-	-	10,005	-	10,005
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Materials/Supplies/Freight							
Materials	4,146	-	-	-	-	-	4,146
Freight	-	-	-	-	-	-	-
	4,146	-	-	-	-	-	4,146
Total	\$ 4,146	\$ -	\$ -	\$ -	10,005 \$	\$ -	14,151

DELINE

District Education Authority
Statement of Operations

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 25,000	\$ 25,000
GNWT	-	85,200	70,924
Other	-	-	-
Deferred Revenue	-	(6,266)	7,290
Contributions Repaid	-	(6,753)	(2)
	-	97,181	103,212
Expenses			
Administration	-	25,449	22,229
School programs	-	68,600	74,896
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	3,580	7,317
	-	97,629	104,442
Surplus (Deficit)	-	(448)	(1,230)
Opening equity		2,390	3,620
Closing equity	\$	1,942	\$ 2,390
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		1,942	2,390
Accounts Payable		-	-
	\$	1,942	\$ 2,390

DELINE

District Education Authority
Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	36,530	-	-	-	11,156	-	47,686
Board/Trustee Honoraria	-	-	-	-	7,905	-	7,905
	36,530	-	-	-	19,061	-	55,591
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	479	479
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	1,250	1,250
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
	-	-	-	-	-	1,729	1,729
Materials/Supplies/Freight							
Materials	26,666	-	-	-	6,388	1,851	34,905
Freight	5,404	-	-	-	-	-	5,404
	32,070	-	-	-	6,388	1,851	40,309
Total	\$ 68,600	\$ -	\$ -	\$ -	\$ 25,449	\$ 3,580	\$ 97,629

FORT GOOD HOPE

District Education Authority
Statement of Operations

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 25,000	\$ 25,000
GNWT	-	72,047	82,562
Other	-	-	1,358
Deferred Revenue	-	3,162	(9,106)
Contributions Repaid	-	(594)	(15)
	-	99,615	99,799
Expenses			
Administration	-	17,725	30,413
School programs	-	74,615	67,235
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	7,563
	-	92,340	105,211
Surplus (Deficit)	-	7,275	(5,412)
Opening equity		(416)	4,996
Closing equity	\$	6,859	\$ (416)
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		6,859	-
Accounts Payable		-	(416)
	\$	6,859	\$ (416)

FORT GOOD HOPE

District Education Authority
Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	26,981	-	-	-	11,254	-	38,235
Board/Trustee Honoraria	-	-	-	-	4,369	-	4,369
	26,981	-	-	-	15,623	-	42,604
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	14,217	-	-	-	-	-	14,217
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	2,102	-	2,102
	14,217	-	-	-	2,102	-	16,319
Materials/Supplies/Freight							
Materials	33,417	-	-	-	-	-	33,417
Freight	-	-	-	-	-	-	-
	33,417	-	-	-	-	-	33,417
Total	\$ 74,615	\$ -	\$ -	\$ -	\$ 17,725	\$ -	92,340

NORMAN WELLS

District Education Authority
Statement of Operations

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 29,000	\$ 29,000
GNWT	-	160,146	171,117
Other	-	-	1,295
Deferred Revenue	-	(17,662)	(38,330)
Contributions Repaid	-	(770)	(844)
	-	170,714	162,238
Expenses			
Administration	-	46,041	27,112
School programs	-	141,714	121,779
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	11,459
	-	187,755	160,350
Surplus (Deficit)	-	(17,041)	1,888
Opening equity		19,765	17,877
Closing equity	\$	2,724	\$ 19,765
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		2,724	19,765
Accounts Payable		-	-
	\$	2,724	\$ 19,765

NORMAN WELLS

District Education Authority
Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	9,400	-	-	-	11,023	-	20,423
Board/Trustee Honoraria	-	-	-	-	-	-	-
	9,400	-	-	-	11,023	-	20,423
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	6,000	-	-	-	-	-	6,000
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	31,496	-	-	-	-	-	31,496
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	35,018	-	35,018
Other - Fees	5,200	-	-	-	-	-	5,200
	42,696	-	-	-	35,018	-	77,714
Materials/Supplies/Freight							
Materials	85,772	-	-	-	-	-	85,772
Freight	3,846	-	-	-	-	-	3,846
	89,618	-	-	-	-	-	89,618
Total	\$ 141,714	\$ -	\$ -	\$ -	\$ 46,041	\$ -	187,755

TULITA

District Education Authority Statement of Operations

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 26,000	\$ 26,000
GNWT	-	57,410	92,600
Other	-	-	5,562
Deferred Revenue	-	12,675	(9,150)
Contribution Repayable	-	(9,488)	(6,622)
	-	86,597	108,390
Expenses			
Administration	-	19,318	22,342
School programs	-	60,597	71,390
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	8,002
	-	79,915	101,734
Surplus (Deficit)	-	6,682	6,656
Opening equity		12,971	6,315
Closing equity	\$	19,653	\$ 12,971
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		19,653	12,971
Accounts Payable		-	-
	\$	19,653	\$ 12,971

TULITA

District Education Authority
Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	25,021	-	-	-	11,258	-	36,279
Board/Trustee Honoraria	-	-	-	-	3,985	-	3,985
	25,021	-	-	-	15,243	-	40,264
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	16,649	-	-	-	-	-	16,649
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	4,075	-	4,075
	16,649	-	-	-	4,075	-	20,724
Materials/Supplies/Freight							
Materials	18,764	-	-	-	-	-	18,764
Freight	163	-	-	-	-	-	163
	18,927	-	-	-	-	-	18,927
Total	\$ 60,597	\$ -	\$ -	\$ -	\$ 19,318	\$ -	79,915

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL

FORT SMITH, NT.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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**Management Discussion and Analysis
For the year ended June 30, 2017**

Introduction

This management discussion and analysis is prepared as part of the responsibility of management and the *South Slave Divisional Education Council* (SSDEC) to promote transparency and accountability in its financial reporting.

The SSDEC was established in 1991 with a mandate to provide a quality pre-kindergarten (4 yr olds) to grade twelve education to approximately 1,300 students in the communities of Hay River, Fort Smith, K'atlodeeche, Fort Resolution and Lutsel K'e. The SSDEC is comprised of one representative from each of the five community-based District Education Authorities (DEAs). DEAs are elected or appointed at the community level, and each DEA chooses one of its members to represent them at the regional SSDEC meetings. The 2016-17 representatives were as follows:

- Fort Smith – Ann Pischinger (Chairperson)
- Fort Resolution – Bess Ann McKay (Vice-Chairperson)
- Hay River – Kandis Jameson
- K'atlodeeche – Wanda Salopree
- Lutsel K'e – Prairie Desjarlais

Key senior management positions were as follows:

- Superintendent – Dr. Curtis Brown
- Assistant Superintendent – Dr. Joseph Pearce
- Comptroller – James Watts, CPA, CMA

The SSDEC and its DEAs are committed to a philosophy of education which is built upon a foundation of enabling communities, DEAs, schools, staff members, and parents to help students reach their potential. Student achievement is at the heart of everyone's work at the SSDEC and is the common thread connecting the Council's vision, mission, beliefs and values.

VISION	All individuals reach their educational potential
MISSION	<i>The South Slave Divisional Education Council strives to prepare students to create their futures by ensuring high levels of learning for ALL.</i>

The SSDEC is committed to improving student *literacy, numeracy* and *social responsibility* as the key priorities for student success in school and in life.

Operating Environment

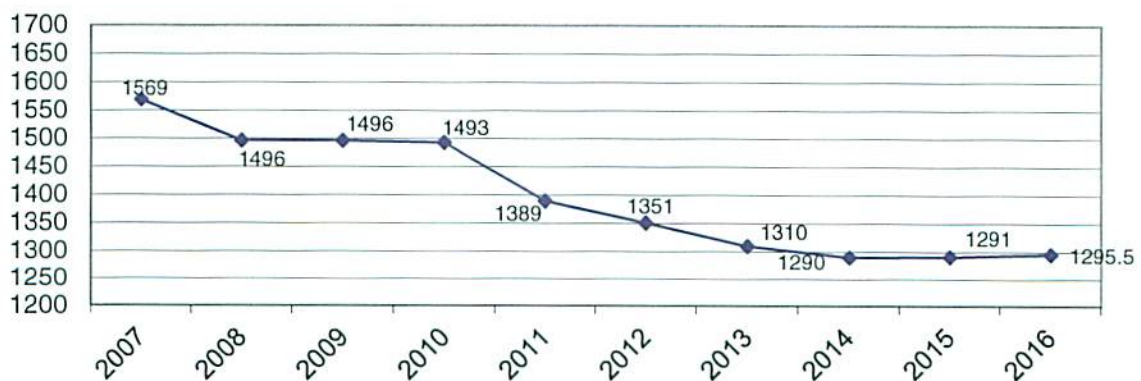
The SSDEC receives the financial resources for the entire division on an annual basis, largely through a funding formula established by the *GNWT Department of Education, Culture and Employment (ECE)*. Unfortunately, there are a number of unfunded and underfunded areas in the formula. For example:

- school boards are funded based on prior year staff salaries yet collective agreement provisions provide annual salary increments to staff which school boards must pay
- ECE confirms that they are underfunding school boards more than \$1 million per year for the hiring of casuals resulting from staff leave provisions in the collective agreements
- several of the funding formula line items are not indexed to keep up with inflation and have not increased in over 15 years (bussing contracts and repairs, for example, have probably more than doubled in that same timeframe)
- when the formula was in the process of being updated and for the 2016-17 budget year the Council had been provided with no details on how our allocations were calculated.

A funding reduction (inclusive schooling) and an expanded mandate (adding junior Kindergarten with less funding) have also contributed to the financial challenges of the SSDEC in recent years. Prior to these decisions, the NWT already had the third worst student-educator ratio of all the provinces and territories in Canada (see <http://www.statcan.gc.ca/pub/81-582-x/2013001/tbl/tblc2.3-eng.htm>) and the second highest percentage of students with special needs.

Shrinking enrolment has also brought significant challenges over the last several years. South Slave student enrolment is now almost two thirds what it was fifteen years ago (approx. 1300 now vs. over 1800 previously). Fewer students means less funding and less flexibility the Council has to allocate the resources necessary to continue to fund its priorities and a diversity of program offerings.

**South Slave Divisional Education Council
Enrolment History**



The SSDEC continues to address the funding challenges by annually reviewing and applying their budget assumptions and priorities:

1. Approve a regional budget each year that prioritizes funding for the Council priorities.
2. Approve a budget each year that maintains an accumulated fund balance of at least \$500,000 after taking into account school staffing surpluses.
3. Ensure fair and equitable distribution of funds to schools and DEAs and minimize conflict between Council reps/DEAs.
4. Provide for significant community-based priority setting and related budgeting.
5. Provide transparency in budget process and allocations, and
6. Consider expenditures against a Council surplus over \$500,000, after taking into account school staffing surpluses, each year.

Each year the SSDEC determines the key priorities as well as the unfunded and underfunded areas that simply can't be overlooked, and budgets for those costs first. Upon notification of resulting allocations, staffing plans are developed by school principals for approval of their respective DEAs and the superintendent (prior to March 15th) so that the majority of teacher staffing for the next year can occur while quality applicants are still available. The SSDEC and schools have also been very successful in identifying, applying for and obtaining third party funding in order to supplement program offerings.

Another challenge for the Council is the low levels of readiness of many young children entering the school system, poor attendance by many students, and disengaged parents, probably related to the intergenerational effects of residential schooling. These varying levels and engagement can make it difficult to catch up and retain these students so that they progress and reach their potential.

In an effort to improve the life chances of more and more children, since 2007 the SSDEC has focused on a few key priorities, with carefully chosen research based strategies, and a long term and relentless commitment to results:

To improve student success in <i>literacy</i>	To increase the percentage of students meeting or exceeding expectations for reading proficiency
To improve student success in <i>numeracy</i>	To increase the percentage of students meeting or exceeding expectations for numeracy proficiency
To increase understanding and practice of <i>socially responsible behaviour</i> by all members of the school community	To increase the percentage of trustees, staff and students demonstrating responsible behaviour

Accordingly, Council has remained committed to funding the *Leadership for Literacy* initiative that places and trains experienced teachers in instructional coach roles in their respective schools. These coaches provide training and in-classroom support to other teachers and support staff so that more students will achieve success in literacy and math, the essential skills required for success in school and in life.

Much has been accomplished as evidenced by improving student achievement results over the past several years. Further indicative of the SSDEC's success are the various awards received including the three *Ministerial Literacy Awards* for the *SSDEC Literacy Project*, the *Premier's Award of Excellence* for the *Trades Awareness Program* partnership, and then the *Premier's Award for Collaboration* (with Aurora College, South Slave Career Centres, Fort Smith and Hay River Health Authorities) for the *South Slave Healthy Communities Partnership* in 2009.

Further, the SSDEC's Leadership for Literacy initiative has been recognized nationally as well, being awarded *Indspire's (aka National Aboriginal Achievement) Indigenous Education Organization Award* in 2016, the *Canadian Education Association (CEA) and Reader's Digest Canadian Innovators in Education Award* 2015, and runner up for the CEA's "*Innovation that Sticks*" *Award and Case Study Program*. This is on the heels of the SSDEC becoming the first school board in Canada to win Gold in the education category of the *Public Sector Leadership Awards*, as selected by the *Institute of Public Administration of Canada (IPAC)* and Deloitte in 2014.

South Slave staff and students are excelling and benefitting accordingly as well being awarded. Aside from the recognition of the Council and the impressive recipients of the *SSDEC Excellence in Education Awards*, four of the South Slave school principals have now been selected to the exclusive National Academy of *Canada's Outstanding Principals (The Learning Partnership)*, and the SSDEC Superintendent and Assistant Superintendent are the first and only northern recipients of the *Canadian Superintendent of the Year* award (*Canadian Association of School System Administrators (CASSA) & American Association of School Administrators (AASA)*). Two of the five SSDEC trustees also received the *Queen's Diamond Jubilee* medals for exemplary service to their communities. The South Slave DEC also has 6 inductees into the NWT Education Hall of Fame

Two of the South Slave's educators have also received *Indspire Indigenous Educator Awards* and another aboriginal teacher received the *Prime Minister's Award for Teaching Excellence*. These awards are examples of how effective literacy efforts are being encouraged and supported in our Aboriginal language programs in Cree, Slavey and Chipewyan; not just English and French.

Council understands that the more engaged students and parents are, the more likely children are to achieve. This is why Council has five targets for improvement that involve parents. Below are the targets and the results for 2016/17:

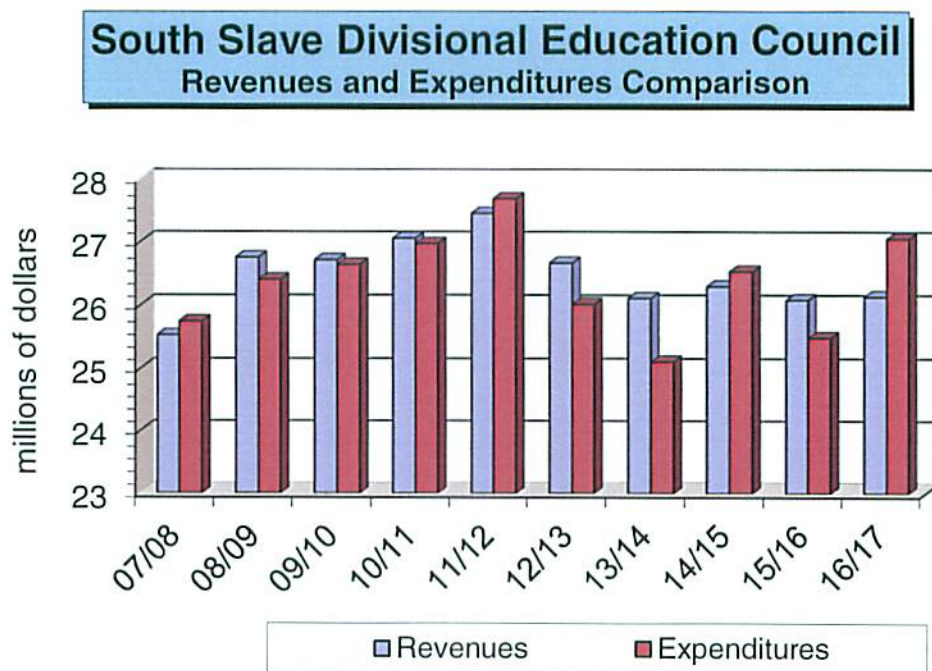
- 95% of parents (75% response rate) have discussed with their teacher and understand their child's *reading* strengths and stretches (target 90% of parents with 60% response rate)
- 94% of parents say they are satisfied with their child's growth as a *reader* (target 90%)
- 93% of parents (75% response rate) have discussed with their teacher and understand their child's *math* strengths and stretches (target 90% of parents with 60% response rate)
- 92% of parents say they are satisfied with their child's growth in *math* (target 90%)

Still, only about half of South Slave students attend at least 90% of the time, meaning that half of our students have missed a full year of schooling by the time they reach grade 10. There has also been an increase in staff use of long-term leave requests due to mental health issues. As we are unsure when staff will be able to return to their classrooms, we increasingly find ourselves hiring unqualified substitutes for repeated one and two month periods. This is not only disruptive to classroom routine, but compromises the quality of students' education and is costly for the SSDEC.

ECE's new *Education Renewal and Innovation* initiative includes aspects that look to help educate and provide support for mental health and wellness of both staff and students. Recent SSDEC strategies and targets are also intended to improve student attendance, ownership for their learning (inquiry-based, 21st century learning), pride and resiliency as part of its academic and social responsibility priorities.

Financial Condition

The bar chart below provides a historical comparison of revenues and expenditures over the past ten years.



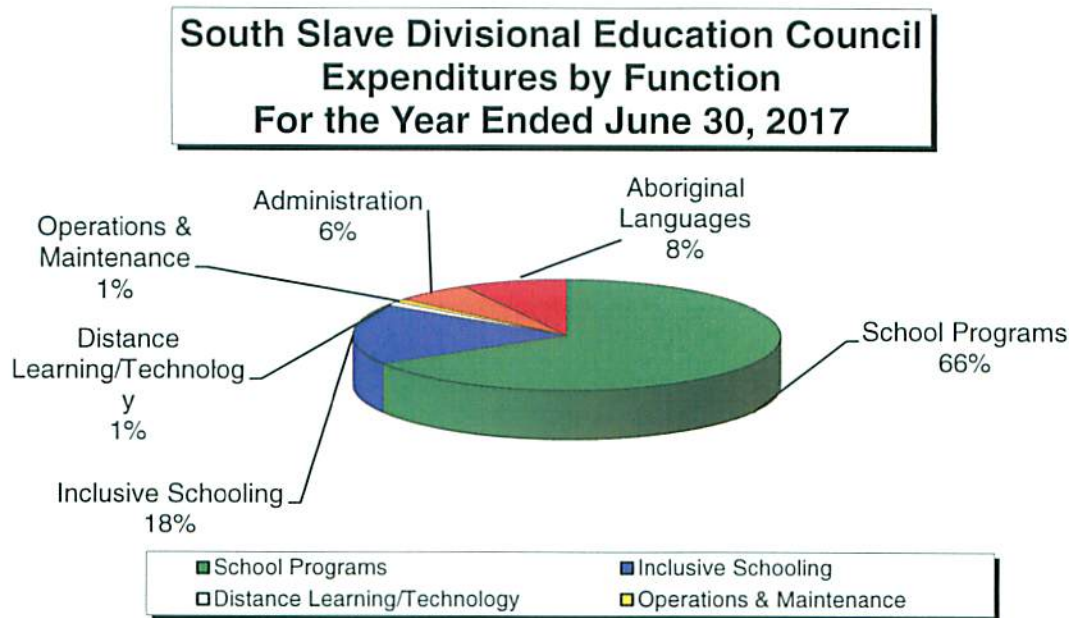
For the year ended June 30, 2017 the Council had an operating deficit of \$916,568 inclusive of DEA surpluses and deficits. This was higher than the projected deficit of \$535,204 due to a higher than normal adjustment to the Council's employee future benefits liability amount. The GNWT instructed the Council to use a different figure than last year. Also this year, payout of severance and annual leave to our Superintendent accounted for higher than projected costs while savings in other areas helped to offset these additional expenditures. Examples of savings were lower than budgeted average salaries and a number of employees on long-term sick leave without pay who were replace temporarily with casual staff at a lower rate of pay.

The accumulated uncommitted fund balance for the Council now sits at \$666,930 (see chart below) which is \$166,930 above the Council’s minimum fund balance of \$500,000 spelled out in policy DFAA – Financial Surplus. The Council’s budget for 2017/18 is a deficit budget of \$213,245 that, if realized, would bring the Council’s accumulated fund balance down to \$453,685.

	<u>2017</u>	<u>2016</u>
Accumulated Fund Balance at beginning of year	\$2,824,274	\$2,229,630
Operating Surplus/(Deficit) for year	<u>(916,568)</u>	<u>594,644</u>
Accumulated Fund Balance at end of year	\$1,907,706	\$2,824,274
Commitments against Fund Balance	<u>(1,240,776)</u>	<u>(2,235,470)</u>
Uncommitted Fund Balance at end of year	<u>\$ 666,930</u>	<u>\$ 588,804</u>

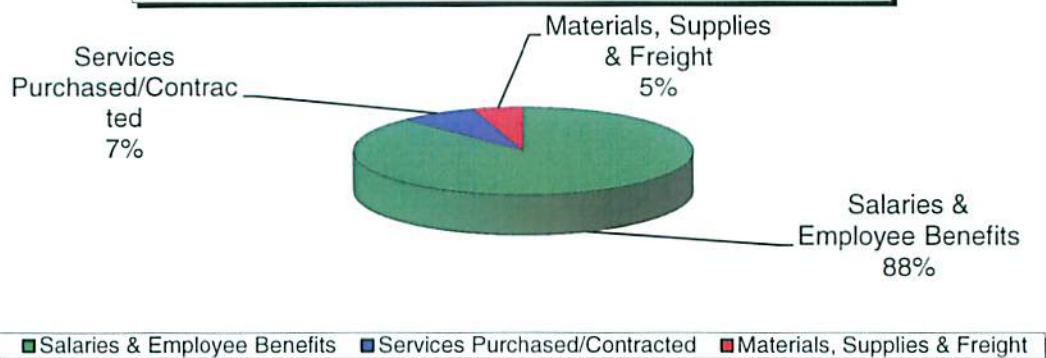
Currently the Council’s liquidity position is good but, given the back-end loading of allocation to school boards by ECE, there is still the concern that funds could be short around the end of March. Given that about 88% (see second chart below) of the SSDEC’s expenditures are for staffing payroll and benefits, any unanticipated reductions in allocations from ECE, or unexpected expenditures, would be difficult to adjust for until the following school year.

The chart below breaks down the Council’s expenditures according to the functions identified. ECE mandates that 15% of the Council’s expenditures be in Inclusive Schooling. Inclusive Schooling made up 18% of the Council’s expenditures in 2016-17. Funding spent on Aboriginal Languages is also above what was funded by ECE. A standard range of 5-7% is generally accepted as reasonable for administration expenses. As indicated below the Council’s percentage for 2016-17 is right in the middle of that range at 6%.



The chart below breaks down the Council’s expenditures into three main categories: Salaries and Employee Benefits, Materials/Supplies and Freight and Purchased/Contracted Services.

South Slave Divisional Education Council Details of Expenditures For the Year Ended June 30, 2017



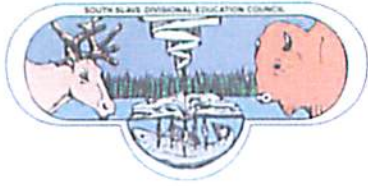
Summary and Outlook

In summary, the SSDEC is currently in a positive financial position above the Council Policy that requires at least a \$500,000 uncommitted surplus. This could change during the upcoming year given the 2017/18 deficit budget and depending on the final version of the Department's new surplus policy to which the Council policy DFAA may need to be adapted.

The Council will continue to struggle with the funding issues related to the expanded mandate of Junior Kindergarten coinciding with reductions in allocations from ECE. Approximately 60 additional four year old students have been added to our count from this past September but the overall allocations from ECE have not increased accordingly. Also the uncertainty concerning whether schools were going to be offering full or half-time Junior Kindergarten, and related bussing created uncertainty when developing our 2017/18 budget.

The Council is also wary of the process being undertaken by the Department concerning shared services. Legitimate areas where cost savings could be realized would be welcome but differences in how the various regions operate may make these efforts difficult and unworkable. The process is very rushed with no consultation with the members of Council, raising fears that resulting decisions may have an adverse effect on the quality of school programs and services.

Council is concerned that the significant progress that has been made in the South Slave in the past several years could be undone with any further efforts to reduce local input and centralize, combined with any further reductions in allocations, compounded by existing unfunded and underfunded expenses (salary increments, casual costs, etc.) and cost increases (several formula funding lines not indexed to keep up with inflation), resulting in an escalating student-educator ratio and a decrease in the quality and quantity of education programs and services that can be offered.



Creating Futures

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Minister of Education, Culture and Employment
Government of the Northwest Territories

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of South Slave Divisional Education Council have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture and Employment of the Government of the Northwest Territories.

Approved and confirmed on behalf of the South Slave Divisional Education Council

Dr. Curtis Brown
Superintendent

Jamie Watt, CMA
Comptroller

July 28, 2017



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INDEPENDENT AUDITORS' REPORT

To the Minister of Education, Culture and Employment
Government of the Northwest Territories

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of South Slave Divisional Education Council which comprise the Consolidated Statement of Financial Position as at June 30, 2017 and the Consolidated Statements of Changes in Net Financial Resources (Debt), Operations and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Basis for Qualified Opinion

The Government of the Northwest Territories is responsible for the calculation and distribution of a significant portion of the Council's salaries and wages that appear on the consolidated statement of operations, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT was accurately reflected in the Council's records. Consequently, we were unable to determine whether adjustments to the financial performance and cash flows might be necessary for the years ended June 30, 2016, and June 30, 2017.

INDEPENDENT AUDITORS' REPORT (continued)

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of South Slave Divisional Education Council as at June 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the Financial Administration Act, in our opinion, proper books of account have been maintained by South Slave Divisional Education Council, the consolidated financial statements are in agreement therewith and the transactions of the Council that have come under our notice have, in all significant respects, been within the statutory powers of the Council.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements of South Slave Divisional Education Council taken as a whole. The supplementary information included on Schedules 2 through 26 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

Avery Cooper & Co. Ltd.

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

July 28, 2017

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents (Note 4)	\$6,781,784	\$7,667,063
Trust Assets (Note 18)	80,030	80,251
Due from the GNWT (Note 8)	98,376	7,072
Due from the Government of Canada (Note 8)	1,574	0
Other Accounts Receivable (Note 8)	<u>203,066</u>	<u>219,177</u>
Total Financial Assets	<u>\$7,164,829</u>	<u>\$7,973,563</u>
<u>Liabilities</u>		
Bank Indebtedness	\$0	\$18,098
Accounts Payable and Accrued Liabilities (Note 10)	52,642	204,970
Trust Liabilities (Note 18)	80,030	80,251
Due to the GNWT (Note 10)	13,848	52,626
Payroll Liabilities (Note 10)	1,139,673	1,902,715
Deferred Revenue (Note 11)	7,067	127,199
Post-Employment Benefits (Note 17)	<u>3,963,864</u>	<u>2,763,430</u>
Total Liabilities	<u>\$5,257,123</u>	<u>\$5,149,289</u>
Net Financial Resources	<u>\$1,907,706</u>	<u>\$2,824,274</u>
<u>Non-Financial Assets</u>		
Prepaid Expenses (Note 20)	\$0	\$0
Accumulated Fund Balance	<u>\$1,907,706</u>	<u>\$2,824,274</u>

Contractual Obligations and Contingencies (Notes 24 and 25)

Approved:


Chairperson


Comptroller

See attached notes and schedules.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL RESOURCES
For the Year Ended June 30, 2017

	Unaudited 2017 Budget	2017	2016
Operating Surplus/(Deficit) (Statement III)	(\$446,952)	(\$916,568)	\$594,644
Prior Year Adjustments	<u> </u>	<u> 0</u>	<u> 0</u>
Increase/(Decrease) in Net Financial Resources	(\$446,952)	(\$916,568)	\$594,644
Opening Net Financial Resources	<u> 2,824,274</u>	<u> 2,824,274</u>	<u> 2,229,630</u>
Closing Net Financial Resources	<u><u> \$2,377,322</u></u>	<u><u> \$1,907,706</u></u>	<u><u> \$2,824,274</u></u>

See attached notes and schedules.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	(Note 27) (unaudited) <u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
ECE Regular Contributions	\$23,889,000	\$24,210,617	\$23,975,720
Other ECE Contributions	477,700	790,236	1,022,817
Total ECE Contributions	<u>\$24,366,700</u>	<u>\$25,000,853</u>	<u>\$24,998,537</u>
Other GNWT Contributions	\$0	\$450,055	\$304,653
Total GNWT Contributions	<u>\$24,366,700</u>	<u>\$25,450,907</u>	<u>\$25,303,190</u>
Other Education Bodies	\$0	\$0	\$68,361
Government of Canada Contributions	\$0	\$0	\$0
Generated Funds			
Investment Income	\$600	\$58,847	\$53,443
Non-GNWT Contributions	0	251,883	238,728
Donations	0	152,441	112,608
Other	62,000	221,770	309,256
Total Generated Funds	<u>\$62,600</u>	<u>\$684,941</u>	<u>\$714,035</u>
Total Revenues	<u>\$24,429,300</u>	<u>\$26,135,848</u>	<u>\$26,085,586</u>
<u>EXPENSES (Schedule 1)</u>			
Administration	\$1,524,176	\$1,603,287	\$1,515,303
School Programs	15,641,350	17,959,713	16,723,478
Inclusive Schooling	5,005,852	4,771,459	4,556,887
Distance Learning/Technology	330,900	306,471	326,180
Operations and Maintenance	394,594	232,884	285,636
Aboriginal Language/Cultural Programs	1,979,380	2,178,602	2,083,458
Total Expenses	<u>\$24,876,252</u>	<u>\$27,052,416</u>	<u>\$25,490,942</u>
OPERATING SURPLUS/(DEFICIT)	<u><u>(\$446,952)</u></u>	<u><u>(\$916,568)</u></u>	<u><u>\$594,644</u></u>
Opening Fund Balance		<u>2,824,274</u>	<u>2,229,630</u>
Closing Fund Balance		<u><u>\$1,907,706</u></u>	<u><u>\$2,824,274</u></u>

See attached notes and schedules.

Statement IV

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended June 30, 2017**

	<u>2017</u>	<u>2016</u>
Cash Provided By (Used In):		
Operating Surplus/(Deficit)	(\$916,568)	\$594,644
Changes in Non-cash Assets and Liabilities		
Decrease (increase) due from Government of Canada	(\$1,574)	\$0
Decrease (increase) in accounts receivable	(75,193)	(30,786)
Increase (decrease) in acc. payroll/emp. deductions	(763,042)	(87,928)
Increase (decrease) in accounts payable	(191,107)	67,955
Increase (decrease) in trust liability	(221)	279
Increase (decrease) in deferred revenue	(120,132)	40,941
Increase (decrease) in post-employment benefits	1,200,435	191,521
Decrease (increase) in prepaid expenses	<u>0</u>	<u>0</u>
Cash Provided by (Used In) Operating Transactions	<u>(\$867,402)</u>	<u>\$776,626</u>
Increase/(Decrease) in Cash and Cash Equivalents	<u>(\$867,402)</u>	<u>\$776,626</u>
Cash and Cash Equivalents at Beginning of Year	\$7,729,216	\$6,952,590
Cash and Cash Equivalents at End of Year	<u><u>\$6,861,814</u></u>	<u><u>\$7,729,216</u></u>

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Note 1. Nature of the Organization

The Council was formerly known as the South Slave Divisional Board of Education. With the adoption of the new Education Act, its legal name is now the South Slave Divisional Education Council (Council).

The Council was established under the Education Act of the Government of the Northwest Territories by order of the Minister of Education dated July 1, 1991. Its purpose is to administer and maintain standards of educational programs defined under the Act in the member communities of the South Slave region.

Consequently, the Council is economically dependent upon funding from the Department of Education, Culture and Employment of the GNWT. Member communities have formed local District Education Authorities (DEA) which have assumed the responsibility of providing sufficient educational programs within their respective communities.

Note 2. Significant Accounting Policies

a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques, and short term highly liquid investments that are readily convertible to cash and usually with a maturity date of 90 days or less from the date of acquisition.

c) 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 at its fair value, the initial fair value is adjusted for financing fees and transaction 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.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Financial assets subsequently measured at amortized costs include cash, accountable funds, due from the GNWT and other accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued salaries, deferred revenue, post-employment benefits and accountable funds.

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 or 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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Council because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Council.

e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Education Authority the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

f) Revenue Recognition

Government Transfers

Revenues are recognized in the period in which the transactions or events occur that give rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

GNWT – Regular contributions

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The council retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided for by the formula, must first be approved by the GNWT.

Other contributions

The Council follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Deferred revenue

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenses are incurred.

Investment income

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Investment income is recognized when received or receivable, if the amount can be reasonable estimated.

g) Budget Data

The *Education Act* of the NWT requires that the Council prepare an annual budget, as outlined in Sections 128 and 129.

The priorities and funding allocations are determined by the Council and the budget is then legally adopted by a motion of the Council in accordance with Section 135(3) of the *Education Act*.

Council approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by sections 117(2)(k), (l) and (m) of the *Education Act*.

The annual budget includes estimates of revenues, expenditures and the net operating surplus/(deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Council.

The budget may be amended within a given fiscal year in accordance with Council policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

h) Measurement Uncertainty

The preparation of these consolidated 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

i) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Council are treated as expenditures during the year of acquisition and are not being recorded on the statement of financial position.

j) Payroll Liabilities

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th of each year which provides for continued payment during the summer. GNWT payroll for NWTTA staff starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31 (usually 26). The pay periods that fall within the month of July therefore have to be accrued.

The duties and compensation base for UNW school year employees are scheduled to align with the academic year although the actual start dates and durations vary by specific location and job function. Accordingly, the Council determines the start dates of their UNW employees and accrues the related payroll liability as necessary.

All other staff salaries are accrued to include earnings to June 30th.

k) Other employee future benefits and compensated absences

Under the terms and conditions of employment, Council employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave is recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except parental and maternity leave) has been prepared using data provided by the GNWT and assumptions based on management's best estimates.

l) Special Purpose Funds

School activity funds which are fully controlled by the Council with respect to when and how the funds available can be disbursed are included in these financial statements. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising and/or contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Student activity funds which are controlled by students or parties other than the Council are not included in these financial statements even if custody of the funds is held by the Council. Examples might include student clubs or associations for which the Council has no on-going responsibility or liability for losses.

Note 3. Future Accounting Changes

- a) Related Party Transactions: inter-equity transfer valuations (PS3420 April 2018).
- b) Restructuring transactions (PS3430 – April 1, 2018)
- c) Financial instruments (PS3450 – April 1, 2019)
- d) Student Activity/Fiduciary funds policy under review for possible inclusion in Special Purpose Funds.

Note 4. Cash and Cash Equivalents

	<u>2017</u>	<u>2016</u>
Cash	\$6,781,784	\$7,667,063
Trust Assets	80,030	80,251
Bank Indebtedness	<u>0</u>	<u>(18,098)</u>
Total	<u>\$6,861,814</u>	<u>\$7,729,216</u>

Note 5. Special Purpose Funds

Nothing to report.

Note 6. Restricted Assets

Nothing to report.

Note 7. Portfolio Investments

Nothing to report.

Note 8. Accounts Receivable

	<u>2017 Net</u>	<u>2016 Net</u>
GNWT – Finance	\$ 6,570	\$ 0
GNWT – HSS	250	0
GNWT – ECE	<u>91,556</u>	<u>7,072</u>
Total due from GNWT	\$ 98,376	\$ 7,072
Due from Government of Canada	1,574	0
Other	<u>203,066</u>	<u>219,177</u>
Total Receivables	<u>\$303,016</u>	<u>\$226,249</u>

Note 9. Inventories

Not applicable.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Note 10. Accounts Payable and Accrued Liabilities

	<u>2017</u>	<u>2016</u>
WSCC	\$ 0	\$ 52,626
GNWT – Dept. of Finance (payroll)	1,139,673	1,902,715
Princess Alexandra	345	0
GNWT – Dept. of Education, Culture & Employment	<u>13,503</u>	<u>0</u>
Total Due to GNWT	\$1,153,521	1,955,341
Other	<u>52,642</u>	<u>204,970</u>
Total Accounts Payable	<u>\$1,206,163</u>	<u>\$2,160,311</u>

Note 11. Deferred Revenue

	<u>2017</u>	<u>2016</u>
Self-Regulation resources (from ECE)	\$ 1,615	\$ 3,794
Deninu Youth Contribution (MACA)	0	5,000
Regional Youth Sports – DJSS (MACA)	0	9,500
Three Feathers (MACA)	0	5,000
Regional Youth Sports – Deninu (MACA)	5,000	2,500
TLC Funding (ECE)	<u>0</u>	<u>0</u>
Total GNWT	\$ 6,615	\$ 25,794
Three Feathers donations	0	89,291
My First Hunt Book	0	5,200
Autism Speaks	<u>452</u>	<u>6,914</u>
Total Deferred Revenue	<u>\$ 7,067</u>	<u>\$ 127,199</u>

Note 12. Contribution Repayable

An accrued liability has been set up for an amount owed to the GNWT of \$13,503. See Note 10.

Note 13. Due To/From the Government of Canada

An amount is owed to the SSDEC from the Library of Parliament. See Note 8.

14. Capital Lease Obligations

Nothing to report.

15. Pensions

Nothing to report.

16. Long-term Debt

Nothing to report

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

17. Other employee future benefits and compensated absences

In addition to pension benefits the Council provides severance (resignation and retirement), removal and compensated absences (sick, special, parental and maternity leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to Council employees based on the type of termination (resignation vs. retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to, employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation result

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2017 and the results extrapolated the June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	Severance and Removal \$	Compensated Absences \$	2017 \$	2016 \$
Changes in Obligation				
Accrued benefit obligations at beginning of year	\$2,047,736	\$328,702	\$2,376,438	\$4,189,889
Current period benefit cost	\$93,407	\$19,642	\$113,050	\$579,248
Interest accrued	\$62,381	\$10,331	\$72,712	\$105,980
Benefits payments	(\$488,885)	(\$51,005)	(\$539,890)	(\$301,657)
Plan amendments	\$0	\$0	\$0	\$0
Actuarial (gains)/losses	\$214,249	\$220,684	\$434,932	(\$2,197,022)

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Accrued benefit obligations at end of year	\$1,928,888	\$528,354	\$2,457,242	\$2,376,438
Surplus/(deficit) at end of year	(\$1,928,888)	(\$528,354)	(\$2,457,242)	(\$2,376,438)
Unamortized net actuarial (gain)/loss	(\$1,365,891)	(\$140,730)	(\$1,506,621)	(\$2,197,022)
Net future obligation	(\$3,294,779)	(\$669,084)	(\$3,963,864)	(\$4,573,460)
Other employee future benefits	\$0	\$0	\$0	\$0
Other compensated absences	\$0	\$0	\$0	\$0
Total employee future benefits and compensated absences	(\$3,294,779)	(\$669,084)	(\$3,963,864)	(\$4,573,460)
Benefits Expense				
Current period benefit cost	\$93,407	\$19,642	\$113,050	\$579,248
Interest accrued	\$62,381	\$10,331	\$72,712	\$105,980
Plan amendments	\$0	\$0	\$0	\$0
Amortization of actuarial gains	(\$207,913)	(\$47,555)	(\$255,468)	\$0
Total Expense	(\$52,125)	(\$17,582)	(\$69,706)	\$685,228

The discount rate used to determine the accrued benefit obligation is an average of 3.30%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	Severance & Removal \$	Compensated Absences \$	Total \$
2018	\$382,417	\$86,766	\$469,183
2019	\$326,440	\$83,323	\$409,763
2020	\$286,782	\$78,300	\$365,082
2021	\$271,431	\$71,593	\$343,024
2022	\$217,017	\$59,883	\$276,900
	\$1,484,087	\$379,865	\$1,863,952

18. Trust Assets Under Administration

	<u>2017</u>	<u>2016</u>
Andrew John Piche Scholarship Fund	\$80,030	\$80,251

19. Tangible Capital Assets

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Nothing to report.

20. Prepaid Expenses

Nothing to report.

21. Accumulated Surplus/Deficit

Accumulated surplus/deficit is included in the Statement of Financial Position.

22. Capital Advances

Not applicable.

23. GNWT Assets Provided at no Cost.

	<u>Cost</u>	<u>Acc. Amort.</u>	<u>2017 NBV</u>	<u>2016 NBV</u>
Joseph Burr Tyrrell School	\$9,413,957	\$4,862,018	\$4,551,939	\$4,791,777
Paul William Kaeser School	\$7,635,685	\$4,908,653	\$2,727,032	\$2,941,484
Deninu School	\$4,991,454	\$4991,454	\$0	\$0
Lutsel K'e Dene School	\$2,117,192	\$1,676,403	\$440,789	\$497,665
Princess Alexandra School	\$7,672,236	\$4,955,740	\$2,716,496	\$2,993,787
Diamond Jenness School	\$34,298,324	\$10,284,177	\$24,014,147	\$25,231,064
Harry Camsell School	\$6,429,919	\$3,961,655	\$2,468,264	\$2,661,530
Chief Sunrise Education Ctr.	\$2,444,710	\$1,029,547	\$1,415,163	\$1,326,120
DJSS Trades Building	\$2,423,804	\$405,819	\$2,017,985	\$2,078,524
Hay River Central Seacan	\$832,998	\$347,083	\$485,916	\$541,449
PWK High School Seacan	\$687,229	\$286,346	\$400,884	\$446,699
PWK Welding Shop	\$389,368	\$25,958	\$363,411	\$373,144
	\$79,388,523	\$37,786,499	\$41,602,025	\$43,939,460

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

24. Contractual Obligations

	<u>Expired in 2017</u>	<u>2018</u>	<u>2019 Onward</u>	<u>Total</u>
Commercial/Residential Leases	\$158,650	\$158,650	\$ 52,884	\$370,184
Equipment Leases	<u>15,669</u>	<u>9,575</u>	<u>693</u>	<u>25,937</u>
Totals	<u>\$174,319</u>	<u>\$168,225</u>	<u>\$ 53,577</u>	<u>\$396,121</u>

25. Contingencies

Nothing to report.

26. Related Parties

The Council is related, in terms of common ownership, to all GNWT created departments, agencies and corporations. The Council enters into transactions with these entities in the normal course of business. The Council is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, payroll services and internal audit services by the Department of Finance and utilities and maintenance by Public Works and Services. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note.

Accounts Payable

	<u>2017</u>	<u>2016</u>
Dept. of Finance	\$1,139,673	\$1,902,803
Dept. of Education, Culture and Employment	13,503	0
Princess Alexandra School	345	0

Accounts Receivable

Lutsel K'e DEA	\$ 2,034	0
Diamond Jenness School	260	0
Paul William Kaeser School	1,643	0
Joseph Burr Tyrrell School	1,544	0
Dept. of Finance	6,570	
Dept. of Health and Social Services	250	0
Dept. of Education, Culture and Employment	91,556	7,072

27. Budget Data

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget as outlined in Section 117, Duties of Education Body. The budget is legally adopted by a motion of the Council which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation of the Education Act.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Council.

The budget figures presented are those approved by the Minister of Education, Culture and Employment on August 8, 2016 and have not been audited.

28. Economic Dependence

The South Slave Divisional Education Council receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the South Slave Divisional Education Council's operations would be significantly affected.

29. Financial Instruments

The Council's carrying value of cash, accounts receivable, due from the GNWT, accounts payable and accrued liabilities, due to the GNWT, accrued salaries and the trust liability approximate fair value due to the immediate and short-term maturity of these instruments.

The Council's carrying value of the accrued leave and termination benefits approximates fair value due to the information readily available in the NWTTA, UNW and Senior Manager's Handbook.

It is management's opinion that the Council is not exposed to significant interest rate, currency, market, credit, liquidity or cash flow risks arising from these financial instruments and that there are no significant concentrations of such risks.

30. Expenses by Object

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Compensation	\$21,723,033	\$23,744,651	\$22,035,910
Other	3,153,219	3,307,765	3,455,032
Total	<u>\$24,876,252</u>	<u>\$27,052,416</u>	<u>\$25,490,942</u>

31. Subsequent Events

Nothing to report.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

32. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior surplus.

33. Commitments Against Surplus

The Council currently has approved commitments against its surplus of \$1,240,776 consisting mainly of school staffing surpluses as detailed in Schedule 26 to the financial statements.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017**

	School Programs	Inclusive Schooling	Distance Learning/Tech	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers	\$13,153,222	\$1,900,390	\$0	\$0	\$0	\$950,737	\$0	\$16,004,349
Instruction Assistants	\$137,731	\$1,695,288	\$0	\$0	\$0	\$435,238	\$0	\$2,268,257
Non-Instructional Staff	\$1,805,778	\$375,959	\$242,569	\$0	\$1,217,923	\$14,788	\$0	\$3,657,017
Board/Trustee Honoraria	\$3,650	\$0	\$0	\$0	\$39,429	\$7,475	\$0	\$50,554
Employee Benefits								
Employee Benefits/Allowances	\$228,799	\$78,127	\$3,720	\$0	\$11,161	\$27,902	\$0	\$349,709
Leave & Termination Benefits	\$925,618	\$316,065	\$15,051	\$0	\$45,152	\$112,880	\$0	\$1,414,766
Services Purchased/Contracted								
Professional/Technical Services	\$174,950	\$43,008	\$0	\$1,475	\$36,246	\$16,695	\$0	\$272,374
Postage/Communication	\$74,513	\$0	\$0	\$0	\$22,675	\$201	\$0	\$97,389
Utilities	\$948	\$0	\$0	\$0	\$0	\$0	\$0	\$948
Travel	\$146,416	\$192,564	\$12,284	\$0	\$85,247	\$75,926	\$0	\$512,438
Student Travel	\$111,380	\$1,865	\$0	\$0	\$0	\$2,512	\$0	\$115,757
Advertising/Printing/Publishing	\$2,106	\$3,250	\$0	\$1,995	\$15,628	\$61,210	\$0	\$84,188
Maintenance/Repair	\$5,899	\$0	\$0	\$0	\$12,564	\$769	\$0	\$19,231
Rentals/Leases	\$65,308	\$6,026	\$0	\$159,250	\$28,403	\$15,706	\$0	\$274,694
Contracted Services	\$350,341	\$22,203	\$800	\$7,758	\$14,205	\$244,562	\$0	\$639,869
Materials/Supplies/Freight								
Materials	\$749,102	\$134,931	\$32,047	\$47,925	\$73,073	\$209,407	\$0	\$1,246,486
Freight	\$23,952	\$1,782	\$0	\$14,481	\$1,580	\$2,595	\$0	\$44,391
Total	\$17,959,713	\$4,771,459	\$306,471	\$232,884	\$1,603,286	\$2,178,602	\$0	\$27,052,416

**FORT SMITH DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$166,020	\$175,230
Cash Held in Trust	80,030	80,251
Other Accounts Receivable (net)	1,033	1,033
	<u> </u>	<u> </u>
Total Financial Assets	<u>\$247,083</u>	<u>\$256,514</u>
<u>Liabilities</u>		
Accounts Payable & Accrued Liabilities	(\$3)	(\$3)
Trust Liability	80,030	80,251
	<u> </u>	<u> </u>
Total Liabilities	<u>\$80,027</u>	<u>\$80,248</u>
Net Financial Resources	<u>\$167,057</u>	<u>\$176,266</u>
Fund Balance	<u>\$167,057</u>	<u>\$176,266</u>

**FORT SMITH DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	<u>2017 Budget (unaudited)</u>	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>			
ECE Contributions			
ECE Regular Contributions	\$495,506	\$456,529	\$505,991
Other ECE Contributions	0	15,602	93,601
Total ECE Contributions	<u>\$495,506</u>	<u>\$472,131</u>	<u>\$599,592</u>
Other GNWT Contributions	\$0	\$22,400	\$0
Total GNWT Contributions	<u>\$495,506</u>	<u>\$494,531</u>	<u>\$599,592</u>
Generated Funds			
Investment Income	\$600	\$547	\$648
Other	42,500	67,515	69,849
Total Generated Funds	<u>\$43,100</u>	<u>\$68,062</u>	<u>\$70,497</u>
Total Revenues	<u>\$538,606</u>	<u>\$562,593</u>	<u>\$670,089</u>
<u>EXPENSES (Schedule 4)</u>			
Administration	\$65,550	\$71,529	\$71,912
School Programs	383,133	380,912	398,358
Inclusive Schooling	50,435	13,210	14,007
Student Accommodations	0	0	0
Operations and Maintenance	0	20,506	27,034
Aboriginal Language/Cultural Programs	99,444	85,646	103,627
Total Expenses	<u>\$598,562</u>	<u>\$571,803</u>	<u>\$614,938</u>
Operating Surplu/(Deficit)	<u>(\$59,956)</u>	(\$9,209)	\$55,151
Fund Balance at beginning of year		176,266	121,115
Prior Period Adjustment		<u>\$0</u>	<u>0</u>
Fund Balance at end of year		<u>\$167,057</u>	<u>\$176,266</u>

FORT SMITH DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers	\$3,392							\$3,392
Instruction Assistants								\$0
Non-Instructional Staff					\$64,314			\$64,314
Board/Trustee Honoraria								\$0
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services								\$0
Postage/Communication	\$27,231				\$3,026			\$30,256
Utilities								\$0
Travel								\$0
Student Travel								\$0
Advertising/Printing/Publishing	\$150							\$150
Maintenance/Repair	\$1,868							\$1,868
Rentals/Leases	\$15,497				\$1,722			\$17,219
Contracted Services	\$73,569							\$73,569
Materials/Supplies/Freight								
Materials	\$259,206	\$13,210		\$20,506	\$2,467	\$85,646		\$381,034
Freight								\$0
Total	\$380,912	\$13,210	\$0	\$20,506	\$71,529	\$85,646	\$0	\$571,803

**HAY RIVER DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$176,910	\$259,471
Due from the GNWT	0	0
Other Accounts Receivable (net)	<u>23,481</u>	<u>19,899</u>
Total Financial Assets	<u>\$200,391</u>	<u>\$279,370</u>
<u>Liabilities</u>		
Accounts Payable & Accrued Liabilities	<u>\$1,019</u>	<u>\$115,379</u>
Total Liabilities	<u>\$1,019</u>	<u>\$115,379</u>
Net Financial Resources	<u>\$199,372</u>	<u>\$163,991</u>
Fund Balance	<u>\$199,372</u>	<u>\$163,991</u>

**HAY RIVER DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	<u>2017 Budget (unaudited)</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
ECE Regular Contributions	\$552,864	\$552,864	\$557,141
Other ECE Contributions	0	140,341	80,506
Total ECE Contributions	<u>\$552,864</u>	<u>\$693,205</u>	<u>\$637,647</u>
Other GNWT Contributions	\$0	\$31,200	\$23,265
Total GNWT Contributions	<u>\$552,864</u>	<u>\$724,405</u>	<u>\$23,265</u>
Generated Funds			
Investment Income	\$0	\$599	\$792
Other	19,500	97,262	108,491
Total Generated Funds	<u>\$19,500</u>	<u>\$97,861</u>	<u>\$109,283</u>
Total Revenues	<u>\$572,364</u>	<u>\$822,266</u>	<u>\$770,195</u>
<u>EXPENSES (Schedule 7)</u>			
Administration	\$120,476	\$117,843	\$120,057
School Programs	451,888	583,468	776,444
Inclusive Schooling	0	0	0
Student Accommodations	0	0	0
Operations and Maintenance	0	33,006	37,023
Aboriginal Language/Cultural Programs	0	52,568	43,578
Total Expenses	<u>\$572,364</u>	<u>\$786,885</u>	<u>\$977,102</u>
Operating Surplus/(Deficit)	<u>\$0</u>	<u>\$35,381</u>	<u>(\$206,907)</u>
Fund Balance at beginning of year		<u>163,991</u>	<u>370,898</u>
Fund Balance at end of year		<u>\$199,372</u>	<u>\$163,991</u>

HAY RIVER DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers								\$0
Instruction Assistants	\$137,731					\$19,527		\$157,258
Non-Instructional Staff					\$105,852			\$105,852
Board/Trustee Honoraria					\$8,278			\$8,278
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services	\$104,000							\$104,000
Postage/Communication	\$24,125				\$2,901			\$27,026
Utilities								\$0
Travel								\$0
Student Travel	\$600							\$600
Advertising/Printing/Publishing								\$0
Maintenance/Repair								\$0
Rentals/Leases	\$32,768							\$32,768
Contracted Services	\$147,077							\$147,077
Materials/Supplies/Freight								
Materials	\$137,167			\$19,306	\$812	\$33,041		\$190,326
Freight				\$13,700				\$13,700
Total	\$583,468	\$0	\$0	\$33,006	\$117,843	\$52,568	\$0	\$786,885

K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$14,661	\$6,879
Other Accounts Receivable (net)	<u>3,274</u>	<u>1,710</u>
Total Financial Assets	<u>\$17,935</u>	<u>\$8,589</u>
<u>Liabilities</u>		
Accounts Payable & Accrued Liabilities	<u>\$3,262</u>	<u>\$14,665</u>
Total Liabilities	<u>\$3,262</u>	<u>\$14,665</u>
Net Financial Resources	<u>\$14,673</u>	<u>(\$6,076)</u>
Fund Balance	<u>\$14,673</u>	<u>(\$6,076)</u>

K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (unaudited)	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$56,091	\$56,091	\$44,204
Other ECE Contributions	0	52,498	43,665
Total ECE Contributions	<u>\$56,091</u>	<u>\$108,589</u>	<u>\$87,869</u>
Other GNWT Contributions	\$0	\$9,000	\$45,950
Total GNWT Contributions	<u>\$56,091</u>	<u>\$117,589</u>	<u>\$133,819</u>
Generated Funds			
Investment Income	\$0	\$3	\$3
Other	0	10,737	26,395
Total Generated Funds	<u>\$0</u>	<u>\$10,740</u>	<u>\$26,398</u>
Total Revenues	<u>\$56,091</u>	<u>\$128,329</u>	<u>\$160,217</u>
<u>EXPENSES (Schedule 7)</u>			
Administration	\$27,250	\$30,962	\$21,000
School Programs	18,841	44,976	85,733
Inclusive Schooling	0	17,000	43,327
Student Accommodations	0	0	0
Operations and Maintenance	4,000	2,858	5,492
Aboriginal Language/Cultural Programs	6,000	11,783	18,100
Total Expenses	<u>\$56,091</u>	<u>\$107,580</u>	<u>\$173,651</u>
Operating Surplus/(Deficit)	<u>\$0</u>	\$20,749	(\$13,434)
Fund Balance at beginning of year		<u>(\$6,076)</u>	<u>7,358</u>
Fund Balance at end of year		<u>\$14,673</u>	<u>(\$6,076)</u>

K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers								\$0
Instruction Assistants								\$0
Non-Instructional Staff	\$532	\$8,807			\$2,023			\$11,362
Board/Trustee Honoraria	\$2,650				\$9,460	\$7,475		\$19,585
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services					\$3,283			\$3,283
Postage/Communication					\$2,755			\$2,755
Utilities								\$0
Travel	\$163	\$3,901			\$5,833	\$72		\$9,970
Student Travel								\$0
Advertising/Printing/Publishing								\$0
Maintenance/Repair	\$2,020				\$1,264			\$3,284
Rentals/Leases					\$3,036			\$3,036
Contracted Services		\$1,753		\$2,858	\$2,247	\$3,126		\$9,984
Materials/Supplies/Freight								
Materials	\$39,612	\$2,538			\$1,061	\$1,110		\$44,321
Freight								\$0
Total	\$44,976	\$17,000	\$0	\$2,858	\$30,962	\$11,783	\$0	\$107,580

**FORT RESOLUTION DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$92,608	\$181,906
Due from GNWT	0	0
Other Accounts Receivable (net)	<u>0</u>	<u>0</u>
Total Financial Assets	<u>\$92,608</u>	<u>\$181,906</u>
<u>Liabilities</u>		
Payroll Liabilities	<u>\$552</u>	<u>(\$333)</u>
Total Liabilities	<u>\$552</u>	<u>(\$333)</u>
Net Financial Resources	<u>\$92,056</u>	<u>\$182,239</u>
Fund Balance	<u><u>\$92,056</u></u>	<u><u>\$182,239</u></u>

**FORT RESOLUTION DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	<u>2017 Budget (unaudited)</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$82,286	\$82,286	\$83,724
Other ECE Contributions	0	85,534	104,355
Total ECE Contributions	<u>\$82,286</u>	<u>\$187,820</u>	<u>\$188,079</u>
Other GNWT Contributions	\$0	\$88,016	\$63,611
Total GNWT Contributions	<u>\$82,286</u>	<u>\$255,836</u>	<u>\$251,690</u>
Generated Funds			
Investment Income	\$0	\$34	\$196
Other	0	25,000	47,016
Total Generated Funds	<u>\$0</u>	<u>\$25,034</u>	<u>\$47,212</u>
Total Revenues	<u>\$82,286</u>	<u>\$280,869</u>	<u>\$298,902</u>
<u>EXPENSES (Schedule 7)</u>			
Administration	\$29,000	\$29,815	\$44,370
School Programs	23,786	260,373	178,347
Inclusive Schooling	0	38,342	36,380
Student Accommodations	0	0	0
Operations and Maintenance	4,500	7,312	11,817
Aboriginal Language/Cultural Programs	25,000	35,210	32,745
Total Expenses	<u>\$82,286</u>	<u>\$371,053</u>	<u>\$303,659</u>
Operating Surplus/(Deficit)	<u>\$0</u>	(\$90,183)	(\$4,757)
Fund Balance at beginning of year		<u>182,239</u>	<u>186,996</u>
Fund Balance at end of year		<u>\$92,056</u>	<u>\$182,239</u>

FORT RESOLUTION DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers								\$0
Instruction Assistants								\$0
Non-Instructional Staff		\$30,801			\$1,819			\$32,621
Board/Trustee Honoraria					\$10,325			\$10,325
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services								\$0
Postage/Communication					\$5,202	\$21		\$5,223
Utilities	\$948							\$948
Travel	\$8,899				\$2,291	\$750		\$11,940
Student Travel	\$15,939					\$2,250		\$18,189
Advertising/Printing/Publishing	\$1,542				\$6,034	\$721		\$8,296
Maintenance/Repair					\$88			\$88
Rentals/Leases	\$14,451				\$3,257			\$17,708
Contracted Services	\$43,240	\$450		\$1,400		\$11,140		\$56,230
Materials/Supplies/Freight								
Materials	\$166,871	\$7,091		\$5,912	\$800	\$20,225		\$200,898
Freight	\$8,484					\$103		\$8,588
Total	\$260,373	\$38,342	\$0	\$7,312	\$29,815	\$35,210	\$0	\$371,053

**LUTSEL K'E DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$7,952	\$0
Other Accounts Receivable (net)	<u>0</u>	<u>0</u>
Total Financial Assets	<u>\$7,952</u>	<u>\$0</u>
<u>Liabilities</u>		
Bank Indebtedness	\$0	\$18,098
Accounts Payable & Accrued Liabilities	<u>95</u>	<u>88</u>
Total Liabilities	<u>\$95</u>	<u>\$18,186</u>
Net Financial Resources	<u>\$7,857</u>	<u>(\$18,186)</u>
Fund Balance	<u><u>\$7,857</u></u>	<u><u>(\$18,186)</u></u>

**LUTSEL K'E DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	2017 Budget (unaudited)	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$74,830	\$74,829	\$60,102
Other ECE Contributions	0	36,863	19,914
Total ECE Contributions	<u>\$74,830</u>	<u>\$111,692</u>	<u>\$80,016</u>
Other GNWT Contributions	\$0	\$33,936	\$25,300
Total GNWT Contributions	<u>\$74,830</u>	<u>\$145,628</u>	<u>\$105,316</u>
Generated Funds			
Investment Income	\$0	\$0	\$0
Donations	0	61,849	106,400
Other	0	10,399	11,615
Total Generated Funds	<u>\$0</u>	<u>\$72,248</u>	<u>\$118,015</u>
Total Revenues	<u>\$74,830</u>	<u>\$217,876</u>	<u>\$223,331</u>
<u>EXPENSES (Schedule 7)</u>			
Administration	\$34,700	\$25,609	\$16,241
School Programs	12,635	124,955	165,123
Inclusive Schooling	0	2,105	2,020
Student Accommodations	0	0	0
Operations and Maintenance	6,500	7,082	7,588
Aboriginal Language/Cultural Programs	20,995	32,081	44,134
Total Expenses	<u>\$74,830</u>	<u>\$191,833</u>	<u>\$235,107</u>
Operating Surplus/(Deficit)	<u>\$0</u>	\$26,043	(\$11,776)
Fund Balance at beginning of year		<u>(18,186)</u>	<u>(6,410)</u>
Fund Balance at end of year		<u>\$7,857</u>	<u>(\$18,186)</u>

LUTSEL K'E DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers	\$845					\$2,881		\$3,726
Instruction Assistants								\$0
Non-Instructional Staff					(\$14)			-\$14
Board/Trustee Honoraria					\$7,416			\$7,416
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services								\$0
Postage/Communication	\$1,282				\$2,165	\$180		\$3,628
Utilities								\$0
Travel								\$0
Student Travel	\$15,842					\$262		\$16,104
Advertising/Printing/Publishing					\$2,400			\$2,400
Maintenance/Repair	\$2,010					\$769		\$2,779
Rentals/Leases	\$2,517	\$1,972		\$600	\$3,672	\$3,722		\$12,485
Contracted Services	\$14,938			\$3,500	\$5,800	\$9,173		\$33,410
Materials/Supplies/Freight								
Materials	\$72,309	\$133		\$2,201	\$3,277	\$13,374		\$91,293
Freight	\$15,211			\$781	\$893	\$1,722		\$18,608
Total	\$124,955	\$2,105	\$0	\$7,082	\$25,609	\$32,081	\$0	\$191,833

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$6,323,632	\$7,042,256
Due from the GNWT	98,376	7,072
Other Accounts Receivable	182,335	200,296
	<hr/>	<hr/>
Total Financial Assets	\$6,604,343	\$7,249,624
	<hr/>	<hr/>
<u>Liabilities</u>		
Current		
Accounts Payable and Accrued Liabilities	\$53,846	\$83,204
Due to the GNWT	13,848	52,538
Payroll Liabilities	1,139,026	1,897,213
Deferred Revenue	7,067	127,199
Post-Employment Benefits	3,963,864	2,763,430
	<hr/>	<hr/>
Total Liabilities	\$5,177,651	\$4,923,584
	<hr/>	<hr/>
Net Financial Resources	\$1,426,692	\$2,326,040
	<hr/>	<hr/>
<u>Non-Financial Assets</u>		
Prepaid Expenses (Note 20)	\$0	\$0
	<hr/>	<hr/>
Accumulated Fund Balance	\$1,426,692	\$2,326,040
	<hr/>	<hr/>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL RESOURCES
For the Year Ended June 30, 2017**

	<u>2017</u>	<u>2016</u>
Annual Surplus/(Deficit) (Schedule 19)	(\$899,348)	\$776,367
Prior Year Adjustments	<u>0</u>	<u>0</u>
Increase/(Decrease) in Net Financial Resources	(\$899,348)	\$776,367
Opening net Financial Resources	<u>2,326,040</u>	<u>1,549,673</u>
Closing Net Financial Resources	<u><u>\$1,426,692</u></u>	<u><u>\$2,326,040</u></u>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NON-CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	<u>2017 Budget (unaudited)</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$23,889,000	\$24,210,619	\$23,975,720
Other ECE Contributions	477,700	822,968	1,007,497
Total ECE Contributions	<u>\$24,366,700</u>	<u>\$25,033,587</u>	<u>\$24,983,217</u>
Other GNWT Contributions	\$0	\$326,000	\$233,588
Total GNWT Contributions	<u>\$24,366,700</u>	<u>\$25,359,587</u>	<u>\$25,216,805</u>
Federal Government	\$0	\$0	\$0
Other Education Bodies	\$0	\$0	\$63,361
Generated Funds			
Investment Income	\$0	\$57,664	\$51,804
Non-GNWT Contributions	0	251,883	238,728
Donations	0	90,592	6,208
Other	0	31,857	45,890
Total Generated Funds	<u>\$0</u>	<u>\$431,995</u>	<u>\$342,630</u>
Total Revenues	<u>\$24,366,700</u>	<u>\$25,791,582</u>	<u>\$25,622,796</u>
<u>EXPENSES</u>			
Administration	\$1,247,200	\$1,327,528	\$1,241,724
School Programs	14,751,067	16,904,483	15,400,492
Inclusive Schooling	4,955,417	4,700,802	4,461,152
Distance Learning/Technology	330,900	306,471	326,180
Operations and Maintenance	379,594	162,120	196,682
Aboriginal Language/Cultural Programs	1,827,941	2,001,924	1,884,048
Transfers to DEAs	1,261,577	1,287,602	1,336,151
Total Expenses	<u>\$24,753,696</u>	<u>\$26,690,930</u>	<u>\$24,846,429</u>
Operating Surplus/(Deficit)	<u><u>(\$386,996)</u></u>	<u><u>(\$899,348)</u></u>	<u><u>\$776,367</u></u>
Fund Balance at beginning of year		<u>2,326,040</u>	<u>1,549,673</u>
Fund Balance at end of year		<u><u>\$1,426,692</u></u>	<u><u>\$2,326,040</u></u>

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF EXPENDITURES
(Non-Consolidated)
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Distance Learning/Tech	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers	\$13,148,985	\$1,900,390				\$947,856		\$15,997,231
Instruction Assistants		\$1,695,288				\$415,711		\$2,111,000
Non-Instructional Staff	\$1,805,246	\$336,350	\$242,569		\$1,043,929	\$14,788		\$3,442,881
Board/Trustee Honoraria	\$1,000				\$3,950			\$4,950
Employee Benefits								
Employee Benefits/Allowances	\$228,799	\$78,127	\$3,720		\$11,161	\$27,902		\$349,710
Leave & Termination Benefits	\$925,618	\$316,065	\$15,051		\$45,152	\$112,880		\$1,414,765
Services Purchased/Contracted								
Professional/Technical Services	\$70,950	\$43,008		\$1,475	\$32,963	\$16,695		\$165,091
Postage/Communication	\$21,875				\$6,626			\$28,501
Utilities								\$0
Travel	\$137,354	\$188,663	\$12,284		\$77,123	\$75,104		\$490,527
Student Travel	\$79,000	\$1,865						\$80,865
Advertising/Printing/Publishing	\$414	\$3,250		\$1,995	\$7,194	\$60,489		\$73,341
Maintenance/Repair					\$11,212			\$11,212
Rentals/Leases	\$75	\$4,054		\$158,650	\$16,716	\$11,984		\$191,480
Contracted Services	\$71,517	\$20,000	\$800		\$6,158	\$221,123		\$319,598
Materials/Supplies/Freight								
Materials	\$180,266	\$111,960	\$32,047		\$64,657	\$39,621		\$428,552
Freight	\$257	\$1,782			\$687	\$770		\$3,496
Transfers to DEA's								
	\$233,128					\$57,000	\$1,287,602	\$1,577,730
Total	\$16,904,483	\$4,700,802	\$306,471	\$162,120	\$1,327,528	\$2,001,924	\$1,287,602	\$26,690,930

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
ABORIGINAL LANGUAGES**

For the Year Ended June 30, 2017

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total 2016/17
Revenues			
Funding Received	\$62,000		\$62,000
Total Funding	\$62,000	\$0	\$62,000
Expenditures			
Materials & Supplies	\$48,037	\$0	\$48,037
Wages & Benefit	\$14,788	\$0	\$14,788
Total Expenditures	\$62,825	\$0	\$62,825
Surplus/(Deficit)	(\$825)	\$0	(\$825)

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
FRENCH LANGUAGE**

For the Year Ended June 30, 2017

	Contributions July 1, 2016 to June 30, 2017	SSDEC Commitment July 1, 2016 to June 30, 2017	Total Expenses July 1, 2016 to June 30, 2017	Under/(Over) Funding
Bilateral Agreement Funding				
Core French 1-12 (salary)	\$193,000	\$234,000	\$491,283	(\$64,283)
Immersion Pioneer Class (salary)	70,000	\$50,000	\$513,231	(\$393,231)
Resources	10,000	\$5,000	\$22,901	(\$7,901)
Partnership with YK1	15,000		\$15,000	\$0
French Monitor		\$6,000	\$64,533	(\$58,533)
Professional Development		\$5,000	\$21,187	(\$16,187)
Intensive French: Salary	45,000	\$30,000	\$360,041	(\$285,041)
Intensive French: Camp				\$0
Intensive French: Resources	6,000	\$4,000	\$22,749	(\$12,749)
Intensive French: Training/Visits	7,800	\$5,200	\$21,628	(\$8,628)
Totals	\$346,800	\$339,200	\$1,532,552	(\$846,552)

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
JWT STUDENT SUCCESS INITIATIVE - PROFESSIONAL DEVELOPMENT**

For the Period July 1, 2016 to June 30, 2017

Funding Received	
<u>Expenditures</u>	
<u>Salaries/Wages</u>	
Facilitator's Fees	\$327,112
Substitute Teachers Wages	\$15,383
<u>Travel</u>	
Facilitator Travel	\$32,380
Staff Travel	\$25,111
Accommodation	\$18,688
Per Diems	\$13,342
<u>Workshop Expenses</u>	
Room Rental	
Tuition	
Refreshments	\$1,378
Resources	\$18,356
Miscellaneous	\$5,630
Total Expenses	\$457,380
Net Surplus/(Deficit)	-\$457,380

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
NWT STUDENT SUCCESS INITIATIVE**

For the Period July 1, 2016 to June 30, 2017

Funding Received	\$55,000
Expenditures	
<u>Salaries/Wages</u>	
Salaries	\$1,350,713
Facilitator's Fees	
Substitute Teachers Wages	
<u>Travel</u>	
Facilitator Travel	
Staff Travel	
Accommodation	
Per Diems	
<u>Workshop Expenses</u>	
Room Rental	
Tuition	
Refreshments	
Resources	\$21,842
Miscellaneous	
Total Expenses	\$1,372,555
Net Surplus/(Deficit)	-\$1,317,555

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDSES
ABORIGINAL LANGUAGE AND CULTURE-BASED EDUCATION**

For the Year Ended June 30, 2017

Student Instruction	Teaching Resources	Professional Development	School ** Activities	Total
------------------------	-----------------------	-----------------------------	-------------------------	-------

Salaries

ALCBE Teachers

\$962,583			\$2,881	\$965,464
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Language Consultants

				\$0
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Instruction Assistants

\$415,771			\$19,527	\$435,298
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Non-Instructional Staff

				\$0
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Honóraria

			\$7,475	\$7,475
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Employee Benefits

Employee Benefits/Allowances *

\$140,782				\$140,782
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Services Purchased/Contracted

Professional/Technical Services

	\$16,695			\$16,695
--	----------	--	--	----------

Travel

	\$74,248		\$1,002	\$75,250
--	----------	--	---------	----------

Student Transportation (Bussing)

			\$2,512	\$2,512
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Advertising/Printing/Publishing

	\$60,489		\$721	\$61,210
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Maintenance/Repair

			\$769	\$769
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Rentals/Leases

	\$525	\$11,459	\$3,722	\$15,706
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Contracted Services

	\$221,124		\$23,439	\$244,563
--	-----------	--	----------	-----------

Materials/Supplies/Freight

Materials

	\$55,449	\$1,418	\$153,415	\$210,282
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Freight

	\$770		\$1,825	\$2,595
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Total

\$1,519,136	\$429,301	\$12,877	\$217,288	\$2,178,602
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**South Slave Divisional Education Council
2016/17 Fund Balances
(Unaudited)**

	<u>SSDEC</u>	<u>Fort Smith</u>	<u>Hay River</u>	<u>K'atlodeeche</u>	<u>Fort Resolution</u>	<u>Lutsel K'e</u>
Fund Balances as per audited Financial Statements	\$1,426,692	\$167,057	\$199,372	\$14,673	\$92,056	\$7,857
less: Staffing Surpluses						
- Lutsel K'e Dene School	\$46,113					
- Paul William Kaeser	\$270,328					
- Harry Camsell	\$39,262					
- Joseph Burr Tyrrell	\$60,958					
- Chief Sunrise	\$80,126					
- Princess Alexandra	\$37,238					
- Diamond Jenness Secondary School	\$199,290					
- Deninu School	\$152,978					
		(\$886,293)				
Commitments against surpluses						
- Council Office						
- Fort Resolution DEA plan				(\$9,064)	(\$83,827)	
- Hay River DEA plan			(\$144,086)			
- Fort Smith plan						
		(\$117,506)				
Uncommitted Fund Balance	<u>\$540,399</u>	<u>\$49,551</u>	<u>\$55,286</u>	<u>\$5,609</u>	<u>\$8,229</u>	<u>\$7,857</u>
2016/17 contributions from SSDEC		<u>\$495,506</u>	<u>\$552,864</u>	<u>\$56,091</u>	<u>\$82,286</u>	<u>\$74,830</u>
Fund Balance percentage *		<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.50%</u>

* Calculated as per SSDEC policy DFAA - Financial Surplus

**Yellowknife Catholic Schools
(Yellowknife Public Denominational
District Education Authority)**

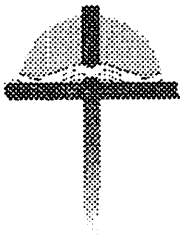
Annual Financial Report

June 30, 2017

**Yellowknife Catholic Schools
(Yellowknife Public Denominational District
Education Authority)**

Annual Financial Report

June 30, 2017



Yellowknife Catholic Schools

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis (MD&A) of the consolidated financial position and results of operations of Yellowknife Public Denominational District Education Authority (Yellowknife Catholic Schools) for the year ended June 30, 2017 should be read in conjunction with Yellowknife Catholic Schools' audited consolidated financial statements and related notes. The preparation of this report is the responsibility of management. It is the responsibility of the Board of Trustees to promote transparency and accountability.

The 2017-2018 school year will be an exciting year at Yellowknife Catholic Schools. We will continue to strive to provide faith-based, engaging, collaborate, innovative, learning environments that promote inquiry as a means to develop versatile and involved learners that are advocates of their personal learning journey.

We will provide all students with the opportunities to achieve their full potential with limited resources. The guiding principle of the 2017/2018 budget is to allocate our financial resources to allow our students to succeed. The budget will be balanced ensuring that today's dollars are spent to educate today's students with a focus on 21st century learning initiatives and student learning. Appropriate resources have been allocated so that students will have a full range of learning opportunities.

As our educational landscape moves us towards ensuring our students have the skills needed to be successful in the workplace, we will focus on developing the 21st-century skills of collaboration, communication, critical thinking and creativity using innovative teaching models that include inquiry, technology, and interest-based learning in personalized, student-centered environments.

Mission, Values and Beliefs

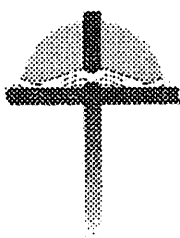
Yellowknife Catholic Schools is a family of learners: developing faith, celebrating culture, supporting diversity, teaching critical thinking and inspiring service to others.

Through Christ we value: truth, honesty, compassion, respect, forgiveness, service, love and living the faith.

We believe that we are a Catholic, Christ-centered community that strives to nurture the spiritual, intellectual, emotional, social and physical development of all learners.

Board of Trustees

There are seven trustees at Yellowknife Catholic Schools. Mr. Miles Welsh is the Chair and Ms. Erin Currie is the Vice Chair. Other trustees are John Dalton, Revi Lau-a, Tina Schauerte, Amy Kennedy and Steven Voytilla. There are two committees in place – Finance and Facilities. Trustee meetings are held each month and are open to the public.



Yellowknife Catholic Schools

Yellowknife Catholic Schools

Yellowknife Catholic Schools (YCS) is the only Catholic school board in the Northwest Territories. YCS was established in July 1951 and provides education of students from junior kindergarten to Grade 12.

YCS programs operate out of: École St. Patrick High School (ESPHS), Weledeh Catholic School (WCS), École St. Joseph School (ESJS), the Kimberlite Career and Technical Centre (KCTC), the Tallah Building, the Yellowknife Family Centre, Jim Murphy Maintenance Building and the Central Services Building. All of our facilities are in excellent condition.

The senior administration team consists of Claudia Parker – Superintendent; Simone Gessler – Assistant Superintendent – Learning and Janet Toner – Assistant Superintendent – Business.

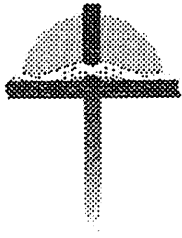
The principal at École St. Patrick High School is Gillian Dawe-Taylor. The principal at Weledeh Catholic School is Todd Stewart and the principal at École St. Joseph School is Pat Sullivan.

Student and Teacher Population

The following is the student enrolment as of September 30th and the teachers that were employed as of September 30, 2016.

	Enrolment	Teachers	Pupil/Teacher Ratio
École St Patrick High School	493	31	16
Weledeh Catholic School	351	24	15
École St Joseph School	486	30	16
KCTC	0	4	0
TTC	0	1	0
	<u>1,330</u>	<u>90</u>	<u>15</u>

There was a total of 164 staff at YCS as of June 2017.



Yellowknife Catholic Schools

Strategic Plan

Vision Statement for 2016-2019

YCS will strive to provide engaging, collaborative, innovative, inquiry and faith-based learning environments as a means to develop versatile and involved learners that are advocates of their personal learning journey.

Goals

The goals of YCS are to:

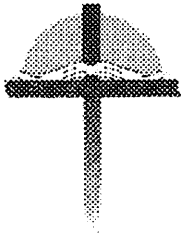
- Foster inquiry and collaboration throughout the integration of technology and the development of 21st century classrooms.
- Provide rich literacy and numeracy instruction through collaborative and supporting programming
- Develop spiritually and culturally-rich global citizens with a sense of social justice and community awareness

Commitments

YCS is committed to the following:

- Engage in continuous growth and improvement, make decisions to enhance student learning and provide opportunities for the community to learn together.
- Provide all learners with a safe environment that promotes spiritual, academic, physical, emotional, and social growth, encouraging inquiry, innovation and self-reflection.
- Allocate resources based on our vision and commitment to our learners.

YCS realizes its responsibility to provide an excellent education for our students. Our district is proud of its reputation for providing high-quality education to the students of our community through continuous improvement and the cooperative efforts of the Northwest Territories (GNWT) Minister of Education, Culture and Employment (ECE), administration, teachers, staff, students, families and a supportive community.



Yellowknife Catholic Schools

Financial Condition

The audited consolidated financial statements were prepared for the Government of the Northwest Territories (GNWT) Minister of Education, Culture and Employment (ECE), in accordance with Canadian public sector accounting standards.

Highlights of YCS Financial Position

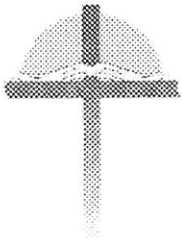
Financial Assets

The financial and non-financial assets of YCS consist of cash and accounts receivable. The cash balance was \$4,215,783 on June 30, 2017 (prior year - \$4,521,653) and indicates a good cash flow. The financial position at June 30, 2017 was \$4,666,773 (prior year \$4,916,456).

Liabilities

Liabilities consist of payroll liabilities, accounts payable and long term debt. The payroll liabilities consist of payroll liabilities to staff for July and August. The long term debt was reduced by \$863,764 during the year. YCS issued debentures for the construction of Weledeh Catholic School and for the purchase of the Tallah Building. Future streams of revenue (rental revenue for the Tallah building and GNWT Core funding for the Weledeh debenture) will more than cover the net financial debt.

The Consolidated Statement of Financial Position has a subtotal called "Net debt". This line is an indicator of the ability to discharge all of the entity's debt with financial assets. This year the net debt is \$1,212,218 compared to \$1,813,687 which indicates a slightly better financial position.



Yellowknife Catholic Schools

Non-financial Assets

Non-financial assets include land and buildings that YCS has no intention of selling and that would not be able to be quickly converted to cash. The non-financial assets decreased from \$44,277,814 to \$42,988,243 which mainly reflects the change in the value of the tangible capital assets owned by Yellowknife Catholic Schools.

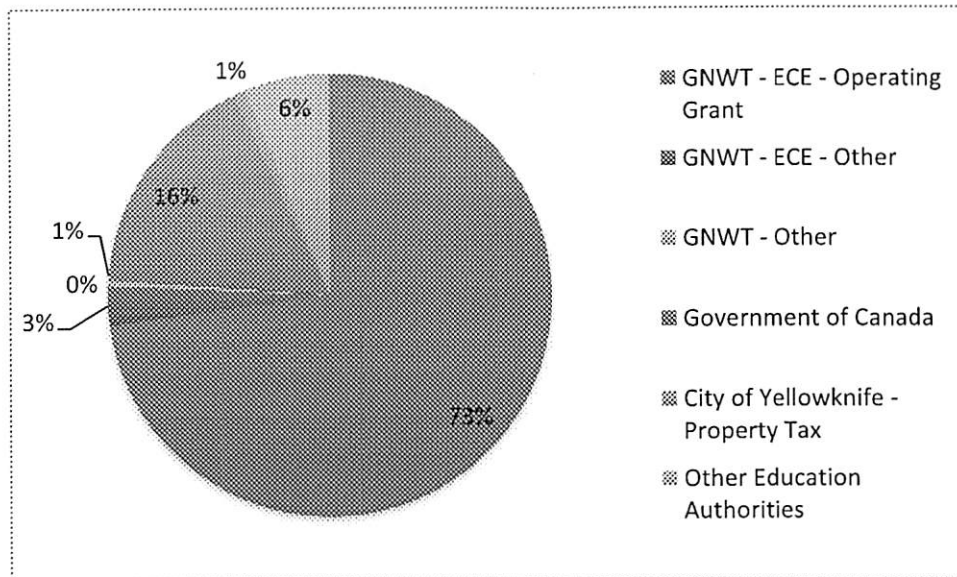
The \$1,274,816 decrease in tangible capital assets relates to depreciation of tangible capital assets for this fiscal year partially offset by capital improvements at École St Patrick High School.

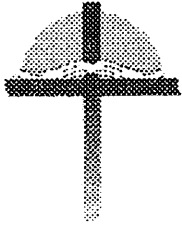
Accumulated Surplus

Accumulated surplus is equal to the difference between non-financial assets and net debt. Accumulated surplus represents the equity that YCS has generated in the last 66 years. The largest component of accumulated surplus is the Investment in Tangible Capital Assets. A further breakdown of accumulated surplus can be found on the Consolidated Statement of Accumulated Surplus.

Highlights of YCS Operations

Operating Revenue





Yellowknife Catholic Schools

Operating Revenue

The majority of the funding (73%) for YCS comes from the Government of the Northwest Territories (GNWT) Department of Education, Culture and Employment (ECE) as core funding. The core funding is derived from a funding formula developed by ECE. The most important factor in the funding formula is student enrollment. GNWT core funding also includes \$860,000 paid to YCS each year to cover principal and interest payments on a debenture issued by YCS to fund the construction of Weledeh Catholic School.

YCS also generates revenue from property taxes – 16% of revenue. The City of Yellowknife collects property tax revenue on our behalf.

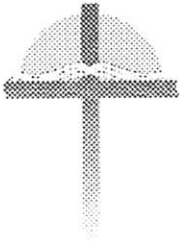
Yellowknife Catholic Schools has a contract with the Government of Canada for the Yellowknife Family Centre. On March 31st there was a successful transition of the Yellowknife Family Centre to the YWCA NWT.

Other GNWT funding includes contribution agreement funding for: French language programs, the Four Plus program, Yellowknife Family Centre, preschool programs, active after-school programs and for the development of materials for aboriginal languages. In the upcoming year, there will be no more funding for the Four Plus and preschool programs since junior kindergarten will now be offered at Yellowknife Catholic Schools.

Board generated funds include donations, bus pass sales, day care fees, investment revenue, and rental revenue.

YCS generates revenue from other school districts when a student from that district attends an YCS school and the other district receives GNWT core funding for that student.

YCS is economically dependent upon the GNWT for the majority of its operating revenue. Significant changes to enrollment in Yellowknife or to the GNWT funding formula would have dramatic effects on the future operations of YCS.

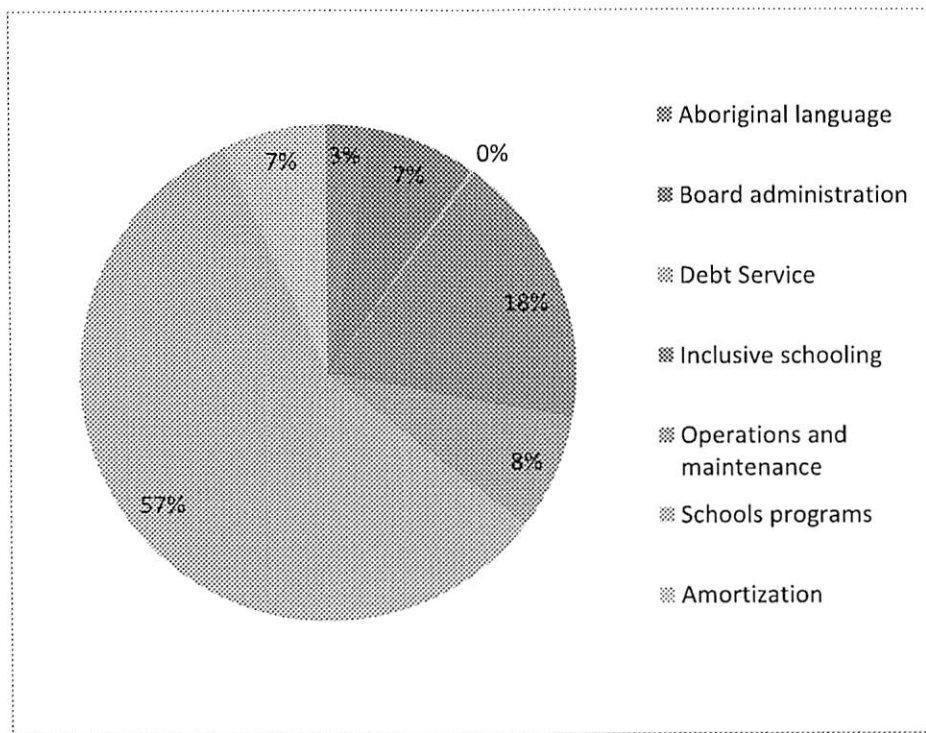


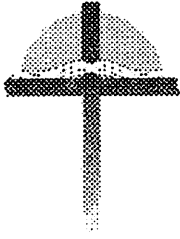
Yellowknife Catholic Schools

Operating Expenditures

The Consolidated Statement of Operations and Schedule 1 provide two different ways to classify expenditures. In the Consolidated Statement of Operations, expenditures are classified by program. Schedule 1 of the consolidated financial statements provides an additional breakdown by object.

Expenditures – By Program



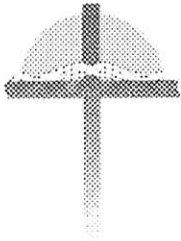


Yellowknife Catholic Schools

Expenditures – By Program

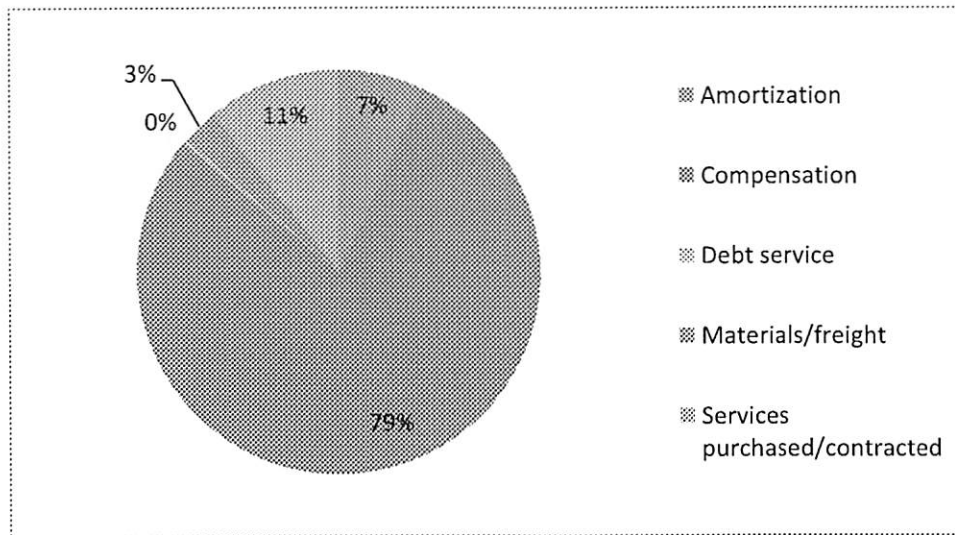
Program categories for YCS are:

- **Aboriginal Language and Culture (3%):** Includes salary and benefits of Dogrib Language instructors, salary and benefits of the literacy coach, costs related to the creation of learning materials in the Dogrib language and the cost of running our aboriginal language and culture camps.
- **Board Administration (7%):** Includes salary and benefits for central services administrative and technology staff, honoraria for trustees, audit and legal fees, travel costs, advertising and publishing costs.
- **Debt service:** Relates to interest on long-term debt for the repayment of debentures for Weledeh Catholic School (WCS) and the Tallah Building. The WCS debenture repayments are fully funded through an agreement with the GNWT. Debenture repayments for the Tallah building are mostly funded through lease payments from Aurora College.
- **Inclusive schooling (18%):** Expenditures in this program relate to supporting students with diverse needs. This support can include enrichment opportunities as well as supporting students with learning challenges. Salary and benefits for program support teachers, literacy and early intervention teachers, the student services coordinator, counselors, classroom assistants, and advanced placement teachers are included in this category.
- **Operations and maintenance (8%):** Includes salary and benefits of maintenance staff, cost of electricity, fuel and water, expenditures on janitorial services, expenditures on repair and maintenance of our facilities (including minor capital projects).
- **School programs (57%):** Salary and benefits for the majority of teachers are recorded in this program. Other large components of expenditure in this program are salary and benefits for school administrative assistants, library technicians, and curriculum coordinators, the cost for school textbooks and supplies and the cost of busing services.
- **Amortization (7%):** This expense relates to the rational and systematic manner to write off the value of the tangible capital asset over an appropriate number of accounting periods.



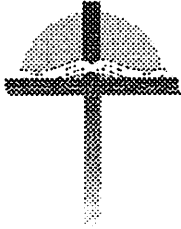
Yellowknife Catholic Schools

Expenditures by Object



Expenditures by Object

- Compensation (79%): Includes salary for teachers, coordinators, classroom assistants, maintenance staff, administration assistants, library technicians, counsellors, technology staff, administrative staff and trustee honoraria. The majority of YCS staff is unionized and collective agreements with the unions specify pay and benefits for these staff. Compensation also includes employee benefits which consists of employer contributions to pension plans, extended health and dental plans, CPP, EI, WSCC premiums, life insurance, long term disability insurance, maternity leave, professional development, medical travel, vacation travel, removal benefits and other allowances.
- Services Purchased/contracted services (11%): Include busing, janitorial services, insurance services, security services and snow removal.
- Materials/freight (3%): Include expenses for material and freight of goods.
- Amortization (7%) : This expense relates to the rational and systematic manner to write off the value of the tangible capital asset over an appropriate number of accounting periods.
- Debenture interest: Include interest expense paid during the year for the Weledeh and Tallah building debentures.



Yellowknife Catholic Schools

Operating Deficit

At the end of the year, there was a deficit of \$688,102 and this includes the amortization expense. Before the amortization expense, there was an operating surplus of \$1,108,023.

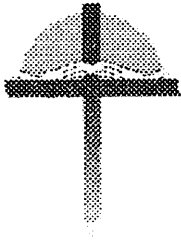
Summary of Accumulated Surplus

	Opening	Increase (Decrease)	Closing
Operating Fund Surplus	\$ 339,253	-\$ 282,655	\$ 56,598
Investment in Tangible Capital Assets	41,854,688	-411,053	41,443,635
Decentralized Budget Accumulated Surplus	270,186	5,606	275,792
	<u>\$ 42,464,127</u>	<u>-\$ 688,102</u>	<u>\$ 41,776,025</u>

The operating fund surplus decreased by \$282,655 during the year and this is mainly due to higher than anticipated pension costs. The increased pension cost is due to the wind up valuation and the requirement to pay the pension trust a portion of this pension valuation deficit. This requirement is a statutory requirement and the funds are held in the pension trust fund for future use. The wind up valuation payment for 2016 was \$187,800 and the estimated wind up payment for 2017 is \$350,000.

Investment in tangible capital assets represents the amount of funds received and recognized as revenue that allow us to purchase our tangible capital assets less accumulated amortization. The decrease in this account this year is due to amortization of our tangible capital assets offset by the principal portion of the repayment of debentures on WCS and the Tallah Building and offset by the purchase of a new roof at the Tallah building.

The decentralized budget accumulated surplus consists of funds, which are committed to or designated to specific purposes. The majority of these funds are professional development obligations carried forward under the terms of employment contracts. Other significant amounts in the decentralized budget accumulated surplus are school-based funds. Decisions on expenditure of school based funds are made by individual schools under YCS' School Based Decision Making Procedure.



Yellowknife Catholic Schools

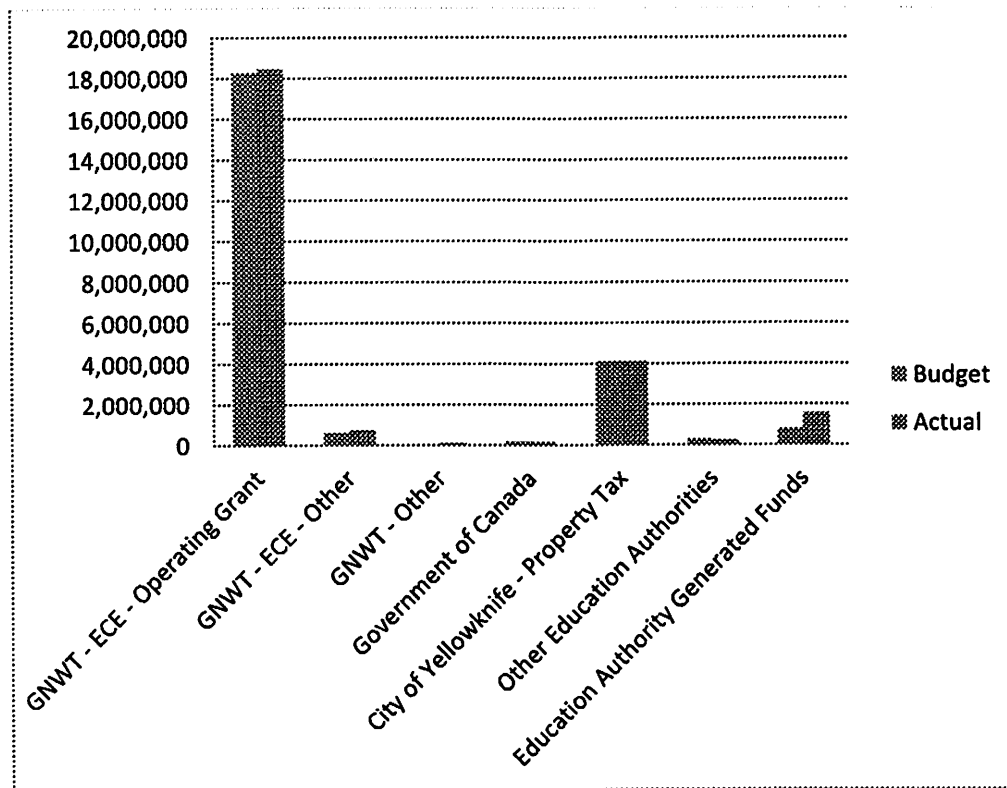
Budget Variance

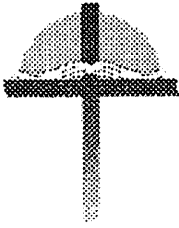
Revenue

In 2016/2017, an annual deficit of \$722,948 was budgeted and the actual deficit was \$688,102 (variance \$34,845).

The budgeted revenue for 2016/2017 was \$24,173,540 and the actual revenue was \$25,281,536. The increase in revenue is due to increased core and other contributions of approximately from the Government of Education, Culture and Employment. There was also an increase in education authority generated funds due to funds from a staff secondment and other sources of income.

Revenue – Current year (Actual) vs Budget





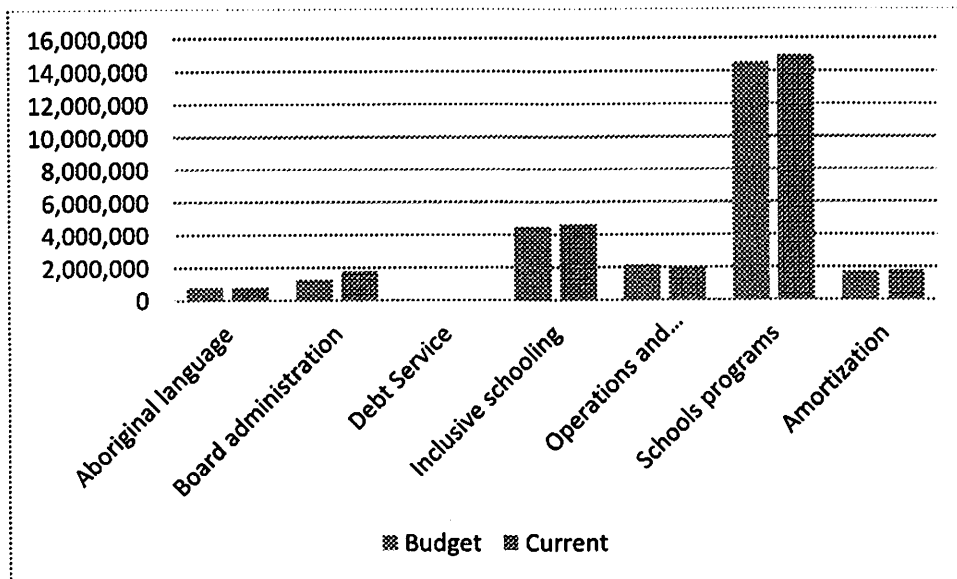
Yellowknife Catholic Schools

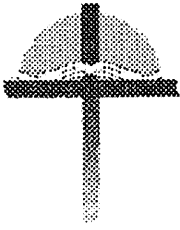
Expenditures

The budgeted expenditures for 2016/2017 were \$24,896,488 and the actual expenditures were \$25,969,638 resulting in a variance of \$1,073,150. The difference in salaries is due to increased cost of special payments to the pension fund. The change in materials and supplies is due to higher supplies purchased for the Indigenous program at year end.

Expenditures – Budget vs. Actual

	Budget	Actual	Variance	%
Salaries	\$14,880,392	\$15,644,470	-\$ 764,078	1.05
Employee Benefits Services	4,812,917	4,918,669	-105,752	1.02
Purchased/contracted	2,886,443	2,763,026	123,417	0.96
Materials/supplies/freight	544,306	771,098	-226,792	1.42
Amortization	1,700,000	1,796,125	-96,125	1.06
Debt Services	72,430	76,250	-3,820	1.05
	\$24,896,488	\$25,969,638	-\$ 1,073,150	



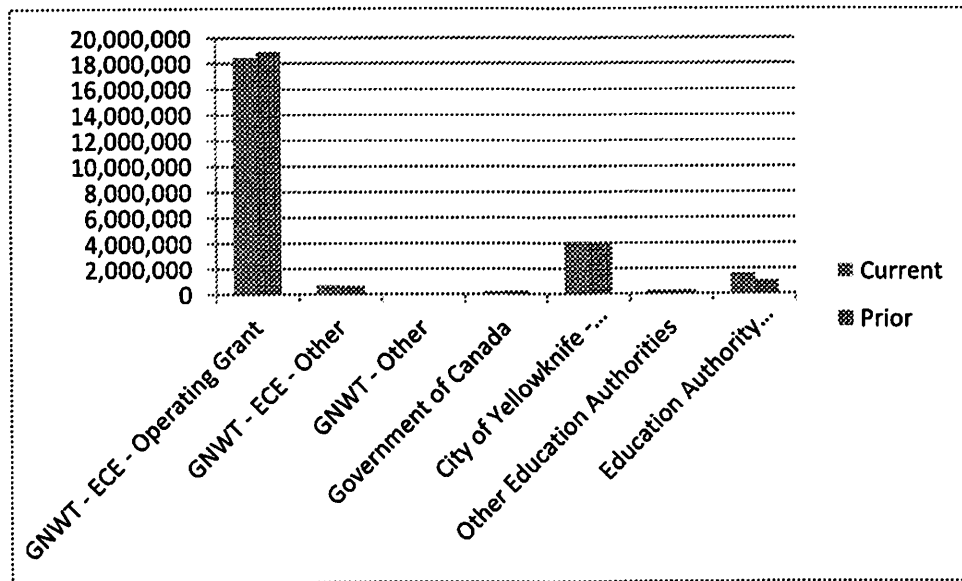


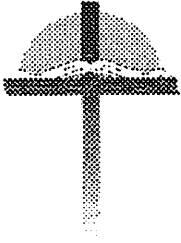
Yellowknife Catholic Schools

Current Year Compared to Prior Year

The prior year operating deficit was \$1,399,519 and the current operating deficit is \$688,102. Revenue in the prior year was \$25,180,122 and \$25,281,536 in the current year, resulting in a variance of \$101,424. Expenditures in the prior year were \$26,579,631 and \$25,969,638 resulting in a variance of \$606,993. The variance is mainly due to the reduction of some positions in the Central Services and Maintenance department.

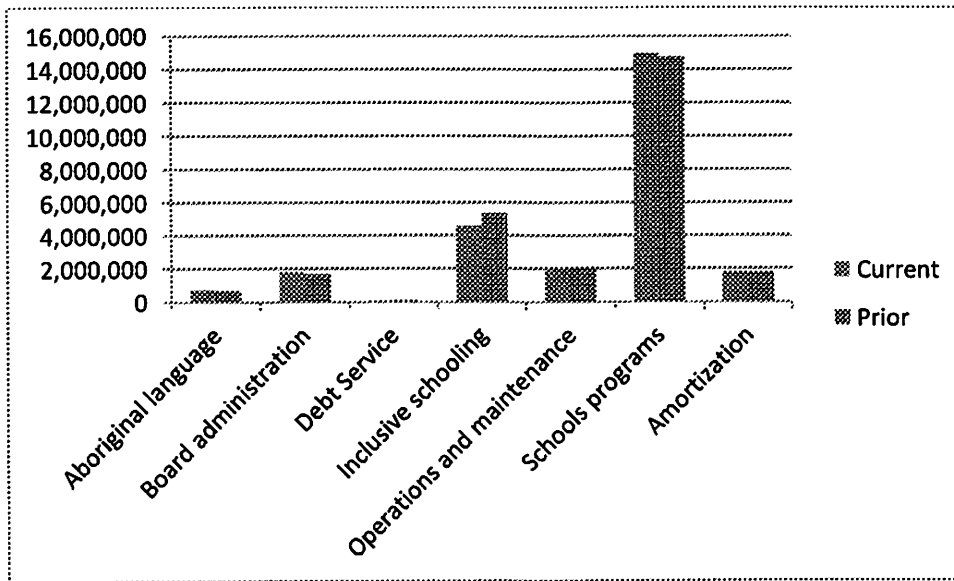
Revenue – current year (actual) compared to prior year

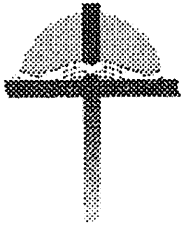




Yellowknife Catholic Schools

Expenditures – current year (actual) compared to prior year





Yellowknife Catholic Schools

Summary and Outlook

The 2017/2018 school year will be an exciting year at all three schools. We will continue to focus on 21st century learning skills. This year we continue the theme of Merciful Hearts, with the specific focus on Mercy that Serves.

As our population is growing, we are challenged by our space needs. We continue to work with ECE staff to resolve our space needs at École St. Joseph School.

We continue to struggle with the special needs requirements in the classroom. Due to financial constraints, we are unable to increase the number of classroom assistants.

In the budget for 2017/2018, the Trustees committed to supporting all the present programs and positions at Yellowknife Catholic Schools. The Trustees and administration will continue to work together to provide the best education while being fiscally responsible.

We have developed a five year capital plan that has identified the capital needs of the schools. Many of the projects will save operational costs as we look at providing more energy efficient items in our schools.

In 2017/2018, we will welcome Ms. Gillian Dawe-Taylor as the principal of École St. Patrick High School. Last year she was on secondment with the ECE and the former principal of École St. Joseph School.

YCS has a small operating fund deficit for the year and has a strong cash position that will allow us to continue to operate in a financially prudent manner in the future. We will continue to be challenged to provide quality education in a fiscally responsible manner. While we are faced with financial constraints, we will ensure that today's dollars are spent on today's students. This will ensure that all of our students are prepared for their exciting lives.

**Yellowknife Catholic Schools
(Yellowknife Public Denominational
District Education Authority)**

Consolidated Financial Statements

June 30, 2017

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Consolidated Financial Statements

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**To the Minister of Education, Culture and Employment
Government of the Northwest Territories**

**Management's Responsibility for Financial Reporting with respect to the school year ended June 30,
2017**

The Management Discussion and Analysis, Consolidated Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of Yellowknife Catholic Schools (YCS) in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Yellowknife Catholic Schools have been conducted within the statutory powers of the Education Authority. The operations and administration of the Education Authority as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Authority Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Yellowknife Catholic Schools.

Claudia Parker Superintendent

Janet Toner Assistant Superintendent - Business

September 12, 2017

Independent Auditors' Report

To the Minister of Education, Culture and Employment Government of the Northwest Territories

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Yellowknife Public Denominational District Education Authority ("Yellowknife Catholic Schools"), which comprises the consolidated statement of financial position as at June 30, 2017, and the consolidated statement of changes in net debt, the consolidated statement of operations, the consolidated statement of cash flows and the consolidated statement of accumulated surplus for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal controls. An audit also included 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 consolidated financial statements.

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

Independent Auditors' Report (continued)

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yellowknife Catholic Schools as at June 30, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report in accordance with the *Financial Administration Act* that, in our opinion, proper books of account have been kept by Yellowknife Catholic Schools, the consolidated financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of Yellowknife Catholic Schools.

Crowe MacKay LLP

Chartered Professional Accountants

Yellowknife, Northwest Territories
September 12, 2017

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Financial Position

As at June 30,	2017	2016
Financial Assets		
Cash and cash equivalents (Note 4)	\$ 4,215,783	\$ 4,521,653
Due from the Government of Canada (Note 13)	132,809	118,976
Accounts receivable (Note 8)	318,181	275,827
	4,666,773	4,916,456
Liabilities		
Accounts payable and accrued liabilities (Note 10)	605,147	418,415
Payroll benefits payable	206,784	322,928
Due to the Government of Canada (Note 13)	11,685	33,058
Pensions (Note 15)	101,300	59,900
Long term debt (Note 16)	1,505,253	2,369,017
Deferred revenue (Note 11)	-	66,480
Post-employment benefits (Note 17)	806,054	753,217
Accrued payroll liabilities (Note 33)	2,642,768	2,707,128
	5,878,991	6,730,143
Net debt	(1,212,218)	(1,813,687)
Non-financial Assets		
Tangible capital assets (Note 19)	42,948,889	44,223,705
Prepaid expenses and deposits (Note 20)	39,354	54,109
	42,988,243	44,277,814
Accumulated Surplus	\$ 41,776,025	\$ 42,464,127
Represented By:		
Operating fund surplus	\$ 56,597	\$ 339,253
Investment in tangible capital assets	41,443,636	41,854,688
Decentralized budget accumulated surplus	275,792	270,186
	\$ 41,776,025	\$ 42,464,127

Contractual obligations and contingencies (Note 24 and 25)

Approved on behalf of the Board

 Trustee

 Trustee

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Changes in Net Debt

For the period ended June 30,	2017	2016
Annual deficit	\$ (688,102)	\$ (1,399,519)
Change in prepaid expenses and deposits	14,755	9,913
Change in tangible capital assets	1,274,816	1,431,878
Decrease in net debt	601,469	42,272
Net debt, beginning of year	(1,813,687)	(1,855,959)
Net debt, end of year	\$ (1,212,218)	\$ (1,813,687)

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Operations

For the period ended June 30,	2017 Budget	2017 Actual	2016 Actual
Revenue			
Government of the Northwest Territories			
Operating grant	\$ 18,244,000	\$ 18,424,022	\$ 18,885,920
ECE - Other contributions	586,000	728,901	631,592
GNWT - Other contributions	-	98,631	72,968
	18,830,000	19,251,554	19,590,480
Government of Canada - grants and contributions	182,000	161,108	208,242
City of Yellowknife - property tax requisitioned	4,077,000	4,088,719	4,058,319
Other Education Authorities			
Extra-jurisdictional tuition	280,000	217,120	271,189
Joint venture funding	8,000	-	-
	288,000	217,120	271,189
Education authority generated funds (Note 35)	796,540	1,563,035	1,051,882
	24,173,540	25,281,536	25,180,112
Expenditures			
Aboriginal language and culture	746,888	833,735	706,050
Board administration (Schedule 1)	1,233,358	1,793,011	1,693,519
Debt service (Schedule 1)	72,430	76,250	115,695
Inclusive schooling (Schedule 2)	4,480,335	4,619,497	5,399,981
Operations and maintenance (Schedule 1)	2,142,680	1,984,141	2,117,151
School programs (Schedule 1)	14,520,797	14,866,879	14,774,819
Amortization (Schedule 1)	1,700,000	1,796,125	1,772,416
	24,896,488	25,969,638	26,579,631
Annual deficit	\$ (722,948)	\$ (688,102)	\$ (1,399,519)

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Cash Flows

For the period ended June 30,	2017	2016
Cash provided by (used in):		
Operating transactions		
Operating deficit	\$ (688,102)	\$ (1,399,519)
Items not affecting cash:		
Amortization	1,796,125	1,772,416
	1,108,023	372,897
Changes in non-cash working capital items		
Due from the Government of Canada	(13,833)	23,607
Accounts receivable	(42,354)	(170,083)
Accounts payable	186,732	(983,334)
Payroll benefits payable	(116,144)	(242,037)
Due to the Government of Canada	(21,373)	27,198
Pensions	41,400	33,500
Deferred revenue	(66,480)	(59,903)
Post employment benefits	52,837	113,143
Accrued payroll liabilities	(64,360)	359,169
Prepaid expenses	14,755	9,913
	(28,820)	(888,827)
Cash flow from financing activities		
Repayment of long term debt	(863,764)	(820,498)
Cash flow from capital activities		
Purchase of tangible capital asset	(521,309)	(340,538)
Increase (decrease) in cash	(305,870)	(1,676,966)
Cash and cash equivalents, beginning of year	4,521,653	6,198,619
Cash and cash equivalents, end of year	\$ 4,215,783	\$ 4,521,653

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Accumulated Surplus

For the period ended June 30, **2017** **2016**

Operating Fund Surplus

Operating fund surplus, beginning of year	\$ 339,253	\$ 1,183,276
Annual deficit	(688,102)	(1,399,519)
Transfer from investment in tangible capital assets	411,052	611,380
Transfer from (to) decentralized budget accumulated surplus	(5,606)	(55,884)
Operating fund surplus, end of year	\$ 56,597	\$ 339,253

Transfer from Investment in Tangible Capital Assets consists of:

Amortization	\$ 1,796,125	\$ 1,772,416
Capital acquisitions	(521,309)	(340,538)
Debenture principal repayment	(863,764)	(820,498)

\$ 411,052 **\$ 611,380**

Investment in Tangible Capital Assets

Investment in tangible capital assets, beginning of year	\$ 41,854,688	\$ 42,466,068
Amortization	(1,796,125)	(1,772,416)
Capital acquisitions	521,309	340,538
Debenture principal repayment	863,764	820,498
Investment in tangible capital assets, end of year	\$ 41,443,636	\$ 41,854,688

Decentralized Budget Accumulated Surplus

Decentralized budget accumulated surplus, beginning of year	\$ 270,186	\$ 214,302
Transferred from (to) operating fund surplus	5,606	55,884
Decentralized budget accumulated surplus, end of year	\$ 275,792	\$ 270,186

Total Accumulated Surplus **\$ 41,776,025** **\$ 42,464,127**

Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

1. Nature of the Organization

Yellowknife Public Denominational District Education Authority, Yellowknife Catholic Schools ("YCS") was established in July 1951 and is presently the only Catholic school board in the Northwest Territories. A full range of instructional programs ranging from Kindergarten through Grade 12 is offered by the YCS.

YCS is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the YCS includes all aspects of operation and management relating to Catholic education within the boundaries of the City of Yellowknife. The Board of Trustees is the lowest (and sole) level of government exercising oversight responsibility. The consolidated financial statements of the YCS are not included in the financial statements of the City of Yellowknife as the YCS trustees are a separate governing body that is not under the control of the City of Yellowknife. The City of Yellowknife, however, does collect and remit property taxes requisitioned by the Board.

2. Significant Accounting Policies

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity, which is composed of all organizations which are controlled by YCS. These organizations include the three schools, maintenance shop and Kimberlite Career and Technical Centre.

The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

YCS uses fund accounting to separate transactions between its Operating fund surplus, Investment in tangible capital assets and Decentralized budget accumulated surplus.

Operating Fund Surplus

The Operating fund surplus is the general operating fund of the YCS in which all transactions concerned with current operations are recorded. Substantially all territorial, local (primarily property tax), and other operating revenue is accounted for in the Operating fund surplus. In accordance with accounting principles that are considered appropriate for organizations of this type, tangible capital assets acquired and debenture debt repayment that are financed with operating funds are treated as expenditures in the Operating fund surplus and then transferred to the Investment in tangible capital asset fund. The Operating fund also accounts for expenditures and contributions to or from other funds (transfers) which provide for day-to-day operations.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(a) Basis of Accounting (continued)

Operating Fund Surplus (continued)

In summary, the Operating fund surplus is used to account for all financial activities except those accounted for in the Investment in tangible capital assets fund and Decentralized budget accumulated surplus.

Investment in Tangible Capital Assets

The Investment in tangible capital assets fund is used to account for financial transactions related to the acquisition of tangible capital assets in excess of \$50,000.

Properties are carried at cost at the date of acquisition and amortization is recorded in the accounts. The cost of additions and repayment of debentures or other long-term debt is charged to the Investment in tangible capital assets fund. This results in a corresponding increase in the equity in tangible capital assets. Other additions are initially charged to the statement of operations.

Decentralized Budget Accumulated Surplus

The Decentralized budget accumulated surplus fund represents specific amounts eligible for carry-over to subsequent years for each school.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.

(c) 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 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.

Financial assets subsequently measured at amortized cost include cash and cash equivalents, accounts receivable, and due from the Government of Canada.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, long term debt, payroll benefits payable and accrued payroll liabilities.

There are no financial instruments subsequently measured at fair value.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

(d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by YCS because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of YCS.

(e) Tangible Capital Assets

Tangible capital assets acquired for more than \$50,000 are capitalized and amortized. Tangible capital assets are recorded at cost plus any betterments less accumulated amortization. The cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The buildings, portables and equipment will be amortized using the straight line method, based on their useful life. The buildings, portables and equipment have useful lives of 40, 25 and 10 years respectively. Any additions to the buildings and portables will be amortized over the remaining useful life of the assets.

(f) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government Transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(f) Revenue Recognition (continued)

GNWT - Regular Contributions

The regular contributions from the GNWT are determined by a funding formula, based on student enrolment, and are received in monthly installments. YCS retains surpluses and are responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

The YCS is economically dependent on the GNWT to provide funding for continued operations.

Local Tax Revenue

The *Education Act*, by virtue of Section 136(2), empowers a Board of Education to determine the amount, after taking into consideration territorial grants and other revenue, that is to be requisitioned from the municipality within the territory under the jurisdiction of the Board. This requisitioned amount is one portion of the property tax paid annually by property owners.

The City of Yellowknife is advised subsequent to the adoption of the budget of the amount of the requisition of the YCS and is responsible for the collection of taxes.

Section 136(4) of the *Education Act* requires the amount requisitioned to be paid to the YCS in equal quarterly installments on or before the first day of the months of June, September, December and March.

Other Contributions

YCS follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Tuition fees revenue is recognized as educational services are provided. Insurance proceeds relating to ongoing expenses are recognized as the expenses are incurred. Insurance proceeds relating to building and equipment loss are recognized at the date of loss.

Deferred Revenue

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

Special Purpose Funds

Schools in the system administer funds which arise from certain school and student activities. Such funds, although subject to internal review, are not recorded in the accounts or in the consolidated financial statements of the YCS as they do not constitute any part of the approved Operating fund surplus (deficit) budget and are available for use at the discretion of each individual school.

Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Accounting Policies (continued)

(g) Budget Data

The *Education Act* of the Northwest Territories requires that Education Authorities prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Education Authority and the budget is legally adopted by a motion of the Board in accordance with Section 135 (3) of the *Education Act*.

The budget is legally adopted by a motion of the Board which also establishes a tax levy to support the approved budget in accordance with Section 135(2) of the *Education Act*.

Budget approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

This annual budget includes estimates of revenue and expenditures for the Operating fund surplus along with estimates of source and application for the Investment in tangible capital assets fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the YCS.

The budget may be amended within a given fiscal year in accordance with Board policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

(h) Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) Inventories Including Materials and Supplies

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

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Accounting Policies (continued)

(j) Payroll Liabilities

Payroll costs for teachers are accrued for July and August. Payroll costs for members of the Union of Northern Workers (UNW) and employees who work for 10 and 11 months during the fiscal year are accrued as appropriate.

(k) Employee Future Benefits

i) Post employment benefits

YCS provides post employment benefits for certain employees pursuant to certain contracts and collective agreements. These include removal assistance, severance, long and short term disability, and sick leave.

Teachers and UNW employees leaving Yellowknife within one year of the date of resignation, after completing a minimum of two years experience with YCS, will receive removal assistance of \$1,500 plus \$400 for each year of consecutive service with YCS, excluding years on deferred salary leave. Teachers who leave the employment of YCS after twenty years of consecutive service will receive an additional payment of \$2,000. This benefit is considered to vest and accumulate. YCS recognizes a liability and expense for this post employment benefit in the period in which teachers and UNW employees render services to YCS.

YCS recognizes a liability and an expense for post employment benefits and compensated absences that do not vest or accumulate when the event that obligates YCS occurs. This includes benefits to employees in the event of an accident or injury. The benefit would be accrued when the accident or injury occurs.

ii) Sick leave

Sick leave benefits accumulate but do not vest and are normally paid only upon an illness or injury-related absence. Such benefits are obligations and would be recognized. The actuarial company hired by the GNWT conducted a review and has estimated the sick leave obligation as at June 30, 2017.

iii) Pensions

Prior to May 1, 2013 all indeterminate full-time employees had the option to participate in a Defined Contribution (DC) pension plan. YCS contributions to this plan were recognized as an expense on a current year basis and represented YCS total pension obligations.

Effective May 1, 2013 the YCS added a Defined Benefit (DB) provision to the Pension Plan for the employees of Yellowknife Catholic Schools. The pension benefits under the DB provision are reported on an actuarial basis. This is done to determine the current value of future entitlements and uses various assumptions. When actual experience varies from assumptions, the resulting gains or losses are amortized on a straight line basis over the estimated average remaining service lives of the contributors.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Accounting Policies (continued)

(l) Employee Benefit Plans

The YCS contributes 100% of the premiums related to life insurance, long term disability insurance and extended health care benefits for eligible employees, in accordance with negotiated salary agreements and employment practices.

In addition, the YCS contributes 100% of the premiums related to dental insurance in accordance with negotiated salary agreements and employment practices.

Employee and employer contributions are made on behalf of all employees for statutory federal deductions related to Canada Pension Plan and Employment Insurance.

(m) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Transfers include entitlements and grants and are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

(n) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met: an environmental standard exists; contamination exceeds the environmental standard; YCS is directly responsible or accepts responsibility and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at June 30, 2017.

At each financial reporting date, Management reviews the carrying amounts of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. Management at YCS has concluded that there is no contamination that exceeds environmental standards and as a result there are no liabilities for contaminated sites.

(o) Net Debt

YCS's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of YCS is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

3. Future Accounting Changes

Related Party Disclosures, Section PS 2200

This new section defines a related party and establishes disclosures required for related party transactions. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Inter-entity Transactions, Section PS 3420

This new section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Assets, Section PS 3210

This new section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure information about the major categories of assets that are not recognized is required. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Contingent Assets, Section PS 3320

This new section defines and establishes disclosure on contingent assets. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Contractual Rights, Section PS 3380

This new section defines and establishes disclosure standards on contractual rights. Disclosure of the nature, extent, and timing or any contractual rights is required. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Restructuring Transactions, Section PS 3430

This new section establishes standards on how to record assets, liabilities, revenues and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor. This Section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1201

This standard will establish how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative financial instruments. Governments should adopt Section PS 3450 in the same fiscal year Section PS 2601, Foreign Currency Translation, is adopted. This Section is effective for fiscal periods beginning on or after April 1, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

3. Future Accounting Changes (continued)

Foreign Currency Translation, Section PS 2601

This section is replacing existing Section PS 2600, Foreign Currency Translation. Governments should adopt Section PS 2601 in the same fiscal year Section PS 3450, Financial Instruments, is adopted. This Section is effective for fiscal periods beginning on or after April 1, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management and is not considered significant.

Student Activity Funds

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the consolidated financial statements of Yellowknife Catholic Schools in the future.

4. Cash and Cash Equivalents

	2017	2016
Cash	\$ 4,215,783	\$ 4,521,653

The cash is held in a bank account with the Canadian Imperial Bank of Commerce (CIBC) and is invested with the GNWT's investment pool.

5. Special Purpose Funds

YCS does not have special purpose funds.

6. Restricted Assets

YCS does not have any restricted assets.

7. Portfolio Investments

YCS does not have any portfolio investments.

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

8. Accounts Receivable

	Accounts Receivable		AFDA	Net 2017		Net 2016		
Due from GNWT	\$	263,563	\$	-	\$	263,563	\$	136,964
Due from WSCC		2,136		-		2,136		-
Due from other		48,523		-		48,523		138,863
Due from related parties		3,959		-		3,959		-
Total	\$	318,181	\$	-	\$	318,181	\$	275,827

9. Inventories

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

10. Accounts Payable and Accrued Liabilities

	2017		2016	
Accrued interest	\$	3,821	\$	68,015
Damage deposits		3,262		3,262
Due from GNWT		1,004		-
Trades payable		597,060		347,026
Due to Workers' Safety and Compensation Commission		-		112
	\$	605,147	\$	418,415

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

11. Deferred Revenue

	2017	2016
Government of Canada - Public Health Agency Canada	\$ -	\$ 66,480

12. Contribution Repayable

YCS does not have any contribution repayable.

13. Due from and to the Government of Canada

	Accounts Receivable		AFDA		Net 2017		Net 2016
Receivable							
GST receivable	\$ 132,809	\$	-	\$	132,809	\$	118,976
Payable							
Public Health Agency Canada	\$ -	\$	-	\$	-	\$	33,058
GST payable	11,685		-		-		-
	\$ 11,685	\$	-	\$	11,685	\$	33,058

14. Capital Lease Obligations

YCS does not have any capital lease obligations.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions

(a) Defined Contribution Plan

Since January 1, 1966 Yellowknife Catholic Schools indeterminate staff have had the option to participate in a voluntary Defined Contribution (DC) pension plan. Since January 1, 1988, that participation has been in the Pension Plan for the Employees of Yellowknife Catholic Schools (the Plan).

All DC assets of the Plan are held by a Trustee in favour of individual employees. The only obligation to YCS is to match employee contributions. YCS fully funds its DC obligation under the Plan each month. YCS did not have any liability under the DC provision of the Plan as of June 30, 2017.

Effective May 1, 2013 teaching and non-union staff could no longer contribute to the DC provision. Instead all indeterminate teaching and non-unionized staff joined a new Defined Benefit (DB) provision of the Plan. Effective July 1, 2013, all indeterminate unionized non-teaching staff also ceased to make contributions to the DC provision and joined the DB provision of the Plan. After July 1, 2013, there are no employees making contributions to the DC provision.

DC assets of the Plan will continue to be held in Trust for the individual employees unless they either elect to transfer their DC account to the DB provision or leave the employment of Yellowknife Catholic Schools.

No assets or liabilities related to the DC provision are recorded in the financial statements of Yellowknife Catholic Schools.

(b) Defined Benefit Plan

Effective May 1, 2013 a Defined Benefit (DB) provision was added to the Pension Plan for the Employees of Yellowknife Catholic Schools.

Summary of Defined Benefit provision:

Each permanent full-time employee, belonging to an eligible class of employees, automatically becomes a Member of the plan as of the first day of employment with YCS.

Each permanent part-time employee, belonging to an eligible class of employees, automatically becomes a Member of the plan if the employee earns at least 37% of the equivalent full-time earnings for his or her particular position.

All Members and the Employer have agreed to share the cost of benefits accrued annually, plus the administrative expenses of the DB plan in the following ratio:

- Employer 52.38%
- Employee 47.62%

Members are required to make contributions at 8.80% of earnings below the Year's Maximum Pensionable Earnings (YMPE) and 11.60% of earnings above YMPE. The YMPE for the 2017 calendar year is \$55,300 (2016 - \$54,900).

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions (continued)

(b) Defined Benefit Plan (continued)

The employer must contribute to the DB pension trust fund each year no less than its portion of the total current service cost as determined by the Actuary. In addition, YCS shall contribute to the Solvency Account such additional amounts as may be required, based on the advice of the Actuary, to amortize any going concern unfunded liabilities and solvency deficiencies of the Plan.

Normal retirement date for an employee is when they terminate employment with YCS having reached the age of 65. An employee would be entitled to an unreduced early retirement date when the Members' age plus years of service at YCS total 90. A Member may elect to retire up to 10 years prior to their normal retirement date or their unreduced retirement date and take a reduced pension benefit.

The annual pension payable to Member who retires at the normal retirement date is equal to 1.30% of the a Member's Best Average Pensionable Earnings up to the Average YMPE plus 2% of the Member's Best Average Pensionable Earnings in excess of the Average YMPE, multiplied by years of Pensionable Service. Pensionable Earnings and the YMPE are averaged over the best 10 years prior to termination, death or retirement.

The plan provides inflation protection during retirement at 75% of the increase in Northwest Territories Consumer Price Index.

Benefits are vested immediately.

During fiscal 2016/2017 Yellowknife Catholic Schools contributed **\$1,535,319** (\$1,591,275 in fiscal 2015/2016) in respect of DB accruals.

The date of the most recent actuarial valuation of the Plan is June 30, 2016. The Accrued Benefit Obligation was calculated using the projected unit credit method, pro-rated on service.

The DB Pension Trust fund assets are recorded at fair market value.

(c) Supplementary Defined Benefit Pension Plan

The supplementary plan applies to the Superintendent and the Assistant Superintendents. The supplementary plan provides a pension benefit for pensionable earnings in excess of the defined benefit limit set out in the Income Tax Act. This plan is a non-contributory plan and is not funded until the employee terminates their employment from Yellowknife Catholic Schools. The employer is responsible to provide a pension at retirement equivalent to what the employee would have earned under the Defined Benefit provision of the Pension Plan for the Employees of Yellowknife Catholic schools if there were no *Income Tax Act* maximum pension limits in place. The Accrued Benefit Obligation was calculated using the projected unit credit method, pro-rated on service.

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June 30, 2017

15. Pensions (continued)

Information about the Defined Benefit Plan and Supplementary Defined Benefit Pension Plan as at June 30, 2017 is as follows:

(d) Plan assets

	Pension Plan	Supplementary Plan	2017
Fair value, beginning of year	\$ 13,112,900	\$ -	\$ 13,112,900
Expected return on plan assets	643,900	-	643,900
Employer contributions	1,752,100	-	1,752,100
Employee contributions	1,413,400	-	1,413,400
Employee prior service contributions	-	-	-
Benefit payments and expenses	(773,900)	-	(773,900)
Experience (loss) gain	106,700	-	106,700
Fair value, end of year	\$ 16,255,100	\$ -	\$ 16,255,100

(e) Accrued benefit obligations

	Pension Plan	Supplementary Plan	2017
Balance, beginning of year	\$ 12,881,900	\$ 74,100	\$ 12,956,000
Current service cost	2,637,700	38,800	2,676,500
Interest cost on accrued benefit obligation	681,000	1,400	682,400
Employer prior service cost	-	-	-
Employee prior service cost	-	-	-
Benefit payments and expenses	(773,900)	-	(773,900)
(Gains) / losses on accrued benefit obligation	(38,000)	12,100	(25,900)
Balance, end of year	\$ 15,388,700	\$ 126,400	\$ 15,515,100

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions (continued)

(f) Funded status

	Pension Plan	Supplementary Plan	2017
Plan surplus / (deficit)	\$ 866,400	\$ (126,400)	\$ 740,000
Unrecognized (gains) losses	255,600	25,100	280,700
Accrued benefit asset (liability) before limit on assets	1,122,000	(101,300)	1,020,700
Impact of limit on assets	(1,122,000)	-	(1,122,000)
Accrued benefit asset (liability) after limit on assets	\$ -	\$ (101,300)	\$ (101,300)

(g) Determination of pension cost

	Pension Plan	Supplementary Plan	2017
Current service cost	\$ 1,224,300	\$ 38,800	\$ 1,263,100
Interest on accrued benefit obligation	37,100	1,400	38,500
Amortization of losses / (gains)	31,000	1,200	32,200
Extraordinary items	-	-	-
Change in valuation allowance	459,700	-	459,700
Pension expense	\$ 1,752,100	\$ 41,400	\$ 1,793,500

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions (continued)

Information about the Defined Benefit Plan and Supplementary Defined Benefit Pension Plan as at June 30, 2016 is as follows:

(h) Plan assets

	Pension Plan	Supplementary Plan	2016
Fair value, beginning of year	\$ 10,237,300	\$ -	\$ 10,237,300
Expected return on plan assets	519,500	-	519,500
Employer contributions	1,690,200	-	1,690,200
Employee contributions	1,464,200	-	1,464,200
Employee prior service contributions	5,100	-	5,100
Benefit payments and expenses	(544,900)	-	(544,900)
Experience (loss) gain	(258,500)	-	(258,500)
Fair value, end of year	\$ 13,112,900	\$ -	\$ 13,112,900

(i) Accrued benefit obligations

	Pension Plan	Supplementary Plan	2016
Balance, beginning of year	\$ 9,895,300	\$ 24,800	\$ 9,920,100
Current service cost	2,779,400	33,000	2,812,400
Interest cost on accrued benefit obligation	559,100	700	559,800
Employer prior service cost	18,200	-	18,200
Employee prior service cost	5,100	-	5,100
Benefit payments and expenses	(544,900)	-	(544,900)
(Gains) / losses on accrued benefit obligation	169,700	15,600	185,300
Balance, end of year	\$ 12,881,900	\$ 74,100	\$ 12,956,000

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions (continued)

(j) Funded status

	Pension Plan	Supplementary Plan	2016
Plan surplus (deficit)	\$ 231,000	\$ (74,100)	\$ 156,900
Unrecognized (gains) losses	431,300	14,200	445,500
Accrued benefit asset (liability) before limit on assets	662,300	(59,900)	602,400
Impact on limit of assets	(662,300)	-	(662,300)
Accrued benefit asset (liability)	\$ -	\$ (59,900)	\$ (59,900)

(k) Determination of pension cost

	Pension Plan	Supplementary Plan	2016
Current service cost	\$ 1,315,200	\$ 33,000	\$ 1,348,200
Interest on accrued benefit obligation	39,600	700	40,300
Amortization of losses/ (gains)	200	(200)	-
Extraordinary items	18,200	-	18,200
Change in valuation allowance	317,000	-	317,000
Pension expense	\$ 1,690,200	\$ 33,500	\$ 1,723,700

(l) Actuarial assumptions

	2017	2016
Discount rate - pension plan	4.75%	4.50%
Discount rate - supplementary plan	1.20%	1.20%
Expected return on plan assets - pension plan	4.75%	4.50%
Expected return on plan assets - supplementary plan	n/a	n/a
Salary increase - pension plan	2.00%	2.00%
Salary increase - supplementary plan	2.00%	2.00%
Mortality table	120% of the CPM 2014 table *	120% of the CPM 2014 table *
Expected average remaining services lifetime (EARSL) - pension plan	13.7 Years	13.9 Years
Expected average remaining services lifetime (EARSL) - supplementary plan	10.7 Years	

* 2017 - 100% of the 2014 Canadian Pensioners' Public Sector Mortality Table with projection scale CPM-B; 2016 - 120% of the 2014 Canadian Pensioners' Private Sector Mortality Table with projection scale CPM-B.

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Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions (continued)

(m) Plan assets consist of:

	2017	2016
Fixed income securities	60%	60%
Equity securities	40%	40%

16. Long Term Debt

	2017	2016
VersaBank (formerly Pacific and Western) debenture facilities number 2, 3, and 4, repayable in monthly installments of \$68,016, including interest at 5.73%, final installment on maturity due in March 2018.	\$ 662,630	\$ 1,417,219

Government of the Northwest Territories debenture, repayable in monthly installments of \$10,000 including interest. Interest rate consistent with GNWT cost of borrowing at a current rate of 1.20%. If rates do not change the final installment will be due in 2024.	842,623	951,798
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\$ 1,505,253 **\$ 2,369,017**

The debenture are repayable annually as follows:

2018	\$ 773,123
2019	111,828
2020	113,156
2021	114,540
2022 and thereafter	392,606

\$ 1,505,253

The debentures are registered.

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2017

17. Post Employment Benefits and Compensated Absences

In addition to pension benefits, the YCS provides severance, removal and compensated absence (sick, accident or injury, special) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to YCS employees based on the appropriate combinations that include inputs such as when the employee was hired, the rate of pay, and the number of years of continuous employment. Removal benefits are paid to YCS employees based on the number of years of continuous employment. The benefits under these two categories were actuarially valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness, and death of an immediate family member. Non-accruing benefits include maternity. Benefits that accrue under compensated absence were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

Yellowknife Catholic Schools**(Yellowknife Public Denominational District Education Authority)****Notes to Consolidated Financial Statements**

June 30, 2017

17. Post Employment Benefits and Compensated Absences (continued)**Reconciliation of Accrued Benefit Obligation**

	Severance and removal	Compensated absences	2017	2016
Accrued benefit obligation, beginning of year	\$ 729,534	\$ 23,684	\$ 753,218	\$ 562,852
Current service cost	47,309	2,119	49,428	171,255
Interest cost	21,931	777	22,708	36,000
Benefits paid	(16,234)	(3,066)	(19,300)	(16,890)
Plan amendments	-	-	-	-
Actuarial gains/losses	41,827	676,113	717,940	-
Accrued benefit obligations, end of year	824,367	699,627	1,523,994	753,217
Unamortized net actuarial gain/loss	(41,827)	(676,113)	(717,940)	-
Accrued benefit liability	\$ 782,540	\$ 23,514	\$ 806,054	\$ 753,217

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Notes to Consolidated Financial Statements

June 30, 2017

17. Post Employment Benefits and Compensated Absences (continued)

Benefits Expense

	Severance and removal		Compensated absences		2017		2016	
Current period benefit cost	\$	47,309	\$	2,119	\$	49,428	\$	171,255
Interest accrued		21,931		777		22,708		36,000
Benefit expense, end of year	\$	69,240	\$	2,896	\$	72,136	\$	207,255

The discount rate used to determine the accrued benefit obligation was an average of 3.3% (2016 - 3.2%). The expected payments during the next five fiscal years are:

	Severance and removal		Compensated absences		Total	
2018	\$	227,191	\$	200,292	\$	427,483
2019		172,294		108,531		280,825
2020		106,951		62,589		169,540
2021		70,122		43,067		113,189
2022		54,715		39,778		94,493
Total	\$	631,273	\$	454,257	\$	1,085,530

18. Trust Assets Under Administration

YCS does not have any trust assets under administration.

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Notes to Financial Statements

June 30, 2017

19. Tangible Capital Assets

	Cost	Additions	Disposals	Amortization	Accumulated Amortization	Net Book Value, June 30, 2017	Net Book Value June 30, 2016
Land and Improvements	\$ 1,838,825	\$ -	\$ -	\$ -	\$ -	\$ 1,838,825	\$ 1,838,825
Equipment	463,115	-	-	63,508	198,202	264,913	328,421
Buildings and Portables							
Career and Technical Centre	2,878,913	-	-	73,888	957,826	1,921,087	1,994,975
Central Services offices	953,899	-	-	34,426	576,968	376,931	411,358
Ecole St. Joseph School	37,380,149	-	-	958,888	12,455,739	24,924,410	25,883,297
Ecole St. Patrick High School	11,723,900	521,309	-	319,497	6,471,897	5,773,312	5,571,499
Tallah Building	621,027	-	-	15,757	73,349	547,678	563,436
Weledeh Catholic School	12,557,840	-	-	330,161	5,256,107	7,301,733	7,631,894
	66,115,728	521,309	-	1,732,617	25,791,886	40,845,151	42,056,459
	\$ 68,417,668	\$ 521,309	\$ -	\$ 1,796,125	\$ 25,990,088	\$ 42,948,889	\$ 44,223,705

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Notes to Consolidated Financial Statements

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20. Prepaid Expenses and Deposits

	2017	2016
Deposits	\$ -	\$ 1,105
Other prepaids	39,354	53,004
	\$ 39,354	\$ 54,109

21. Accumulated Surplus/Deficit

A consolidated statement of accumulated surplus/deficit has been prepared and included in the Consolidated Financial Statements.

22. Capital Advances

YCS does not have any capital advances.

23. GNWT Assets Provided At No Cost

YCS does not have any GNWT assets provided at no cost.

24. Contractual Obligations

YCS has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2017. YCS is committed to five janitorial contracts for various schools and buildings. All of the contracts expire in June 2018. YCS has a contract with First Canada ULC (o/a First Student Canada) for student transportation. The contract expires in June 2018 and can be extended for another three year period to June 2021. YCS has a contract with ThyssenKrupp for elevator maintenance. YCS is invoiced annually. This contract expires in February 2021. In its normal course of operations, YCS has leases for equipment. The equipment leases are payable in varying quarterly and annual installments.

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Notes to Consolidated Financial Statements

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24. Contractual Obligations (continued)

The future minimum payments are as follows.

	Expires in fiscal year	2018	2019 - 2022	Total
Equipment leases	2019-2021			
Photocopier leases		\$ 62,287	\$ 126,554	\$ 188,841
		62,287	126,554	188,841
Operation contracts	2018 - 2022			
Employee assistance program	2019	10,243	7,682	17,925
Mail services	2018	6,553	-	6,553
Janitorial services	2018	574,873	-	574,873
Bussing services	2018	343,006	-	343,006
Elevator maintenance	2021	27,005	122,871	149,876
		961,680	130,553	1,092,233
		\$ 1,023,967	\$ 257,107	\$ 1,281,074

Collective agreements with the Northwest Territories Teachers' Association and the Public Service Alliance of Canada as represented by its agent the Union of Northern Workers were negotiated during the year. A four year agreement with the Northwest Territories Teachers' Association was signed for the period from September 2016 to August 2020. A three year agreement has been agreed to by the Union of Northern Workers from July 2016 June 2019. The agreement will be signed by both parties in September 2017.

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Notes to Consolidated Financial Statements

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25. Contingencies

As of the audit report date, YCS does not have any contingencies.

26. Related Parties

YCS has the following transactions with government and other government controlled organizations:

Due to related parties:

	2017	2016
Government of the Northwest Territories		
Department of Infrastructure	\$ 1,004	\$ -
Workers' Safety and Compensation Commission	\$ -	\$ 112

Due from related parties:

	Accounts Receivable	AFDA	2017	2016
Government of the Northwest Territories				
Department of Education, Culture and Employment	\$ 255,635	\$ -	\$ 255,635	\$ 125,410
NWT Health & Social Services - Yellowknife Region	\$ 7,416	\$ -	\$ 7,416	\$ 11,554
Aurora College	\$ 513	\$ -	\$ 513	\$ -
YK Education District #1	\$ 3,959	\$ -	\$ 3,959	\$ -

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2017

26. Related Parties (continued)

Revenue from related parties:

	2017	2016
Government of the Northwest Territories		
Department of Education, Culture and Employment		
Operations and maintenance	\$18,424,022	\$18,936,397
French funding	\$ 365,700	\$ 280,000
Preschool subsidy	\$ 62,300	\$ -
4 Plus program	\$ 100,000	\$ 100,000
4th R training	\$ 840	\$ -
Aboriginal language	\$ 59,000	\$ 59,000
DEL F	\$ 40,000	\$ -
French funding - resources	\$ 24,700	\$ 68,875
Secondment	\$ 161,749	\$ -
Self-regulation	\$ 7,000	\$ -
YK Family Centre	\$ 40,500	\$ 67,000
Other	\$ 76,065	\$ 210,595
Safe and caring schools	\$ -	\$ 10,000
Department of Municipal and Community Affairs		
Active After School	\$ 48,900	\$ 52,423
Regional youth sporting event - hand games	\$ 25,000	\$ -
Department of Health and Social Services		
Drop the Pop	\$ 12,731	\$ 12,545
Department of Environment & Natural Resources		
Take a Kid Trapping	\$ 12,000	\$ 8,000
Beaufort Delta Education Authority		
Aurora College - Tallah building rental	\$ 118,051	\$ 117,654
Workers' Safety and Compensation Commission		
NWT Health & Social Services - Yellowknife	\$ 11,124	\$ 32,466
Region - preschool payments		
Yellowknife District #1	\$ 5,159	\$ 600
Commission scolaire		
Dettah District Education Authority	\$ 217,120	\$ 271,189
Sahtu District Education Authority	\$ -	\$ 3,066
South Slave District Education Authority	\$ -	\$ 1,533
Tli Cho Community Services	\$ -	\$ 4,599

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26. Related Parties (continued)

Expenses from related parties:

	2017	2016
Government of the Northwest Territories		
Department of Infrastructure	\$ 1,984	\$ 1,984
Department of Finance		
Debenture payments	\$ 120,000	\$ 120,000
NWT payroll tax	\$ 341,466	\$ 332,338

27. Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of YCS.

The budget figures presented are those approved by the Trustees of YCS on May 16, 2016 and have not been audited.

28. Economic Dependence

YCS receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that YCS operations would be significantly affected.

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29. Risk Management

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

a) Credit risk

Credit risk is the risk of financial loss to the YCS if a debtor fails to make payments of interest and principal when due. The YCS is exposed to this risk relating to its cash and cash equivalents, due from the Government of Canada, and accounts receivable. The YCS holds its cash in accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the YCS's cash in accounts are insured up to \$300,000.

YCS's maximum exposure to credit risk is represented by the financial assets balance for a total of **\$4,666,773** (2016 - \$4,916,452).

Accounts receivable are ultimately due from the departments of the Government of Canada and the Northwest Territories and pertain to outstanding contribution agreements. Accounts receivable from the Government of Canada represents goods and services tax receivable from the Government of Canada. There is a concentration of credit risk as the majority of the deposits are held in one Canadian chartered bank and more than 10% of the total accounts receivable is from the Government of the Northwest Territories. The amounts represent a low credit risk as the debtors are reputable governments and government organizations with a good credit score.

b) Interest rate risk

YCS manages its exposure to interest rate risk through fixed rate borrowings for its debentures. The fixed rate debts are subject to interest rate price risk, as the value will fluctuate as a result of changes in interest rates.

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29. Risk Management (continued)

c) Liquidity risk

Liquidity risk is the risk that the YCS will not be able to meet all cash outflow obligations as they come due. The YCS mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The table below shows when various financial assets and liabilities mature.

Financial assets	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Cash and cash equivalents	\$ 4,215,783	\$ -	\$ -	\$ -
Due from the government of Canada	132,809	-	-	-
Accounts receivable	318,181	-	-	-
Total assets	\$ 4,666,773	\$ -	\$ -	\$ -
Total assets - prior year	\$ 4,916,456	\$ -	\$ -	\$ -
Financial liabilities	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 605,147	\$ -	\$ -	\$ -
Payroll benefits payable Due to the Government of Canada	206,784 11,685	- -	- -	- -
Long term debt	-	773,123	455,446	276,684
Accrued payroll liabilities	2,642,768	-	-	-
Total liabilities	\$ 3,466,384	\$ 773,123	\$ 455,446	\$ 276,684
Total liabilities - prior year	\$ 4,320,533	\$ 779,641	\$ 2,568,874	\$ 620,641
Net total	\$ 1,200,389	\$ (773,123)	\$ (455,446)	\$ (276,684)
Net total - prior year	\$ 595,923	\$ (779,641)	\$ (2,568,874)	\$ (620,641)

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

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Notes to Consolidated Financial Statements

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30. Expenditures By Object

	2017 Budget	2017 Actual	2016 Actual
Amortization	\$ 1,700,000	\$ 1,796,125	\$ 1,772,416
Compensation	19,693,309	20,563,139	21,079,290
Interest on long term debt	72,430	76,250	115,695
Materials/freight	544,306	771,098	586,809
Services purchased/contracted	2,886,443	2,763,026	3,025,421
	\$ 24,896,488	\$ 25,969,638	\$ 26,579,631

31. Subsequent Events

Subsequent to the year end, YCS contracted Arcan Roofing and Cladding Ltd. to perform roof repairs at the central services building for proper drainage and standing water for \$97,723.

32. Comparative Figures

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

33. Payroll Liabilities

	2017	2016
Teachers - Northwest Territories Teachers' Association	\$ 2,144,352	\$ 2,137,079
Non-Teacher - Union of Northern Workers	498,416	570,049
	\$ 2,642,768	\$ 2,707,128

34. Statement of Remeasurement Gains and Losses

YCS does not have any remeasurement gains or losses.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

35. Education Authority Generated Funds

	2017 Budget	2017 Actual	2016 Actual
Donations	\$ 15,000	\$ 66,991	\$ 53,897
Fees and sales	278,540	430,421	405,992
Investments	60,000	48,293	54,378
Other	263,000	850,029	371,463
Rentals	180,000	167,301	166,152
	\$ 796,540	\$ 1,563,035	\$ 1,051,882

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 1
Operating Fund - Detail of Expenditures

For the period ended June 30, 2017

	School Programs	Inclusive Schooling (Schedule 2)	Operations & Maintenance	Board Administration	Aboriginal Languages (Schedule 3)	Transfers & Others	Total 2017	Budget 2017	Total 2016
Salaries									
Teachers	\$9,329,075	\$1,384,523	\$ -	\$ -	\$ 468,737	\$ -	\$11,182,335	\$10,454,043	\$11,226,086
Instruction assistants	-	1,523,776	-	-	-	-	1,523,776	1,588,659	1,611,090
Non-instructional	928,950	464,247	233,020	1,246,915	-	-	2,873,132	2,770,178	2,727,410
Board honoraria	-	-	-	65,227	-	-	65,227	67,512	68,474
	10,258,025	3,372,546	233,020	1,312,142	468,737	-	15,644,470	14,880,392	15,633,060
Employee Benefits									
Employee benefits	3,264,407	1,131,584	88,673	216,523	150,774	-	4,851,961	4,795,917	5,226,784
Leave and termination benefits	16,234	-	-	50,474	-	-	66,708	17,000	219,446
	3,280,641	1,131,584	88,673	266,997	150,774	-	4,918,669	4,812,917	5,446,230
Services Purchased/Contracted									
Advertising/publishing	2,922	-	-	38,164	10,489	-	51,575	76,600	67,699
Communication	47,134	680	6,903	19,023	-	-	73,740	78,938	80,846
Contracted services	585,887	7,472	643,527	1,215	7,920	-	1,246,021	1,182,790	1,185,668
Maintenance & repairs	-	2,431	242,271	-	2,379	-	247,081	297,148	302,379
Other	187,989	6,640	12,976	46,154	-	-	253,759	130,100	321,775
Professional/technical	3,466	30,176	-	19,575	800	-	54,017	148,757	146,736
Rental/leases	31,986	882	-	7,374	-	-	40,242	120,160	111,301
Student transportation	-	5,157	-	-	-	-	5,157	7,250	11,663
Travel	9,415	-	-	25,248	-	-	34,663	33,800	54,445
Utilities: Electricity	-	-	413,441	-	-	-	413,441	438,000	426,019
Heating	-	-	246,679	-	-	-	246,679	282,400	219,418
Water/sewage	-	-	96,651	-	-	-	96,651	90,500	97,472
	868,799	53,438	1,662,448	156,753	21,588	-	2,763,026	2,886,443	3,025,421
Materials/Freight									
Materials	454,220	61,929	-	57,119	192,636	-	765,904	532,306	582,443
Freight	5,194	-	-	-	-	-	5,194	12,000	4,366
	459,414	61,929	-	57,119	192,636	-	771,098	544,306	586,809

Continued on next page

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 1 (Continued)
Operating Fund - Detail of Expenditures

For the period ended June 30, 2017

	School Programs	Inclusive Schooling (Schedule 2)	Operations & Maintenance	Administration	Aboriginal Languages (Schedule 3)	Transfers & Others	Total 2017	Budget 2017	Total 2016
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,796,125	\$ 1,796,125	\$ 1,700,000	\$ 1,772,416
Debenture Interest	-	-	-	-	-	76,250	76,250	72,430	115,695
	-	-	-	-	-	1,872,375	1,872,375	1,772,430	1,888,111
Total	\$14,866,879	\$ 4,619,497	\$ 1,984,141	\$ 1,793,011	\$ 833,735	\$ 1,872,375	\$25,969,638	\$24,896,488	\$26,579,631

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 2
Detail of Inclusive Schooling Expenditures

For the period ended June 30, 2017

	Staff Development	Intervention Strategies	Assistive Technology	Early Childhood	Magnet Facilities	General Inclusive Schooling	Total
Salaries							
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,717	\$ 115,717
Non-instructional	-	193,734	-	270,513	-	-	464,247
Support assistants	-	1,466,310	-	-	57,466	-	1,523,776
Teachers	45,032	1,116,482	-	-	107,292	-	1,268,806
	45,032	2,776,526	-	270,513	164,758	115,717	3,372,546
Employee Benefits	68,759	910,249	-	71,179	50,094	31,303	1,131,584
Services Purchased/Contracted							
Contracted services	-	-	-	7,472	-	-	7,472
Communication	-	-	-	680	-	-	680
Maintenance & repairs	-	-	2,431	-	-	-	2,431
Professional/technical	585	28,202	-	1,389	-	-	30,176
Rental/leases	-	-	-	882	-	-	882
Student transportation	-	5,157	-	-	-	-	5,157
Other	-	6,640	-	-	-	-	6,640
	585	39,999	2,431	10,423	-	-	53,438
Materials/Freight	5,931	21,025	9,561	10,433	2,979	12,000	61,929
Total	\$ 120,307	\$ 3,747,799	\$ 11,992	\$ 362,548	\$ 217,831	\$ 159,020	\$ 4,619,497

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 3
Aboriginal Language and Culture Program Expenditures

For the period ended June 30, 2017

	Student Instruction	Teaching/ Learning Resources	Total
Salaries			
Elders honorarium	\$ 55,105	\$ -	\$ 55,105
Teachers	371,134	42,498	413,632
	426,239	42,498	468,737
Employee Benefits	144,189	6,586	150,774
Services Purchased/Contracted			
Contracted services	7,920	-	7,920
Maintenance and repairs	2,379	-	2,379
Printing and publishing	-	10,489	10,489
Professional/technical	800	-	800
	11,099	10,489	21,588
Materials/Freight	192,636	-	192,636
Total	\$ 774,163	\$ 59,573	\$ 833,735

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 4
Aboriginal Language Materials

For the period ended June 30, 2017

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total
Revenue			
Secretary of State Funding Aboriginal Languages	\$ 44,250	\$ 14,750	\$ 59,000
Expenditures			
Salary and benefits	36,444	12,640	49,084
Supplies and materials	5,996	4,493	10,489
	42,440	17,133	59,573
Surplus (deficit)	\$ 1,810	\$ (2,383)	\$ (573)

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 5
Four Plus

For the period ended June 30, 2017

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total
Revenue			
Contract	\$ 75,000	\$ 25,000	\$ 100,000
GNWT - Department - Subsidy	19,566	6,522	26,088
Usage	53,298	17,766	71,064
	147,864	49,288	197,152
Expenditures			
Operations and maintenance	1,614	1,040	2,654
Salary and benefits	103,758	77,060	180,818
	105,372	78,100	183,472
Surplus (deficit)	\$ 42,492	\$ (28,812)	\$ 13,680

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 6
Yellowknife Family Centre

For the period ended June 30, 2017

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total
Revenue			
Health Canada	\$ 161,108	\$ -	\$ 161,108
Government of the Northwest Territories	40,500	-	40,500
Other	3,950	-	3,950
	205,558	-	205,558
Expenditures			
Operations and maintenance	16,891	-	16,891
Salary and benefits	160,873	-	160,873
	177,764	-	177,764
Surplus	\$ 27,794	\$ -	\$ 27,794

On March 31, 2017, the Family Centre was successfully transferred to the YWCA NWT.

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Schedule 7
French Language Programs

For the period ended June 30, 2017

	Contribution from GNWT	Commitment from YCS	Actual Expenditures	(Over) under Expenditures
Bilateral Agreement Funding				
Special Projects				
Consultant - Immersion/Core French	\$ 60,000	\$ 87,000	\$ 152,044	\$ (5,044)
Core French (salary and benefits)	100,000	182,000	302,281	(20,281)
French cultural activities	4,000	5,000	12,453	(3,453)
French resources	11,000	8,000	60,704	(41,704)
Late Immersion Salary	72,000	48,000	125,154	(5,154)
Late Immersion Supplies	9,600	6,400	16,000	-
Late Immersion Training	1,800	1,200	609	2,391
Late immersion Camp	1,800	1,200	3,309	(309)
Literacy (salary and benefits)	56,000	65,000	161,057	(40,057)
Professional development	4,000	8,000	15,548	(3,548)
Teacher assistant (salary and benefits)	45,500	30,000	78,412	(2,912)
Total	\$ 365,700	\$ 441,800	\$ 927,571	\$ (120,071)
Regular GNWT Funding				
Core French			\$ 466,687	
Immersion Program			1,415,225	
Total			\$ 1,881,912	

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 8
Student Success Initiative Projects

For the period ended June 30, 2017

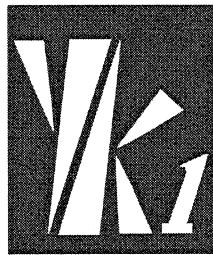
	21st Century/ Google	Differentiated Professional Development	Total
Revenue			
Government of Northwest Territories - Department of Education, Culture and Employment	\$ 55,000	\$ 48,000	\$ 103,000
Expenditures			
Professional development	56,388	11,448	67,836
Substitute teacher wages	854	46,925	47,779
	57,242	58,373	115,615
Deficit	\$ (2,242)	\$ (10,373)	\$ (12,615)

Yellowknife District No.1 Education Authority

(Yellowknife Education District No. 1)

Financial Statements

June 30, 2017



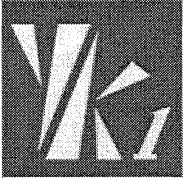


Yellowknife District No. 1 Education Authority

(the Authority)

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YELLOWKNIFE EDUCATION DISTRICT NO.1
OF THE NORTHWEST TERRITORIES
DISTRICT SCOLAIRE No.1 DE YELLOWKNIFE
Box 788, Yellowknife, NT X1A 2N6
Tel : (867) 766-5050 Fax : (867) 873-5051
yk1.nt.ca – yk1@yk1.nt.ca

Management Discussion and Analysis

June 2017

Introduction

Yellowknife Education District No. 1 (YK1) Administration:

Metro Huculak, Superintendent of Education/CEO
Ed Lippert, Assistant Superintendent
Tram Do, Director of Corporate Services

Current Board Members:

John Stephenson, Chairperson
Allan Shortt, Acting Vice Chairperson

Trustees:

Tina Drew
Jay Butler
Terry Brookes
Rajiv Rawat

Active Committees include:

- Policy Committee
- Public Relations Committee
- Finance Committee

YK1 Core Strategies

To ensure all students reach their highest level of learning by:

- Increasing success rate of early learners
- Consistently increasing the percentage of students working at grade level
- Increasing the percentage of students who successfully graduate or complete high school programs
- Increasing the success of all students reflecting the diversity of the student population
- Increasing student success in Mathematics and Science

To ensure all students receive programming which responds to their diverse learning needs in a respectful and inclusive manner by:

- Maintaining a high level of satisfaction with our Inclusive Education Program
- Strengthening inclusive school communities
- Increasing the level of competence among teachers in their ability to deal with diverse needs

To ensure all students are engaged in Indigenous languages, perspectives and culture-based education by:

- Integrating culturally relevant learning into instructional programming
- Increasing the offerings of the Willideh language
- Ensuring all schools reflect Indigenous Language and culture
- Engaging all students in Indigenous cultural experiences
- Increasing the number of skilled instructors of Indigenous language and culture-based education
- Strengthening relationships with Indigenous communities

To ensure all students engage in healthy lifestyles and respectful, caring relationships by:

- Increasing student participation in physical activities
- Improving student involvement and participation in the Arts
- Increasing student awareness of nutrition and the importance of healthy food choices
- Promoting positive relationships, resiliency and good citizenship
- Increasing awareness and access to wellness and mental health activities

Operating Environment

YK1 operates six schools in the City of Yellowknife. The following lists key programming in our schools:

Mildred Hall School (JK-8)

- Mildred Hall School (MHS) is an English school which also offers Core French and Tlicho language courses
- The school offers many extracurricular activities such as team sports, fine arts, guitar, fiddling and various band instruments; alternative sports such as mountain biking roller blading; alternative options such as magic, lego and crochet clubs
- An "On the Land Mentorship" program was established where students are paired with Aboriginal experts and elders to learn important skills like snaring, tanning moose hide and setting nets
- MHS provides a breakfast and hot lunch program. The school also has a large garden where students grow vegetables that are used in the foods program
- 'Peacemakers', a peer leadership group in the school, promotes education surrounding bullying and bullying prevention

N.J Macpherson School (JK-5)

- NJM is an English school which offers Core French
- Special programs at NJM include Montessori, Visual Arts, Music, Drama and Gymnastics. Several extracurricular sports, clubs and after-school programs are also offered
- Aboriginal language and culture is integrated into classroom sessions and students attend culture camps throughout the year
- NJM has an active Parent Advisory Council and a strong recycling program

École J.H. Sissons (JK-5)

- École J.H. Sissons School (ÉJHS) offers French Immersion programming
- Special programs include choir, musical theatre, afterschool athletic program and a speed skating academy. Afterschool activities include judo, soccer, improvisation, painting, chess and choir
- ÉJHS celebrates diversity through various events during the year
- Students and staff participate in a 7-day annual French language and culture camp - 'Camp de neige' - at the Yellowknife Ski Club

École William McDonald Middle School (6-8)

- École William McDonald Middle School (ÉWMS) offers programming for grades 6 to 8 in both English and French Immersion
- Other French options include: Intensive French - Grade 6, Post-Intensive French - grade 7 and 8, and Core French - Grade 6 to 8
- ÉWMS offers exploratory programs such as Industrial Arts, Home Economics and Outdoor Education

- The school offers a multi-sport Sports Academy program which includes hockey, soccer, dance, fitness and cross training. A newly-constructed fitness room allowed the school to expand its sports programming in the 2016-17 school year
- Special multiple-day camps available for Grade 8 students such as Camp Akaitcho and Hidden Lake Canoe Trip

Range Lake North School (JK-8)

- Intensive French is offered in Grade 6, Post-Intensive French in Grades 7 and 8 and Core French is offered in Grades 6 to 8
- Aboriginal language and culture is integrated into classroom sessions and students attend culture camps throughout the year
- Special programs at RLNS include music, band, fine arts, choir and drama
- Range Lake North School (RLN) offers an advanced technology program and technology classes are offered in robotics
- RLNS has an Athletic Excellence program and offers many extracurricular sports
- RLN has an active and involved Parent Advisory Committee who organize their largest fundraiser, Family Fun Night in the spring. All proceeds go back to support RLNS students

École Sir John Franklin High School (9-12)

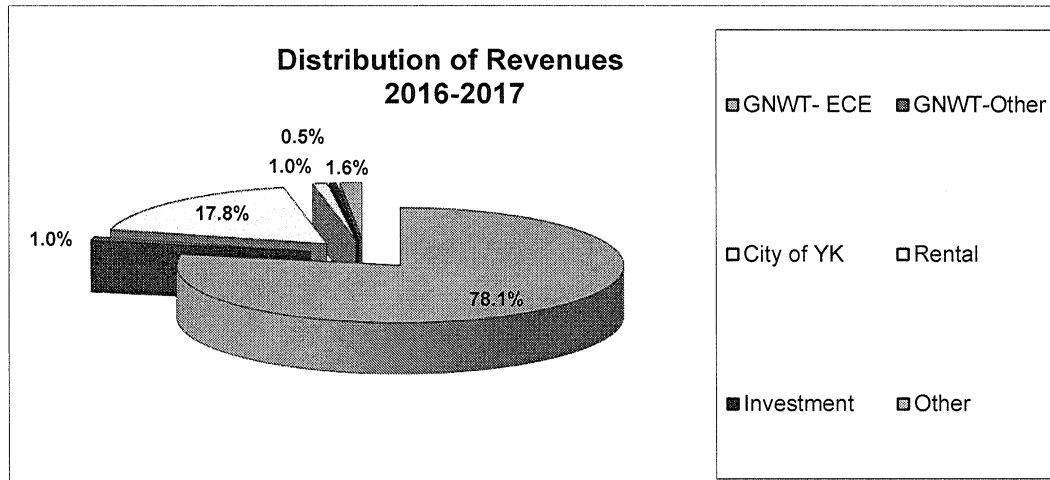
- École Sir John Franklin High School (ÉSJF) offers programming from Grades 9 to 12 in both English and French Immersion
- ÉSJF has a dynamic Fine Arts program which includes music, band, choir, drama and visual arts
- The school offers an extensive trades curriculum and work experience program which includes Industrial Arts, automotives and esthetics
- ÉSJF offers Aboriginal culture programming and camps including Tlicho language instruction
- The school has a successful Sports Academy and several extra-curricular sports and clubs are offered
- ÉSJF has an At-Risk Student program which provides support and resources for students struggling in school, socially, or at home. Each at-risk student is assigned a student support staff person, and they organize weekly check-ins with the student to ensure they are on track for graduation. For those students that need counselling or suffer from addictions, weekly visits from Yellowknife Health & Social Services are arranged
- The school offers many opportunities for students to travel abroad for volunteering, scuba club trips and a French Immersion trip
- Night classes are also available

Route 51 Learning:

Route 51 Learning Institute is an alternate high school program which offers:

- a flexible schedule designed to accommodate students
- credits for work experience
- smaller student-to-teacher ratio, and students can focus on one course at a time

Financial Condition

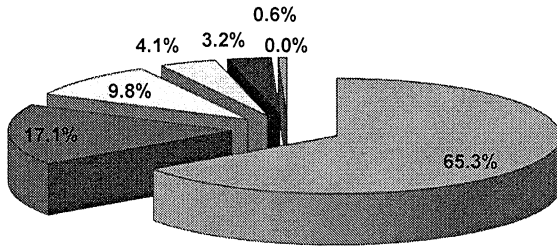


Revenues

	\$
GNWT- ECE	26,550,111
GNWT-Other	354,097
Property Taxation	6,062,772
Rental	347,206
Investment	170,637
Other	<u>531,089</u>
Total Revenues	<u>34,015,912</u>

Funding from the Department of Education, Culture and Employment (ECE) makes up 78.1% of YK1's revenues. Property taxation revenue is 17.8% and the remainder is generated from investment income, Nordic Arms apartment rentals, preschool fees, superintendent services and parking lot rentals.

**Distribution of Expenditures
2016-2017 excluding amortization**



- School Programs
- Inclusive Schooling
- Operations & Maintenance
- Administration
- Aboriginal Language & Culture
- Accommodation
- Transfers to Capital

Expenses (excluding amortization)

School Programs	22,185,440
Inclusive Schooling	5,793,570
Operations & Maintenance	3,327,864
Administration	1,395,138
Aboriginal Language & Culture	1,077,829
Accommodation	197,630
Total Expenses	<u>33,977,470</u>

Expenditure allocations are based on the Department of Education, Culture and Employment (ECE) funding formula. 85.6% of expenditures consist of school programs, inclusive schooling, and Aboriginal Language and Culture which are directly related to schools.

Unrestricted Surpluses

The accumulated operating surplus is the overall operations of the district, the decentralized surplus is school operations and maintenance, and capital surplus is for major capital expenditures.

Surplus	2016/2017	2015/2016	Change
Operating	566,402	729,783	-163,381
Capital	904,165	904,165	0
Decentralized(Schools)	246,285	130,049	+116,236
<hr/>			
Total Accumulated Surplus	1,716,852	1,763,997	-47,145
<hr/>			
Unfunded :			
Leave and Termination Benefits	1,705,424	1,645,992	+59,432
<hr/>			
	3,422,276	3,409,984	+12,287

The accumulated operating surplus decreased by \$163,381 and the decentralized surplus increased by \$116,236, the total change is an overall decrease of \$47,145. The overall unrestricted surplus is 4.8% (\$1,716,852/\$35,606,554) of total 2017/2018 budgeted expenditures excluding amortization.

The accumulated unrestricted surplus has enabled YK1 to maintain quality programming for students, which has been a key strength of the district.

YK1 has older schools that require replacement or renovation. ECE has started the planning study for the J.H. Sissons renovations. The contract for J.H. Sissons School schematic design has been awarded. YK1 continues to lobby ECE to have Mildred Hall School renovations completed.

Some of the District's schools are underutilized. YK1 participates in space-sharing with Commission Scolaire Francophone Territoires Du Nord-Ouest (CSFC) and various other groups to fill some of these spaces.

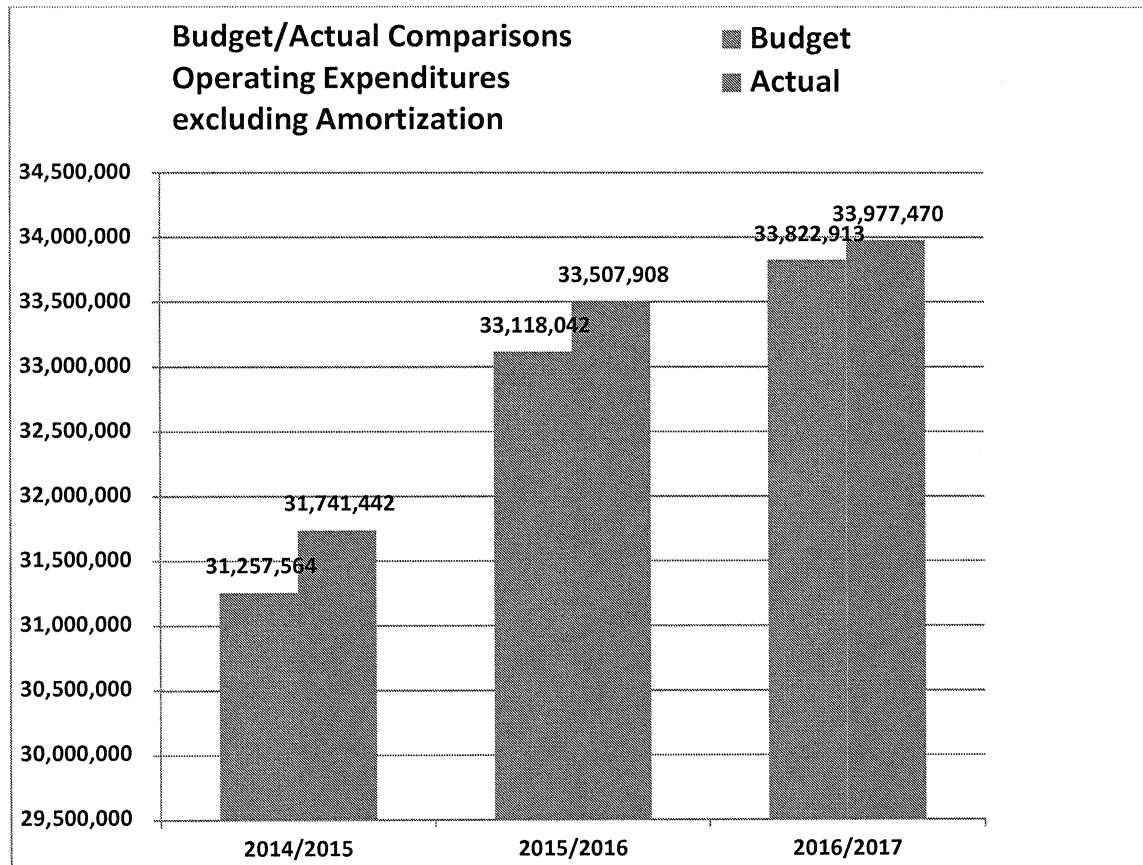
Restricted Reserves

The Department of Education, Culture and Employment has agreed to allow YK1 to maintain the unspent utility funding to be used for conversion of current lighting to LED lighting in the schools and minor capital expenditures. LED lights can save 30% or more on energy costs. ECE has agreed to allow YK1 to keep all utilities savings to be reinvested into minor capital projects or LED lighting upgrades.

YK1 has completed the LED light conversion for all outdoor lights and emergency exit lights at schools and buildings. This project completed April 2017. Over the summer months, DT Electric will be converting all the gymnasium lights in the schools to LED lights.

LED Restricted	2016/2017	2015/2016	Change
Beginning Balance	336,450		+336,450
Utility Savings	215,376	336,450	-121,074
Outdoor Lights Conversion	-129,789		-129,789
Total LED Reserve	422,037	336,450	+85,587

Budget/Actual Comparisons



YK1 revenues are higher than budget by \$427,000 due to:

- ECE revenues higher by \$83,000 due to Mentorship and terminations funding
- French Revenue higher due to increased funding from ECE and other school boards, in the amount of \$131,000
- Custodial cost recovery from CSFC (French school board), in the amount of \$31,000
- Portfolio Investment income higher by \$68,000 from previous years' interest owed from the GNWT Investment pool
- MACA, \$111,800 for active after-school and youth outdoor activities funding
- Drop the pop funding in the amount of \$22,233, Take a kid trapping and compost program in the amount of \$ 21,500
- Rental revenue lower by \$32,000 due to changing revenue recognition of teachers July and August rent payments to the next fiscal year

YK1 expenses variance highlights are:

- Amortization of fixed assets of \$982,742 was not considered when the budget was prepared

- Large variances under School Programs and Administration are due to Information Technology staff. The cost of \$355,000 was originally budgeted under Administration but the budget was amended in September and they are coded back under School Programs
- Schools saved on their O&M and substitute costs, therefore their surpluses increased by \$116,000
- School programs O&M increase by \$240,000 due to increased O&M supplies, busing costs, removal and recruitment costs, homeschooling

School	Enrolment K-12		Teachers/ Admin/ PST		Pupil/Teacher ratio	
	Sep-16	Jun-17	Sep-16	Jun-17	Sep-16	Jun-17
Mildred Hall School	247.00	259.00	16.00	16.50	15.44	15.70
JH Sissons	248.00	247.00	18.00	17.45	13.78	14.15
William McDonald School	210.00	207.00	14.00	14.45	15.00	14.33
NJ Macpherson School	283.50	284.00	17.50	17.50	16.20	16.23
Range Lake North School	288.00	278.00	20.00	20.00	14.40	13.90
Sir John Franklin High School	634.50	679.00	32.50	32.50	19.52	20.89
Total District	1,911.0	1,954.0	118.00	118.40	16.19	16.50

Overall enrolment increased by 43 students by the end of the year.

Summary and Outlook

In 2016-2017, YK1 faced many challenges including important decisions about the use of its facilities, the rollout and preparation of Junior Kindergarten (JK) and budget restrictions.

Despite these challenges, the Board looks back proudly at their achievements and successes over the past year:

- YK1 continued to work with the community to enrich student development by facilitating new learning opportunities including:
 - Elders in school programs
 - Artists and musician visits
 - Adding programs at SJF to include more CTS modules and a drones class
 - Workshops and field trips to various Yellowknife establishments
- The District is transitioning from fluorescent lightbulbs to LED lightbulbs. This will be more environmentally sustainable, and will save the District and ECE money in the long-term. All the outdoor lights are now LED lights, the school gym lights will be converted to LED lights over the summer.
- Outdoor beautification initiatives and gardening at the District's schools continues to be a priority of the Board
- All of the schools continued to offer a food program, which included a breakfast, lunch and snacks for students who need that kind of support
- Parent conversation nights held at YK1 schools encouraged parents to speak about what programming they wanted to see at their schools

- The Board finalized the Strategic Plan for 2016-2019, which includes a strong focus on literacy and numeracy, inclusive schooling, Aboriginal culture and promoting healthy relationships and lifestyles

Foreseeable Challenges for 2017-2018

- While a unanimous decision to retain all YK1 facilities status quo was reached, the Board is aware that enrolment and facility decisions will continue to be discussed
- The Board has approved a 5-year Capital Plan for YK1 schools. The Plan has been submitted to ECE to assist with their Capital planning
- The Board contracted Associated Environmental to complete a Hazardous Building Material Assessment of all YK1 buildings. The final report is expected to be presented to YK1 in September. There are potential remediation costs as a result of findings
- The YK1 Board is preparing for the rollout of the GNWT's JK in YK1 schools in the 2017-18 school year with no additional funding for Inclusive Education, Aboriginal Language and Culture, and busing
- The three Yellowknife school boards have chosen to jointly review alternative scenarios for JK busing in the fall of 2017, which will be in line with the contract renewal for busing services for 2018/2019
- The Department of Education, Culture and Employment has contracted A to Z to come up with Shared Services options for education authorities in the Northwest Territories. A report is expected to be released for September 2017



Yellowknife District No. 1 Education Authority

(the Authority)

Management Responsibility for Financial Reporting

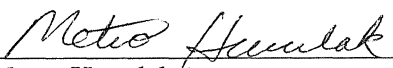
**To the Minister of Education, Culture and Employment
Government of the Northwest Territories**

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

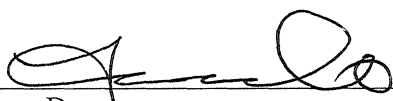
Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Yellowknife District No. 1 Education Authority have been conducted within the statutory powers of the Authority. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Authority's Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in material respects, in accordance with specified legislation and directives from the Department of Education, Culture and Employment of the Government of the Northwest Territories.



Metro Huculak
Superintendent
Yellowknife District No. 1 Education Authority



Tram Do
Director of Corporate Services
Yellowknife District No. 1 Education Authority

Independent Auditors' Report

To the Minister of Education, Culture and Employment Government of the Northwest Territories

We have audited the accompanying consolidated financial statements of the Yellowknife District No. 1 Education Authority (the Authority), which comprise of the consolidated statement of financial position as at June 30, 2017, consolidated statements of operations, consolidated changes in net assets, and consolidated 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation 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 Authority'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 consolidated financial statements.

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

Independent Auditors' Report (continued)*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yellowknife District No. 1 Education Authority as at June 30, 2017, and its consolidated financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report in accordance with the *Financial Administration Act* that, in our opinion, proper books of account have been kept by Yellowknife District No. 1 Education Authority, the financial statements are in agreement therewith and the transactions that have come under our notice, have, in all significant respects, been within the statutory powers of Yellowknife District No. 1 Education Authority.



**Yellowknife, Northwest Territories
September 12, 2017**

Chartered Professional Accountants



Yellowknife District No. 1 Education Authority

(the Authority)

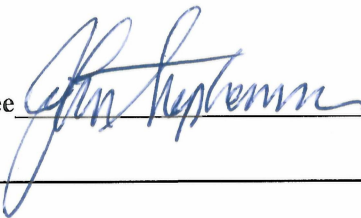
Consolidated Statement of Financial Position

Statement 1

As at June 30,	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash (Note 4)	2,134,439	668,843
Portfolio Investments (Note 7)	5,031,812	5,193,662
Due from Government of Canada (Note 13)	166,457	89,104
Accounts Receivable (Note 8)	923,210	1,569,312
	8,255,918	7,520,921
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 10)	511,328	292,534
Payroll Liabilities	3,743,113	3,363,405
Leave and Termination Benefits (Note 17)	1,705,424	1,645,992
Vacation payable	290,984	267,122
Deferred revenue (Note 11)	20,000	26,000
	6,270,849	5,595,053
NET FINANCIAL ASSETS	1,985,069	1,925,868
NON-FINANCIAL ASSETS		
Prepaid Expenses (Note 20)	133,540	147,714
Tangible Capital Assets (Note 19)	13,538,438	14,521,180
Inventories (Note 9)	20,280	26,865
	13,692,258	14,695,759
ACCUMULATED SURPLUS	15,677,327	16,621,627
Represented by:		
Operating Fund	566,402	729,783
Investment in Tangible Capital Assets	13,538,438	14,521,180
Decentralized Surplus	246,285	130,049
Capital Fund Reserve	904,165	904,165
LED Reserve	422,037	336,450
	15,677,327	16,621,627

Contractual Obligations (Note 24), Contingencies (Note 25)

Approved on behalf of the board:

Trustee 

Trustee 



Yellowknife District No. 1 Education Authority

(the Authority)

Consolidated Statement of Operations

Statement 2

For the year ended June 30,	2017 Budget \$	2017 Actual \$	2016 Actual \$
REVENUE			
Government of the Northwest Territories			
Regular contributions	25,594,148	25,678,111	25,143,756
Other contributions	123,000	314,237	335,233
Aboriginal languages	60,000	60,000	60,000
French revenue	422,000	523,000	438,157
Total ECE	26,199,148	26,575,348	25,977,146
GNWT other contributions	-	155,533	182,160
Property tax requisitioned	6,071,000	6,062,772	5,879,078
Education authority generated funds			
Rental income	380,000	347,206	398,626
Portfolio investment income	102,000	170,637	103,222
Other	836,332	704,416	568,997
	1,318,332	1,222,259	1,070,845
Total revenue	33,588,480	34,015,912	33,109,229
EXPENDITURES			
School programs	21,706,926	22,185,439	21,594,278
Inclusive schooling	5,743,750	5,793,570	5,963,079
Staff accommodations	197,500	197,630	201,858
Operations and maintenance	3,253,661	3,327,864	3,164,669
Administration	1,812,074	1,395,138	1,506,971
Aboriginal language/cultural programs	1,109,002	1,077,829	1,077,050
Amortization	-	982,742	1,024,113
Total operating expenditures	33,822,913	34,960,212	34,532,018
Operating deficit before other items	(234,433)	(944,300)	(1,422,789)
Other items			
Grant in-kind - GNWT Assets provided at no cost (Note 23)	-	1,361,287	1,799,767
Rent expense - GNWT Assets provided at no cost (Note 23)	-	(1,361,287)	(1,799,767)
Operating deficit	(234,433)	(944,300)	(1,422,789)
Opening accumulated surplus	-	16,621,627	18,044,416
Closing accumulated surplus	(234,433)	15,677,327	16,621,627

(the Authority)

Consolidated Statement of Changes in Net Financial Assets

Statement 3

For the ended June 30,	2017	2016
	\$	\$
Operating deficit	(944,300)	(1,422,789)
Amortization of tangible capital assets	982,742	1,024,113
	38,442	(398,676)
Change in inventory	6,585	(58)
Change in prepaid expenses	14,174	22,707
	20,759	22,649
Increase (decrease) in net assets	59,201	(376,027)
Net asset at beginning of year	1,925,868	2,301,895
Net asset at end of year	1,985,069	1,925,868



Yellowknife District No. 1 Education Authority

(the Authority)

Consolidated Statement of Cash Flows

Statement 4

For the year ended June 30,	2017 \$	2016 \$
<i>Cash provided by (used in)</i>		
OPERATING TRANSACTIONS		
Operating deficit	(944,300)	(1,422,789)
Item not affecting cash:		
Amortization	982,742	1,024,113
Changes in non-cash assets and liabilities		
Decrease (increase) Due from Government of Canada	(77,353)	7,729
Decrease (increase) accounts receivable	646,102	(65,240)
Increase (decrease) accounts payable	218,795	(149,174)
Increase (decrease) payroll liabilities	379,708	293,507
Increase (decrease) leave and termination benefits	59,432	69,375
Increase (decrease) vacation payable	23,862	(9,527)
Increase (decrease) deferred revenue	(6,000)	(46,000)
Decrease (increase) prepaid expenses	14,174	22,707
Decrease (increase) inventories	6,584	(58)
CASH PROVIDED BY (USED FOR) OPERATING TRANSACTIONS	1,303,746	(275,357)
INVESTING TRANSACTIONS		
Disposition of portfolio investments	161,850	989,444
CASH PROVIDED BY INVESTING TRANSACTIONS	161,850	989,444
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	-	-
Proceeds of disposition of tangible capital assets	-	-
CASH USED FOR CAPITAL TRANSACTIONS	-	-
FINANCING TRANSACTIONS		
Repayment of capital lease obligation	-	-
Proceeds from capital lease obligation	-	-
CASH PROVIDED BY FINANCING TRANSACTIONS	-	-
DECREASE IN CASH AND CASH EQUIVALENTS	1,465,596	714,087
CASH (BANK INDEBTEDNESS) AT BEGINNING OF YEAR	668,843	(45,244)
CASH (BANK INDEBTEDNESS) AT END OF YEAR	2,134,439	668,843



Yellowknife District No. 1 Education Authority

(the Authority)

Consolidated Details of Expenditures

Statement 5

For the year ended June 30,	School Programs \$	Inclusive Schooling \$	Staff Accommodation \$	Operations and Maintenance \$	Administration \$	Aboriginal Languages \$	Total 2017 \$	Budget 2017 \$	Total 2016 \$
SALARIES									
Honoraria	-	-	-	-	70,275	-	70,275	72,908	62,145
Instructional assistants	785,647	2,290,812	-	-	-	96,988	3,173,447	3,244,083	3,100,709
Non-instructional staff	2,006,175	-	20,839	527,235	918,866	286,360	3,759,475	3,343,000	3,734,597
Teachers	14,121,209	2,676,937	-	-	29,598	286,740	17,114,484	15,452,159	16,116,117
	16,913,031	4,967,749	20,839	527,235	1,018,739	670,088	24,117,681	22,112,150	23,013,568
EMPLOYEE BENEFITS									
Employee benefits/allowances	2,370,401	651,448	1,385	115,174	148,320	76,833	3,363,561	5,733,420	4,097,827
Leave and termination benefits	99,352	(37,235)	-	(3,100)	(5,504)	5,919	59,432	-	70,321
	2,469,753	614,213	1,385	112,074	142,816	82,752	3,422,993	5,733,420	4,168,148
SERVICES PURCHASED									
Advertising and printing	-	-	-	-	31,270	-	31,270	32,800	30,744
Communication	58,830	567	-	7,976	41,174	-	108,547	91,460	131,973
Contracted services	373,406	111,768	-	250,027	-	139,721	874,922	732,373	770,330
Maintenance and repairs	54,868	42,669	76,249	639,405	8,965	33,941	856,097	638,627	702,427
Other	143,606	-	-	-	69,477	-	213,083	201,000	199,039
Professional and technical	571,950	25,873	-	97,500	34,483	49,529	779,335	496,900	860,853
Rentals and leases	139,454	-	-	-	7,745	-	147,199	168,576	148,622
Student transportation	444,772	21,349	-	-	-	8,270	474,391	433,000	449,544
Travel	70,681	-	-	-	-	985	71,666	5,000	103,405
Utilities									
Heating	-	-	38,499	610,809	-	-	649,308	695,000	568,065
Electricity	-	-	35,650	911,925	-	-	947,575	1,000,000	965,454
Water/Sewage	-	-	23,403	168,766	-	-	192,169	172,000	182,927
	1,857,567	202,226	173,801	2,686,408	193,114	232,446	5,345,562	4,666,736	5,113,383
MATERIALS									
Awards and student events	13,871	-	-	-	7,703	-	21,574	25,500	41,146
Freight	10,483	-	-	908	3,986	-	15,377	31,699	21,175
Materials and supplies	920,734	9,382	1,605	1,239	28,780	92,543	1,054,283	1,253,408	1,150,485
	945,088	9,382	1,605	2,147	40,469	92,543	1,091,234	1,310,607	1,212,806
AMORTIZATION									
	-	-	-	-	982,742	-	982,742	-	1,024,113
Total operating expenditures	22,185,439	5,793,570	197,630	3,327,864	2,377,880	1,077,829	34,960,212	33,822,913	34,532,018



Yellowknife District No. 1 Education Authority

(the Authority)

Details of Aboriginal Language and Culture-Based Education Expenditures

Statement 6

For the year ended June 30,	Student Instruction \$	Professional Development \$	School Activities and Integrated Community Programs \$	Total 2017 \$
SALARIES				
ALCBE Teachers	286,740	-	-	286,740
Instructional Assistants	96,988	-	-	96,988
Non Instructional Staff	-	-	286,360	286,360
	383,728	-	286,360	670,088
EMPLOYEE BENEFITS	82,752	-	-	82,752
SERVICES PURCHASED				
Professional and technical	-	49,529	-	49,529
Travel	-	985	-	985
Maintenance and repairs	-	-	33,941	33,941
Student travel	-	-	8,270	8,270
Contracted services	-	-	139,721	139,721
	-	50,514	181,932	232,446
MATERIALS				
Materials and supplies	-	-	92,543	92,543
Total operating expenditures	466,480	50,514	560,835	1,077,829



Yellowknife District No. 1 Education Authority

(the Authority)

Details of Inclusive Schooling Expenditures

Statement 7

For the year ended June 30,	Student Resources \$	General Inclusive Schooling \$	Total 2017 \$
SALARIES			
Program support teachers	-	2,676,937	2,676,937
Support assistants	20,839	2,269,973	2,290,812
	20,839	4,946,910	4,967,749
EMPLOYEE BENEFITS			
	-	614,213	614,213
SERVICES PURCHASED			
Professional and technical	25,873	-	25,873
Communication	567	-	567
Student transportation	21,349	-	21,349
Maintenance and repairs	42,669	-	42,669
Contracted services	111,768	-	111,768
	202,226	-	202,226
MATERIALS			
Materials and supplies	9,382	-	9,382
Total operating expenditures	232,447	5,561,123	5,793,570



Yellowknife District No. 1 Education Authority

(the Authority)

Report on Activities of Specific Programs

Statement 8

French Language Program

BILATERAL AGREEMENT FUNDING

For the year ended June 30, 2017

	Contribution from the Department \$	Commitment from the Authority \$	Expenses \$	Over (under) funding \$
Literacy Coach (Salary)	70,000	50,000	139,107	(19,107)
Core French Instruction (Salary)	50,000	75,000	176,254	(51,254)
Teacher Assistants (Salary)	35,000	35,000	85,324	(15,324)
Intensive & PIF (Salary)	70,000	230,000	559,074	(259,074)
PIF (Elective courses at SJF)	50,000	10,000	98,098	(38,098)
Special Projects				
French Camps	13,000	2,000	44,805	(29,805)
French Resources	46,000	10,000	41,231	14,769
Assessment, Intensive French	15,000	5,000	33,644	(13,644)
Cultural Activities	12,000	3,000	14,388	612
Professional Development	31,000	9,000	54,186	(14,186)
Consultant	80,000	140,000	179,892	40,108
Total	472,000	569,000	1,426,003	(385,003)



Yellowknife District No. 1 Education Authority

(the Authority)

Report on Activities of Specific Programs

Statement 9

Aboriginal Languages

For the year ended June 30,

2017
\$

Secretary of State (Heritage Canada)

Revenue

Contribution from federal government

60,000

Expenses

Salaries and benefits

60,815

Deficit

(815)



Yellowknife District No. 1 Education Authority

(the Authority)

Report on Activities of Specific Programs

Statement 10

Student Success Initiative Projects

For the year ended June 30,

2017

\$

Revenue

Government of the Northwest Territories

123,000

Contribution from the Authority

15,000

Surplus carry-over

(23,231)

Total revenue

114,769

Expenses

Salaries/Wages

Facilitator fees (including per diems)

50,299

Substitute teacher wages

56,100

Travel

Facilitator travel

7,413

Workshop expenses

Refreshments

957

Total expenses

114,769

Deficit

-



Yellowknife District No. 1 Education Authority

(the Authority)

Report on Activities of Specific Programs

Statement 11

Community Outreach Program

For the year ended June 30,

2017

\$

Revenue

NT/NU Council of Friendship Centres

120,000

Deficit from Prior Years

(15,773)

Total revenue

104,227

Expenses

Salaries and benefits

74,488

Materials and supplies

38,626

Total expenses

113,114

Deficit

(8,887)



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

1. Nature of the Organization

The Yellowknife District No. 1 Education Authority (the "Authority"), was established by the *Education Act* of the Government of the Northwest Territories (GNWT). Its purpose is to administer and maintain the standards of education programs defined under the *Education Act* in the City of Yellowknife.

The Authority is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees ("the Board") has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the Authority includes all aspects of operation and management relating to Public Education within the boundaries of the City of Yellowknife. The Board is the lowest (and sole) level of government exercising oversight responsibility. The financial statements of the Authority are not included in the financial statements of the City of Yellowknife as the Authority trustees are a separate governing body that is not under the control of the City of Yellowknife. The City of Yellowknife, however, does collect and remit property taxes requisitioned by the Board.

2. Significant Accounting Policies

a) Basis of Accounting

The consolidated financial statements of the Authority have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

The Authority uses fund accounting to separate transactions between its Operating fund surplus, Investment in tangible capital assets and decentralized budget accumulated surplus.



June 30, 2017

2. Significant Accounting Policies (Continued)

Operating Fund Surplus

The Operating fund surplus is the general operating fund of the Authority in which all transactions concerned with current operations are recorded. Substantially all territorial, local (primarily property tax), and other operating revenue is accounted for in the Operating fund surplus. In accordance with accounting principles that are considered appropriate for organizations of this type, tangible capital assets acquired and debenture debt repayment that are financed with operating funds are treated as expenditures in the Operating fund surplus and then transferred to the Investment in tangible capital asset fund. The Operating fund also accounts for expenditures and contributions to or from other funds (transfers) which provide for day-to-day operations. In summary, the Operating fund surplus is used to account for all financial activities except those accounted for in the Investment in tangible capital assets fund and decentralized budget accumulated surplus.

Investment in Tangible Capital Assets

Investment in tangible capital assets is used to account for financial transactions related to the acquisition of tangible capital assets in excess of \$50,000.

Properties are carried at cost at the date of acquisition and amortization is recorded in the accounts. The cost of additions and repayment of debentures or other long-term debt is charged to Investment in tangible capital assets. This results in a corresponding increase in the equity in tangible capital assets.

Decentralized Budget Accumulated Surplus

The decentralized budget accumulated surplus represents specific amounts eligible for carry-over to subsequent years for each school.

LED Reserve

The LED Lights Reserve represents the unspent portion of the ECE's utility funding since the 2014/2015 school year as a result of lower fuel costs. The reserve funds will be used for YK1 to convert current lights to LED lights which are expected to result in a decrease of at least 30% in electricity costs.

b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.



June 30, 2017

2. Significant Accounting Policies (Continued)

c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms'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 transaction 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.

Financial assets measured at amortized cost include cash, portfolio investments, accounts receivable and due from Government of Canada.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and payroll liabilities.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

d) 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 for the year.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (Continued)

e) Tangible Capital Assets

Tangible capital assets with a cost lower than a threshold value of \$50,000 will be expensed in the year of acquisition or amortized at a rate of 100%. Assets with an acquisition value more than \$50,000 are capitalized and amortized using the straight-line method.

Asset Category Amortization Period:

Land and improvements - Indefinite

Buildings - 40 years

Equipment and furnishings - 4 - 10 years

All capital facilities planning and construction undertaken by the Authority, excluding the Administration Building and Nordic Arms, are funded by the Government of the Northwest Territories and subject to their capital planning and approval process. Capital contributions received but not spent at year end, are recorded as deferred revenue.

The GNWT retains ownership of some tangible capital assets used by the Authority. These assets are used by the Authority and held on behalf of, or in trust for, the GNWT are not recognized by the Authority in the financial statements.

The statement of operations reflects the amount that would otherwise be considered amortization expense for the fiscal year as rent expense with an offsetting corresponding amount as a grant in-kind revenue.



June 30, 2017

2. Significant Accounting Policies (Continued)

f) Revenue Recognition

Government Transfers:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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 or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital asset are recognized as acquired or built.

GNWT - Regular Contributions:

The regular contributions from the Government of the Northwest Territories (GNWT) is determined by a funding formula, based on student enrolment and price and volume fluctuation, and is received in monthly installments. The Authority retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the Government of the Northwest Territories.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (Continued)

Local Tax Revenue:

The *Education Act of the Northwest Territories*, by virtue of Section 136(2), empowers a Board of Education to determine the amount, after taking into consideration territorial grants and other revenue, that is to be requisitioned from the municipality within the territory under the jurisdiction of the Board. This requisitioned amount is one portion of the property tax paid annually by property owners. The City of Yellowknife is advised subsequent to the adoption of the budget of the amount of the requisition of the Authority and is responsible for the collection of taxes.

Other Contributions:

The Authority follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Revenue from rentals is earned as the facilities are used. Other revenue is recorded as the service is provided and receipt is reasonably assured.

Deferred Revenue:

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

Investment Income:

Investment income is recognized when received or receivable, if the amount can be reasonable estimated.



June 30, 2017

2. Significant Accounting Policies (Continued)

School Funds

Schools in the system administer funds which arise from certain school and student activities. Such funds, although subject to internal review, are not recorded in the accounts or in the financial statements of the Authority as they do not constitute any part of the approved Operating fund surplus (deficit) budget and are available for use at the discretion of each individual school.

g) Infrastructure Funding

Any personnel, utilities, and leases infrastructure funding net surplus at the end of the fiscal year is recorded as a payable to the GNWT. Net deficits are not shown as receivable from the GNWT since these amounts are not repayable.

h) Budget Data

The *Education Act* of the Northwest Territories requires that Boards of Education prepare an annual budget, as outlined in Section 128 and 129.

The final priorities and funding allocations are determined by the Board of Trustees at a special meeting called for the purposes of reviewing budget proposals, recommending changes, additions or deletions and adopting the proposed budget.

The budget is legally adopted by a motion of the Board which also establishes a tax levy to support the approved budget in accordance with Section 135(3) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2)k, l and m of the *Education Act*.

This annual budget includes estimates of revenue and expenditures for the Operating fund surplus (deficit) along with estimates of source and application for the Investment in tangible capital assets fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Board.

The budget may be amended within a given fiscal year in accordance with Board policy, regulations and approved budget procedures. The budget data presented in the financial statements reflects the amended budget for the fiscal year, and therefore, includes any amendments that may have been made during the year. Schools carry forward surplus or deficit amounts from their school budgets.



June 30, 2017

2. Significant Accounting Policies (Continued)

i) Measurement Uncertainty

The preparation of these financial statements in conformity with Canadian public sector accounting standards 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

j) Inventories Including Materials and Supplies

Supplies inventory held for consumption or use are recorded at the lower of historical cost and replacement cost.

k) Payroll Liabilities

Payroll costs for teachers are accrued for July and August.

l) Post-employment benefits, compensated absences and termination benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Annual leave is payable within one fiscal year. Employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Payment of the removal and termination is dependent on employees leaving the Authority and other criteria as outlined in the negotiated employment collective agreements or their excluded contracts.

m) Special Purpose Funds

School activity funds which are fully controlled by the Authority with respect to when and how the funds available can be disbursed are included in the Special Purpose Funds line item. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Authority are not included even if custody of the funds is held by the Authority. Examples of excluded funds might be student clubs or associations for which the Authority has no ongoing responsibility of liability for losses.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (Continued)

n) Fund Accounting

The Authority uses fund accounting to separate transactions.

The Operating Fund accounts for the Authority's operating and administrative activities.

The Investment in Tangible Capital Assets reports the transactions related to tangible capital assets.

The Decentralized Surplus is the operating surpluses retained by the individual schools.

The Capital Fund Reserve is funding set aside by the Authority for any repairs or maintenance to the district assets.

The LED Lights Reserve is unspent utility funding from ECE set aside by the Authority for conversion to energy efficient lighting in schools.

3. Future Accounting Changes

Related Party Transactions: Inter-entity Transfer Valuations, Section PS 2200

PSAB approved Section PS 2200, Related Party Disclosures. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The impact of the transition to this accounting standard has not yet been determined.



June 30, 2017

2. Future Accounting Changes (Continued)

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

The impact of the transition to this accounting standard has not yet been determined.

Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

Inter-entity Transactions, Sections PS 3420

PSAB approved Section PS 3420, Inter-entity Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section PS 2200.

The impact of the transition to this accounting standard has not yet been determined.

Student Activity Funds

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the consolidated financial statements of Yellowknife Education District No. 1 in the future.

4. Cash (Bank Indebtedness)

	2017	2016
	\$	\$
Cash	2,134,439	668,843

The cash is held in a bank account with RBC and is invested with the GNWT's investment pool.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

5. Special Purpose Funds

The Authority does not have special purpose funds.

6. Restricted Assets

The Authority does not have restricted assets.

7. Portfolio Investments

	2017	2016
	\$	\$
GIC Investment with CIBC (interest rate range from 1.2% to 1.75% and maturity range from April 23, 2018 to November 19, 2019)	3,010,704	3,169,590
GIC Investment with RBC Dominion Securities (interest rate range from 1.45% to 1.85% and maturity range from November 5, 2017 to November 19, 2018)	2,021,108	2,024,072
	5,031,812	5,193,662

The investments are recorded at amortized cost, which includes the cost plus any interest earned to June 30, 2017.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

8. Accounts Receivable

	2017 \$Net	2016 \$Net
Aurora College	2,534	5,184
South Slave DEC	1,576	-
N'Dilo District Education Authority (Kalemi Dene School)	595,701	1,140,715
Dettah District Education Authority (Kaw Tay Whee School)	139,594	211,268
Commission Scolaire Francophone Territoires Du Nord Ouest	31,695	16,250
Department of Education, Culture and Employment	47,720	10,105
Yellowknife Catholic Schools	1,070	1,070
Trade Receivables	103,320	184,720
Total	923,210	1,569,312

Allowance for doubtful accounts at June 30, 2017 is \$nil, (2016 \$nil).

9. Inventories

Inventory consists of computer equipment held for use for the next school year.

10. Accounts Payable and Accrued Liabilities

	2017 \$	2016 \$
Aurora College	-	1,050
Accrued interest	24	17
Damage deposits	23,687	25,602
Due to GNWT	389	-
Trade payable	487,228	265,865
	511,328	292,534



June 30, 2017

11. Deferred Revenue

Deferred revenue consists of contributions or revenue received from contributors for expenditures not yet incurred.

	2017	2016
	\$	\$
GNWT HSS - Drop the Pop	-	3,000
GNWT MACA - Take a Kid Trapping	-	8,000
GNWT MACA - Youth Corps	20,000	15,000
	20,000	26,000

12. Contribution Repayable

The Authority does not have any contribution repayable.

13. Due from the Government of Canada

Receivables	2017	2016
	\$	\$
GST Receivable	166,457	89,104

14. Capital Lease Obligations

The Authority does not have any Capital Lease Obligations.



June 30, 2017

15. Pension

The Authority makes contributions to the Northern Employee Benefits (NEBS) Pension Plan, which is a multi-employer plan, on behalf of some members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to the NEBS pension was \$2,696,768. The contributions are calculated at a rate of 8% of earning and allowances employee and employer contribution for a total of 16%. The maximum pensionable earnings is \$165,077 for January 2017, and \$163,715 for January 2016. The maximum monthly contributions is \$2,914 for January 2017, and \$2,182 for January 2016.

NEBS is an employer owned program and as such the Authority will be liable for its portion of any shortfall. The Plan serves 2,600 Employee Members and 99 Employer Members (total active, disabled and on leave 1542).

As of January 1, 2017, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be \$18,500,000 - funded ratio 111% (2016 - \$12,500,000 and 109%) on a going concern valuation basis. The Plan had a solvency ratio deficiency of \$102,495,300 and a solvency ratio of 64%. Solvency is calculated for the purposes of determining obligations only in the event of a plan wrap up. Any potential deficiency in termination payments is guaranteed to be paid over the next 10 years or less, depending on the position of the fund. For the period ending December 31, 2016, the NEBS Pension plan had an accumulated surplus of \$25,121,532.

As of April 2004, the OSFI has exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). On April 2015, the Legislative Assembly passed The Northern Employee Benefits Act (Bill 12) which was enacted October 1, 2015. NEBS is now operating under Bill 12.

16. Long-Term Debt

The Authority does not have long-term debt.



June 30, 2017

17. Other Employee Future Benefits and Compensated Absences

In addition to the pension benefits, the Authority provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Authority's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits for all staff are accrued as employee render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Authority.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

17. Other Employee Future Benefits and Compensated Absences (Continued)

Changes in Obligation	Severance and Removal \$	Compensated Absences \$	2017 \$	2016 \$
Accrued benefit obligation beginning of year	1,309,963	336,029	1,645,992	145,408
Current period benefit cost	92,873	27,843	120,716	285,031
Interest accrued	37,235	10,448	47,683	58,302
Benefits payments	(88,349)	(73,140)	(161,489)	(122,749)
Actuarial (gain)/loss	(69,586)	93,770	24,184	-
Plan amendments	-	52,520	52,520	-
Accrued benefit obligation end of year	1,282,136	447,470	1,729,606	365,992
Unamortized net actuarial loss/(gain)	69,586	(93,770)	(24,184)	-
Total employee future benefits and compensated absences	1,351,722	353,700	1,705,422	365,992
Benefits Expense				
Current period benefit cost	92,873	27,843	120,716	285,031
Interest accrued	37,235	10,448	47,683	58,302
Plan amendments	-	52,520	52,520	-
Total benefits expense	130,108	90,811	220,919	343,333



June 30, 2017

17. Other Employee Future Benefits and Compensated Absences (Continued)

The discount rate used in the 2017 fiscal year to determine the accrued benefit obligation was an average of 3.3% (2016 - 3.2%). The expected payments during the next five fiscal years are:

	Severance and Removal \$	Compensated Absences \$	Total \$
2018	568,871	83,728	652,599
2019	128,667	52,462	181,129
2020	113,997	51,588	165,585
2021	107,149	49,977	157,126
2022	111,258	52,973	164,231
2023-2027	501,219	262,198	763,417
Total	1,531,161	552,926	2,084,087

18. Trust Assets Under Administration

The Authority does not have any trust assets under administration.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

19. Tangible Capital Assets

	Cost \$	Accumulated Amortization \$	2017 Net Book Value \$	2016 Net Book Value \$
Land and improvements	1,299,476	-	1,299,476	1,299,476
School buildings				
Ecole Sir John Franklin	2,253,436	(1,071,515)	1,181,920	1,246,194
William McDonald	7,078,328	(6,193,537)	884,791	1,061,749
Mildred Hall	11,009,651	(6,026,674)	4,982,978	5,258,219
Range Lake North	8,215,859	(4,929,515)	3,286,344	3,491,740
N. J. Macpherson	5,329,162	(3,952,833)	1,376,329	1,512,788
Ecole J. H. Sissons	2,436,769	(2,436,769)	-	-
	36,323,205	(24,610,843)	11,712,362	12,570,690
Other buildings				
Administration office	1,070,827	(642,496)	428,331	455,102
Nordic Arms residence	595,205	(595,205)	-	-
Total land and buildings	39,288,713	(25,848,544)	13,440,169	14,325,268
Equipment and furnishings				
Schools	4,427,048	(4,359,654)	67,394	159,891
Playgrounds	149,972	(149,972)	-	-
Residences	64,045	(64,045)	-	-
Administration office	322,132	(322,132)	-	-
Vehicles	246,532	(215,656)	30,875	36,021
	5,209,729	(5,111,459)	98,269	195,912
	44,498,442	(30,960,003)	13,538,438	14,521,180



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

20. Prepaid Expenses

	2017	2016
	\$	\$
Insurance	29,324	27,813
Professional Development	2,667	27,341
Materials and Supplies	23,329	8,382
Licenses	-	12,965
Workers' Safety Compensation Commission	78,220	71,213
	133,540	147,714

21. Accumulated Surplus/ Deficit

A consolidated statements of funds and surplus and reserves have been prepared as follows:

Details of Funds

For the year ended June 30,	2017	2016
	\$	\$
OPERATING FUND		
Balance, beginning of year	729,783	1,352,510
Operating deficit (Statement 2)	(944,300)	(1,422,789)
Transfer (to) from Investment in Tangible Capital Assets	982,742	1,024,113
Transfer (to) from Decentralized Surplus	(116,236)	112,399
Transfer to LED reserve	(215,376)	(336,450)
Transfer from LED reserve for lighting upgrades	129,789	-
Balance, end of year	566,402	729,783
INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Balance, beginning of year	14,521,180	15,545,293
Amortization	(982,742)	(1,024,113)
Balance, end of year	13,538,438	14,521,180



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

21. Accumulated Surplus/ Deficit (Continued)

Details of Surplus and Reserves

For the year ended June 30,	2017	2016
	\$	\$
DECENTRALIZED SURPLUS		
Balance, beginning of year	130,049	242,448
Transfer (to) from Operating Fund	116,236	(112,399)
Balance, end of year	246,285	130,049
CAPITAL FUND RESERVE		
Balance, beginning of year	904,165	904,165
Balance, end of year	904,165	904,165
LED Reserve		
Balance, beginning of year	336,450	-
Transfer from Operating Fund	215,376	336,450
Transfer to Operating Fund for lighting upgrades	(129,789)	-
Balance, end of year	422,037	336,450

22. Capital Advances

The Authority does not have any Capital Advances.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

23. GNWT Assets Provided at no Cost

The following assets were provided to the Authority by the GNWT at no cost.

	Cost \$	Accumulated Amortization \$	2017 Net Book Value \$	2016 Net Book Value \$
Ecole Sir John Franklin	25,965,232	25,965,232	-	1,414,616
Ecole Sir John Franklin portable classrooms	419,724	306,957	112,767	123,257
N.J. Macpherson	1,413,831	344,404	1,069,427	1,104,780
	27,798,787	26,616,593	1,182,194	2,642,653
Deferred capital contributions				
Ecole Sir John Franklin	(1,442,500)	(1,442,500)	-	(99,172)
	26,356,287	25,174,093	1,182,194	2,543,481

Rent expense of \$1,361,287 (2016 - \$1,799,767) was offset by a grant in-kind.



June 30, 2017

24. Contractual Obligations (Commitments)

The Authority has a contract with Cardinal Coach Lines Limited for student transportation. The Authority is invoiced monthly and the amounts vary depending on a number of factors. The contract expires in June 2018.

The Authority leases space from Route 51. The contract expires in June 2018.

The Authority has a collective bargaining agreement with the NWT Teachers Association for teachers, specialists and education assistance which expired August 31, 2020.

The Authority has a collective bargaining agreement with the United Steelworkers for support staff which expired on June 30, 2017. The Authority will commence negotiations with the United Steelworkers union in the fall of 2017.

The Authority has a Ricoh photocopy equipment lease with annual payments of \$30,037 plus maintenance expiring in July 1, 2021.

The Authority also leases from Lenovo computers with 2017/2018 lease payments of \$49,505. The last lease expires April 1, 2020.

	Expires in Fiscal Year	2018 \$	2019 - 2021 \$	Total \$
Commitments:				
Commercial and Residential Leases	2018	37,800	-	37,800
Equipment Leases	2021	79,543	105,402	184,945
Operational Leases (Bussing)	2018	440,000	-	440,000
Total		557,343	105,402	662,745

25. Contingencies

The Authority does not have contingencies.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

26. Related Parties

Transactions with Related Parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note.

	2017	2016
	\$Net	\$Net
Due to Related Parties:		
Accounts Payable:		
Dettah District Education Authority	-	1,000
Aurora College	-	1,050
Government of the NWT	389	-
Total Due to Related Parties	389	2,050
Due from Related Parties:		
Accounts Receivable:		
Aurora College	2,534	-
N'Dilo District Education Authority	595,701	1,140,715
Dettah District Education Authority	139,594	211,268
Commission Scolaire Francophone Territories Du Nord Ouest	31,695	16,250
Department of Education, Culture and Employment	47,720	10,105
Department of Health and Social Services	-	8,741
South Slave DEC	1,576	-
Yellowknife Catholic Schools	-	1,070
Total Due from Related Parties	818,820	1,388,149



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

26. Related Parties (Continued)

	2017	2016
	\$Net	\$Net
Revenues from Related Parties:		
Government of the Northwest Territories:		
Department of Education Culture & Employment	26,575,348	26,040,046
Department of Health & Social Services	22,233	17,960
Department of Municipal and Community Affairs	111,800	100,800
Department of Environment and Natural Resources	21,500	-
Commission Scolaire Francophone Territories Du Nord Ouest	31,356	16,251
Yellowknives Dene First Nation (Kalemi Dene School)	30,000	27,500
Dettah District Education Authority	77,590	43,490
South Slave DEC	30,000	-
Total Revenues from Related Parties	26,899,827	26,246,047
Expenses Paid to Related Parties:		
Government of the Northwest Territories:		
Department of Finance	452,956	526,318
Department of Infrastructure	5,254	5,254
Department of Industry, Tourism and Investment	6,718	1,645
Department of Health and Social Services	1,750	-
Department of Justice	-	100
Stanton Territorial Health Authority	3,227	-
Yellowknife Catholic Schools	2,320	600
Aurora College	-	1,050
Total Expenses paid to Related Parties	472,225	534,967



June 30, 2017

27. Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget figures presented are those approved by the Trustees of the Authority on June 14, 2016 and submitted to the Minister of Education, Culture and Employment and have not been audited. The Budget was amended and submitted to the minister on September 23, 2016, the original budget deficit is \$234,433 and the amended deficit is \$381,085. At the request of the Department of Education, Culture and Employment, the original budget figures are presented.

28. Economic Dependence

The Authority is economically dependent on the Government of the Northwest Territories to provide funding for continued operations. If the funding arrangements were to change management is of the opinion that the Authority's operations would be significantly affected.



June 30, 2017

29. Financial Instruments

Financial instruments consist of recorded amounts of cash, portfolio investments, due from GNWT, due from Government of Canada and other accounts receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities, and wages and employee deductions payable which will result in future cash outlays.

The Authority is exposed to the following risks in respect of certain of the financial instruments held:

a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Authority is exposed to credit risk from funding agencies, recipients of services and preschool clients. The Authority has a concentrated risk of credit from two other school districts whose funding also comes from the Department of Education, Culture, and Employment. At June 30, 2017, receivables from two organizations comprised approximately 87% (2016 - 92%) of the total outstanding receivables. Furthermore there is a concentration risk in cash and portfolio investments the full balance in these accounts is held at two financial institutions. The Authority is funded by Government of Northwest Territories - Department of Education, Culture, and Employment and other stable organizations, which reduces its exposure to credit risk. Most of the credit risk exposure is with trade receivables, Dettah District Education Authority, and the N'Dilo District Education Authority. The authority reduces its risk exposure by following up on old account receivables for collection and entering into service agreement with well-established organizations. As at June 30, 2017, 22% (2016 - 48%) of other account receivable was non-current which represents \$189,323 (2016 - \$1,474,773) of the total balance. All of these were deemed collectable, and as a result, none are impaired.

b) Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments will fluctuate because of changes in market interest rate. The Authority is exposed to interest rate risk on its fixed and floating interest rate on cash and portfolio investments. Fixed interest instruments subject the Authority to a fair value risk while the floating rate instruments subject it to cash flow risk (see note 7). The Authority complies with the GNWT financial administration policies and guidelines which reduces its exposure to interest rate risk. Because portfolio investments can be converted into cash on a short notice, the Authority's exposure to market risk is reduced.



(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

29. Financial Instruments (Continued)

c) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. Some of the Authority's financial assets and most of the financial liabilities at June 30, 2017 mature within the next six months. Total financial assets \$8,255,918 (2016 - \$7,520,921) of which \$4,181,714 (2016 - \$3,055,043) are not expected to mature within one year. Total financial liabilities are \$6,250,849 (2016 - \$5,569,053). The authority has disclosed future financial liabilities and commitments in Note 24.

30. Expenditures By Object

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
Amortization	-	982,742	1,024,113
Compensation	27,845,570	27,540,674	27,181,716
Other	5,977,343	6,436,796	6,326,189
	33,822,913	34,960,212	34,532,018

31. Subsequent Events

There were no material subsequent events that have taken place between June 30, 2017 and the date the audit report was signed.

32. Comparative Figures

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



June 30, 2017

33. Liability for Contaminated Sites

The Authority has identified possible environmental liabilities at William MacDonald School and Range Lake North School that have underground fuel tanks. The Department of Education, Culture and Employment, and the Department of Infrastructure is working towards replacing the underground fuel tanks.

The Authority has contracted Associated Environmental to complete a Hazardous Building Materials Assessment on all of the Buildings owned and managed by the Authority. The final reports are expected to be completed by the end of September 2017 and a management plan is expected to be put in place by January 2018. Liabilities discovered as a result of the assessment will be communicated to the Department of Education, Culture, and employment. There is uncertainty as to the amounts of these potential liabilities.

Financial Report

**Tlicho Community Services Agency
Behchoko, NT**

For the year ended March 31, 2018

Tlicho Community Services Agency

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Tlicho Community Services Agency

Management Discussion Analysis March 31, 2018

The Tlicho Community Services Agency (TCSA) is a unique organization in the Northwest Territories. It is a Government of the Northwest Territories Agency, while incorporating the values and principles of the Tlicho people.

Our mission statement “Strong Like Two People” was developed to ensure that the TCSA is committed to the development of a continuum of care that will return control of education, health and social programs and services to the people of our communities, support them in the task of strengthening their families, promote the knowledge and skills they need to survive today and model the values they need to live in harmony with their families, our communities and our land.

The Agency is also unique in that it is the only agency in the Northwest Territories to deliver both the health and social services programs along in conjunction with the education programs. All the other regions have separate Agencies for the delivery of health and education programs. The advantage of the TCSA model is that we are able to more effectively link the delivery of the programs.

The TCSA serves a population of approximately three thousand people (3,000) in the communities of Behchoko, Whati, Gameti and Wekweeti. The TCSA delivers its programs through five schools, four health centres in the region and Long Term Care Facility located in Behchoko.

The Agency had an annual budget in fiscal 2017-2018 of \$35.836 million, a dedicated workforce of approximately 240 employees with a total payroll budget of \$27.767 million, which represents 77.5% of the Agency’s total annual budget.

For the 2017-2018 fiscal year, the TCSA Health and Social Services Activities incurred an operating deficit of \$476,044, representing an improvement of 46.5% in comparison with the prior year’s operating deficit (2016-2017: \$889,081). Thereby the TCSA Health and Social Services Activities have arrived at an accumulated operating deficit of \$2.802 million by the end of the 2017-2018 fiscal year. The reduction in deficit in the current year is a result of increased focus on managing expenditures, a favorable pension adjustment as well as the fact that JESH hires were not all in place at the beginning of the year.



Tłıchǫ Community Services Agency

The operating deficit in health for 2017-2018 can be attributed to a number of factors:

- (1) The Agency remains underfunded for the delivery of Child and Family Services. Spending for Foster care exceeded the budgeted amount by \$137,805. This spending was required due to the number of children in care.
- (2) The costs to operate the health centres in our three main communities has slightly decreased compared to the prior year's costs, but still exceeded the current year's budgeted amount by \$594,927. Overtime / standby costs continue to run over budgeted amounts. The overtime would normally be expected as services are required to be delivered outside of the regular business hours. The Agency has been running the Health Centers with a reduced number of employees to partially offset these costs.
- (3) The ongoing costs to operate our Ambulance Services continue to run over budget and the operating deficit has increased to \$246,884 (2016-2017: \$203,673).

For its 2017-2018 Education activities the TCSA incurred an annual surplus of \$1,022,114. As a result of this the TCSA Education activities now have a closing surplus of \$894,317.

While these financial statements include expenses for education from April to March, an additional set of financial statements is prepared annually for Education which runs for the school year of July 1 to June 30, and we will report to the department of Education our complete results at that time. Alternatively, in these statements we expect the operating surplus to be of a smaller magnitude for the 2017-2018 school year.



Tłıchǫ Community Services Agency

Summary and Outlook

- The fiscal outlook for the TCSA remains challenging and this is in large part caused by two items:
 - The GNWT funds positions at a pay step 4 to take turnover into account. At the TCSA however, turnover is very low. As a result of this many employees are paid at a pay step level 8 which results in the funding for regular payroll being insufficient to cover the actual payroll cost.
 - Overtime, standby and callback pay are not specifically funded by the GNWT. The majority of these expenses are unavoidable however. The TCSA is able to offset part of these costs by keeping vacancies. Increasing the vacancy rate would be difficult as it would adversely affect the service standards required.
- The department of Health recognizes the above issues and for 2018-2019 the TCSA revised its budget prior to seeking approval by the Minister.
- For 2018-2019 the TCSA has received funding for five positions to provide counselling services to students at our schools. The three current employees providing similar services will be integrated into this program.
- Also, in 2018-2019 the TCSA will continue with developing virtual classroom and remote education project.

Chief Executive Officer

June 29, 2018



Tlicho Community Services Agency

Management Responsibility Letter

To the Ministers' of Health and Social Services and Education, Culture and Employment

Management Responsibility for Financial Reporting for the year ended March 31, 2018

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriated accountability for performance within well-defined areas of responsibility. The operations and administration of Tlicho Community Services Agency have been conducted with the statutory powers of the Health Authority and Divisional Education Council. The operations and administration of the Health and Education as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Financial Administration Act, CPSAS, FAM, Human Resources Manual, Ministerial Directives and the policies of the Health Authority Board and Divisional Education Council. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts Avery Cooper & Co Ltd. has been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management and employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards with its jurisdiction.

The Auditors annually provide an independent, objective audit for the purpose of expressing an opinion of the financial statements in accordance with generally accepted auditing standards. The auditor also considers whether the transactions that come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Health and Social Services and Department of Education, Culture and Employment, Government of the Northwest Territories.

Approved and confirmed on behalf of the Tlicho Community Services Agency

Rose Jiang, Director of Finance and Corporate Services
Tlicho Community Services Agency
June 29, 2018



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INDEPENDENT AUDITORS' REPORT

To the Ministers of Health and Social Services and Education, Culture and Employment Government of the Northwest Territories

Report on the Financial Statements

We have audited the accompanying financial statements of the Tlicho Community Services Agency, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations, Changes in Net Financial Resources and Cash Flow for the year then ended. We have also audited the revenue and expenditures of programs funded through contribution agreements by the Departments of Health and Social Services which total \$250,000 or more as listed in Schedule A.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 of 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.

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

Basis for Qualified Opinion

The GNWT is responsible for the calculation and distribution of the salaries and wages that appear on the statement of operations, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT was accurately reflected in the Agency's records.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2018 and the results of operations, net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards. Furthermore, these statements present fairly in all material respects, the funding and expenditures of all Health and Social Services funded programs which total \$250,000 or more in Schedule A for the year ended March 31, 2018 in accordance with the provisions established by the individual contribution agreements.



AVERY COOPER IS A MEMBER OF MSI, AN INTERNATIONAL ASSOCIATION OF INDEPENDENT PROFESSIONAL FIRMS

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the Financial Administration Act, in our opinion, proper books of account have been kept by the Tlicho Community Services Agency, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Agency.

Avery Cooper & Co. Ltd.

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

June 29, 2018

Tlicho Community Services Agency
Statement of Financial Position
As at March 31, 2018

	March 31, 2018	March 31, 2017
Financial Assets		
Cash and Cash Equivalents (Note 4)	\$ 2,232,820	741,794.66
Accounts Receivable (Note 8)	968,855	604,393
	3,201,674	1,346,188
Liabilities		
Accounts Payable and Accrued Liabilities (Note 10)	776,131	694,991
Wages and Benefits Payable - GNWT (Note 10)	2,775,699	1,481,023
Employee Future Benefits (Note 16)	1,156,250	1,557,142
Deferred Revenue (Note 11)	417,282	172,978
	5,125,363	3,906,134
 Net Financial Assets (Debt)	(1,923,688)	(2,559,946)
Non Financial Assets		
Inventory held for use (Note 9)	63,500	56,864
Tangible Capital Assets (Note 18)	72,315	120,852
	135,815	177,716
 Accumulated Surplus (Deficit)- per page 8	\$ (1,787,873)	\$ (2,382,230)

Chief Executive Officer

Chairman of the Board

**Tlicho Community Services Agency
Consolidated Operations
Statement of Operations
For the year ended March 31, 2018**

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Revenue			
Health & Social Services - per page 5	\$ 16,675,200	\$ 17,082,384	\$ 16,031,647
Education - per page 6	17,703,688	18,037,159	17,419,754
Other Operations - per page 7	300,000	318,311	250,089
	<u>34,678,888</u>	<u>35,437,854</u>	<u>33,701,490</u>
Expenditure			
Health & Social Services - Compensation	12,392,604	13,469,095	12,771,413
Health & Social Services - Other	4,666,021	4,089,332	4,149,315
Total Health and Social Services - per page 5	<u>17,058,625</u>	<u>17,558,428</u>	<u>16,920,727</u>
Education - Compensation	15,374,585	14,155,095	15,119,663
Education - Other	3,102,715	2,859,950	3,140,796
Total Education - per page 6	<u>18,477,300</u>	<u>17,015,045</u>	<u>18,260,459</u>
Other Operations - Compensation	-	-	-
Other Operations - Other	300,000	270,024	230,596
Total Other Operations - per page 7	<u>300,000</u>	<u>270,024</u>	<u>230,596</u>
	<u>35,835,925</u>	<u>34,843,497</u>	<u>35,411,782</u>
Operating Surplus / (Deficit)	<u>\$ (1,157,037)</u>	<u>\$ 594,357</u>	<u>\$ (1,710,292)</u>
Rent Expense - GNWT Assets provided at no cost (note 21)		542,794	275,357
Grant-In-Kind - GNWT Assets Provided at no cost (note 21)		<u>(542,794)</u>	<u>(275,357)</u>
Annual Surplus / (Deficit)	<u>\$ (1,157,037)</u>	<u>\$ 594,357</u>	<u>\$ (1,710,292)</u>

**Tlicho Community Services Agency
Health and Social Services
Statement of Operations
For the year ended March 31, 2018**

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Revenue			
Contributions from GNWT (Schedule A)	\$ 16,127,000	\$ 16,260,433	\$ 15,314,760
Interest Income	30,000	33,272	24,168
Other Income	140,000	303,480	163,495
Recoveries	378,200	485,198	529,223
	<u>16,675,200</u>	<u>17,082,384</u>	<u>16,031,647</u>
Expenses			
Administrative and Support Services	1,418,626	1,136,841	1,324,880
Ambulatory Care Services	764,472	980,859	1,010,602
Community Health Programs	6,947,655	7,351,485	7,537,395
Community Social Programs	7,781,582	7,960,588	6,855,143
Diagnostic & Therapeutic Services	146,290	128,655	192,707
	<u>17,058,625</u>	<u>17,558,428</u>	<u>16,920,727</u>
Operating Surplus / (Deficit)	<u>\$ (383,425)</u>	<u>\$ (476,044)</u>	<u>\$ (889,081)</u>
Rent Expense - GNWT Assets provided at no cost (note 21)		542,794	275,357
Grant-In-Kind - GNWT Assets Provided at no cost (note 21)		<u>(542,794)</u>	<u>(275,357)</u>
Annual Surplus / (Deficit)		<u>\$ (476,044)</u>	<u>\$ (889,081)</u>
Opening accumulated (deficit)		<u>\$ (2,326,230)</u>	<u>\$ (1,437,149)</u>
Closing accumulated (deficit)		<u>\$ (2,802,275)</u>	<u>\$ (2,326,230)</u>

**Tlicho Community Services Agency
Education
Statement of Operations
For the year ended March 31, 2018**

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
OPERATING FUND - REVENUE			
Government of the Northwest Territories			
Regular Contribution from ECE	\$ 17,373,688	17,246,577	\$ 16,719,739
Other ECE Contribution (Schedule C.1)	60,000	64,943	60,000
	<u>17,433,688</u>	<u>17,311,520</u>	<u>16,779,739</u>
BOARD GENERATED FUNDS			
Other contributions and miscellaneous	-	140,483	54,645
Investment income	30,000	33,272	24,168
Projects Revenue (Schedule C.1)	240,000	551,885	561,201
	<u>270,000</u>	<u>725,639</u>	<u>640,015</u>
TOTAL OPERATING REVENUE	<u>17,703,688</u>	<u>18,037,159</u>	<u>17,419,754</u>
OPERATING FUND EXPENSES - per schedule			
School Programs	11,654,565	10,784,848	11,577,571
Inclusive Schooling	3,233,761	2,836,078	2,713,993
Operations and Maintenance	-	-	156,334
Administration	1,321,771	947,093	1,174,208
Aboriginal Language/Cultural Programs	1,967,203	1,830,398	1,985,425
Projects Expenditures (Schedule C.1)	300,000	616,628	652,928
TOTAL EXPENSE	<u>18,477,300</u>	<u>17,015,045</u>	<u>18,260,459</u>
EXCESS REVENUE	<u>\$ (773,612)</u>	<u>\$ 1,022,114</u>	<u>\$ (840,705)</u>

**Tlich Community Services Agency
Other Operations
Statement of Operations
For the year ended March 31, 2018**

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Revenue			
Recoveries Housing	\$ 300,000	\$ 318,311	\$ 250,089
Expenses			
General Administrative Expenditures	-	24,364	12,268
Leased Property - Housing	300,000	245,660	218,328
	<u>300,000</u>	<u>270,024</u>	<u>230,596</u>
Operating Surplus / (Deficit)	<u>\$ -</u>	<u>\$ 48,287</u>	<u>\$ 19,494</u>

**Tlicho Community Services Agency
Statement of Changes in Net Debt
For the year ended March 31, 2018**

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Annual Surplus (Deficit)	\$ (1,157,037)	\$ 594,357	\$ (1,710,292)
Decrease/(Increase) in Inventories held for use		(6,636)	4,136
Decrease (Increase) in Prepaid Expenses		-	3,373
Amortization of tangible capital assets		48,537	48,537
Increase (Decrease) in Net Financial Resources	(1,157,037)	636,258	(1,654,246)
Opening Net Financial Resources	(2,559,946)	(2,559,946)	(905,700)
Closing Net Debt	(3,716,983)	(1,923,688)	(2,559,946)
Accumulated Surplus (Deficit)			
<u>Health and Social Services</u>			
Opening Surplus - Health and Social Services	(2,326,230)	(2,326,230)	(1,437,149)
Current years' surplus (deficit) per page 5	(383,425)	(476,044)	(889,081)
Closing Surplus (Deficit)	(2,709,655)	(2,802,275)	(2,326,230)
<u>Education</u>			
Opening Surplus - Education	(127,797)	(127,797)	712,908
Current years' (deficit) per page 6	(773,612)	1,022,114	(840,705)
Closing Surplus (Deficit)	(901,409)	894,317	(127,797)
<u>General</u>			
Opening Surplus - Other	71,792	71,792	52,298
Current years' surplus (deficit) per page 7	-	48,287	19,494
Closing surplus	71,792	120,079	71,792
Total Closing Accumulated Surplus (Deficit)	\$ (3,539,267)	\$ (1,787,873)	\$ (2,382,230)

Tlich Community Services Agency
Statement of Cash Flow
For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
Cash Provided by (used in) Operating Transactions		
Annual Surplus /(Deficit)	\$ 594,357	\$ (1,710,292)
Items not affecting cash:		
Change in valuation allowances	-	-
Amortization	48,537	48,537
(Increase) Decrease in due to (from) the Government of Canada		
(Increase) Decrease in Accounts Receivable	(364,461)	(254,406)
Increase (Decrease) in Accounts Payable	81,140	35,048
Increase (Decrease) in Wages and Benefits Payable	1,294,676	474,074
Increase (Decrease) in Inventory held for use	(6,636)	4,136
Increase in Employee Future benefits	(400,892)	(279,302)
Increase (Decrease) in Deferred Revenue	244,305	(46,846)
Decrease (Increase) Prepaid Expenses	-	3,373
Net Cash Provided from Operating Transactions	<u>1,491,025</u>	<u>(1,725,677)</u>
Cash Provided by (used in) Investing Transactions		
Disposition (Acquisition) of Portfolio Invesetments	-	-
Net Cash Provided by Investing Transactions	<u>-</u>	<u>-</u>
Cash Provided by (used in) Financing Transactions		
Net Proceeds from (Repayment) of Capital Lease Obligations	-	-
Net Cash Provided by Financing Transactions	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	1,491,025	(1,725,677)
Cash and Cash Equivalents at Beginning of Year	<u>741,795</u>	<u>2,467,472</u>
Cash and Cash Equivalents at End of Year (Note 4)	<u>\$ 2,232,820</u>	<u>\$ 741,795</u>

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

1. NATURE OF ORGANIZATION

The Agency was established under the Tlicho Government Act by order of the Minister dated August 4, 2005. Its purpose is to administer and maintain the standards of Health and Educational programs defined under the respective Acts in the Member communities of the Tlicho Region.

The Agency was formerly known as the Dogrib Community Services Board and the Dogrib Divisional Board of Education. On May 22, 1997, an agreement was signed between the Dogrib Community Services Board and the Government of the Northwest Territories, Department of Health and Social Services, with the support of the Treaty 11 Council, to deliver Health and Social Service programs in the Dogrib region. The Tlicho Community Services Agency (TCSA) is an integrated Education and Health & Social Services Agency.

The Agency is dependent upon funding from the Government of the Northwest Territories and is a registered charity.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board of the Chartered Professional Accountants of Canada and by the directives of the Government of the Northwest Territories - Department of Health and Social Services ("DHSS") and Department of Education, Culture and Employment ("ECE"). Significant accounting policies are as follows.

a) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques, and short term highly liquid investments that are readily convertible to cash and with a maturity date of 90 days or less from the date of acquisition.

b) Funds

The Agency records financial information in individual funds that are segregated for the purpose of carrying on specific activities or attaining certain objectives. Funds established by the Agency are:

Operating Fund- reflecting activities associated with the Agency's day-to-day operations.

Leave and Termination Liability Fund - reflecting activities in employee leave and termination benefits combined with any amounts transferred from operations to fund these liabilities. This fund represents liabilities which will be funded in the year they become due through the regular annual allocations from the Government of the Northwest Territories ("GNWT").

Endowment and Special Purpose Fund - reflecting activities relating to endowments and other special purpose funds made available to the Agency under conditions specified by donors and other providers.

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Surplus Reserves

The DHSS policy requires the Agency to establish the following reserves:

Surplus Reserve- reflects funds maintained in a reserve according to the DHSS Operations and Maintenance Surplus Retention Policy.

Employee Future Benefit Reserve- the funds received in advance for the severance liability of employees who were transferred to the Agency from the GNWT. These liabilities are reduced as employees are paid out upon termination of employment with the agency.

d) Tangible Capital Assets

The GNWT retains ownership of all tangible assets (TCA) used by the Agency or purchased by the Agency (regardless of source of funding for the purchase). The GNWT amortizes TCAs over the estimated useful lives of the assets at the rates established in the Financial Administration Manual over the following terms:

Buildings	40 years
Mainframe and software systems	5-10 years
Leasehold Improvements	Lesser of useful life or lease term plus renewal option

The TCAs used by the Agency and held on behalf of, or in trust for, the GNWT are not recognized by the Agency in the financial statements.

The statement of operations reflects the Rent Expense amount that would otherwise be considered amortization expense for the fiscal year with an offsetting corresponding amount as a Grant-In-Kind revenue.

e) Inventory of Supplies

Inventories of supplies include inventories held for use in the process of providing services and are distributed to clients at no charge or for a nominal charge. Inventories consist of pharmacy items, parts for various equipment, and office supplies. Inventories of supplies are valued at the lower of cost and replacement value.

f) Accrued Employee Leave and Termination Benefits

In accordance with GNWT accounting policies specified for public agencies, the Agency annually accrues estimated employee leave and termination benefits payable

g) Pension Contributions

The Agency and its employees make contributions to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability to the Agency and are recognized in the accounts on a current basis.

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h) Revenue Recognition

The Agency is primarily funded by the GNWT in accordance with budget arrangements established by the DHSS and ECE. Under the arrangements, the Agency is responsible for the net deficit from operations and is allowed to retain surpluses from core programs. Any capital funding not spent may be retained for future capital purchases. These policies do not apply to contribution agreements, where an accounting of and return of surpluses may be required.

Other revenue is recognized when the service is performed or the goods are provided.

Government transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except for the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

i) Financial Instruments

The Agency classifies its financial instruments at cost or amortized cost.

The Agency's accounting policy for this financial instrument category is as follows:

This category includes cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities and deferred revenues. They are initially recorded at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with

**Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018**

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Non-financial assets

Non-financial assets are accounted for as assets by the Agency because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Agency unless they are sold.

k) Measurement uncertainty

The preparation of these financial statements, in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the period. Significant estimates include accounts receivable and doubtful accounts and the actuarial valuation of employee leave and termination benefits. Actual results could differ from these estimates.

3. FUTURE ACCOUNTING CHANGES

Nil Report

4. CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
Cash	\$ 2,232,820	\$ 741,795

5. SPECICAL PURPOSE FUNDS

Nil Report

6. RESTRICTED ASSETS

Nil Report

7. PORTFOLIO INVESTMENTS

Nil Report

Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2018

8. ACCOUNTS RECEIVABLE

	Accounts Receivable 2018	Allow. For Doubtful Accounts 2018	Net 2018	Net 2017
Due from Third Parties	\$ 406,507	\$ -	\$ 406,507	\$ 205,246
Due from Government of the Northwest Territories Workers' Safety and Compensation Commission	482,262	-	482,262	300,002
Northwest Territories Health and Social Services Authority	4,973	-	4,973	1,262
Due from MEZI School	75,113	-	75,113	50,820
Due from CJBS School	-	-	-	18,166
	-	-	-	28,896
	<u>\$ 968,855</u>	<u>\$ -</u>	<u>\$ 968,855</u>	<u>604,393</u>

9. INVENTORIES

	<u>2018</u>	<u>2017</u>
Inventory held for use Health Centre Supplies	<u>\$ 63,500</u>	<u>\$ 56,864</u>

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
Due to the Government of the Northwest Territories	\$ 121,846	\$ 66,588
Due to NWT Housing Corporation	11,550	5,628
Due to NWT Power Corporation	377	-
Due to Workers Safety and Compensation Commission	-	11,620
Due to Northwest Territories Health and Social Services Authority	6,684	14,152
Due to Hay River Health and Social Services Authority	-	1,750
Payable to Gameti School	-	63,621
Payable to Elizabeth Mackenzie Elementary School	-	27,307
Payable to Wekweti School	-	40,186
Due to Third Parties	635,674	464,139
	<u>\$ 776,131</u>	<u>694,991</u>

	<u>2018</u>	<u>2017</u>
<u>Payroll Liabilities</u>		
Due to GNWT payroll liabilities	\$ 2,131,032	\$ 1,018,972
Accrued Vacation and Lieu	594,667	462,051
Employee Retroactive Pay	50,000	
Government of the Northwest Territories	<u>\$ 2,775,699</u>	<u>1,481,023</u>

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

11. DEFERRED REVENUE

Deferred revenue consists of contributions received in advance for activities with dates beyond the fiscal year end. These amounts will be recognized in revenue as expenditures are incurred.

	<u>2018</u>	<u>2017</u>
CJBS - BHP Culture	\$ -	\$ 25,000
CJBS - Breakfast for Learning	9,984	1,691
CJBS - Breakfast for Learning- High School	-	8,628
CJBS - Dominion Diamond Ekati	15,993	-
CJBS - Food First Foundation	-	1,022
CJBS - Fundraising	21,422	-
CJBS - Miscellaneous	1,665	-
MEZI - BHP Culture	-	25,105
MEZI - Breakfast for Learning	-	1,240
MEZI - Dominion Diamond Ekati	50,105	-
MEZI - Food First Foundation	-	1,200
EMES - BHP Culture	-	19,074
EMES - Breakfast for Learning	3,871	10,011
EMES - Breakfast Club	5,000	-
EMES - Dominion Diamond Ekati	10,052	-
EMES - Health Food First	-	626
EMES - Literacy / Book fair	6,801	2,491
EMES - Miscellaneous	3,766	-
EMES - On the Land Collaborative	5,734	-
AAS - BHP Culture	-	38,281
AAS - Breakfast for Learning	2,206	3,253
AAS - Dominion Diamond Ekati	26,857	-
AAS - Food First Foundation	1,720	-
AAS - Literacy	2,395	-
AAS - Miscellaneous	12,002	13,213
JWGS - BHP Culture	-	18,728
JWGS - Breakfast Club	1,983	-
JWGS - Dominion Diamond Ekati	15,266	-
JWGS - Food First Foundation	2,227	-
JWGS - Fundraising	13,000	-
JWGS - Literacy	1,177	-
JWGS - Yoga Fitness	-	3,414
Regional - Dogrib Learning Materials	204,057	-
	\$ 417,282	\$ 172,978

12. CONTRIBUTIONS REPAYABLE

Nil Report

13. DUE FROM AND TO THE GOVERNMENT OF CANADA

Nil Report

**Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018**

14. CAPITAL LEASE OBLIGATIONS

Nil Report

15. PENSIONS

The TCSA's employees participate in Canada's Public Service Plan (PSPP). The PSPP 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 pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

The public service plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to 65 for new members joining the plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60. Furthermore, contribution rates or current service for all members of the public service will increase gradually to an employer: employee cost sharing ratio of 50:50 by 2017. The employer contribution rate effective at the end of the year is 1 times (2016 - 1.15) the employees' contributions for employees who started prior to January 2013 and 1 times (2016 - 1.1) the employees' contributions for all other employees

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced by early retirement, pensions and disability pensions.

Contributions to the PSPP are broken down as follows.

	<u>2018</u>	<u>2017</u>
HSS activities		
Employee	\$ 732,719	\$ 1,094,824
Employer	767,918	996,708
	<u>\$ 1,500,637</u>	<u>\$ 2,091,531</u>
ECE activities		
Employee	\$ 1,082,767	\$ 1,590,574
Employer	1,079,521	1,563,100
	<u>2,162,288</u>	<u>\$ 3,153,674</u>
	<u>\$ 3,662,925</u>	<u>\$ 5,245,205</u>

Tlichco Community Services Agency
Notes to the Financial Statements
March 31, 2018

16. EMPLOYEE FUTURE BENEFITS

In addition to pension benefits, Tlichco Community Service Agency provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Tlichco Community Services Agency employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation result

The last actuarial valuation was dated March 31, 2018. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Agency.

Employee Long term Benefits consist of:

	ECE	HSS	<u>2018</u>	<u>2017</u>
Severance and Removal	\$ 654,632	\$ 225,355	\$ 879,987	\$ 1,226,203
Compensated Absences	191,452	84,811	276,263	330,939
	<u>\$ 846,084</u>	<u>\$ 310,166</u>	<u>\$ 1,156,250</u>	<u>\$ 1,557,142</u>
Net Change				
Change in Estimate Adj	\$ -	\$ -	\$ -	-
Current period Benefit Cost	64,814	25,522	90,336	
Actuarial (Gain) Loss	(292,953)	19,422	(273,531)	
Benefits Payments	(91,561)	(172,233)	(263,794)	
Interest accrued	33,595	12,500	46,095	
	<u>\$ (286,105)</u>	<u>\$ (114,789)</u>	<u>\$ (400,894)</u>	

The primary actuarial assumptions include a discount rate of 3.8% to determine the accrued benefit obligation and salary scale of 2% per annum. The expected payments during the next five years are:

Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2018

16. EMPLOYEE FUTURE BENEFITS (cont'd)

	Severance and Removal	Compensated Absences	Total
Year 1	\$ 179,756	\$ 54,195	\$ 233,951
Year 2	117,049	41,395	158,444
Year 3	96,813	34,713	131,526
Year 4	97,583	33,375	130,958
Year 5	78,829	27,525	106,354
Next 5 Years	\$ 380,642	\$ 114,210	\$ 494,852

17. TRUST LIABILITIES

Nil Report

18. TANGIBLE CAPITAL ASSETS

The agency has purchased buses and ambulances from operating funds provided by the Department of Health and Social Services and Education. These vehicles are being amortized over a straight line basis over 7 Years .

	Cost (unaudited)	Accumulated Amortization (unaudited)	Net book Value 2018 (unaudited)	Net book Value 2017 (unaudited)
2014 Ford XLT Ambulance	\$ 166,443	(118,888)	47,555	71,333
School Buses	173,318	(148,558)	24,760	49,519
Total	\$ 339,761	\$ (267,446)	\$ 72,315	\$ 120,852

Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2018

19. PREPAID EXPENSES

Nil Report

20. CAPITAL ADVANCE FROM THE GNWT

Nil Report

21. GNWT ASSETS PROVIDED AT NO COST

Tangible Capital Assets (TCA) are owned by the Government of the Northwest Territories. TCA are amortized over the estimated useful life of the assets at the following rates.

Buildings - 40 Years

Leasehold Improvements - Lesser of useful life or lease term plus renewal option

Mobile Equipment - 15 years

	Cost <u>(unaudited)</u>	Accumulated Amortization <u>(unaudited)</u>	Net book Value 2018 <u>(unaudited)</u>	Net book Value 2017 <u>(unaudited)</u>
Buildings	\$ 18,434,478	\$ (3,557,727)	\$ 14,876,751	\$ 15,203,162
Leasehold	252,800	(201,518)	\$ 51,282	63,841
Mobile Equipment	325,112	(156,537)	\$ 168,575	190,245
Other Equipment	338,467	(21,605)	\$ 316,863	-
Total	\$ 19,350,858	\$ (3,937,387)	\$ 15,413,470	\$ 15,457,248

The TCA information was provided by the Government of the Northwest Territories.

Amortization expense 2017 - 2018 \$542,794 (2016 - 2017 \$275,357)

22. CONTRACTUAL OBLIGATIONS (aka Commitments)

The Agency has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to March 31, 2018.

	Expires in Fiscal Year	2019	2020 and thereafter	Total
Residential Leases	2022-2023	\$ 265,200	\$ 819,000	\$ 1,084,200
Equipment Leases	2018-2023	65,386	131,589	196,976
Other Services Contracts	2023	19,583	77,118	96,701
		\$ 350,169	\$ 1,027,707	\$ 1,377,877

**Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018**

23. CONTINGENT LIABILITIES

In the normal course of operations, the Agency is subject to claims and pending and threatened litigation against the Agency and its staff. The Agency is defending actions brought against it and the Agency has recorded an allowance for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. The allowance is based upon estimates determined by the Agency's legal experts experience or case law in similar circumstances.

The Agency did not have any environmental liabilities during the year.

24. PRIOR YEAR FUNDING

Nil Report

25. BUDGET

Budget figures are the opening budgets that were approved on June 30 2018 by the Agency's board of directors, DHSS and ECE. The budget figures are not audited and are intended for information purposes only. These figures represent the Agency's original fiscal plan for the year and do not reflect subsequent changes arising from amendments made by the Departments.

26. ECONOMIC DEPENDANCE

The Agency receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Agency operations would be significantly affected

27. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

28. RELATED PARTIES AND INTER-ENTITY TRANSACTIONS

The Agency is related in terms of common ownership to all GNWT created departments and public agencies. The Agency enters into transactions with these entities in the normal course of business. The Agency is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, compensation services by the Department of Human Resources, and internal audit services by the Department of Finance.

Due from Related Parties	<u>2018</u>	<u>2017</u>
Government of the Northwest Territories		
Department of Finance	\$ 5,097	\$ -
Department of Health and Social Services	375,865	165,740
Department of Education, Culture and Employment	101,299	134,262
MEZI School	-	18,166
CJBS School	-	28,896
Northwest Territories Health and Social Services Authority	75,113	50,820
Workers' Safety and Compensation Commission	4,973	1,262
	<u>\$ 562,348</u>	<u>\$ 399,147</u>

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

28. RELATED PARTIES (Cont'd)

Due to Related Parties	<u>2018</u>	<u>2017</u>
Government of the Northwest Territories		
Department of Finance	\$ 97,383	\$ 31,962
Department of Human Resources	-	3,334
Department of Health and Social Services	20,578	29,556
Department of Education, Culture and Employment	2,250	-
Department of Infrastructure	149	198
Petroleum Products Division	1,486	1,538
Gameti School	-	63,621
Elizabeth MacKenzie Elementary School	-	40,186
Hay River Health and Social Services	-	1,750
Stanton Territorial Hospital Authority	-	11,748
Wekweti School	-	27,307
Workers' Safety and Compensation Commission	-	11,620
NWT Power Corporation	377	-
NWT Housing Association	11,550	5,628
Northwest Territories Health and Social Services Authority	6,684	2,404
	<u>\$ 140,457</u>	<u>\$ 230,852</u>
Department of Finance - Payroll Liabilities	<u>2,775,699</u>	<u>1,481,023</u>

Revenue received from Related Parties not otherwise disclosed in statements or schedules

North Territory Health & Social Services Authority	\$ 97,395	\$ 99,062
GNWT - Department of Health and Social Services - NHIB	275,975	327,675

Expenses paid to Related Parties

GNWT - Department of Finance	\$ 83,840	\$ 174,306
GNWT - Department of Health and Social Services	83,476	82,066
GNWT - Petroleum Products Division	9,615	10,549
GNWT - Department of Infrastructure	422	-
Workers' Safety and Compensation Commission	4,127	-
Northwest Territories Health and Social Services Authority	749,260	807,859
NWT Housing Corporation	\$ -	\$ 23,853

Related party transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

29. FINANCIAL INSTRUMENTS

The Agency is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the

(i) Credit risk

Credit risk is the risk of financial loss to the Agency if a debtor fails to make payments of interest and principal when due. The Agency is exposed to this risk relating to its, cash, special purpose funds, trust assets and accounts receivable.

The Agency holds its cash, special purpose funds and trust assets deposits in trust accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

Accounts receivable are due from various governments, government agencies, corporations and individuals. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that a portion of accounts receivable are impaired based on specific identification as well as age of receivables.

These amounts are as disclosed in Note 8.

The Agency's maximum exposure to credit risk is represented by the financial assets for a total of \$968,855 (2017 - \$604,393).

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Agency in the event of a default. The Agency does have concentration of risk. At March 31, 2018, receivables from the GNWT and related parties accounted for 50% of the total outstanding accounts receivables. The Agency reduces this risk by monitoring overdue balances.

The Agency also has concentration of credit risk as deposits are held in one Canadian chartered bank.

Liquidity Risk

Liquidity risk is the risk that the Agency will not be able to meet all cash outflow obligations as they come due. The Agency mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. Total financial assets are \$3,201,674 (2017 - \$1,346,188) and financial liabilities are \$5,125,363 (2017 - \$3,906,134). The agency has disclosed future financial liabilities and commitments in Note 22.

**Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2018**

30. CONTINGENT ASSETS

Nil Report

31. CONTRACTUAL RIGHTS

At March 31, 2018, the Agency has entered into the following multi-year contribution agreements with the GNWT:

<u>Project</u>	<u>Terms/Conditions</u>
Enhanced Home Care	Apr 1 2014-Mar 31 2019

Future maximum contributions remaining under these agreements are as follows:

	<u>Enhanced Home Care</u>	<u>Total</u>
2019	375,835.00	375,835.00

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

32. EXPENSES BY OBJECT	<u>2018</u>	<u>2017</u>
HEALTH		
<u>Compensation</u>		
Severance and Superannuation	\$ (110,787)	\$ (129,705)
Salaries and Wages	12,807,917	12,112,057
Other	771,965	789,060
	<u>13,469,095</u>	<u>12,771,412</u>
<u>Other O&M</u>		
Grants and contributions	1,186,284	1,139,723
Valuation Allowances	-	-
Medical and Surgical Supplies	337,824	356,175
Amortization	23,778	23,778
Contracted & General Services	1,852,428	1,993,561
Other	689,019	636,079
	<u>4,089,332</u>	<u>4,149,315</u>
	<u>\$ 17,558,428</u>	<u>\$ 16,920,727</u>
EDUCATION		
Compensation	\$ 14,155,095	\$ 15,119,663
Other O&M	2,859,950	3,140,796
	<u>\$ 17,015,045</u>	<u>\$ 18,260,459</u>
OTHER		
Compensation	\$ -	\$ -
Other O&M	270,024	230,596
	<u>\$ 270,024</u>	<u>\$ 230,596</u>
OVERALL		
Compensation	\$ 27,624,191	\$ 27,891,075
Other O&M	7,219,307	7,520,707
	<u>\$ 34,843,497</u>	<u>\$ 35,411,782</u>

Tlicho Community Services Agency
Schedule A
Schedule of Contributions from the GNWT
For the year ended March 31, 2018

	(Unaudited) 2018 Budget		2018 Actual		2017 Actual
Contributions from the GNWT					
Core Contribution - Department of Health & Social Services					
Administration & Support Services					
Administration	\$ 700,000	\$	700,000	\$	700,000
Facility Maintenance & Support	35,000		35,000		-
Finance	173,000		173,000		173,000
System Support	68,000		64,000		53,000
Community Health Programs					
Community Clinics & Health Centres	5,458,000		5,458,000		5,446,000
Health Promotion & Community Wellness	315,000		315,000		315,000
Homecare & Support Services	697,000		697,000		697,000
Physician Services	785,000		785,000		785,000
Mental Health & Addictions	973,000		973,000		973,000
Residential Care Children & Adults	3,421,000		3,421,000		2,636,000
Community Social Programs					
Child & Family Services	2,566,000		2,566,000		2,549,000
Family Violence Prevention	31,000		31,000		31,000
Diagnostic & Therapeutic Services					
Diagnostic Services	17,000		77,000		-
Supplementary Health Programs					
Medical Travel	458,000		458,000		458,000
	15,697,000		15,753,000		14,816,000
Other Contribution - Department of Health & Social Services					
Enhanced Home Care - Schedule A -1	430,000		460,335		437,961
Victims of Family Violence - Schedule A-2	-		27,741		30,107
Mental Health First Aid Training - Schedule A-3	-		9,982		12,715
Asist - Schedule - A-4	-		9,375		17,978
	\$ 16,127,000	\$	16,260,433	\$	15,314,760
Total Contributions from the GNWT					

Tlicho Community Services Agency
Schedule A-1
Schedule of Detailed Contribution Funding and Expense
Home and Community Care Enhancement - (HSS01-0000002214)
Health & Social Services - GNWT
For the year ended March 31, 2018

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Funding			
GNWT - Department of Health & Social Services	\$ 430,000	\$ 230,168	\$ 437,961
Contribution Receivable	-	230,168	-
	<u>430,000</u>	<u>460,335</u>	<u>437,961</u>
Expenses			
Salaries	397,379	388,014	397,899
Materials and Supplies	4,000	8,966	2,413
Gasoline	3,000	2,434	1,987
Food	8,000	25,431	6,000
Vehicle Maintenance	3,500	4,742	4,000
Medical and Surgical Supplies	4,000	6,000	4,000
Delivery and Courier	2,500	4,917	855
Telephone	1,000	2,845	1,080
Travel	8,000	7,065	11,141
Equipment Maintenance	1,000	-	-
Minor Equipment	3,000	-	1,433
Contract Services	5,000	9,921	600
Functional Fitness for Falls Training	-	-	1,415
Continuing Care Manager - Supervisor Travel	-	-	5,138
	<u>440,379</u>	<u>460,335</u>	<u>437,961</u>
Excess Funding over Expense	<u>\$ (10,379)</u>	<u>\$ -</u>	<u>\$ -</u>

Tlcho Community Services Agency
Schedule A-2
Schedule of Detailed Contribution Funding and Expenses
Victims of Family Violence
For the year ended March 31, 2018

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Funding			
GNWT - Department of Health & Social Services	\$ -	\$ 8,623	\$ 30,107
Contribution Receivable	-	19,118	-
	-	<u>27,741</u>	<u>30,107</u>
Expenses			
Materials & Supplies	-	328	261
Travel	-	4,135	2,873
Administration cost	-	474	1,434
Contracted Services	-	22,454	10,612
Rental	-	350	14,927
	-	<u>27,741</u>	<u>30,107</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule A-3
Schedule of Detailed Contribution Funding and Expenses
Mental Health First Aid for Northern Peoples Tlicho Region
For the year ended March 31, 2018

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Funding			
GNWT - Department of Health & Social Services	\$ -	\$ 16,026	\$ 12,715
Contribution Repayable	-	(6,044)	-
	-	9,982	12,715
Expenses			
Facilitator Cost	-	2,753	1,726
Materials & Supplies	-	1,458	2,841
Travel	-	3,345	4,543
Administration cost	-	475	606
Rental	-	1,950	3,000
	-	9,982	12,715
Excess Funding over Expense	\$ -	\$ -	\$ -

Tlicho Community Services Agency
Schedule A-4
Schedule of Detailed Contribution Funding and Expenses
Applied Suicide Intervention Skills Training (ASIST) Tlicho Region
For the year ended March 31, 2018

	(Unaudited)		
	2018	2018	2017
	Budget	Actual	Actual
Funding			
GNWT - Department of Health & Social Services	\$ -	\$ -	\$ 17,978
Contribution Receivable	-	9,375	-
	-	<u>9,375</u>	<u>17,978</u>
Expenses			
Facilitator Cost	-	784	2,496
Materials & Supplies	-	1,749	8,336
Travel	-	4,315	3,790
Administration Cost	-	446	856
Rental	-	2,080	2,500
	-	<u>9,375</u>	<u>17,978</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>
Excess Funding over Expense			

**Tlcho Community Services Agency
Schedule B
Health Schedule of Reserves
For the year ended March 31, 2018**

	Surplus/Deficit		Leave & Termination		Special Projects		Total Reserves	
Balance, beginning of the year	-	-	-	-	-	-	-	-
Additions/Reductions to/from Reserves	-	-	-	-	-	-	-	-
Transfers between Reserves	-	-	-	-	-	-	-	-
Balance, end of the year	-	-	-	-	-	-	-	-

The Agency has no funds in reserves.

Tlcho Community Services Agency
Schedule C
Education Division
Schedule of Expenses
For the year ended March 31, 2018

	School Programs	Inclusive Schooling	Infrastructure	Administration	Aboriginal Languages	Other Projects	Totals
Salaries							
Teachers	\$ 7,272,667	\$ 809,998			\$ 888,706		\$ 8,971,371
Inst Asst.		1,132,193			247,237		1,379,430.02
Non-Inst Staff	2,124,100	453,005		857,533	378,737	49,465	3,862,839.78
Brd Honoraria				29,908			29,907.77
Employee Benefits							
Benefits/Allow Leave & Term.	102,575			17,568 (208,596)			120,142.48 (208,596.10)
Services Purchased / Contracted							
Prof & Tech Serv							-
Office Supp & Admin							-
Postage/Communication	99,151			56,283	881		156,315.37
Utilities							-
Travel/Training	57,837	126,072		27,575	52,519	35,751	299,753.99
Student Travel							-
Advert/Prntg/Pubshng	8,749						8,749.11
Main/Repair	5,258			883	1,940		8,080.18
Rentals/Leases	83,698			12,432	1,804		97,934.21
Vehicle Expense	149,983	103		82	6,359		156,527.14
Equipment Maintenance							-
Other	12,601	394		71,952	50		84,996.09
Contributed Services	73,119			19,935	75,000		168,054.70
Contracted Services	95,629	282,325		15,517	122,224	216,427	732,121.75
Renovations							-
Home Boarding Allowance	28,084						28,084.00
Materials / Supplies / Freight							
Materials	641,990	31,409		45,146	52,293	314,985	1,085,823.64
Furniture and Equipment					2,342		2,341.72
Freight	29,407	581		875	305		31,168.32
Total Expense	\$ 10,784,848	\$ 2,836,078	\$ -	\$ 947,093	\$ 1,830,398	\$ 616,628	\$ 17,015,045

**Tlicho Community Services Agency
Education - Contribution Agreements
Schedule C.1
Other Education Contributions
For the year ended March 31, 2018**

		<u>2018</u>	<u>2017</u>
		<u>Actual</u>	<u>Actual</u>
Contribution Agreement Revenue			
Aboriginal Languages	Schedule C-1	\$ 64,943	\$ 60,000
Take a Kid Trapping - Chief Jimmy Bruneau School	Schedule C-3	8,000	8,000
Take a Kid Trapping - Elizabeth Mackenzie Elementary School	Schedule C-4	8,000	8,000
Take a Kid Trapping - Jean Wetrade Gameti School	Schedule C-5	6,000	8,000
Take a Kid Trapping - Mezi Community School	Schedule C-6	8,000	8,000
Take a Kid Trapping - Alexis Arrowmaker School	Schedule C-7	7,700	-
Snack Program - Elizabeth Mackenzie Elementary School	Schedule C-8	16,141	3,689
Snack Program - Mezi Community School	Schedule C-9	1,240	7,660
Snack Program - Jean Wetrade Gameti School	Schedule C-10	-	6,997
Snack Program - Alexis Arrowmaker School	Schedule C-11	1,047	778
Snack Program - Chief Jimmy Bruneau School (Elementary)	Schedule C-12	1,707	1,709
Snack Program - Chief Jimmy Bruneau High School	Schedule C-13	8,628	8,472
Active After School - Chief Jimmy Bruneau High School	Schedule C-14	12,000	12,300
Active After School - Mezi Community School	Schedule C-15	16,500	17,300
Active After School - Alexis Arrowmaker School	Schedule C-16	16,800	17,300
Active After School - Jean Wetrade Gameti School	Schedule C-17	16,000	17,300
Active After School - Elizabeth Mackenzie Elementary School	Schedule C-18	15,300	12,300
Public Library Services - Mezi Community School	Schedule C-19	35,000	38,000
Public Library Services - Jean Wetrade Gameti School	Schedule C-20	35,000	38,000
Public Library Services - Elizabeth Mackenzie Elementary School	Schedule C-21	35,000	38,000
Public Library Services - Chief Jimmy Bruneau School	Schedule C-22	35,000	38,000
Food First Foundation - Jean Wetrade Gameti School	Schedule C-23	2,339	10,186
Food First Foundation - Elizabeth Mackenzie Elementary School	Schedule C-24	2,682	5,374
Food First Foundation (Kitchen Equip) - Mezi Community School	Schedule C-25	1,200	-
NWT Taste Makers - Food First Foundation	Schedule C-26	1,422	1,316
Breakfast Club - Jean Wetrade Gameti School	Schedule C-27	1,751	-
Breakfast Club - Elizabeth Mackenzie Elementary School	Schedule C-28	-	-
Youth Contribution (Music) - Chief Jimmy Bruneau School	Schedule C-29	5,000	5,000
Youth Contribution (Local Sport) - Jean Wetrade Gameti School	Schedule C-30	1,024	-
Youth Contribution (Local Sport) - Mezi Community School	Schedule C-31	1,054	-
Youth Contribution (Local Sport) - Alexis Arrowmaker School	Schedule C-32	-	1,100
Youth Contribution (School Trip) - Chief Jimmy Bruneau School	Schedule C-33	9,000	-
Drop the Pop	Schedule C-34	9,950	8,625
On the Land Collaborative - Elizabeth Mackenzie Elementary School	Schedule C-35	4,266	-
Self Regulation - Chief Jimmy Bruneau School	Schedule C-36	6,000	-
LMAPD	Schedule C-37	35,125	-
Yoga Fitness - Jean Wetrade Gaemti School	Schedule C-38	3,414	1,363
Literacy - Chief Jimmy Bruneau High School	Schedule C-39	-	4,900
Miscellaneous	Schedule C-40	184,596	233,533
		\$ 616,828	\$ 621,201

**Tlicho Community Services Agency
Education - Contribution Agreements
Schedule C.1
Other Education Contributions
For the year ended March 31, 2018**

		2018		2017
		<u>Actual</u>		<u>Actual</u>
Contribution Agreement Expenditures				
Aboriginal Languages	Schedule C-1	\$ 64,943	\$	69,327
Take a Kid Trapping - Chief Jimmy Bruneau School	Schedule C-3	8,000		8,020
Take a Kid Trapping - Elizabeth Mackenzie Elementary School	Schedule C-4	7,994		8,012
Take a Kid Trapping - Jean Wetrade Gameti School	Schedule C-5	6,084		7,998
Take a Kid Trapping - Mezi Community School	Schedule C-6	8,027		8,018
Take a Kid Trapping - Alexis Arrowmaker School	Schedule C-7	9,950		8,618
Snack Program - Elizabeth Mackenzie Elementary School	Schedule C-8	16,141		3,689
Snack Program - Mezi Community School	Schedule C-9	1,620		7,660
Snack Program - Jean Wetrade Gameti School	Schedule C-10	-		6,891
Snack Program - Alexis Arrowmaker School	Schedule C-11	1,047		778
Snack Program - Chief Jimmy Bruneau School (Elementary)	Schedule C-12	1,707		1,709
Snack Program - Chief Jimmy Bruneau High School	Schedule C-13	8,663		8,472
Active After School - Chief Jimmy Bruneau High School	Schedule C-14	13,514		12,307
Active After School - Mezi Community School	Schedule C-15	16,586		17,304
Active After School - Alexis Arrowmaker School	Schedule C-16	16,783		17,304
Active After School - Jean Wetrade Gameti School	Schedule C-17	16,003		17,319
Active After School - Elizabeth Mackenzie Elementary School	Schedule C-18	15,300		12,300
Public Library Services - Mezi Community School	Schedule C-19	35,111		38,009
Public Library Services - Jean Wetrade Gameti School	Schedule C-20	35,005		38,122
Public Library Services - Elizabeth Mackenzie Elementary School	Schedule C-21	35,015		38,163
Public Library Services - Chief Jimmy Bruneau School	Schedule C-22	35,436		38,153
Food First Foundation - Jean Wetrade Gameti School	Schedule C-23	2,339		12,174
Food First Foundation - Elizabeth Mackenzie Elementary School	Schedule C-24	2,812		5,374
Food First Foundation (Kitchen Equip) - Mezi Community School	Schedule C-25	1,220		-
NWT Taste Makers - Food First Foundation	Schedule C-26	1,440		1,233
Breakfast Club - Jean Wetrade Gameti School	Schedule C-27	1,751		-
Breakfast Club - Elizabeth Mackenzie Elementary School	Schedule C-28	-		-
Youth Contribution (Music) - Chief Jimmy Bruneau School	Schedule C-29	5,000		5,000
Youth Contribution (Local Sport) - Jean Wetrade Gameti School	Schedule C-30	1,187		-
Youth Contribution (Local Sport) - Mezi Community School	Schedule C-31	1,052		-
Youth Contribution (Local Sport) - Alexis Arrowmaker School	Schedule C-32	-		1,149
Youth Contribution (School Trip) - Chief Jimmy Bruneau School	Schedule C-33	9,136		-
Drop the Pop	Schedule C-34	7,697		-
On the Land Collaborative - Elizabeth Mackenzie Elementary School	Schedule C-35	4,266		-
Self Regulation - Chief Jimmy Bruneau School	Schedule C-36	7,613		-
LMAPD	Schedule C-37	32,422		-
Yoga Fitness - Jean Wetrade Gaemti School	Schedule C-38	2,985		1,363
Literacy - Chief Jimmy Bruneau High School	Schedule C-39	-		5,300
Miscellaneous	Schedule C-40	182,780		253,163
		\$ 616,628	\$	652,928
Excess Funding over Expenenses		\$ 200	\$	(31,727)

Tlicho Community Services Agency
Schedule C-1
Schedule of Specific Program
Aboriginal Languages
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ 60,000	\$ 269,000	\$ 60,000
GNWT - ECE Deferred	-	(204,057)	-
	<u>60,000</u>	<u>64,943</u>	<u>60,000</u>
Expenses			
Materials & Supplies	60,000	55,641	67,031
Training & Development	-	832	-
Travel	-	3,105	-
Contract Services	-	5,365	2,297
	<u>60,000</u>	<u>64,943</u>	<u>69,327</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,327)</u>

Tlich Community Services Agency
Schedule C-2
Schedule of Specific Program
Education Infrastructure
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Personnel Infrastructure			
Funding			
GNWT - ECE	\$ 150,000	\$ -	\$ 34,401
	<u>150,000</u>	<u>-</u>	<u>34,401</u>
Expenses			
Staffing:			
Advertising	-	-	-
Hiring Expenses	-	-	-
Employee Benefits:			
Removal In/Transfer	60,000	53,293	61,564
Ultimate Removal	-	-	-
Medical Travel Assistance	-	-	-
Dental Premiums	-	-	-
Family Assistance Program	-	-	-
WCB	90,000	83,816	94,770
Total Expenses	<u>150,000</u>	<u>137,108</u>	<u>156,334</u>
Surplus (Deficit)	<u>-</u>	<u>(137,108)</u>	<u>(121,933)</u>
Utilities and Leases			
Funding			
GNWT - ECE	-	-	-
Total Funding	<u>-</u>	<u>-</u>	<u>-</u>
Expenses			
Utilities:			
Fuel	-	-	-
Electricity	-	-	-
Water/Sewer	-	-	-
Boiler Maintenance	-	-	-
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Surplus (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (137,108)</u>	<u>\$ (121,933)</u>

Tlicho Community Services Agency
Schedule C-3
Schedule of Detailed Contribution Funding and Expenses
Take a Kid Trapping - Chief Jimmy Bruneau School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ENR	\$ -	\$ 8,000	\$ 8,000
	<hr/>		
Expenses			
Materials & Supplies	-	-	5,420
Contract Services	-	8,000	2,600
	<hr/>	<hr/>	<hr/>
	-	8,000	8,020
	<hr/>		
Excess Funding over Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20)</u>

Tlich Community Services Agency
Schedule C-4
Schedule of Detailed Contribution Funding and Expenses
Take a Kid Trapping - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ENR	\$ -	\$ 8,000	\$ 8,000
	<hr/>		
Expenses			
Materials & Supplies	-	1,638	2,656
Gasoline	-	906	506
Contract Services	-	5,450	4,850
	<hr/>		
	-	7,994	8,012
	<hr/>		
Excess Funding over Expense	\$ -	\$ 6	\$ (12)
	<hr/>		

Tlichu Community Services Agency
Schedule C-5
Schedule of Detailed Contribution Funding and Expenses
Take a Kid Trapping - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ENR	\$ -	\$ 6,000	\$ 8,000
Expenses			
Materials & Supplies	-	3,384	2,198
Contract Services	-	2,700	5,800
	-	<u>6,084</u>	<u>7,998</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (84)</u>	<u>\$ 2</u>

Tlicho Community Services Agency
Schedule C-6
Schedule of Detailed Contribution Funding and Expense
Take a Kid Trapping - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ENR	\$ -	\$ 8,000	\$ 8,000
	<hr/>		
Expenses			
Materials & Supplies	-	1,263	4,845
Gasoline	-	674	1,003
Contract Services	-	6,090	2,170
	<hr/>	<hr/>	<hr/>
	-	8,027	8,018
	<hr/>		
Excess Funding over Expense	<hr/>	<hr/>	<hr/>
	\$ -	\$ (27)	\$ (18)
	<hr/>		

Tlicho Community Services Agency
Schedule C-7
Schedule of Detailed Contribution Funding and Expenses
Take a Kid Trapping - Alexis Arrowmaker School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ENR	\$ -	\$ 7,700	\$ -
Expenses			
Materials & Supplies	-	4,072	-
Gasoline	-	624	-
Contract Services	-	3,000	-
	-	<u>7,697</u>	-
Excess Funding over Expense	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule C-8
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Children's Charity President's Choice (PC)	\$ -	\$ 10,000	\$ 13,700
Children's Charity President's Choice (PC) Deferred	-	(3,871)	-
Breakfast for Learning Deferred - PY	9,000	10,011	(10,011)
	<u>9,000</u>	<u>16,141</u>	<u>3,689</u>
Expenses			
Materials & Supplies (BFL)	9,000	10,201	3,689
Materials & Supplies (PC)	-	5,940	-
	<u>9,000</u>	<u>16,141</u>	<u>3,689</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule C-9
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Breakfast for Learning	\$ 3,000	\$ -	\$ 8,900
Breakfast for Learning Deferred - PY	-	1,240	(1,240)
	<u>3,000</u>	<u>1,240</u>	<u>7,660</u>
Expense			
Contract Services	3,000	1,620	7,660
	<u>3,000</u>	<u>1,620</u>	<u>7,660</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (380)</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule C-10
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Breakfast for Learning	\$ 2,000	\$ -	\$ 3,000
Breakfast for Learning Deferred - PY	-	-	3,997
	<u>2,000</u>	<u>-</u>	<u>6,997</u>
Expenses			
Materials & Supplies	2,000	-	6,891
	<u>2,000</u>	<u>-</u>	<u>6,891</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106</u>

Tlicho Community Services Agency
Schedule C-11
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Alexis Arrowmaker School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Breakfast for Learning	\$ 1,400	\$ -	\$ 2,200
Breakfast for Learning Deferred - PY	-	3,253	1,832
Breakfast for Learning Deferred	-	(2,206)	(3,253)
	<u>1,400</u>	<u>1,047</u>	<u>778</u>
 Expenses			
Materials & Supplies	1,400	1,047	778
	<u>1,400</u>	<u>1,047</u>	<u>778</u>
 Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Tlicho Community Services Agency
Schedule C-12
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Chief Jimmy Bruneau School (Elementary)
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Breakfast for Learning	\$ -	\$ 10,000	\$ 1,700
Breakfast for Learning Deferred	-	(9,984)	(1,691)
Breakfast for Learning Deferred - PY	1,000	1,691	1,700
	<u>1,000</u>	<u>1,707</u>	<u>1,709</u>
Expense			
Materials & Supplies	1,000	1,707	1,709
	<u>1,000</u>	<u>1,707</u>	<u>1,709</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tlcho Community Services Agency
Schedule C-13
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Chief Jimmy Bruneau High School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Breakfast for Learning	\$ 7,000	\$ -	\$ 9,000
Breakfast for Learning Deferred	-	-	(8,628)
Breakfast for Learning Deferred - PY	-	8,628	8,100
	<u>7,000</u>	<u>8,628</u>	<u>8,472</u>
Expenses			
Materials & Supplies	7,000	8,663	8,472
	<u>7,000</u>	<u>8,663</u>	<u>8,472</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (35)</u>	<u>\$ -</u>

**Tlicho Community Services Agency
Schedule C-14
Schedule of Detailed Contribution Funding and Expenses
Active After School - Chief Jimmy Bruneau High School
For the year ended March 31, 2018**

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Funding			
GNWT - MACA	\$ 12,000	\$ 12,000	\$ 12,300
Expenses			
Materials & Supplies	12,000	13,514	12,307
	<u>12,000</u>	<u>13,514</u>	<u>12,307</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (1,514)</u>	<u>\$ (7)</u>

Tlichon Community Services Agency
Schedule C-15
Schedule of Detailed Contribution Funding and Expenses
Active After School - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ 16,500	\$ 16,500	\$ 17,300
Expenses			
Materials & Supplies	16,500	10,466	14,027
Minor Equipment	-	-	3,277
Contract Services	-	6,120	-
	<u>16,500</u>	<u>16,586</u>	<u>17,304</u>
Excess Funding over Expenses	<u>\$ -</u>	<u>\$ (86)</u>	<u>\$ (4)</u>

Tlich Community Services Agency
Schedule C-16
Schedule of Detailed Contribution Funding and Expenses
Active After School - Alexis Arrormaker School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ 16,800	\$ 16,800	\$ 17,300
Expenses			
Materials & Supplies	16,800	13,073	16,914
Minor Equipment	-	-	390
Contract Services	-	3,711	-
	<u>16,800</u>	<u>16,783</u>	<u>17,304</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ (4)</u>

Tlich Community Services Agency
Schedule C-17
Schedule of Detailed Contribution Funding and Expenses
Active After School - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ 16,000	\$ 16,000	\$ 17,300
Expenses			
Materials & Supplies	16,000	16,003	17,319
	<u>16,000</u>	<u>16,003</u>	<u>17,319</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (3)</u>	<u>\$ (19)</u>

Tlicho Community Services Agency
Schedule C-18
Schedule of Detailed Contribution Funding and Expenses
Active After School - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ 15,300	\$ 15,300	\$ 12,300
Expenses			
Materials & Supplies	15,300	-	12,300
Contract Services	-	15,300	-
	15,300	15,300	12,300
Excess Funding over Expense	\$ -	\$ -	\$ -

Tlicho Community Services Agency
Schedule C-19
Schedule of Detailed Contribution Funding and Expenses
Public Library Services - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ 35,000	\$ 35,000	\$ 38,000
Expenses			
Salaries & Benefits	-	10,673	27,589
Materials & Supplies	8,750	2,300	10,420
Contract Services	26,250	22,138	-
	<u>35,000</u>	<u>35,111</u>	<u>38,009</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (111)</u>	<u>\$ (9)</u>

Tlicho Community Services Agency
Schedule C-20
Schedule of Detailed Contribution Funding and Expenses
Public Library Services - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ 35,000	\$ 35,000	\$ 38,000
Expenses			
Salaries & Benefits	-	11,414	35,124
Materials & Supplies	2,000	2,122	2,998
Contract Services	33,000	21,469	-
	<u>35,000</u>	<u>35,005</u>	<u>38,122</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ (122)</u>

Tlichon Community Services Agency
Schedule C-21
Schedule of Detailed Contribution Funding and Expenses
Public Library Services - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ 35,000	\$ 35,000	\$ 38,000
	<hr/>		
Expenses			
Salaries & Benefits	-	13,048	37,346
Materials & Supplies	1,500	1,494	817
Contract Services	33,500	20,472	-
	<u>35,000</u>	<u>35,015</u>	<u>38,163</u>
	<hr/>		
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (15)</u>	<u>\$ (163)</u>

Tlicho Community Services Agency
Schedule C-22
Schedule of Detailed Contribution Funding and Expenses
Public Library Services - Chief Jimmy Bruneau School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ 35,000	\$ 35,000	\$ 38,000
	<hr/>		
Expenses			
Salaries & Benefits	-	14,329	38,153
Contract Services	35,000	21,107	-
	<hr/>		
	35,000	35,436	38,153
	<hr/>		
Excess Funding over Expense	\$ -	\$ (436)	\$ (153)
	<hr/> <hr/>		

Tlicho Community Services Agency
Schedule C-23
Schedule of Detailed Contribution Funding and Expense
Food First Foundation - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>		<u>2018</u> <u>Actual</u>		<u>2017</u> <u>Actual</u>
Funding					
Food First Foundation	\$	-	\$	4,566	\$ 6,168
Food First Foundation Deferred				(2,227)	4,018
		-		<u>2,339</u>	<u>10,186</u>
 Expenses					
Materials & Supplies		-		2,339	12,174
		-		<u>2,339</u>	<u>12,174</u>
 Excess Funding over Expense	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$ (1,988)</u>

Tlich Community Services Agency
Schedule C-24
Schedule of Detailed Contribution Funding and Expense
Food First Foundation - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Food First Foundation	\$ -	\$ 2,056	\$ 5,781
Food First Foundation Deferred - PY	-	626	219
Food First Foundation Deferred	-	-	(626)
	<u>-</u>	<u>2,682</u>	<u>5,374</u>
Expenses			
Materials & Supplies	-	2,812	5,374
	<u>-</u>	<u>2,812</u>	<u>5,374</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (130)</u>	<u>\$ -</u>

Tlichu Community Services Agency
Schedule C-25
Schedule of Detailed Contribution Funding and Expenses
Food First Foundation (Kitchen Equip) - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Food First Foundation	\$ -	\$ -	\$ 1,200
Food First Foundation Deferred	-	1,200	(1,200)
	<u>-</u>	<u>1,200</u>	<u>-</u>
Expenses			
Materials & Supplies	-	1,220	-
	<u>-</u>	<u>1,220</u>	<u>-</u>
Excess Funding over Expense	<u>\$ -</u>	<u>(20) \$</u>	<u>-</u>

Tlicho Community Services Agency
Schedule C-26
Schedule of Detailed Contribution Funding and Expense
NWT Taste Makers - Food First Foundation
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Food First (NWT Taste Makers)	\$ -	\$ 2,120	\$ 1,142
Food First (NWT Taste Makers) Deferred	-	(1,720)	(1,022)
Food First (NWT Taste Makers) Deferred - PY	-	1,022	1,196
	<u>-</u>	<u>1,422</u>	<u>1,316</u>
Expenses			
Chief Jimmy Bruneau School	-	1,440	-
MEZI Community School	-	-	-
Jean Wetrade Gameti School	-	-	-
Alexis Arrowmaker School	-	-	1,233
	<u>-</u>	<u>1,440</u>	<u>1,233</u>
Excess Funding over Expense	\$ -	\$ (18)	\$ 83

Tlich Community Services Agency
Schedule C-27
Schedule of Detailed Contribution Funding and Expense
Breakfast Club - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>		<u>2018</u> <u>Actual</u>		<u>2017</u> <u>Actual</u>
Funding					
Breakfast Club of Canada	\$	-	\$	3,734	\$ -
Breakfast Club of Canada Deferred		-	(1,983)		-
		-	<u>1,751</u>		<u>-</u>
Expenses					
Materials & Supplies		-	1,751		-
		-	<u>1,751</u>		<u>-</u>
Excess Funding over Expense	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$ -</u>

Tlcho Community Services Agency
Schedule C-28
Schedule of Detailed Contribution Funding and Expense
Breakfast Club - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Breakfast Club of Canada	\$ -	\$ 5,000	\$ -
Breakfast Club of Canada Deferred	-	(5,000)	-
	-	-	-
Expenses			
Materials & Supplies	-	-	-
	-	-	-
Excess Funding over Expense	\$ -	\$ -	\$ -

Tlicho Community Services Agency
Schedule C-29
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Music) - Chief Jimmy Bruneau School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ -	\$ 5,000	\$ 5,000
Expenses			
Materials & Supplies	-	500	-
Travel	-	-	1,000
Contract Services	-	4,500	4,000
	-	5,000	5,000
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>

Tlicho Community Services Agency
Schedule C-30
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Local Sport) - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ -	\$ 1,024	\$ -
	<hr/>		
Expenses			
Materials & Supplies	-	912	-
Travel	-	275	-
	<hr/>		
	-	1,187	-
	<hr/>		
Excess Funding over Expense	\$ -	\$ (163)	\$ -
	<hr/> <hr/>		

Tlicho Community Services Agency
Schedule C-31
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Local Sport) - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ -	\$ 1,054	\$ -
Expenses			
Travel	-	1,052	-
Excess Funding over Expense	\$ -	\$ 2	\$ -

Tlicho Community Services Agency
Schedule C-32
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Local Sport) - Alexis Arrowmaker School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ -	\$ -	\$ 1,100
Expenses			
Materials & Supplies	-	-	1,149
	-	-	1,149
Excess Funding over Expense	\$ -	\$ -	(49)

Tlicho Community Services Agency
Schedule C-33
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (School Trip) - Chief Jimmy Bruneau School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>		<u>2018</u> <u>Actual</u>		<u>2017</u> <u>Actual</u>
Funding					
GNWT - MACA	\$ -	\$	4,000	\$	-
Tlicho Government	-		5,000		-
	-		<u>9,000</u>		-
Expenses					
Travel	-		9,136		-
	-		<u>9,136</u>		-
Excess Funding over Expense	<u>\$ -</u>	\$	<u>(136)</u>	\$	<u>-</u>

Tlicho Community Services Agency
Schedule C-34
Schedule of Detailed Contribution Funding and Expenses
Drop the Pop
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT HSS - CJBS	\$ -	\$ 3,000	\$ 1,725
GNWT HSS - MEZI	-	1,800	2,013
GNWT HSS - JWGS	-	1,450	1,438
GNWT HSS - EMES	-	2,100	2,300
GNWT HSS - Wekweeti	-	1,600	1,150
	<u>-</u>	<u>9,950</u>	<u>8,625</u>
Expenses			
Materials & Supplies - CJBS	-	2,500	1,722
Materials & Supplies - MEZI	-	1,152	1,352
Materials & Supplies - JWGS	-	1,520	1,437
Materials & Supplies - EMES	-	2,077	1,266
Materials & Supplies - Wekweeti	-	1,601	1,150
Contracted Services - CJBS	-	600	-
Contracted Services - MEZI	-	500	640
Contracted Services - EMES	-	-	1,050
	<u>-</u>	<u>9,950</u>	<u>8,618</u>
Excess Funding over Expense	\$ -	\$ 0	\$ 7

Tlicho Community Services Agency
Schedule C-35
Schedule of Detailed Contribution Funding and Expenses
On the Land Collaborative - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Tides Canada	\$ -	\$ 10,000	\$ -
Tides Canada Deferred	-	(5,734)	-
	<hr/>	4,266	<hr/>
Expenses			
Materials & Supplies	-	4,266	-
	<hr/>	4,266	<hr/>
Excess Funding over Expense	<hr/> \$ -	<hr/> \$ -	<hr/> \$ -

Tlicho Community Services Agency
Schedule C-36
Schedule of Detailed Contribution Funding and Expenses
Self Regulation - Chief Jimmy Bruneau School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ -	\$ 6,000	\$ -
	-	7,613	-
Expenses			
Materials & Supplies	-	7,613	-
	-	7,613	-
Excess Funding over Expense	\$ -	\$ (1,613)	\$ -

Tlcho Community Services Agency
Schedule C-37
Schedule of Detailed Contribution Funding and Expenses
LMAPD
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ -	\$ 35,125	\$ -
Expenses			
Contract Services	-	32,422	-
Excess Funding over Expense	<u>\$ -</u>	<u>\$ 2,703</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule C-38
Schedule of Detailed Contribution Funding and Expenses
Yoga Fitness - Jean Wetrade Gaemti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
NWT, Minister Responsible for Women	\$ -	\$ -	\$ 4,000
NWT, Minister Responsible for Women Deferred	-	-	(3,414)
NWT, Minister Responsible for Women Deferred - PY	-	3,414	777
	<u>-</u>	<u>3,414</u>	<u>1,363</u>
Expenses			
Materials & Supplies	-	2,985	1,363
	<u>-</u>	<u>2,985</u>	<u>1,363</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ 430</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule C-39
Schedule of Detailed Contribution Funding and Expenses
Literacy - Chief Jimmy Bruneau High School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
NWT Literacy	\$ -	\$ -	\$ 4,900
Expenses			
Materials & Supplies	-	-	5,300
Excess Funding over Expense	\$ -	\$ -	\$ (400)

Tlcho Community Services Agency
Schedule C-40
Schedule of Detailed Contribution Funding and Expenses
Miscellaneous
For the year ended March 31, 2018

Funding	2018 Budget	2018 Actual	2017 Actual
CJBS Miscellaneous	\$ -	\$ 2,624	\$ 8,896
CJBS Miscellaneous (Deferred)	-	(1,665)	37,993
CJBS Fundraising	-	22,308	-
CJBS Fundraising (Deferred)	-	(21,422)	-
CJBS Cultural Program (BHP & Ekati)	-	25,000	25,000
CJBS Cultural Program (BHP & Ekati)	-	25,000	(25,000)
CJBS Cultural Program (BHP & Ekati) Deferred	-	(15,993)	-
MEZI Miscellaneous	-	9,841	2,000
MEZI Miscellaneous (Deferred)	-	-	10,500
MEZI Fundraising (Deferred)	-	-	13,295
MEZI Cultural Program (BHP & Ekati)	-	25,000	25,000
MEZI Cultural Program (BHP Billiton) Deferred	-	(50,105)	10,277
MEZI Cultural Program (BHP Billiton) Deferred	-	25,105	(25,105)
JWGS Miscellaneous	-	2,625	26
JWGS Miscellaneous (Deferred)	-	-	9,471
JWGS Fundraising	-	13,000	4,080
JWGS Fundraising (Deferred)	-	(13,000)	1,461
JWGS Literacy	-	5,000	-
JWGS Literacy (Deferred)	-	(1,177)	1,368
JWGS Cultural Program (BHP & Ekati)	-	25,000	25,000
JWGS Cultural Program (BHP & Ekati) (Deferred)	-	18,728	(18,728)
JWGS Cultural Program (BHP & Ekati)	-	(15,266)	-
EMES Miscellaneous	-	9,335	10,611
EMES Miscellaneous (Deferred)	-	(3,766)	17,687
EMES Literacy (Tlcho Gouvernement)	-	16,997	5,000
EMES Literacy (Tlcho Gouvernement) Deferred	-	2,491	(2,491)
EMES Literacy (Tlcho Gouvernement) Deferred	-	(6,801)	-
EMES Cultural Program (BHP & Ekati)	-	25,000	25,000
EMES Cultural Program (BHP & Ekati) Deferred	-	(10,052)	18,121
EMES Cultural Program (BHP & Ekati) Deferred	-	19,074	(19,074)
AAS Miscellaneous	-	6,875	6,826
AAS Miscellaneous (Deferred)	-	(12,002)	7,525
AAS Miscellaneous (Deferred)	-	13,213	(13,213)
AAS Literacy	-	4,600	-
AAS Literacy (Deferred)	-	(2,395)	-
AAS Cultural Program (BHP & Ekati)	-	25,000	25,000
AAS Cultural Program (BHP & Ekati) Deferred	-	(26,857)	70,288
AAS Cultural Program (BHP & Ekati) Deferred	-	38,281	(38,281)
AAS Youth Contribution (School Trip)	-	5,000	-
Aboriginal Language (Tlcho Government)	-	-	15,000
	\$ -	\$ 184,596	\$ 233,533

Expenses				
CJBS Miscellaneous	\$	-	\$ 959	\$ 54,005
CJBS Fundraising		-	885	-
CJBS Cultural Program (BHP & Ekati)		-	34,007	
MEZI Miscellaneous		-	5,106	12,311
MEZI Fundraising		-	2,549	16,228
MEZI Cultural Program (BHP & Ekati)		-	-	10,172
JWGS Miscellaneous		-	1,196	9,639
JWGS Fundraising		-	-	6,750
JWGS Literacy		-	3,823	1,270
JWGS Cultural Program (Ekati)		-	28,463	6,272
EMES Miscellaneous		-	5,569	33,985
EMES Literacy (Tlichon Government)		-	12,686	2,509
EMES Bookfair		-	1,799	-
EMES Cultural Program (BHP & Ekati)		-	34,022	24,047
AAS Miscellaneous		-	8,086	1,138
AAS Literacy		-	2,205	-
AAS Cultural Program (BHP & Ekati)		-	36,424	57,007
AAS Youth Contribution (School Trip)		-	5,000	-
Aboriginal Language (Tlichon Government)		-	-	17,829
	\$	-	\$ 182,780	\$ 253,163
Excess Funding over Expense	\$	-	\$ 1,816	\$ (19,630)

Financial Statements of

**HAY RIVER HEALTH &
SOCIAL SERVICES AUTHORITY**

March 31, 2018

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Financial Statements

Year ended March 31, 2018

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Management Discussion and Analysis

Introduction

Hay River Health and Social Services Authority (HRHSSA) have a mandate to provide publicly-funded health and social services under the Hospital Insurance and Health and Social Services Administration Act. Services are provided to the residents of the town of Hay River, Hay River Reserve, Enterprise, Kakisa and Fort Resolution. It is the responsibility of the HRHSSA Public Administrator and Management to promote transparency and accountability. The preparation of the Management Discussion and Analysis is a go-forward method of acknowledging this responsibility.

Our vision is to have “healthy people living in healthy communities” and the strategic priorities are to:

- Promote a culture within the organization that encourages and supports quality improvement in the delivery of health and social programs.
- Improved access to quality health and social services through an integrated and coordinated care model.
- Promote healthy environments that allow the people of Hay River region to live healthy lifestyles.
- Provide a healthy, safe workplace that is able to attract, support and retain a competent and skilled workforce.
- Provide health and social services that are sustainable and accountable.
- Establish a culture of client safety that minimizes hazards and client harm by focusing on processes of care.

Although HRHSSA has remained a separate Authority, we continue to work in collaboration with the Department of Health and Social Services, Tlicho Community Services Agency and the Northwest Territories Health and Social Services Authority. System transformation has provided an opportunity for improved access to services and quality of care. The Management and staff have continued to strive to provide the best health and best care to all of our clients.

Michael Maher is our Public Administrator and Erin Griffiths, our CEO, lead the Management Team. Members of the Senior Management Team are Frances Aylward, Director of Client Care Services, Carol Heron-Colosimo, Director, Social Programs, Jennifer Croucher, Manager, Human Resources and Doug MacLennan, Director of Finance and Administration.

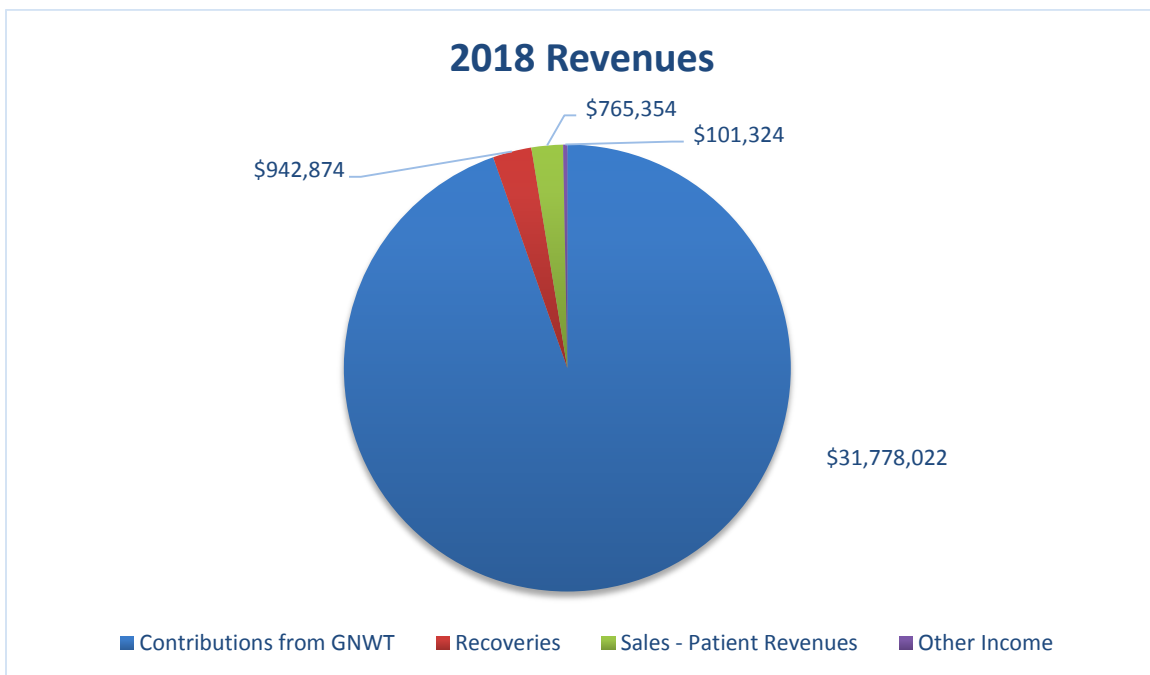
The last three years have shown a decline in the annual deficit due to an increase in the net value of the pension plan asset. The financial statements present an accumulated surplus of \$7,304,893. Included in the deficit is a \$500,000 cash reserve. If we remove the pension plan asset and cash reserve from the effects of the accumulated surplus, there is a resulting adjusted

accumulated deficit of \$5,659,107. This adjusted deficit is due to a non-cash transaction that is based on the requirement to account for the pension liability on a going concern basis. At year end the market value of the pension fund assets were \$12,464,000 higher than the pension obligation.

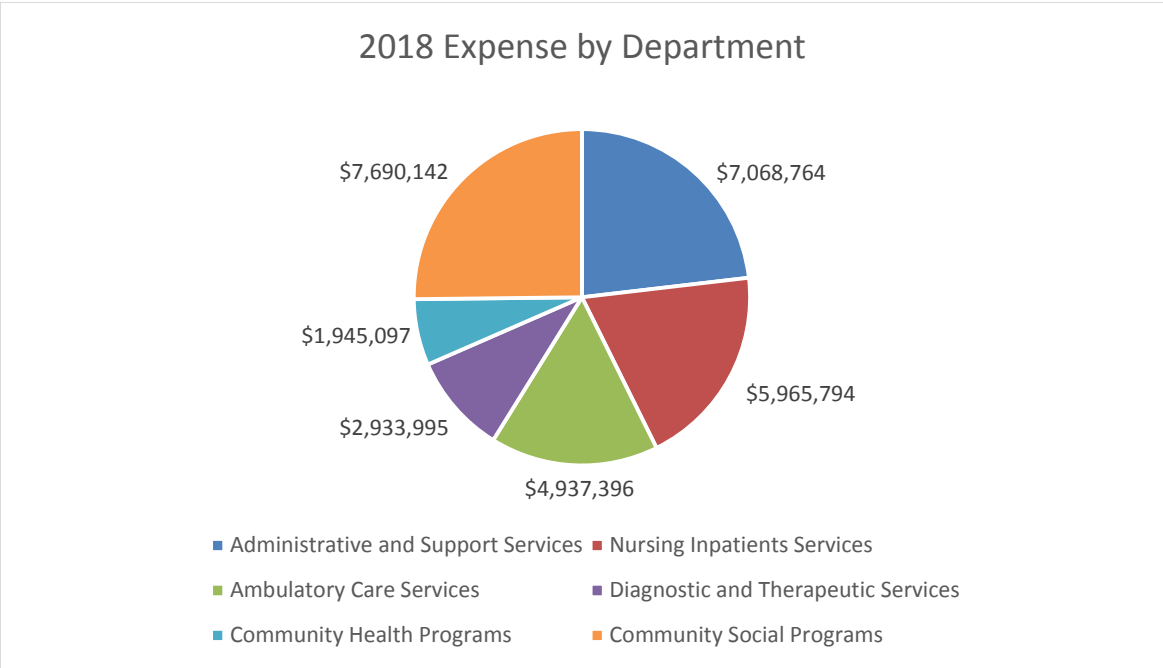
Support services include Human Resources, Finance, Information Services, Materials Management, Housekeeping, Laundry services, Registration, Engineering services, Dietary, Medical Records and Electronic Medical Records. The cost of providing basic services continue to grow; however, Management and staff continuously strive to reduce operating expenditures. Support services costs continue to rise as we face the challenge of recruitment of staff. Ambulatory care costs fluctuate based on the number of locum Physicians that are recruited each year.

Financial Highlights

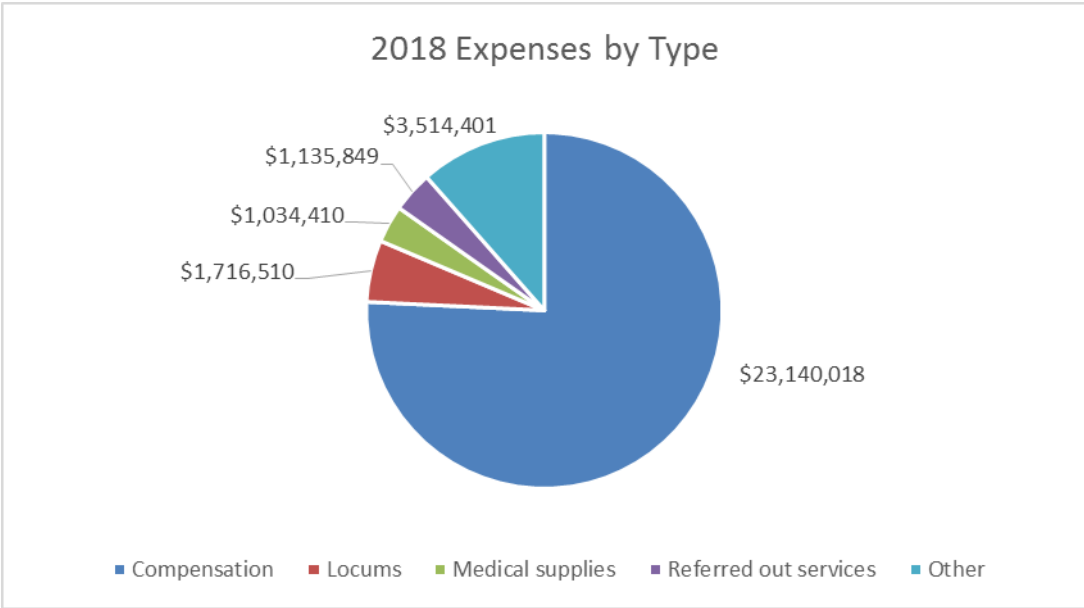
The Authority had just over \$33.5M in revenues for the year of which 96% of the funds received were obtained from the GNWT, which is consistent with prior years



The following two charts show the breakdown of expenses by department and by type of expense. Expenses by department show that the largest spending in the Authority exists within the Administration and Support Services, Community Social Programs and Nursing Inpatient Services.

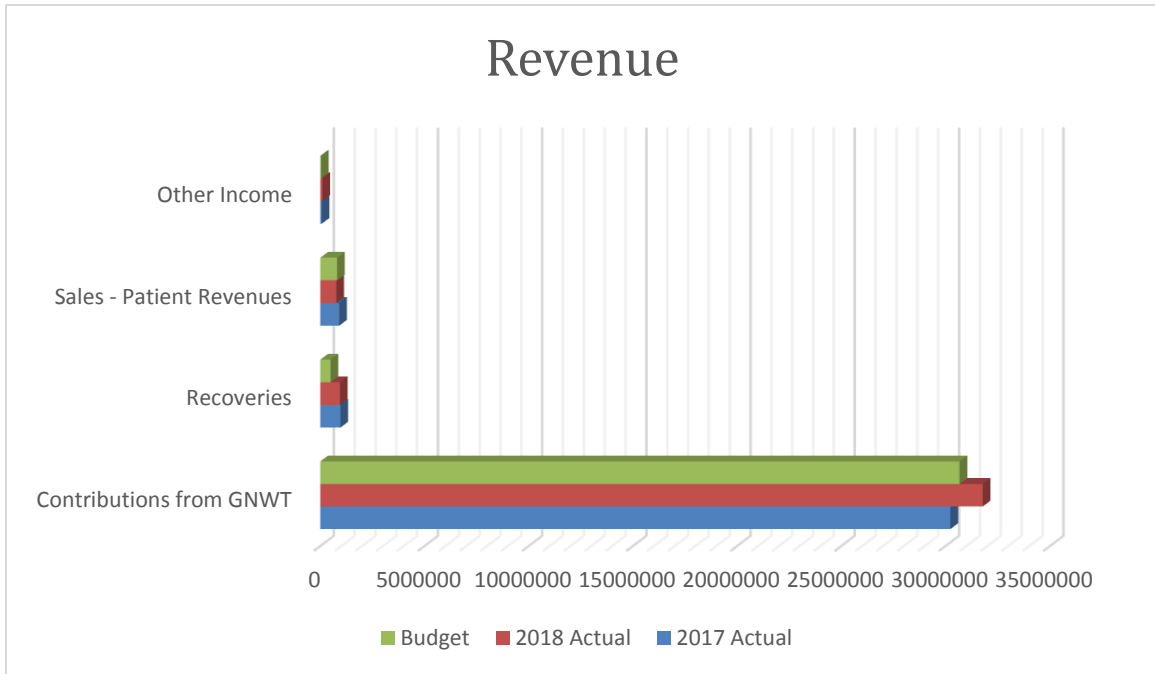


Consistent with prior years, wages account for 76% of total spending. Other costs include items such as supplies, referred out services, purchased services personnel, rent, equipment maintenance and other costs associated with the operation of the Authority.



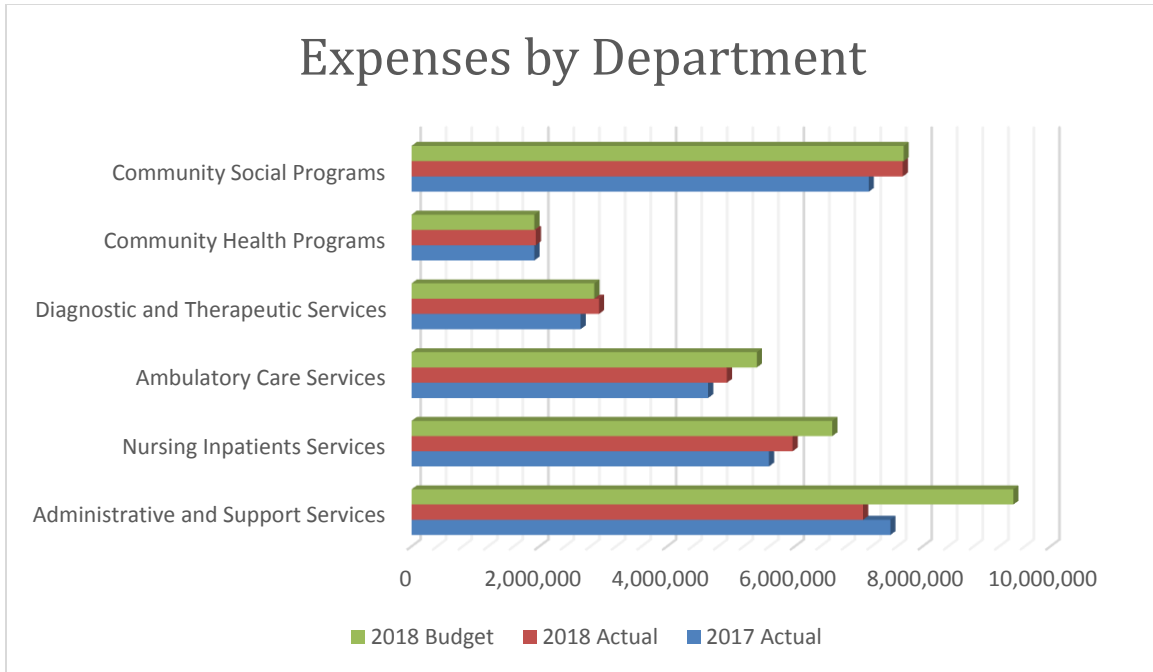
This next group of charts show the current year, prior year and budget numbers for comparative purposes.

Revenues allocations from year to year and current year to budget are consistent with expectations and no significant variances exist with the exception of the increased Contributions from the GNWT to help fund pension special payments.



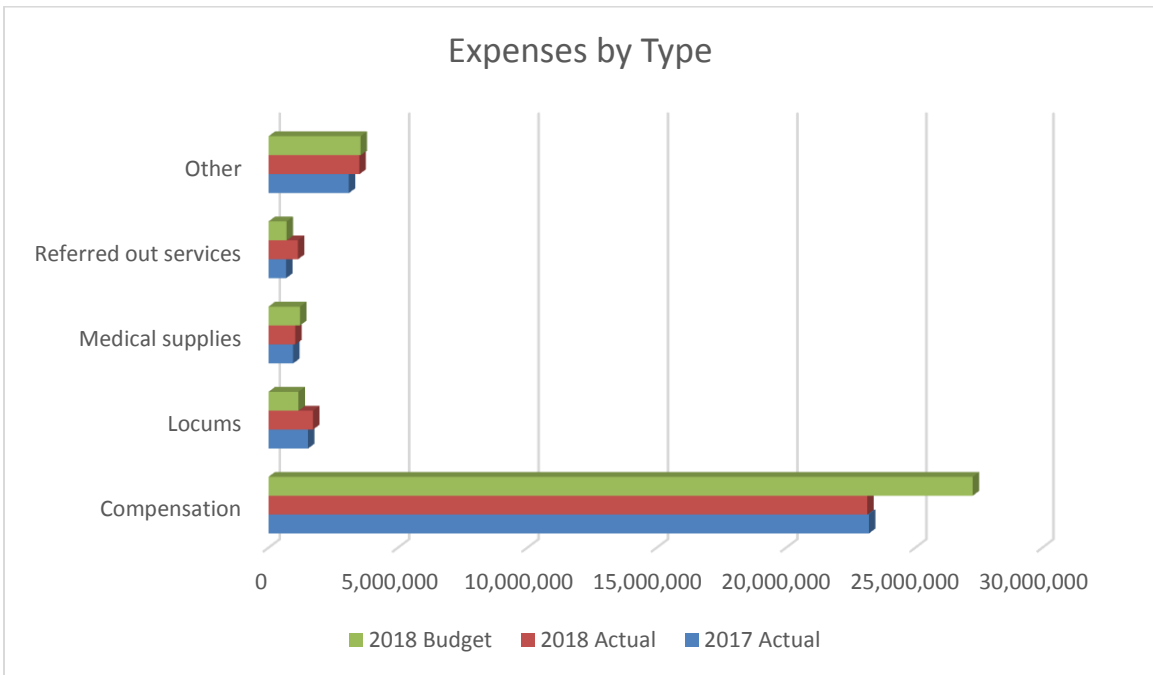
In comparing the current year expenses by department to budget, administration costs are lower than budgeted as they include the pension special payments of \$1.5M, which was budgeted at half that costs incurred, and the unrealized gain in the pension plan financial asset of \$3M. The variance in Nursing Inpatient Services from budget is due to vacant positions held in the year. Compared to the prior year values, Nursing Inpatient Services has increased due to further transitioning into a new hospital facility and the additional staffing requirements of that facility.

Expenses by Department



In comparing expenses by type, there were several positions that were budgeted for, but not filled due to lack of qualified applicants and funding constraints. The other identifiable variance is in locum fees, which we can see the current year costs were both more than budget and the prior year. This is a direct result of the increased demand in services.

Expenses by Type



As expected in the year, the Authority incurred considerable wages and compensation as they continue to transition to the new location.

Operating Environment

HRHSSA's strength has always been a dedicated and long standing staff in front-line and Manager/Supervisory roles that are dedicated to providing quality care to clients. Management and staff are conscious of our deficit and make decisions that save money and time.

Communication between departments remains a challenge as staff are busy and have been relocated to separate facilities, and some communications do not reach the target. During the year there were 15,665 patients seen in the medical clinic (1,151 no-show clients) and 5,728 emergency visits with 1,900 ER visits being from level 1 to level 3.

Social Programs in the Northwest Territories has experienced a transformation in the way we provide services to the public. Child and Family Services have implemented new Standards, tools and an Action Plan designed to improve the quality of services that is consistent throughout the NWT. Currently all 3 Authorities have trained our Child Protection Workers in the first of six Structured Decision Making Tools, designed to better engage clients and their families, improve the quality of services and better support Child Protection Workers.

Community Counselling Programs have introduced new Standards effective April 1, 2016. The intent of the new standards is to improve the processes and implement procedures which address efforts being made to enhance services. High caseloads and long waitlists for clients continue to be of greatest concern. The lack of resources to further enhance programming after hours, etc., can potentially jeopardise the balance of this highly qualified and motivated group. Additional resources to this program could potentially decrease the waitlist in less time.

Healthy Families statistics continue to grow on a monthly basis. There are 68 regular families this team of two staff provide services to. Programming has been maintained due to the consistent staffing compliment. With an increase in clients this program's main challenge is the lack of resources in which to expand their program to adequately meet the client's needs. Currently any group activities are organized utilizing outside partners such as the Katlodeeche First Nation. Accessing space in the Community increases rental fees. Our staff, have created a number of partnerships with new programs in the Northwest Territories and have been a lead mentoring these newer programs. This program has also developed positive community partnerships

Financial Conditions

The financial health of the Authority is in critical condition as the deficit continues to grow and the cash flow continues to decline. The accumulated adjusted deficit can mainly be attributed to staffing costs, which include wages, compensation and locum fees, and account for just over 81% of our spending. Relocation, responsibility pay, maternity/paternity, severance, overtime and standby costs are not included in the core funding. These unfunded items of the collective agreement totalled over \$1,445,783. Further there are non-budget items such as sick, special,

education and discretionary leaves totalling in excess of \$1,294,233 and a shortfall in medical travel of \$166,014.

With cash of \$1,468,825 and current liabilities of \$2,891,010 it is evident that the liquidity of the Authority is a concern. There is always a constant struggle in the last quarter to ensure bills are paid and payroll is met. In addition to the above mentioned liabilities, there are disputed contributions repayable to the GNWT in the amount of \$2,353,808, which have not been repaid due to cash flow.

The financial statements identify a surplus from operations in the year of \$3,046,386. However, this amount includes both the pension plan and the employee leave and termination benefits. Once these unfunded amounts are backed out of the surplus, the result is a deficit of \$52,827.

	2018 Budget	2018 Actual	2017 Actual
Operating Surplus (Deficit)	(1,899,428)	3,046,386	2,717,684
Unfunded items			
(Increase) Decrease in post-employment benefits, Note 12	-	(2,957,000)	(3,161,000)
(Increase) Decrease in employee future benefits and compensated absences, Note 13	-	(142,213)	69,256
Adjusted operating surplus (deficit) before the undemoted	-	(52,827)	(374,080)
Tangible Capital Assets - Rent Expense, Note 15	-	(1,919,038)	(1,984,087)
Grant-In-Kind - GNWT assets provided at no cost, Note 15	-	1,919,038	1,984,087
Adjusted operating surplus (deficit) for the year	\$ -	\$ (52,827)	\$ (374,080)



Erin Griffiths
 Chief Executive Officer
 Hay River Health and Social Services Authority



Hay River Health & Social Services Authority | Administration des services de
santé et des services sociaux de Hay River
37911 MacKenzie Highway | 37911, route MacKenzie
Hay River, NT X0E 0R6

June 29, 2018

Minister Glen Abernethy
Health and Social Services
5015-49th Street
PO Box 1320
Yellowknife, NT X1A 2L9

Dear Minister,

RE: Management Responsibility for Financial Reporting for the year ended March 31, 2018

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Hay River Health Authority have been conducted within the statutory powers of the Health Authority. The operations and administration of the Health Authority as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Financial Administration Act, CPSAS, FAM, Human Resources Manual, Ministerial Directives and the policies of the Health Authority Board. Any noncompliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing

standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Health and Social Services of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Hay River Health and Social Services Authority


_____ CEO

INDEPENDENT AUDITORS' REPORT

To the Minister of Health and Social Services and
the Chief Executive Officer

Report on the Financial Statements

We have audited the operating fund balance sheet of the Hay River Health & Social Services Authority as at March 31, 2018 and the statements of operations, equity, and changes in financial position for the year then ended and a summary of significant accounting policies and other explanatory information. We have also audited the revenues and expenditures of all programs funded through contribution agreements by the Department of Health and Social Services which total \$250,000 or more, as listed in Schedule A and A-1.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the standards set forth by the 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in 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.

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

Basis for Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2018 and the results of its operations and cash flow for the year then ended in accordance with the standards set forth by the Public Sector Accounting Board. Furthermore, in our opinion, these statements present fairly, in all material respects, the revenues and expenditures of all programs funded through contribution agreements with the Department of Health and Social Services which total \$250,000 or more in Schedule A and A-1 for the year ended March 31, 2018, in accordance with the provisions established by the individual contribution agreements.



ASHTON
Chartered Accountants
Business Advisors

Hay River, NT
June 26, 2018

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Financial Position

Statement I

March 31, 2018

	2018	*2017
Financial Assets		
Cash and cash equivalents, Note 4	\$ 1,468,825	\$ 908,800
Accounts receivable, Note 7	511,509	324,459
Due from Government of Canada, Note 10	521	1,660
Trust assets, Note 14	76,391	100,579
Pensions asset, Note 12	12,464,000	9,507,000
Total Financial Assets	\$ 14,521,246	\$ 10,842,498
Liabilities		
Accounts payable and accrued liabilities, Note 9	1,079,074	1,616,990
Employee and payroll-related liabilities, Note 9	1,736,295	1,505,228
Due to Government of Canada, Note 10	590	-
Contributions repayable, Note 26	2,354,505	2,007,434
Employee future benefits and compensated absences, Note 13	1,643,504	1,785,717
Accountable capital advance, GNWT, Note 28	5,829	5,829
Deferred revenue, Note 25	797,633	56,633
Trust liabilities, Note 14	75,051	100,579
Total Liabilities	7,692,481	7,078,410
Net Financial Assets (Debt)	\$ 6,828,765	\$ 3,764,088
Non-Financial Assets		
Inventory held for use, Note 8	\$ 204,014	\$ 226,013
Prepaid expenses and deposits, Note 27	272,114	208,967
Total Non-Financial Assets	\$ 476,128	\$ 434,980
Accumulated Surplus (Deficit), Note 29	\$ 7,304,893	\$ 4,199,068

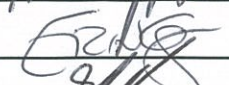
* Reclassified for comparative purposes

Contractual obligations, Note 16

Contingent liabilities, Note 17

Approved on behalf of the Authority:


Public Administrator


Chief Executive Officer


Director of Finance

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Operations

Statement II

For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Actual
Revenue			
Contributions from GNWT, Schedule A	\$ 30,670,631	\$ 31,778,022	\$ 30,235,106
Recoveries	493,450	942,874	965,200
Sales - Patient Revenues	806,120	765,354	904,616
Contributions from Other Sources	-	-	5,550
Other Income	-	51,268	31,502
Interest	30,000	50,056	33,232
Total Revenue	32,000,201	33,587,574	32,175,206
Expenses			
Administrative and Support Services	9,420,713	7,068,764	7,495,577
Nursing Inpatients Services	6,586,703	5,965,794	5,594,739
Ambulatory Care Services	5,405,379	4,937,396	4,641,529
Diagnostic and Therapeutic Services	2,861,164	2,933,995	2,646,200
Community Health Programs	1,922,260	1,945,097	1,922,582
Community Social Programs	7,703,410	7,690,142	7,156,895
Supplementary Health Programs	-	-	-
Undistributed	-	-	-
Total Expenses, Note 24	33,899,629	30,541,188	29,457,522
Operating Surplus (Deficit)	(1,899,428)	3,046,386	2,717,684
Unfunded items			
(Increase) Decrease in post-employment benefits, Note 12	-	(2,957,000)	(3,161,000)
(Increase) Decrease in employee future benefits and compensated absences, Note 13	-	(142,213)	69,256
Adjusted operating surplus (deficit) before the undernoted	-	(52,827)	(374,060)
Tangible Capital Assets - Rent Expense, Note 15	-	(1,919,038)	(1,984,087)
Grant-In-Kind - GNWT assets provided at no cost, Note 15	-	1,919,038	1,984,087
Adjusted operating surplus (deficit) for the year	\$ -	\$ (52,827)	\$ (374,060)
Opening Accumulated Surplus (Deficit)		\$ 4,199,068	\$ 1,481,384
Prior year restricted physician funds allocated		59,439	-
Operating Surplus (Deficit)		3,046,386	2,717,684
Closing Accumulated Surplus (Deficit)		\$ 7,304,893	\$ 4,199,068

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Changes in Net Financial Resources

Statement III

For the year ended March 31, 2018

	2018	2017
Annual surplus (deficit)	\$ 3,046,386	\$ 2,717,684
Adjustments		
Prior year funding received	59,439	-
(Increase) decrease in inventory	21,999	(55,425)
(Increase) decrease in prepaids and deposits	(63,147)	31,439
Increase (Decrease) in net financial assets	3,064,677	2,693,698
Net financial resources, beginning of year	3,764,088	1,070,390
Net financial resources, end of year	\$ 6,828,765	\$ 3,764,088

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Cash Flow

Statement IV

For the year ended March 31, 2018

	2018	2017
Operating Activities		
Annual surplus (deficit)	\$ 3,046,386	\$ 2,717,684
Add prior year restricted physician funds allocated	59,439	-
Items not affecting cash:		
(Increase) Decrease in pensions, Note 12	(2,957,000)	(3,161,000)
	(2,957,000)	(3,161,000)
Changes in non-cash assets and liabilities		
Decrease (increase) in due to/from the Government of Canada	1,729	(1,660)
Decrease (increase) in accounts receivable	(187,050)	9,528
Decrease (increase) in inventory	21,999	(55,425)
Decrease (increase) in prepaids	(63,147)	31,439
Increase (decrease) in accounts payable and payroll liabilities	(306,849)	(107,732)
Increase (decrease) in contributions repayable	347,071	759,011
Increase in employee future benefits	(142,213)	69,256
Increase (decrease) in capital advances	-	-
Increase (decrease) in deferred revenues	741,000	(789,197)
Increase (decrease) in trust liability	(25,528)	29,698
	387,012	(55,082)
Cash from operations	535,837	(498,398)
Financing Activities	-	-
Investing Activities	-	-
Change in cash during the year	535,837	(498,398)
Cash, beginning of year	1,009,379	1,507,777
Cash, end of year	\$ 1,545,216	\$ 1,009,379
Cash consists of :		
Cash and cash equivalents, Note 4	\$ 1,468,825	\$ 908,800
Trust asset, Note 14	76,391	100,579
	\$ 1,545,216	\$ 1,009,379

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 1. Hay River Health & Social Services Authority

The Hay River Health & Social Services Authority (the "Authority") was incorporated under the Societies Act, and operates under the Hospital Insurance and Health and Social Services Act of the Northwest Territories. The Authority was established on November 1, 2003 to manage, control and operate the public health facilities and services assigned to it by the Government of the Northwest Territories Department of Health and Social Services.

The Authority is a public body performing a function of the Government of the Northwest Territories. Paragraph 149(1)(c) of the Federal Income Tax Act provides that a public body performing a function of government in Canada is exempt from taxation.

Note 2. Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Canadian Public Sector Accounting Board and by the directive of the Government of the Northwest Territories - Department of Health and Social Services (DHSS). Significant aspects of the accounting policies adopted by the Authority are as follows:

The financial statements do not include the assets, liabilities and activities of any organizations that are related to the Authority, such as the Hay River Health and Wellness Foundation.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recorded 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.

Fund Accounting

The accounts of the Authority are maintained in accordance with fund accounting procedures. The operations of the Authority are segregated for the purpose of carrying on specific activities or attaining certain objectives. Funds established by the Authority are as follows:

Operating Fund - activities associated with the Authority's daily operations.

Employee Leave and Termination Liability Fund - reflecting activities in employee leave and termination benefits combined with any amounts transferred from operations to fund these liabilities. This fund represents liabilities which will be funded in the year they become due through regular annual allocations from the Government of the Northwest Territories (GNWT).

Revenue and Expenditure Recognition

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimating is impracticable.

The Authority is primarily funded by the GNWT in accordance with budget arrangements established by the DHSS. Under the arrangement, the Authority is responsible for the net deficit from operations and is allowed to retain surpluses from core programs. Any capital funding not spent may be retained for future capital purchases. These policies do not apply to contribution agreements, where an accounting of and return of surpluses may be required.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 2. Significant Accounting Policies (continued)

Revenue and Expenditure Recognition (continued)

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except for the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenues when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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 eligible criteria have been met and reasonable estimates of the amounts can be determined.

The Authority follows the deferral method of accounting for restricted contributions. These revenues are recognized in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Expenditures recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and balances within banks, net of outstanding cheques, and are not subject to significant risk of changes in value.

Reserves

The DHSS policy requires the Authority to establish the following reserves:

Surplus Reserve - reflects funds maintained in a reserve according to the DHSS Operations and Maintenance Surplus Retention Policy.

Employee Future Benefit Reserve - the funds received in advance for the severance liability of employees who were transferred to the Authority from the GNWT. These liabilities are reduced as employees are paid out upon termination of employment with the Authority.

Cash Reserve - established for the purpose of assisting with any future short-term cash deficiency. Withdrawals from the reserve will be made only when an insufficient cash balance exists to make necessary payments. Appropriations to this reserve will be done to maintain the \$500,000 balance as approved by the GNWT.

The Authority does not have sufficient funds to cover these reserves.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 2. Significant Accounting Policies (continued)

Tangible Capital Assets

The GNWT retains ownership of all tangible assets (TCA) used by the Authority, or purchased by the Authority (regardless of source of funding for the purchase). The GNWT amortizes TCAs over the estimated useful lives of the assets at the rates established in the Financial Administration Manual of the GNWT over the following terms:

Buildings	40 years
Hardware and Software Systems	5 - 10 Years
Major Medical Equipment	5 - 15 Years
Leasehold Improvements	Lesser of useful life or lease term plus renewal

The TCAs used by the Authority and held on behalf of, or in trust for, the GNWT are not recognized by the Authority in the financial statements.

The statement of operations reflects the Rent Expense amount that would otherwise be considered amortization expense for the fiscal year with an offsetting corresponding amount as a Grant-In-Kind revenue.

Inventories of Supplies

Inventories of supplies include inventory held for use in the process of providing the services of the Authority. Inventories consist of equipment and parts, pharmaceuticals and office supplies, which are distributed to clients at no or nominal charges. Inventory is recorded at the lower of cost and replacement value. Cost is determined on a first-in, first-out basis using average cost.

Employee Future Benefits and Compensated Absences

Under the terms and conditions of employment, health authority employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render services. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides services, whereas parental and maternity leave are event driven and are recognized when the leave commences.

For benefits earned prior to September 1, 1996 but still outstanding, no accrual is made for contingent revenue as described in Note 13. The GNWT portion is reported as a separate unfunded liability on the balance sheet and is also reported in the accumulated deficit in the Leave and Termination Liability Fund. The revenue is expected to be received and recorded in the year that the outstanding liability falls due.

Pensions

Pension benefits to the Retirement Plan for Employees of the Hay River Health and Social Services Authority are reported on an actuarial going concern basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

The Authority and its contracted physicians make contributions to a physician directed investment fund administered by the Government of Canada. These contributions represent the total pension liability of the Authority and are recognized in the accounts on a current basis.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 2. Significant Accounting Policies (continued)

Financial Instruments

All significant financial assets, liabilities and equity instruments of the Authority are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, credit risk, liquidity risk and actuarial risk. Where practical the fair values of financial assets and liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

The Authority classifies its financial instruments at cost or amortized cost.

The Authority's accounting policy for this financial instrument category is as follows:

This category includes cash, trust assets, accounts receivable, accounts payable and accrued liabilities, payroll liabilities, capital advances, and trust liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Financial instruments with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized costs and tested for impairment at each reporting date. Any impairments of the financial assets is charged to income in the period in which the impairment is determined. In the event that a previously impaired asset decreases and the decrease can be related to an event that occurred after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations

Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Non-Financial Assets

Non-financial assets are accounted for as assets by the Authority because they can be used to provide government services in futures periods. These assets are not available to discharge existing liabilities. 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 consolidated change in net financial assets (debt) for the year.

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 2. Significant Accounting Policies (continued)

Segmented Information

The Hay River Health & Social Services Authority segments its operations for financial reporting purposes based upon areas of service type. This information is provided on the statement of operations.

Note 3. Future Accounting Changes

Financial Instruments - Section PS 3450

PSAB has implemented changes to Section PS 3450, Financial instruments that outlines offsetting of financial assets and financial liabilities and the valuation of investments to be measured at fair value. These changes are to be applied on a go forward basis for all fiscal years beginning on or after April 1, 2019. The impact of the transition to these changes has not yet been determined.

Note 4. Cash and Cash Equivalents

	2018	2017
Cash	\$ 1,468,825	\$ 908,800

Note 5. Special Purpose Funds - Nil Report

Note 6. Portfolio Investments - Nil Report

Note 7. Accounts Receivable

	Receivables 2018	AFDA 2018	Net 2018	Net 2017
Due from GNWT - HSS	\$ 342,165	\$ -	\$ 342,165	\$ 194,655
Due from GNWT - Finance	13,659	-	13,659	16,237
Due from GNWT - Human Resources	14,061	-	14,061	-
Due from Government of Nunavut	-	-	-	-
Due from WSCC	28,517	-	28,517	32,033
Due from NTHSSA	17,550	-	17,550	25,116
Hay River Hospital & Wellness Foundation	13,975	-	13,975	-
GST rebate receivable	8,548	-	8,548	11,937
General accounts receivable	150,575	(77,541)	73,034	44,481
	\$ 589,050	\$ (77,541)	\$ 511,509	\$ 324,459

Note 8. Inventories

	2018	2017
General	\$ 15,130	\$ 19,322
Medical and surgical	157,711	175,260
Laboratory	10,406	10,750
Pharmaceutical	20,767	20,681
	\$ 204,014	\$ 226,013

Inventories are held for consumption in the process of providing services and are distributed at no charge or for a nominal fee.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 9. Accounts Payable and Accrued Liabilities

	2018	2017
Due to GNWT - HSS	\$ 29,627	\$ 53,571
Due to GNWT - Finance	33,746	-
Due to GNWT - Justice	100	-
Due to GNWT - Infrastructure	-	7,285
Due to NTHSSA	29,108	126,971
Due to Government of Nunavut	-	-
Due to WSCC	-	-
Hay River Hospital & Wellness Foundation	726	-
Accounts payable and accrued liabilities	921,794	1,358,389
Unspent donations	18,156	19,225
Special purpose fund liabilities	45,817	51,549
	1,079,074	1,616,990
Payroll liabilities	1,736,295	1,505,228
	\$ 2,815,369	\$ 3,122,218

Note 10. Due From and To the Government of Canada

	2018	2017
Receivables		
Projects on behalf of the Government of Canada	\$ -	\$ -
Miscellaneous receivable	521	1,660
	\$ 521	\$ 1,660
Payables		
Advances for projects on behalf of the Government of Canada	\$ -	\$ -
Miscellaneous payables	590	-
	\$ 590	\$ -

Note 11. Capital Lease Obligations - Nil Report

Note 12. Pensions

The Authority sponsors a contributory defined benefit pension plan for substantially all of its employees called "Retirement Plan for Employees of the Hay River Health and Social Services Authority". The net value of the plan asset and liability is recorded on the statement of financial position based on the funded status of the plan on a going concern valuation performed by an independent actuary. An actuary valuation is done on an annual basis of January 1 and is extrapolated to March 31 for presentation on the financial statements. The extrapolation assumes that from January 1 to March 31 the plan will follow the pattern from the January 1 valuation exactly, but actual contribution amounts are used.

Employees are required to contribute 8.15% of their pensionable earnings up to the yearly maximum pensionable earnings (YMPE) plus 10.4% of their earnings, if any, in excess of the YMPE. The Authority contributes to the plan 1.79 times the employee portion and provides additional funding when the present value of the obligation under the solvency method exceeds the accumulated assets available to fund the member's benefit entitlements in the plan.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 12. Pensions (continued)

	2018	2017
Accrued benefit obligation	\$ 42,725,000	\$ 39,051,000
Market-related value of pension fund assets	58,385,000	52,062,000
	(15,660,000)	(13,011,000)
Unamortized actuarial gains / (losses)	3,196,000	3,504,000
Pension liability (accrued asset)	\$ (12,464,000)	\$ (9,507,000)

The pension liability (asset) includes the following components:

	2018	2017
Pension liability (accrued asset) - beginning of year	\$ (9,507,000)	\$ (6,346,000)
Cash items:		
Member contributions	(1,107,000)	(1,081,000)
Employer contributions	(3,340,000)	(3,353,000)
Benefit payments	(2,873,000)	(2,071,000)
Drawdown from plan assets	2,873,000	2,071,000
Net change to pension liability from cash items	(4,447,000)	(4,434,000)
Accrual items:		
Current period benefit cost	2,673,000	2,196,000
Amortization of actuarial gains/losses	(418,000)	(355,000)
Interest on average accrued benefit obligation	2,142,000	1,977,000
Expected earnings on average pension fund assets	(2,907,000)	(2,545,000)
	1,490,000	1,273,000
Pension liability (asset) - end of year	\$ (12,464,000)	\$ (9,507,000)

The pension expense is included in the statement of operations as a component of compensation for Corporate HR.

	2018	2017
Pension expense (revenue)	\$ (3,161,000)	\$ (3,161,000)
Expected earnings on plan assets	6.00%	6.00%
Actual earnings on plan assets	14.60%	6.65%
Difference between actual and expected	8.60%	0.65%

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 12. Pensions (continued)

Valuation method and assumptions:

Actuarial valuations for accounting purposes are performed using the projected benefit method prorated on services. The net unamortized actuarial loss is to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the government's best estimates. The significant actuarial assumptions and rates are listed below:

	2018	2017
Date of actuarial valuation	1-Jan-18	1-Jan-17
Date of audited financial statements	31-Mar-18	31-Mar-17
Date of next valuation	1-Jan-19	1-Jan-18
Discount rate	5.15%	5.50%
Interest rate on pension fund assets	5.50%	5.50%
Interest rate on accrued benefit obligation	5.50%	5.50%
Plan administration expenses per annum	450,000	450,000
Future inflation	2.00%	2.00%
Future compensation increases	2.50%	2.50%
Expected average remaining service life (years)	7.2	7.0

The asset was valued using an adjusted market value method, which spreads out any variance between the return on investment accrued in the year and the expected return on the investments using the going concern rates as outlined above. Inclusion rates for these variances are 33% of the prior year, 67% of the variance from 2 years prior and 100% of all variances beyond. This assumption allows for a smoothed value of the asset.

The employer funding targets, under the going concern method, is valued using that actuarial cost method, which allows for a more accurate matching of accrued benefits to contributions. The funding target is equal to the present value of the benefit based on employee service years incurred prior to the valuation date and the projected average earnings upon retirement. A deficit results when the market value of the investment is less than the funding target. By law a deficit must be funded over a max of 15 years through special payments, a surplus can be used to pay current employer contributions. There is a plan surplus under the going concern method. Under the solvency method of accounting, it is assumed that all employees that are eligible for the pension plan will cease being members and will be paid out based on their situation as of the valuation date. Under the solvency method there is a plan deficit that is required to be funded in accordance with the requirements of the Pension Benefits Standards Act, 1985 with minimum special payments over a 5 year term of \$83,417 per month.

Plan amendments:

As at the valuation date, there have been no amendment to the plan since the date of the previous valuation, where the Authority revised the pension plan provisions as follows:

- a) To cease offering portability at certain ages - The plan will be amended with effect from January 1, 2018, to cease offering portability for members who are eligible for immediate pension.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 13. Employee Future Benefits and Compensated Absences

In addition to pension benefits, the Authority provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefits plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Hay River Health and Social Services Authority employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using a projection methodology based on the date employees are projected to leave the Authority.

Compensated absence benefits generally accrue as employees render services and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness, and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actually valued using the expected utilization methodology.

Valuation Results

The actuarial valuation was completed as at March 31, 2018. The effective date of the next actuarial valuation is March 31, 2019. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2018 and the results extrapolated to March 31, 2018. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	Severance and Removal	Compensated Absences	2018	2017
<u>Change in Obligation</u>				
Accrued benefit obligation, opening	\$ (2,491,889)	\$ (384,251)	\$ (2,876,140)	(2,528,178)
Current period benefit costs	(189,169)	(28,690)	(217,859)	(198,962)
Interest accrued	(81,068)	(12,476)	(93,544)	(80,794)
Benefit payments	301,498	293,137	594,635	304,888
Plan amendments	-	-	-	-
Actuarial (gains)/losses	215,238	(40,231)	175,007	(373,094)
Accrued benefit obligation, closing	(2,245,390)	(172,511)	(2,417,901)	(2,876,140)
Unamortized net actuarial gain	361,850	412,547	774,397	1,090,423
Net future obligation	(1,883,540)	240,036	(1,643,504)	(1,785,717)
Other employee future benefits	-	-	-	-
Other compensated absences	-	-	-	-
Total employee future benefits and compensated absences	\$ (1,883,540)	\$ 240,036	\$ (1,643,504)	\$ (1,785,717)
<u>Benefits Expense</u>				
Current period benefit cost	189,169	28,690	217,859	198,962
Interest accrued	81,068	12,476	93,544	80,794
Plan amendments	-	-	-	-
Amortization of actuarial gains	86,098	54,924	141,022	94,385
	\$ 356,335	\$ 96,090	\$ 452,425	\$ 374,141

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 13. Employee Future Benefits and Compensated Absences (continued)

The discount rate used to determine the accrued benefit obligation is an average of 3.80%, up from the prior years rate of 3.20% . An inflation rate was applied of 2.0%. The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
2019	\$ 351,726	\$ 27,569	\$ 379,295
2020	402,801	31,479	434,280
2021	329,318	26,440	355,758
2022	304,491	23,419	327,910
2023	243,681	17,849	261,530
	\$ 1,632,017	\$ 126,756	\$ 1,758,773

Contingent Revenue

Revenue of \$77,970 representing accrued severance and removal for employees on August 31, 1996 and which, in management's view, pursuant to the terms of the transfer agreement on that date between the GNWT and the Town of Hay River, is owed to the Authority by GNWT, has not been recorded in these financial statements. Recognition of this amount is contingent upon GNWT agreeing to payment terms.

Note 14. Trust Assets and Liabilities

The amount held in patient trust assets are funds held on behalf of the patients in residential care. The funds, effective May 2017 were retained in a separate bank account of the Authority, but do not belong to the Authority as they are restricted for those patients. The amount in the patient trust liability is equivalent to the balance owed to the residential care patients. The discrepancy between the trust asset and liability are for amounts deposited into the bank account in error.

	2018	2017
Patient Trust Asset	\$ 76,391	\$ 100,579
Patient Trust Liability	\$ 75,051	\$ 100,579

Note 15. Services Provided Without Charge

During the year, the Authority received without charge from the Government various administrative services, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, actuarial valuations and internal audit services provided by the Department of Finance and use of vehicles, building repairs and utilities by the Department of Public Works.

The Authority also receives from the Government, without any rental charges, the use of facilities and equipment to provide public health and social services. The rental facilities used include the new Hay River Regional Health Center, the HH Williams Memorial Hospital, Woodland Manor, the Adult Supported Living units, the Children's Group Home and Women's Resource Center. Various medical equipment is also provided free of any rental fees. The use of these facilities would have cost the Authority an estimated \$1,919,038 (\$1,984,087 in 2017) based on the Government's amortization expense for these assets.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 16. Contractual Obligations

The Authority has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to March 31, 2018.

	Expires in Fiscal Year	2019	2020 and thereafter	Total
Residential	2019	\$ 165,850	\$ -	\$ 165,850
Equipment	2020	71,417	125,276	196,693
Operational	2021	265,598	612,932	878,530
		\$ 502,865	\$ 738,208	\$ 1,241,073

Note 17. Contingent Liabilities

In the normal course of business, the Authority is subject to claims and pending and threatened litigation against the Authority and its staff. The Authority is defending actions brought against it and the Authority has recorded an allowance for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. The allowance is based upon estimates determined by the Authority's management and legal experts experience or case law in similar circumstances.

The Authority's operations are affected by federal, territorial and local laws and regulations regarding Environmental protection. The Authority is committed to meeting these existing laws and regulations. Management is not aware of any material environmental liabilities that resulted during the year.

Note 18. Budget

The budget figures are the opening budgets that were approved by the Authority's Public Administrator and the GNWT Department of Health and Social Services. The budget figures are not audited and are intended for information purposes only.

Note 19. Economic Dependence

The Authority receives its funding primarily from the GNWT. If the funding arrangements were to change, management is of the opinion that the Authority operations would be significantly affected.

Note 20. Subsequent Events

The collective agreement of the union employees of the Authority expired on March 31, 2016. The Authority is currently in bargaining with the union, but a final agreement has not yet been signed. There will likely be a liability generated with the signing of the agreement for back-pay owed to employees, but an amount can not be determined at this time, so no liability is reflected in these financial statements.

Note 21. Comparative Figures

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

Note 22. Related Party Transactions

The Authority is related in terms of common ownership to all GNWT created departments and public agencies. The Authority enters into transactions with these entities in the normal course of operations. The Authority is provided various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, internal audit services provided by the Department of Finance and repairs, utilities and facility and equipment rental provided by the Department of Infrastructure.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 22. Related Party Transactions (continued)

Transactions with related parties and balances at year-end are included in the financial statements, but not disclosed separately other than in this note:

	Accounts Receivables 2018	Allowance for Doubtful Accounts 2018	Net 2018	Net 2017
<u>Due from related parties</u>				
Accounts Receivable				
GNWT, Note 7				
Department of HSS	\$ 342,165	\$ -	\$ 342,165	\$ 194,655
Department of Finance	13,659	-	13,659	16,237
Department of Human Resources	14,061	-	14,061	-
	369,885	-	369,885	210,892
NTHSSA - HQ, Note 7				
Fort Smith Health Centre	11,807	-	11,807	-
Stanton Territorial Health Authority	68	-	68	3,827
DehCho HSSA	-	-	-	816
Yellowknife/Fort Resolution HSSA	3,040	-	3,040	20,473
	2,635	-	2,635	-
	\$ 387,435	\$ -	\$ 387,435	\$ 236,008
			2018	2017
<u>Due to related parties</u>				
Accounts Payable:				
GNWT, Note 9				
Department of HSS			\$ 29,627	\$ 53,571
Department of Finance			33,746	-
Department of Justice			100	-
Department of Infrastructure			-	7,285
			63,473	60,856
NTHSSA, Note 9				
Yellowknife HSSA			17,442	33,171
Fort Smith HSSA			1,103	-
Stanton Territorial Health Authority			10,563	93,800
			\$ 92,581	\$ 187,827
Contributions repayable, GNWT-HSSA, Note 26			2,353,808	2,006,737
Accountable capital advances, GNWT-HSSA, Note 28			5,829	5,829
Deferred revenues, GNWT-HSSA, Note 25			797,633	56,633
			\$ 3,249,851	\$ 2,257,026

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 22. Related Party Transactions (continued)

	2018	2017
Revenues		
GNWT		
Department of Health & Social Services	\$ 32,205,053	\$ 31,049,716
Department of Education, Culture & Employment	-	20,211
Department of Finance	27,929	-
Department of Human Resources	13,143	16,237
Department of Infrastructure	-	412
	32,246,125	31,086,576
NTHSSA - HQ		
DehCho HSSA	10,677	32,292
Fort Smith Health Centre	611	7,424
Sahtu HSSA	-	1,465
Beaufort-Delta HSSA	-	911
Stanton Territorial Health Authority	3,436	816
Yellowknife HSSA	7,472	426
Tlicho Community Services Agency (Tlicho)	3,203	21,044
NWT Housing Corp.	160	26
	\$ 32,302,054	\$ 31,150,980

	2018	2017
Expenses		
GNWT		
Department of Health & Social Services	\$ 12,517	\$ 6,421
Department of Human Resources	-	1,671
Department of Infrastructure	2,709	17,122
Department of Justice	410	-
	15,636	25,214
NTHSSA		
Stanton Territorial Health Authority	196,507	183,230
Yellowknife HSSA	76,078	33,171
Beaufort Delta HSSA	4,484	-
Fort Smith HSSA	1,103	-
Aurora College	150	250
Hay River DEA	-	382
	\$ 293,958	\$ 242,247

Related party transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Note 23. Financial Instruments

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

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 23. Financial Instruments (continued)

Credit Risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its, cash, special purpose funds, trust assets and accounts receivable.

The Authority holds its cash and trust assets, deposits in trust accounts, with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

Accounts receivable are due from various governments, government agencies, corporations and individuals. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. Management has determined that a portion of accounts receivable are impaired based on specific identification as well as age of receivables. These amounts are as disclosed in Notes 4, 7 and 14.

The Authority's maximum exposure to credit risk is represented by the financial assets less the pension plan asset for a total of \$1,802,246 (2017 - \$1,335,498)

Concentration of Credit Risk

Concentration risk arises when a customer has more than ten percent of the total accounts receivable, which increases the Authority's risk in the event the customer does not fulfill their obligation. The Authority does have concentration risk. At March 31, 2018, one customer in accounts receivable accounts for 51% (2017 - 71%) of the total balance which subjects the Authority to concentration risk. This risk is monitored through regular review of the outstanding balances in receivables.

As all the Authority's cash is held in one Canadian bank, they are subject to further concentration risk.

Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. Total financial assets are \$14,266,246, including the \$12,464,000 pension asset; financial liabilities are \$7,542,481. The authority has disclosed future financial liabilities and commitments in Notes 13, 16 and 17.

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

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 24. Expenses by Object

	2018 Budget	2018 Actual	2017 Actual
Compensation	\$ 27,261,553	\$ 23,140,018	\$ 23,196,420
Locums	1,158,178	1,716,510	1,527,304
Medical supplies	1,217,128	1,034,410	950,475
Referred out services	701,901	1,135,849	677,624
Purchases service personnel	600,500	644,716	592,223
Equipment maintenance	425,724	455,338	282,325
Travel assistance	262,000	402,015	322,229
Foster care	432,000	243,756	289,103
Phone and postage	243,922	234,326	225,307
Rent	245,817	228,312	250,976
Professional fees	206,200	219,901	126,002
Locum removal	208,347	193,669	179,186
Office supplies	166,733	190,045	164,924
Travel	137,136	169,231	168,818
Minor equipment	127,700	150,032	180,125
Training	144,270	137,199	59,102
Software licensing	193,174	103,522	95,577
Honorariums	54,000	52,608	59,423
Garbage	27,030	30,925	24,953
Memberships	42,203	23,302	30,607
Advertising	38,850	23,242	20,387
Bank charges	5,263	7,634	7,419
Bad debt	-	4,628	27,013
	\$ 33,899,629	\$ 30,541,188	\$ 29,457,522

Note 25. Deferred Revenue

Deferred revenue represents funds that have been received for specific programs but remain unspent at March 31, 2018 as follows:

	2018	2017
Government of the Northwest Territories		
Department of Health and Social Services		
Professional Development Initiative	\$ 56,633	\$ 56,633
Transitional funding (core contribution)	-	-
2018/2019 Core funding received in advance	741,000	-
Third party - respite care	-	-
	\$ 797,633	\$ 56,633

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 26. Contributions Repayable

Contributions repayable represents funds that have been received for specific programs and are required to be repaid to the contributor as of March 31, 2018:

	2018	2017
Government of the Northwest Territories		
Department of Health and Social Services		
Family Support Program 11/12	\$ 9,000	\$ 9,000
Homecare Enhancement 11/12	10,957	10,957
Core Physician Services Funding 11/12	652,027	652,027
Core Physician Services Funding 12/13	532,335	532,335
Homecare Enhancement 13/14	297	297
Grad Placement Program K. Miller 13/14	8,064	8,064
Healthy Families/Collective Kitchen unspent funding 14/15	1,006	1,006
Healthy Families/Collective Kitchen unspent funding 15/16	3,570	3,570
Enhanced Homecare unspent funding 16/17	45,027	45,027
Hay River Parenting unspent funding 16/17	4,871	4,871
Renal Dialysis unspent restricted funding 16/17	125,237	125,237
Foster Care unspent restricted funding 16/17	166,346	166,346
Transitional unspent funding 16/17	448,000	448,000
Mental Health First Aide 16/17	479	-
Mental Health First Aide 17/18	1,113	-
Healthy Families/Collective Kitchen unspent funding 17/18	1,102	-
Enhanced Homecare unspent funding 17/18	31,238	-
Foster Care unspent restricted funding 17/18	205,705	-
Transitional unspent funding - HH Williams 17/18	49,314	-
Transitional unspent funding - New Health Center 17/18	58,120	-
	2,353,808	2,006,737
Hay River Metis Government Council		
Living in Balance unspent funding 16/17	697	697
	\$ 2,354,505	\$ 2,007,434

Note 27. Prepaid Expenses and Deposits

	2018	2017
Service and maintenance packages	\$ 140,156	\$ 169,510
Pension special payments	108,499	28,251
Travel	21,459	9,206
Deposit	2,000	2,000
	\$ 272,114	\$ 208,967

Note 28. Accountable Capital Advances from GNWT

The Authority has received advances from GNWT under capital contribution agreements for purchases of capital assets. These advances are deferred by the Authority and purchases which fall under the agreements, reduce the balance carried forward.

	2018	2017
Beginning balance	\$ 5,829	\$ 5,829
Capital purchases paid out of advanced funds	-	-
Ending balance	\$ 5,829	\$ 5,829

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 29. **Accumulated Surplus (Deficit)**

	2018	2017
Operating fund accumulated surplus (deficit)	\$ 8,448,397	\$ 5,484,785
Employee leave and termination liability fund	(1,643,504)	(1,785,717)
Cash Reserve	500,000	500,000
	\$ 7,304,893	\$ 4,199,068

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY
 Schedule of Contributions from the GNWT

Schedule A

For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Actual
Contributions from the GNWT			
Department of Health and Social Services			
Core Contribution Department of Health			
Administration	\$ 783,000	\$ 1,742,000	\$ 1,740,000
Finance	388,000	388,000	502,000
Systems Support	477,000	482,000	420,000
Human Resources	1,278,000	1,278,000	1,278,000
Facility Maintenance & Support	4,061,000	4,061,000	3,923,000
Client Support Services	391,000	391,000	391,000
Specialty Clinics	861,000	843,000	730,000
Emergency Services	1,783,000	1,783,000	1,368,000
Community Clinics & Health Centres	1,991,000	1,991,000	2,142,000
Community Mental Health & Addictions	805,000	805,000	805,000
Health Promotion & Community Wellness	310,000	310,000	310,000
Homecare & Support Services	625,000	780,000	625,000
Physician Services to NWT Residents	2,998,000	2,998,000	2,998,000
Residential Care Adults	4,411,000	4,411,000	4,411,000
Child & Family Services	1,483,000	1,483,000	1,355,000
Family Violence	560,000	560,000	533,000
Diagnostic Services	1,768,000	1,768,000	1,782,000
Pharmacy	191,000	191,000	191,000
Therapeutic Services	870,000	870,000	870,000
Medical & Surgical Nursing	2,216,000	2,216,000	2,092,000
Operating Room Nurse	244,000	244,000	209,000
Long Term Care Nursing	1,308,000	1,308,000	1,146,000
Obstetric and Pediatric Nursing	500,000	500,000	500,000
Medical Travel	22,000	22,000	22,000
	30,324,000	31,425,000	30,343,000
Add: additional funding for Renal Dialysis	-	255,000	-
Less net contributions repayable/deferred	-	(271,139)	(488,583)
	30,324,000	31,408,861	29,854,417
Other Department of Health and Social Services Contributions			
Home and Community Care (Schedule A-1)	325,731	287,563	295,704
Health Families	-	19,735	-
Collective Kitchens Food Vouchers	-	19,058	16,167
Prenatal/Postnatal Parenting	-	18,952	25,129
Children Who Witness Abuse	12,500	12,500	12,500
Mental Health First Aid	-	1,204	3,709
Applied Suicide Intervention Skills Training	-	2,067	3,139
Electronic Medical Records - Implementation	-	-	-
Northern Graduate Employment Program	-	-	-
	338,231	361,079	356,348
Total Department of Health	30,662,231	31,769,940	30,210,765
GNWT Department of Human Resources	8,400	8,082	24,341
Total Contribution from the GNWT	\$ 30,670,631	\$ 31,778,022	\$ 30,235,106

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY
 Schedule of Detailed Contribution Funding and Expenditures
 Home and Community Care
 PO-2661am3
 For the year ended March 31, 2018

Schedule A-1

	2018	2017
	Actual	Actual
Funding		
Government of the Northwest Territories		
Department of Health and Social Services	\$ 359,010	\$ 340,731
less funds not yet received	(40,208)	
less contributions repayable	(31,239)	(45,027)
	287,563	295,704
Expenditures		
Compensation and benefits	241,304	260,764
Supplies	12,609	12,260
Sundry	2,262	5,171
Equipment expense	7,001	3,932
Training	24,387	13,577
	287,563	295,704
	\$ -	\$ -

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Schedule of Reserves

Schedule B

For the year ended March 31, 2018

	Leave and Termination Benefits Reserve		Cash Reserve		Total Reserves	
	2018	2017	2018	2017	2018	2017
Balance, beginning of the year	\$ (1,785,717)	\$ (1,716,461)	\$ 500,000	\$ 500,000	\$ (1,285,717)	\$ (1,216,461)
Change to opening balances		-			-	-
(Increase) Decrease in employee leave and termination benefits, Note 16	142,213	(69,256)	-	-	142,213	(69,256)
Transfers between reserves	-	-	-	-	-	-
Balance, end of year	\$ (1,643,504)	\$ (1,785,717)	\$ 500,000	\$ 500,000	\$ (1,143,504)	\$ (1,285,717)

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

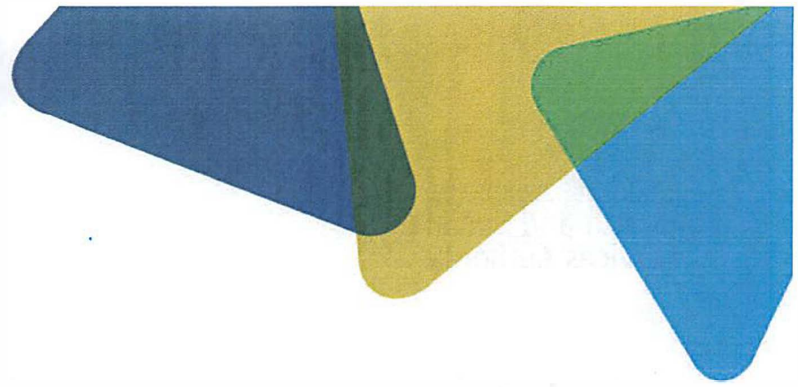
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Management Discussion and Analysis

Introduction

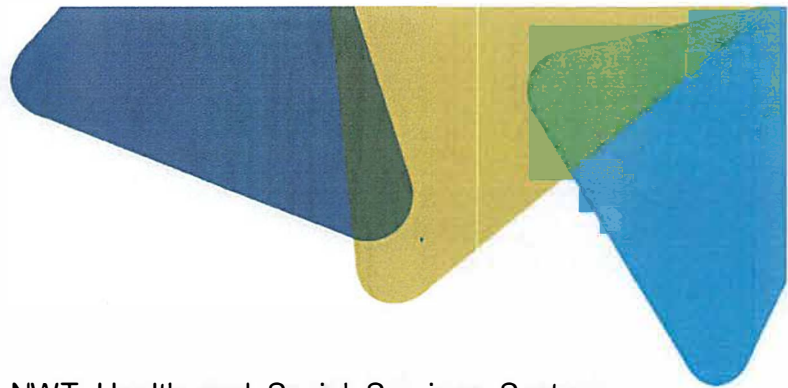
In preparation for the 2017-2018 year-end financial statement, the Management Discussion and Analysis was prepared as part of the process to demonstrate the core value of transparency and accountability of both the Northwest Territories Health and Social Services Authority (NTHSSA) management and the Northwest Territories Leadership Council (Leadership Council).

As an agency of the Government of the Northwest Territories (GNWT), the NTHSSA is established under the *Hospital Insurance and Health and Social Services Administration Act*. The NTHSSA is responsible to the Minister of Health and Social Services for governing, managing and providing health and social services in accordance with the territorial plan set out by the Minister; specifically with a role to:

- plan, develop and deliver programs and services;
- ensure operational policies, guidelines and standards of care are within the context of legislation, regulation and Department of Health and Social Services policies;
- provide budget development, funding allocation, monitoring and financial reporting;
- provide quality and risk management;
- ensure recruitment, supervision and retention of professional staff;
- ensure staff training and professional development; and
- report and be accountable in accordance with legislation, regulations and agreements.

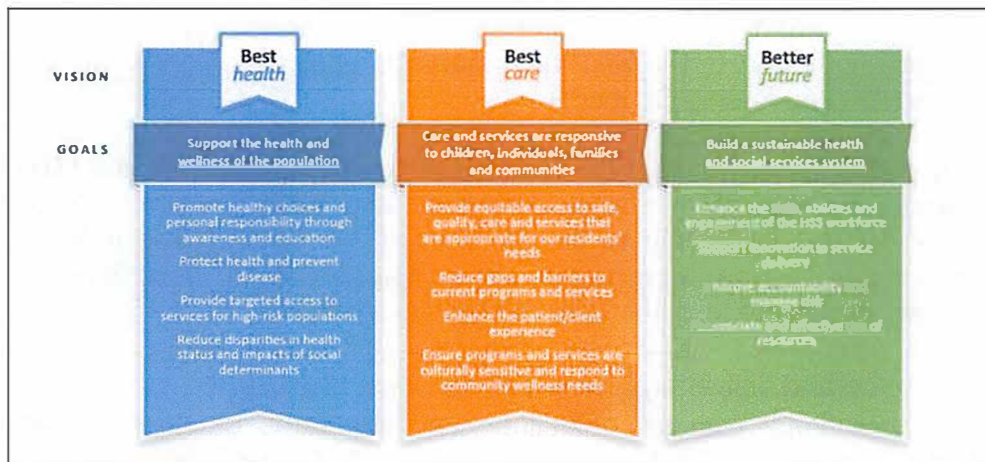
The staff, management, leadership and operations of the former Health and Social Services Authorities were combined on August 1, 2016, with the purpose to improve the efficiency, effectiveness and consistency of health and social care program and service delivery to the residents of the NWT. The newly created NTHSSA has the responsibility for delivering health and social services in the Beaufort Delta, Dehcho, Fort Smith, Sahtu and Yellowknife regions of the NWT while also being responsible for the operation of the Stanton Territorial Hospital.

2017-18 marked the first full year of operations within the newly established NTHSSA. As such, the Authority continues to identify, monitor and improve its operations with a



focus on aligning and contributing to the NWT Health and Social Services System Strategic Plan (System Strategic Plan) vision and goals.

The NTHSSA operates under the vision statement and goals of the System Strategic Plan which has steered the direction of the NTHSSA over the past fiscal year:

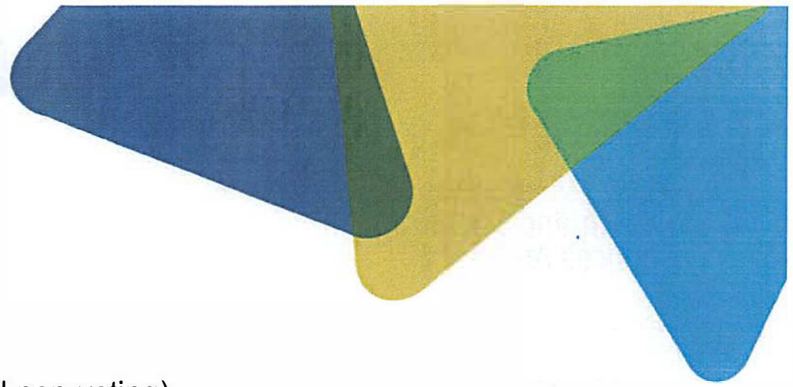


The Leadership Council is the board of management for the NTHSSA. The Leadership Council develops a clear direction for the NTHSSA, ensures the NTHSSA is accountable and positioned to achieve sustained results and supports the NTHSSA to achieve its legislative mandate to:

- deliver health services, social services, and health and wellness promotional activities within the NWT;
- manage, control and operate each health and social services facility for which the NTHSSA is responsible; and
- manage the financial, human and other resources necessary to perform the NTHSSA's duties.

The Leadership Council is accountable to the Minister of Health and Social Services and provides advice to the Minister on strategic directions for particular health and social services and programs related to those services.

The Leadership Council is made up of nine (9) members; a Chairperson as appointed by the Minister, the chairperson of each Regional Wellness Council (6); the chairperson of the Tłı̄ch̄q Community Services Agency; and the Deputy Minister of the Department



of Health and Social Services (ex-officio and non-voting).

Each of the regions comprising the NTHSSA has a Regional Wellness Council (RWC) that act as advisory bodies to gather information from communities and residents, provide feedback to the NWT Health and Social Services System and promote activities that support service delivery for the health and well-being of patients, clients, and families.

The 2017-18 Leadership Council included:

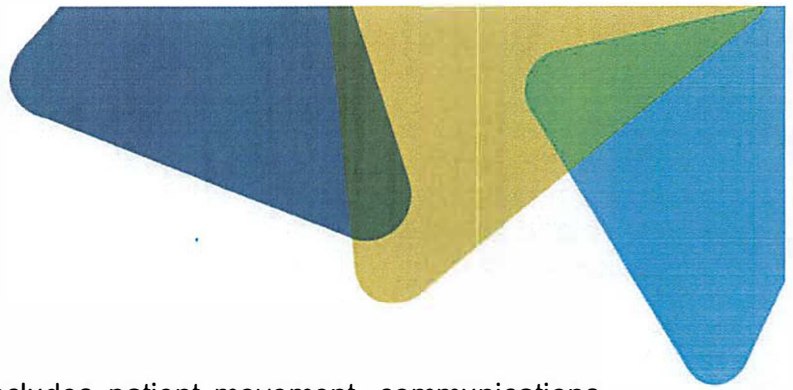
- Chairperson: Mr. James Antoine
- Vice-Chairperson: Ms. Ethel-Jean Gruben (Chair, Beaufort-Delta RWC)
- Member: Ms. Patricia Schaefer (Chair, Fort Smith RWC)
- Member: Mr. Michael Maher (Chair, Hay River RWC)
- Member: Ms. Gina Dolphus (Chair, Sahtu RWC)
- Member: Mr. Ted Blondin (Chair, TCSA)
- Member: Ms. Ruby Simba (Chair, Dehcho RWC)
- Member: Ms. Elizabeth Biscaye (Chair, Yellowknife RWC)
- Ex-officio and non-voting Member: Ms. Debbie DeLancey/Mr. Bruce Cooper (Deputy Minister, DHSS)

Through the NTHSSA's CEO, operational and financial reporting is provided to the Leadership Council at regularly scheduled Leadership Council meetings.

The NTHSSA is organized under five executive branches:



The Office of the CEO includes the Office of the Territorial Medical Director, Office of the Chief Financial Officer, and the Talent and Organizational Development Office. The



Corporate and Support Services branch includes patient movement, communications and informatics and health technology functions. The Clinical Integration branch provides territorial oversight and support for quality, safety and client experience, health services and child, family and community wellness. Regional Operational Branches (Beaufort Delta, Sahtu, Dehcho, Fort Smith, Yellowknife) and Stanton Territorial Hospital provide front line program and service delivery.

Financial Overview

NTHSSA's overall revenue and expenses are summarized in the following 2018 charts:

Revenue (millions)

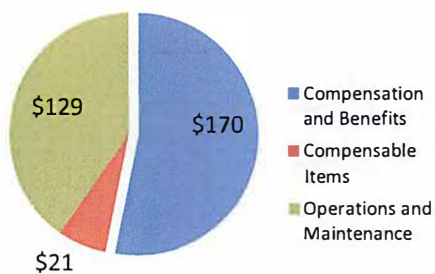
Total revenue = \$307 Million



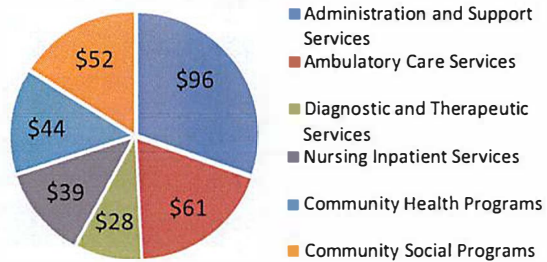
Expenses (millions)

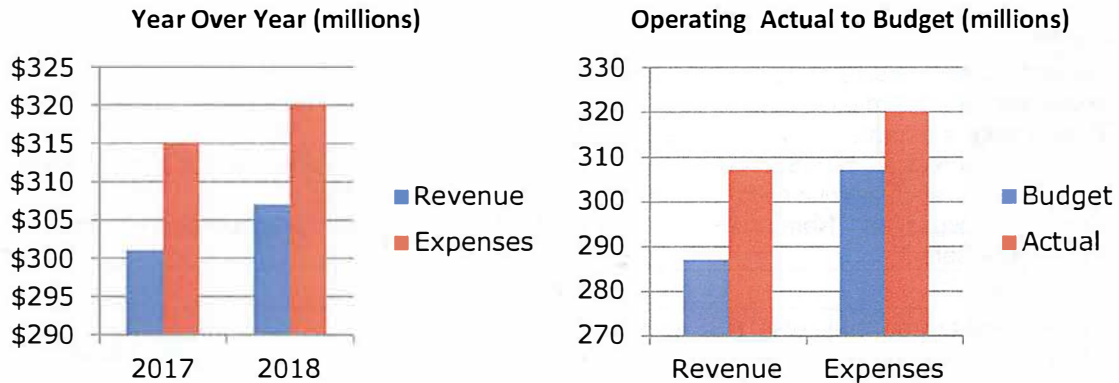
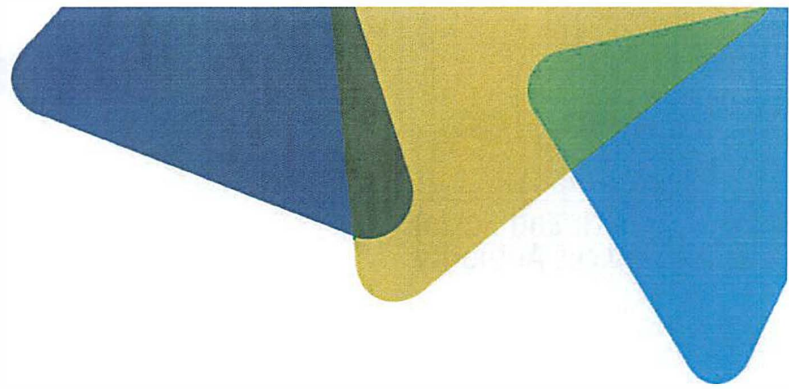
Total expenses = \$320 Million

Expense by Object



Expense by Program





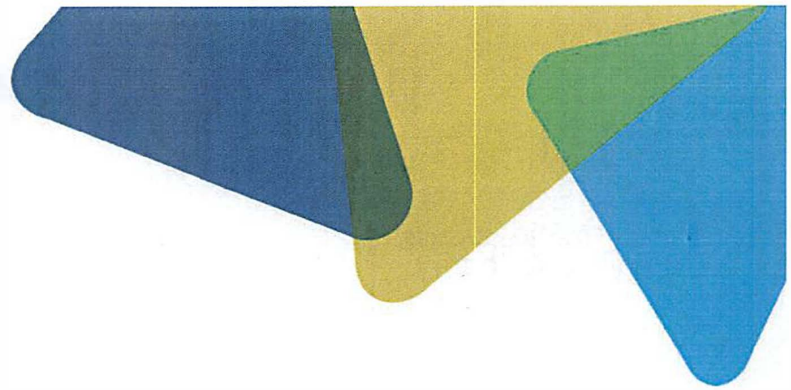
Actual revenue was approximately \$20 million higher than budgeted due predominately to higher than anticipated contributions from the GNWT, including grant-in-kind. Actual expenses were approximately \$13 million higher than budgeted, stemming largely from an increase in demand for nursing inpatient services and administration and support services.

NTHSSA remains committed to meeting their operational mandate and expected service levels; notwithstanding, significant pressure on fiscal resources that exist within the NTHSSA has resulted in a deficit of \$12.7 million for 2017-2018.

Operating Environment

The NTHSSA provides health and social services across a vast geographical area of the NWT; from the remote high Arctic communities of Paulatuk, Ulukhaktok and Sachs Harbour to the southern NWT/Alberta border community of Fort Smith. Delivering the NTHSSA mandate to such a large geographic area requires well-defined systems, a robust logistical support network, as well as a team of committed staff who are dedicated to ensuring quality health and social services are provided to all NWT residents. The newly established NTHSSA continues to provide an opportunity to refine and improve patient and client care by ensuring equitable access to care and services across all NTHSSA regions and ensuring regions and communities have a voice at the territorial level.

In the review of the operating landscape for the NTHSSA, a few strengths, weaknesses, opportunities and threats have been identified in the table below:



Strengths	Weaknesses
<ul style="list-style-type: none"> • Capacity to standardize systems and processes with a territorial focus • Pooled access to professional staff and knowledge across six NTHSSA regions • New Facilities such as renewal of Stanton Territorial Hospital and Norman Wells Long-Term Care 	<ul style="list-style-type: none"> • Sustainable Human Resources • Communications • Extensive use of overtime and locums to meet service requirements • Lack of single financial accounting system
Opportunities	Threats/Risks
<ul style="list-style-type: none"> • Professional accreditation of NTHSSA regions • Scaling quality improvement initiatives across NWT regional operations • Pool resources to expand purchasing power 	<ul style="list-style-type: none"> • Funding deficit • Aging population requiring increased level of care/service • Competitive job market for health care professionals • Vast geographical area of the NWT

Building on Strengths

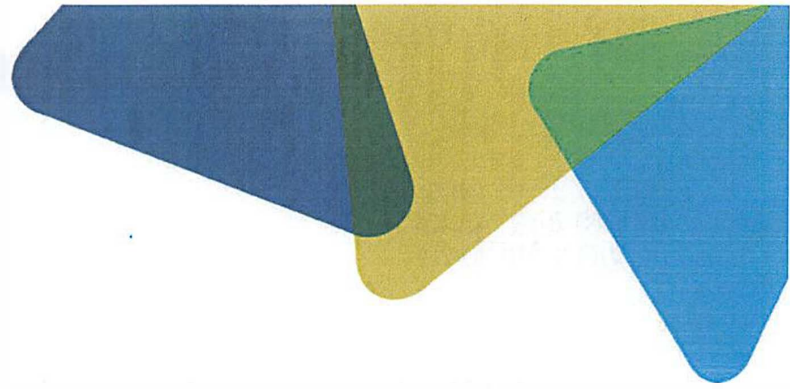
Organization wide improvements continue to be identified and pursued to ensure the NTHSSA delivers quality programs and services that are consistent and accessible across all regions. The continued development of NTHSSA leadership, management and quality improvement structures will assist the ability of the of the NTHSSA to identify areas of focus and mobilize towards quality improvement initiatives.

The NTHSSA continues to develop and improve protocols and capacity that facilitate employees' ability to provide services across NTHSSA regions when necessary or to back-fill short term vacancies, enhancing the quality of care and services delivered. Trained and knowledgeable staff are willing to share information and work in locations where temporary short-term assistance is required.

The redevelopment of the Stanton Territorial Hospital, set to open in May 2019, will better position the NTHSSA to attract and develop organizational talent improving the Authority's ability to support and sustain quality care.

Addressing Weaknesses

The NTHSSA will leverage the GNWT programs that support the NTHSSA's commitment to improving the ability to recruit, retain and develop a local workforce across the NWT.



NTHSSA leadership is acutely aware of the continuing need to nurture and cultivate open and effective communication practices across the organization and to the public at large. In this regard, NTHSSA leadership is focused on the continuing enhancement of both internal and external communication protocols which include the development of the internal staff NTHSSA website that enables direct communications to all staff, across all facilities and regions.

NTHSSA leadership remains cognizant of the staffing levels that are currently required to meet service level demands and the resultant fiscal pressures. NTHSSA leadership is reviewing core service requirements, current position allocations and quality improvements with the goal of implementing changes that would maintain or improve the level of care and service delivery while effectively managing and minimizing additional overtime and travel requirements.

Capturing Opportunities

In 2017, the NTHSSA went through a preliminary accreditation process with Accreditation Canada, including regions not previously accredited. This process has provided the NTHSSA with the foundation to work through the full Accreditation Canada survey which will occur in 2019. The accreditation process will underpin improved quality and safety of programs and services.

The NTHSSA has identified many areas where pooled resources can increase our capacity to deliver effective services. Pooled resources in the financial areas are currently being explored to provide the NTHSSA with additional vendors and improved pricing.

Mitigating Risks

The NTHSSA recognizes that providing culturally appropriate care is necessary to improve better health outcomes. The NTHSSA is currently exploring options to address and improve primary care across the NWT that can become more culturally safe and will decrease the demand on the existing system. The NTHSSA is collaborating with HSS system partners and stakeholders to guide this work.

NTHSSA is committed to delivering the operational mandate in a manner respectful of the fiscal environment of the GNWT. The newly established NTHSSA continues to



provide opportunities to realign services and care across the five regions and the Territorial Hospital that will improve health outcomes for patients, clients and families; improve patient and client experience and improve organizational performance by reducing overall costs.

The NTHSSA also recognizes that the health and social care professionals are in high demand across Canada and will continue to work with both internal and external resources to expand health and human resource plans to improve efforts to attract and retain qualified employees.

Financial Condition

As at March 31, 2018 NTHSSA incurred an operating deficit of \$12.7 million, which was \$6.3 million less than the budgeted operating deficit of \$19 million. This increased NTHSSA's accumulated deficit to \$88.8 million. For a detailed review of NTHSSA's financial condition, refer to the Statement of Financial Position and Statement of Operations and Accumulated Deficit.

	2018 Actual	2017 Actual
Accumulated (deficit) closing	(88,791,000)	(76,123,000)
Accumulated (deficit) opening	(76,123,000)	(61,947,000)
Annual (deficit)	(12,668,000)	(14,176,000)
Prior year funding received	1,619,000	127,000
Recovery of prior year expenses -	-	1,603,000
Employee future benefits reserve	131,000	131,000
Unfunded items - Employee future benefit liability	11,525,000	13,369,000
Change in Employee future benefit	(1,844,000)	(376,000)

Compensation and benefits represent 60% of NTHSSA's overall expenses and is a contributing factor to NTHSSA accumulated deficit. Some of the key factors in this area relates to staffing models, overtime, sick time and unfunded items within the Collective Agreement between the Union of Northern Workers and the GNWT.

Summary and Outlook

The 2017-2018 fiscal year represented the first full year of operations for the NTHSSA. The focus continues to be on developing the organizational architectural and ensuring



core service stabilization while aligning with the HSS System's strategic plan, and the continued provision of quality care and services. 2017-18 identified areas where efficiencies could be established and the organization has now turned to the implementation and sustainability of these identified areas which can lead to improving care and service delivery.

NTHSSA's future focus will be on building an organization that encourages team and relationship based care that is centered around an engaged workforce. Improving quality within the system is a responsibility held by all NTHSSA staff and is supported by the feedback and direction from listening to our patient/clients and communities. Investment in the enablers for improvement in internal processes and client experience will lead to better health and a better future for all NWT residents.



CEO

August 28, 2018

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Management's Responsibility for Financial Reporting

The accompanying financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 3 to the financial statements. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

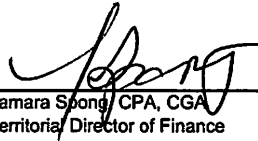
The Northwest Territories Health and Social Services Authority (the Authority) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further the Authority's objectives, are protected from loss or unauthorized use and that the Authority complies with applicable legislation. Management recognizes its responsibility for conducting the Authority's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the Territorial Government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing his opinion on the financial statements. He also considers whether the transactions that come to his notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The financial statements have been approved by the Northwest Territories Health and Social Services Leadership Council (Leadership Council).



Sue Cullen
Chief Executive Officer



Tamara Spang, CPA, CGA
Territorial Director of Finance

28 August 2018



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Health and Social Services Authority

Report on the Financial Statements

I have audited the accompanying financial statements of the Northwest Territories Health and Social Services Authority, which comprise the statement of financial position as at 31 March 2018, and the statement of operations and accumulated deficit, statement of changes in net debt and statement of cash flow 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 Health and Social Services Authority as at 31 March 2018, and 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.

Emphasis of Matter

Without qualifying my opinion, I draw attention to Note 1 in the financial statements which indicates that the Authority incurred an annual deficit of \$12.7 million during the year ended 31 March 2018 and, as of that date, the Authority's liabilities exceeded its total assets by \$88.8 million. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Authority's ability to continue as a going concern.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

28 August 2018
Edmonton, Canada


NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Statement of Financial Position

As at March 31.	thousands of dollars	
	2018	2017
Financial Assets		
Cash	\$ 9,248	\$ 4,539
Accounts receivable (note 6)	10,422	7,791
Due from Government of the North west Territories (note 7)	13,297	8,889
Due from Government of Canada	424	302
	33,391	21,521
Liabilities		
Accounts payable and accrued liabilities (note 8)	17,649	16,666
Due to Government of the Northwest Territories (note 7)	96,877	71,635
Due to Government of Canada	16	1
Other employee future benefits and compensated absences (note 10)	11,525	13,369
	126,067	101,671
Net Debt	(92,676)	(80,150)
Non-Financial Assets		
Inventories held for use	2,735	2,840
Prepaid expenses	1,150	1,187
	3,885	4,027
Accumulated Deficit	\$ (88,791)	\$ (76,123)

Contractual Obligations and Contingencies (notes 13 and 14)

Approved on behalf of the Authority


 Jim Antoine
 Leadership Council
 Board Chairperson


 Michael Maher
 Leadership Council
 Board Member

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

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Statement of Operations and Accumulated Deficit

For the year ended March 31,	thousands of dollars		
	2018	2017	2017
	Budget	Actual	Actual
Revenue			
Recoveries from other sources	\$ 9,526	\$ 10,622	\$ 8,477
Recoveries from Nunavut	2,485	2,288	2,764
Contributions from other sources	808	926	899
Interest income	167	215	138
Other income	102	122	888
Recoveries of prior years' expenses	-	-	1,603
Total Revenue	13,088	14,173	14,769
Expenses (note 18)			
Administration and support services	91,637	96,581	94,007
Ambulatory care services	62,628	61,497	60,438
Community social programs	51,896	51,717	53,272
Community health programs	41,642	43,806	41,732
Nursing inpatient services	32,874	38,733	37,730
Diagnostic and therapeutic services	25,849	27,825	27,695
Total Expenses	306,526	320,159	314,874
Deficit for the year before Government contributions	(293,438)	(305,986)	(300,105)
Government contributions			
Contributions from Government of the Northwest Territories	244,773	250,186	244,402
Recoveries from Government of the Northwest Territories	18,741	20,674	20,861
Recoveries - non insured health services	10,885	12,705	12,935
Recoveries of prior years' expenses	-	1,619	127
Grant-in-kind - Government assets and services provided at no charge (note 12)	-	8,134	7,604
Total Government contributions	274,399	293,318	285,929
Annual deficit	(19,039)	(12,668)	(14,176)
Accumulated deficit, beginning of year	(76,123)	(76,123)	(61,947)
Accumulated deficit, end of year	\$ (95,162)	\$ (88,791)	\$ (76,123)

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

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Statement of Changes in Net Debt**

For the year ended March 31,	thousands of dollars		
	2018	2017	
	Budget	Actual	Actual
Annual deficit for the year	\$ (19,039)	\$ (12,668)	\$ (14,176)
Adjustments			
Acquisition of inventories held for use	-	(5,959)	(6,578)
Consumption of inventories held for use	-	6,064	6,565
Acquisition of prepaid expenses	-	(1,379)	(1,388)
Use of prepaid expenses	-	1,416	1,363
Change in net debt for the year	(19,039)	(12,526)	(14,214)
Net debt, beginning of year	(80,150)	(80,150)	(65,936)
Net debt, end of year	\$ (99,189)	\$ (92,676)	\$ (80,150)

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

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Statement of Cash Flow**

For the year ended March 31,	thousands of dollars	
	2018	2017
Cash provided by (used in)		
Operating transactions		
Operating deficit	\$ (12,668)	\$ (14,176)
Changes in non-cash assets and liabilities:		
Change in accounts receivable	(2,631)	(745)
Change in accounts payable and accrued liabilities	983	187
Net change in due to/(from) Government of Northwest Territories	20,834	9,655
Change in other employee future benefits and compensated absences	(1,844)	(376)
Net change in due to/(from) Government of Canada	(107)	20
Change in inventories held for use	105	(13)
Change in prepaid expenses	37	(26)
Cash provided by (used for) operating transactions	4,709	(5,474)
Increase / (decrease) in cash	4,709	(5,474)
Cash, beginning of year	4,539	10,013
Cash, end of year	\$ 9,248	\$ 4,539

There were no financing, investing or capital transactions during the year.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements**

(All figures in thousands of dollars)

March 31, 2018

1. Going concern

These financial statements have been prepared on the going concern basis in accordance with Canadian public sector accounting standards. The going concern basis of presentation assumes that Northwest Territories Health and Social Services Authority (the Authority) will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Authority, established on August 1, 2016 amalgamates six former health boards (Note 2), which had significant annual and accumulated deficits in prior years as their funding has historically been insufficient for their level of expenditures. The Authority is primarily financed through appropriations from the Department of Health and Social Services (DHSS) as described in Note 2, Economic dependence. For the year ended March 31, 2018, the Authority had an annual deficit of \$12,668, accumulated deficit of \$88,791, liabilities of \$126,067 (including \$96,877 liability to the Government of the Northwest Territories (the "Government"), which is due upon demand) and total financial assets of only \$33,391. The Government administers payroll for the Authority, and invoices the Authority for payment. The Authority has deferred repaying the Government so that operations can continue.

The above factors cause material uncertainty that may cast significant doubt about the Authority's ability to continue as a going concern. The Authority is currently in discussions with the Government to develop a plan to eliminate its annual deficits and repay its liability to the Government.

These financial statements do not include any adjustments to the carrying value of the assets and liabilities, the reported revenues and expenses that might be necessary if the Government does not increase its' appropriations so that revenues are sufficient to meet expenditure requirements.

2. Authority and operations

The Authority operates pursuant to the Hospital Insurance and Health and Social Services Administration Act (the Act) of the Northwest Territories and is an agency under Schedule A of the Financial Administration Act (FAA) of the Northwest Territories. Accordingly, the Authority operates in accordance with its Act and regulations, and any directives issued to it by the Minister responsible for the Authority.

The Authority was established on August 1, 2016 to manage, control, and operate the public health facilities and services assigned to it by the Government. When the Authority was created, six of the eight Health and Social Services Authorities (HSSAs) were amalgamated under the Authority, and are no longer separate legal authorities. The reporting entity comprises the newly created Authority and the operations from six former HSSAs including Beaufort-Delta, Dehcho, Fort Smith, Sahtu, Yellowknife and Stanton Territorial Hospital.

Hay River Health and Social Services Authority (HRHSSA) and Tlcho Community Services Agency (TCSA) remain outside the Authority; however, the legislation does include provisions to bring the HRHSSA into the Authority at a later date. The Authority serves as a single integrated delivery system for Northwest Territories health and social service programs while recognizing that the TCSA retains a unique role through the provisions of the Tlcho Agreement. Through the Chief Executive Officer, the Authority reports to and takes direction from the Chair of Northwest Territories Health and Social Services Leadership Council (Leadership Council) that is comprised of eight persons appointed in accordance with the Act.

Taxes

The Authority is exempt from taxation pursuant to Paragraph 149 of the federal *Income Tax Act*.

Budget

The budgeted figures represent the Authority's original fiscal plan for the year approved by the Leadership Council and the Government. To be consistent with the format of the financial statements, presentation changes have been applied as disclosed in note 17.

March 31, 2018

2. Authority and operations (continued)

Economic dependence

The Authority is economically dependent upon the contributions received from the Government and for the Government's payments on behalf of the Authority for the Authority's salaries for its ongoing operations. If the funding arrangement were to change, management is of the opinion that the Authority's operations would be significantly affected.

3. Basis of presentation and significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Canadian Public Sector Accounting Board. Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Measurement uncertainty

The preparation of these financial statements in accordance with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from these estimates.

The more significant estimate relates to contingencies.

(b) Cash

Cash is comprised of bank account balances, net of outstanding cheques.

(c) Tangible capital assets

The Government retains ownership of all tangible capital assets (TCA) used by the Authority. The Government's financial statements include these TCAs and as such the Authority has no TCAs recognized in its financial statements.

The Authority has recognized grant-in-kind revenue for the use of these TCAs provided free of charge by the Government. In addition, the Authority has recognized a corresponding rent expense for these TCAs based on the Government's amortization which is the Government's cost. This rent expense has been allocated to the Authority's programs in the statement of operations and accumulated deficit.

(d) Inventories held for use

Inventories consist of pharmaceuticals and general inventories such as parts for various equipment, medical surgical supplies, other medical supplies and office supplies. Inventories held for use are valued at the lower of cost and replacement value.

(e) Other employee future benefits and compensated absences

Under the terms and conditions of employment, employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits has been prepared using data provided by management and assumptions based on management's best estimates.

March 31, 2018

3. Basis of presentation and significant Accounting policies (continued)

(f) Pensions

The Authority and its eligible employees make contributions to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis. The Authority is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

The Authority and its contracted physicians make contributions to a physician directed investment fund administered by the Canadian Medical Association. These contributions represent the total pension liability of the Authority and are recognized in the accounts on a current basis.

(g) Revenue recognition

Government transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria and stipulations have been met, except for the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Operating transfers are recognized as revenue in the period in which the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be determined.

Recoveries

Government recoveries include amounts recovered from the Government for expenses paid by the Authority primarily relating to non-resident hospital services and non-insured health benefits. Government recoveries are recognized as revenue when the amount is known. Other recoveries are recognized when the amount is known and includes reimbursements from Workers' Safety and Compensation Commission and their equivalent entities throughout Canada, and recovery of medical fees for items such as client medical travel costs.

Other revenue

Other revenue is recognized when the service is performed or the goods are provided. The Authority may provide uninsured medical services for which revenue is recognized and food sales as a by-product of hospital cafeterias.

(h) Due from (to) Government of Canada

Due from the Government of Canada relates to receivables for projects on behalf of or services provided to the Government of Canada. Similarly, the Due to the Government of Canada relates to advances for projects provided on behalf of or services to the Government of Canada.

(i) Financial Instruments

The Authority classifies its financial instruments at cost or amortized cost. The Authority's accounting policy for this financial instrument category is as follows:

This category includes cash, accounts receivable, due (to) from Government of the Northwest Territories, due (to) from Government of Canada and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transactions costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments. Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write down being recognized in the statement of operations.

(j) Non-financial assets

Non-financial assets are accounted for as assets by the Authority because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Authority unless they are sold.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

3. Basis of presentation and significant Accounting policies (continued)

(k) Contractual obligations and contingencies

The nature of the Authority's activities requires entry into operational contracts that can be significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations are commitments for operating, commercial and residential leases. Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingencies of the Authority are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming event is not determinable, the contingency is disclosed.

(l) Expenses

Expenses are reported on an accrual basis. The cost of all goods and services received during the year are expensed, except for certain services provided without charge which are described in Note 12.

(m) Related parties

Related party transactions are in the normal course of operations. The Authority is related in terms of common ownership to all Government created departments, public agencies, and key management personnel and close family members. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Authority.

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for services provided by the Government without charge. Services provided without charge include rent, building utilities, repairs and maintenance, medical travel, contracted services, legal, human resources and other services. These services are provided by the Government's central agency and with the exception of rent described in Note 3 (c) these services cannot be reasonably estimated. The Authority does not recognize any amounts for these services in the financial statements.

(n) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversal of prior years' expense accruals in excess of actual expenditures are reported separately from other revenues on the statement of operations and accumulated surplus. Pursuant to the FAA, these recoveries cannot be used to increase the amount appropriated for current year expenses.

(o) Adoption of new accounting standards

The Authority adopted the following handbook sections which became effective for entities with year-ends starting on or after April 1, 2017, Assets (PS 3210); Contingent assets (PS 3320); and Contractual rights (PS 3380). The adoption of these standards did not have a material impact on the financial statements of the Authority.

4. Future accounting changes

PSAB issued new standards on Res

tructuring Transactions (PS 3430) and Asset Retirement Obligations (PS 3280). These new standards have an effective date of April 1, 2018, and April 1, 2021 respectively.

The Authority does not expect these standards to have a significant impact on its financial statements.

5. Designated assets

The Authority records financial information in individual funds that are internally segregated for the purpose of carrying on specific activities or attaining certain objectives. These funds are included in cash on the Statement of Financial Position totaling \$413 (2017 - \$444). Funds established by the Authority include a special project reserve \$265 (2017 - \$273) which are donations made to the Authority under non-contractual conditions; a funded employee future benefits reserve \$131 (2017 - 131) for funds received for the severance liability of employees who were transferred to the Authority from the Government; and an internally restricted fund \$17, (2017 - 40) for monies transferred to the Authority when the Beaufort Delta Hospital Foundation became inactive.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

6. Accounts receivable

The Authority administers the Government's Medical travel program for residents of the Northwest Territories and non-residents of the Northwest Territories accessing the medical travel program are invoiced accordingly. These invoices are included in receivables at March 31. Interest is not charged on outstanding amounts receivable. All other payments from account receivable customers of the Authority are expected at N/30.

	Accounts Receivable	Allow. For Doubtful Accounts	Net 2018	Net 2017
Receivables	\$ 9,510	\$ (3,633)	\$ 5,877	\$ 5,095
Government of Nunavut	3,782	(149)	3,633	2,085
Due from WSCC	846	(146)	700	348
Due from related parties (note 15)	244	(32)	212	263
Total accounts receivable	\$ 14,382	\$ (3,960)	\$ 10,422	\$ 7,791

7. Due from (to) the Government of the Northwest Territories

The Authority receives payment from the Government based on 30 days from the receipt of the invoice or monthly based on transfer payments of contribution agreements.

Due from the Government of Northwest Territories	Accounts Receivable	Allow. For Doubtful Accounts	Net 2018	Net 2017
Health and Social Services	\$ 12,210	\$ (1,062)	\$ 11,148	\$ 8,869
Finance	2,169	(67)	2,102	11
Justice	31	(10)	21	-
Municipal and Community Affairs	14	-	14	-
Education, Culture and Employment	24	(14)	10	1
Infrastructure	2	-	2	8
Total due from Government of Northwest Territories	\$ 14,450	\$ (1,153)	\$ 13,297	\$ 8,889

Due to the Government of Northwest Territories

Liability for payroll services provided by the Government	\$ 93,425	\$ 67,889
Health and Social Services	2,466	3,508
Finance	505	197
Infrastructure	481	28
Justice	-	7
Municipal and Community Affairs	-	6
Total due to Government of Northwest Territories	\$ 96,877	\$ 71,635

The Due to the Government of Northwest Territories is unsecured, without interest and due on demand.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements****(All figures in thousands of dollars)**

March 31, 2018

8. Accounts payable and accrued liabilities

The Authority follows the Government for payment practices of accounts payable invoices and pays northern vendors with terms N/20 and all other vendors at N/30. The Authority administers the Government's Medical travel program for residents of the Northwest Territories and reimbursement of medical related travel expenses are paid to residents accessing the program accordingly. These payables are included in the trade payable.

	2018		2017
Trade payable	\$ 10,938	\$	10,244
Annual leave and lieu time	6,634		6,397
Due to related parties (note 15)	58		25
Due to WSCC	19		-
Total accounts payable and accrued liabilities	\$ 17,649	\$	16,666

9. Pensions

All eligible employees participate in Canada's Public Service Pension Plan (PSPP). The PSPP 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 pension plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

The public service pension 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 members with start dates before January 1, 2013, the normal retirement age remains age 60. The employer contribution rate effective at the end of the year is 1.01 times (2017 – 1.1) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2017 – 1.0) the employees' contributions for all other employees.

The Authority and the contracted physician's contribute to the Physician Retirement Income Benefit (PRIB). The Physician's contribution rate is 7.5 percent of the Physician's base salary, minus the Physician's contribution to the Canada Pension Plan. The Authority contribution rate is 15 percent of the Physician's base salary, minus the Employer's contribution to the Canada Pension Plan on behalf on the Physician. The Authority contributed \$9,980 (2017 – \$9,710) to PSPP and \$2,102 (2017 – \$2,125) to the Physician's fund. The employee's contributions were \$9,920 (2017 – \$8,552) and \$966 (2017 – \$1,062) respectively.

The Authority contributes for all eligible employees to the Public Service Health Care Plan and the Public Service Dental Care Plan which are sponsored by the Government of Canada. The Authority's responsibility with regard to these plans is limited to its contributions. Contributions during the year totaled \$4,084 (2017 - \$3,575).

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

10. Other employee future benefits and compensated absences

In addition to pension benefits, the Authority provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Severance benefits are paid to Authority employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness, or death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at February 17, 2017. The effective date of the next actuarial valuation is March 31, 2019. The liabilities were actuarially determined and the results were extrapolated to March 31, 2018.

These liabilities are expensed in the year they become due.

	Severance and Removal	Compensated absences	2018	2017
Changes in obligation				
Accrued benefit obligations, beginning of year	\$ 8,923	\$ 1,854	\$ 10,777	10,229
Current period benefit cost	483	153	636	661
Past service cost	-	-	-	291
Transfer of employees to NTHSSA (net)	-	-	-	(121)
Interest accrued	270	59	329	307
Benefits payments	(1,379)	(972)	(2,351)	(1,246)
Actuarial (gains)/losses	(1,268)	464	(804)	656
Accrued benefit obligations, end of year	7,029	1,558	8,587	10,777
Unamortized net actuarial gain/(loss)	2,875	(314)	2,561	2,029
Net future obligation	\$ 9,904	\$ 1,244	\$ 11,148	\$ 12,806
Other compensated absences	-	377	377	563
Total employee future benefits and compensated absences	\$ 9,904	\$ 1,621	\$ 11,525	\$ 13,369
Benefits expense				
Current period benefit cost	483	153	636	661
Past service cost	-	-	-	291
Transfer of employees to NTHSSA (net)	-	-	-	(121)
Interest accrued	270	59	329	307
Amortization of actuarial gains	(247)	(25)	(272)	(353)
	\$ 506	\$ 187	\$ 693	\$ 785

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

10. Other employee future benefits and compensated absences (continued)

The discount rate used to determine the accrued benefit obligation is an average of 3.8% (2017 - 3.3%). No inflation rate was applied. The expected payments during the next five fiscal years are:

		Severance and Removal	Compensated Absences	2018 Total
2019	Year 1	\$ 1,539	\$ 296	\$ 1,835
2020	Year 2	1,206	231	1,437
2021	Year 3	1,015	196	1,211
2022	Year 4	822	160	982
2023	Year 5	738	149	887
	Thereafter	4,584	589	5,173
		\$ 9,904	\$ 1,621	\$ 11,525

11. Trust assets under administration

The authority administers trust assets, consisting of cash held on behalf of patients, which are not included in the reported Authority's assets and liabilities, totaling \$159 (2017 - \$141).

12. Government assets and services provided at no charge

During the year, the Authority received without charge from the Government services including utilities, repairs and maintenance, payroll processing, medical travel costs, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services. The services are part of the central agency role of the Government and no estimate can be reasonably determined.

The Government provides without charge the use of buildings, equipment, leasehold improvements, mainframe and software systems, medical equipment and vehicles for use in program and service delivery. These would have cost the Authority an estimated \$8,134 (2017 - \$7,604) based on the calculated depreciation expense by the Government and have been recognized as rent expense with a corresponding grant-in-kind in the financial statements. The Government is currently constructing a new Territorial Hospital for the Authority to use once it is completed.

13. Contractual obligations

The Authority has entered into agreements for equipment, operations and services (Government medical travel program) or is contractually committed to, the following expenses payable subsequent to March 31, 2018:

	Expires in Fiscal Year	2019	2020	2021	2022	2023 and Thereafter	Total
Equipment leases	2026	\$ 577.00	\$ 233	\$ 193	\$ 190	\$ 705	\$ 1,898
Operational leases	2021	5,176	1,481	761	-	-	7,418
Service contracts	2026	35,160	21,571	17,133	16,874	18,711	109,449
		\$ 40,913	\$ 23,285	\$ 18,087	\$ 17,064	\$ 19,416	\$ 118,765

14. Contingencies

In the normal course of operations, the Authority is subject to claims and pending and threatened litigation against the Authority and its staff. At year end, the Authority estimated the total claimed amount for which the outcome is not determinable at \$50 (2017 - \$0). No provision for such claims has been made in these financial statements as it is not determinable that any future event will confirm that a liability has been incurred as at March 31.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

15. Related Parties

Related party transactions not disclosed elsewhere are as follows:

Due from related parties	Accounts Receivable	Allow. For Doubtful Accounts	Net 2018	Net 2017
Ticho Community Services Agency	\$ 150	\$ (6)	\$ 144	\$ 104
Hay River Health and Social Services Authority	48	(2)	46	155
NWT Housing Corporation	40	(24)	16	4
Beaufort-Delta District Education Council	3	-	3	-
Fort Good Hope Housing Authority	3	-	3	-
	\$ 244	\$ (32)	\$ 212	\$ 263
Due to related parties:				
			2018	2017
Ticho Community Services Agency			\$ 20	\$ 2
Hay River Health and Social Services Authority			14	15
NWT Housing Corporation			10	-
BDIC			8	-
NWT Power Corporation			3	5
Beaufort-Delta District Education Council			2	-
Aurora College			1	-
Yellowknife Catholic School Board			-	2
South Slave Divisional Education Council			-	1
			\$ 58	\$ 25
Revenues from related parties:				
			2018	2017
Ticho Community Services Agency			\$ 914	\$ 842.00
Hay River Health and Social Services Authority			205	263
Beaufort-Delta Education Council			4	-
GNWT - MACA			1	-
NWT Housing Corporation			-	7
			\$ 1,124	\$ 1,112
Expenses paid to related parties:				
			2018	2017
Government of the Northwest Territories			\$ 978	\$ 1,357
Ticho Community Services Agency			376	2
NWT Housing Corporation & local housing authorities			144	173
Hay River Health and Social Services Authority			52	17
NWT Power Corporation			45	35
Yellowknife Catholic School Board			10	20
Aurora College			7	69
Yellowknife Education District #1			7	-
Beaufort-Delta Education Council			5	-
BDIC			4	-
South Slave Divisional Education Council			-	1
			\$ 1,628	\$ 1,674

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

March 31, 2018

(All figures in thousands of dollars)

16. Financial Instruments

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

(a) Credit risk

Credit risk is the risk of financial loss of the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its cash, special purpose funds, trust assets, and accounts receivable.

The Authority holds its cash, special purpose funds, and trust assets deposits in trust accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Authority's cash and special purpose funds deposits in trust accounts are insured up to \$100.

Accounts receivable are due from various governments, government agencies, corporations and individuals. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. Management has determined that a portion of accounts receivable are impaired based on specific identification as well as age of receivables. These amounts are as disclosed in Note 6.

The Authority's maximum exposure to credit risk is represented by the financial assets for a total of \$33,391 (2017 - \$21,521).

Concentration of credit risk

Concentration of credit risk is the risk that customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Authority in the event of a default. The Authority does have concentration of credit risk. At March 31, 2018, receivables from the Government comprised 55% of the total outstanding accounts receivables (2017 - 52%). The Authority reduces this risk by monitoring overdue balances.

(b) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting, deferring repayment to the Government (Note 1 and Note 2) and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All of the Authority's financial assets and financial liabilities as at March 31, 2018 mature within the next six months.

Total financial assets are \$33,391 (2017 - \$21,521) and financial liabilities are \$126,067 (2017 - \$101,671). The Authority has disclosed future financial liabilities and contractual obligations in Note 13.

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

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

17. Budget

The approved budget have been reclassified where applicable to conform to the presentation used in financial statements as follows:

	Budget per Statement of Operations and Accumulated Deficit	Government Approved Budget	Difference
Revenue			
Recoveries from other sources	\$ 9,526	\$ -	\$ 9,526
Recoveries from Nunavut	2,485	-	2,485
Contributions from other sources	808	-	808
Interest income	167	-	167
Other income	102	\$ 48,142	(48,040)
Total Revenue	13,088	48,142	(35,054)
Expenses			
Administration and support services	91,637	47,527	44,110
Supplementary health programs	-	43,355	(43,355)
Ambulatory care services	62,628	33,422	29,206
Community health programs	41,642	99,624	(57,982)
Community social programs	51,896	22,781	29,115
Nursing inpatient services	32,874	32,874	-
Diagnostic and therapeutic services	25,849	26,006	(157)
Undistributed	-	645	(645)
Total Expenses	306,526	306,234	292
Government contributions			
Contributions from Government of the Northwest Territories	244,773	239,053	5,720
Recoveries from Government of the Northwest Territories	18,741	-	18,741
Recoveries - non insured health services	10,885	-	10,885
Total Government contributions	274,399	239,053	35,346
Annual deficit	(19,039)	(19,039)	-

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements**

(All figures in thousands of dollars)

March 31, 2018

18. Expenses by object

	2018	2017
	Actual	Actual
Compensation and benefits		
Salaries and wages	\$ 158,011	\$ 158,620
Superannuation	11,208	11,595
Post employment benefit	693	784
Honorariums	165	198
	170,077	171,197
Compensable items		
Locums	15,978	15,442
Other compensable items	5,244	5,079
	21,222	20,521
Operations and maintenance		
Contracted and general services	47,599	45,642
Medical travel and other travel	26,246	25,298
Contributions	19,012	18,444
Medical and surgical supplies	11,461	10,729
Rent expense (Note 12)	8,134	7,604
General supplies	4,164	3,938
Program expenses	3,606	3,704
Administrative expenses	3,086	2,880
Medical and program equipment	2,377	1,747
Professional development and training	1,743	1,556
Communications	1,416	1,528
Valuation allowances	16	85
	128,860	123,155
Total expenses	\$ 320,159	\$ 314,873

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements**

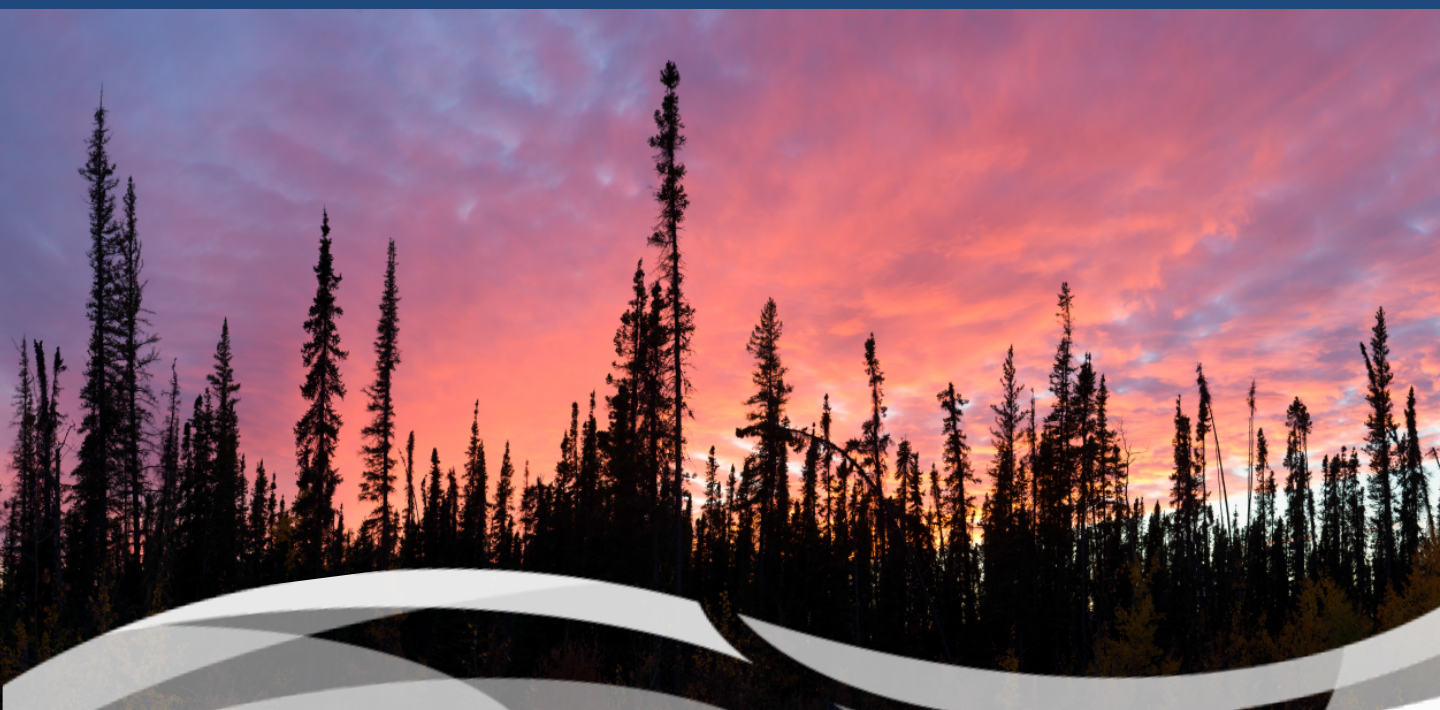
(All figures in thousands of dollars)

March 31, 2018

19. Comparative figures

The financial statements have been reclassified where applicable to conform to the presentation used in the current year. The compensation and benefits categories were reclassified to provide increased transparency on the amount and type of transactions in each category. Locums and Contracted and general services were reclassified to better align the types of transactions in each category. The changes relate to the expenses by object note (note 18) as follows:

	Expenses By Object As Originally Stated	Expenses By Object As Reclassified	Difference
Salaries and wages	\$ 156,613	\$ 158,620	\$ 2,007
Severance/ superannuation	14,087		(14,087)
Superannuation		11,595	11,595
Other compensation and benefits paid	414		(414)
Honorariums		198	198
Post employment benefit	84	784	700
Locums	20,391	15,442	(4,949)
Contracted and general services	\$ 40,693	\$ 45,642	\$ 4,949



Public Accounts 2017-2018

Section I

CONSOLIDATED FINANCIAL STATEMENTS



Government of
Northwest Territories

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2018

SECTION I
CONSOLIDATED FINANCIAL STATEMENTS

HONOURABLE ROBERT C. MCLEOD
Minister of Finance

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**THE HONOURABLE MARGARET THOM
DEPUTY COMMISSIONER OF THE NORTHWEST TERRITORIES**

I have the honour to present the Public Accounts of the Northwest Territories (NWT) in accordance with Sections 37 through 43 of the *Northwest Territories Act (Canada)*, S.C. 2014, c.2, s.2, and Sections 34 through 35 of the *Financial Administration Act*, S.N.W.T 2015, c.13, for the fiscal year ended March 31, 2018.

A handwritten signature in blue ink, appearing to read "Robert C. McLeod".

Honourable Robert C. McLeod
Minister, Finance

October 18, 2018

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**Public Accounts of the
Government of the Northwest Territories**

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FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the Consolidated Financial Statements of the Government of the Northwest Territories (the Government), and related information contained in the Public Accounts, is the responsibility of the Government through the Office of the Comptroller General.

The Consolidated Financial Statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgment have been applied in the preparation of these Consolidated Financial Statements.

The Government fulfills its accounting and reporting responsibilities, through the Office of the Comptroller General, by maintaining systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information, to safeguard and control the Government's assets, and to ensure that all transactions are in accordance with the *Financial Administration Act*.

The Auditor General of Canada performs an annual audit on the Consolidated Financial Statements in order to express an opinion as to whether the Consolidated Financial Statements present fairly, in all material respects, the financial position of the Government, the results of its operations, the change in its net debt and its cash flows for the year then ended in accordance with PSAS. During the course of the audit, he also examines transactions that have come to his notice, to ensure they are, in all significant respects, within the statutory powers of the Government and those organizations included in the Consolidated Financial Statements.

Jamie Koe, CPA, CGA
Comptroller General, Finance
Government of the Northwest Territories

October 18, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Northwest Territories

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Government of the Northwest Territories, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Government of the Northwest Territories as at 31 March 2018, and 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.

Report on Other Legal and Regulatory Requirements

In my opinion, the transactions of the Government of the Northwest Territories and of those organizations listed in Note 1 to the consolidated financial statements that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the Government of the Northwest Territories' powers under the *Northwest Territories Act* and regulations, the *Financial Administration Act* of the Northwest Territories and regulations and the specific operating authorities disclosed in Note 1 to the consolidated financial statements.



Michael Ferguson, CPA, CA
FCPA, FCA (New Brunswick)
Auditor General of Canada

18 October 2018
Ottawa, Canada

Government of the Northwest Territories

Consolidated Statement of Financial Position

as at March 31, 2018

(thousands of dollars)

	2018	2017
	\$	\$
Financial assets		
Cash	135,897	116,724
Portfolio investments (note 3)	87,680	100,408
Due from the Government of Canada (note 12)	64,751	46,096
Accounts receivable (note 5)	125,157	124,864
Inventories for resale (note 6)	32,253	28,273
Loans receivable (note 7)	79,260	79,249
	524,998	495,614
Liabilities		
Short term loans (note 8)	297,076	234,807
Accounts payable and accrued liabilities (note 9)	290,087	300,410
Deferred revenue (note 10)	18,503	19,610
Environmental liabilities and asset retirement obligations (note 11)	70,033	72,285
Due to the Government of Canada (note 12)	118,556	125,828
Capital lease obligations (note 13)	18,620	19,954
Long-term debt (note 14)	413,042	419,618
Liabilities under public private partnerships (note 15)	166,481	142,081
Pensions (note 16)	24,625	25,396
Other employee future benefits and compensated absences (note 17)	73,757	83,459
	1,490,780	1,443,448
Net debt	(965,782)	(947,834)
Non-financial assets		
Tangible capital assets (schedule A)	3,290,882	3,117,522
Inventories held for use (note 6)	14,418	14,579
Prepaid expenses	14,276	8,585
	3,319,576	3,140,686
Accumulated surplus	2,353,794	2,192,852

Contractual obligations, rights, guarantees and contingencies (notes 19 and 20)

Approved:



Robert C. McLeod
Minister of Finance



Jamie Koe, CPA, CGA
Comptroller General

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

Government of the Northwest Territories

Consolidated Statement of Operations and Accumulated Surplus

for the year ended March 31, 2018

(thousands of dollars)

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenues			
Grant from the Government of Canada <i>(note 2(m))</i>	1,232,439	1,232,439	1,219,888
Transfer payments <i>(note 21)</i>	219,856	213,732	218,594
	1,452,295	1,446,171	1,438,482
Taxation, non-renewable resource and general revenues			
Corporate and personal income taxes <i>(note 21)</i>	196,991	147,536	190,938
Other taxes <i>(note 21)</i>	117,976	122,742	123,235
General <i>(note 21)</i>	79,180	74,693	64,516
Income from portfolio investments	675	3,834	3,089
Non-renewable resource revenue	46,000	66,115	63,671
Sales	148,408	147,245	145,532
Recoveries	51,827	35,697	35,130
	641,057	597,862	626,111
Recoveries of prior years' expenses	3,000	15,042	10,966
	2,096,352	2,059,075	2,075,559
Expenses (schedule B) (note 22)			
Environment and Economic Development	159,124	165,736	161,094
Infrastructure	378,424	359,025	375,248
Education	338,193	349,812	344,288
Health, Social Services and Housing	578,357	552,168	554,206
Justice	123,417	125,339	127,147
General Government	335,080	327,681	320,522
Legislative Assembly and statutory offices	19,336	18,372	18,320
	1,931,931	1,898,133	1,900,825
Annual operating surplus	164,421	160,942	174,734
Projects on behalf of third parties			
Expenses	(73,546)	(105,495)	(84,299)
Recoveries	73,546	105,495	84,299
Annual surplus	164,421	160,942	174,734
Accumulated surplus at beginning of year	2,192,852	2,192,852	2,018,118
Accumulated surplus at end of year	2,357,273	2,353,794	2,192,852

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

Government of the Northwest Territories

Consolidated Statement of Change in Net Debt

for the year ended March 31, 2018

(thousands of dollars)

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Net debt at beginning of year	(947,834)	(947,834)	(883,313)
Items affecting net debt:			
Annual surplus	164,421	160,942	174,734
Acquisition of tangible capital assets (<i>schedule A</i>)	(289,936)	(305,915)	(368,375)
Amortization of tangible capital assets (<i>schedule A</i>)	131,948	123,464	122,269
Loss on sale of tangible capital assets	-	2,406	5,049
Proceeds on sale of tangible capital assets	-	6,685	1,645
	6,433	(12,418)	(64,678)
Consumption of inventories held for use	5,630	16,201	14,820
Purchase of inventories held for use	(5,772)	(16,040)	(14,353)
Change in prepaid expenses	(100)	(5,691)	(310)
	(242)	(5,530)	157
Change in net debt	6,191	(17,948)	(64,521)
Net debt at end of year	(941,643)	(965,782)	(947,834)

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

Government of the Northwest Territories

Consolidated Statement of Cash Flow

for the year ended March 31, 2018

(thousands of dollars)

	2018	2017
	\$	\$
Cash provided by (used in)		
Operating transactions		
Annual surplus*	160,942	174,734
Items not affecting cash:		
Change in valuation allowances	3,687	2,007
Loss on tangible capital assets	2,406	5,049
Amortization	123,464	122,269
Inflation adjustment on real return bonds	2,139	3,494
	292,638	307,553
Changes in non-cash assets and liabilities:		
Change in due to/from the Government of Canada	(25,927)	8,521
Change in accounts receivable	(799)	6,381
Change in inventories for resale	(3,980)	87
Change in accounts payable	(329)	8,177
Change in environmental liabilities and asset retirement obligations	(2,459)	5,508
Change in deferred revenue	(1,107)	8,836
Change in pensions	(771)	(957)
Change in other employee future benefits and compensated absences	(9,702)	(746)
Change in inventories held for use	161	467
Change in prepaid expenses	(5,691)	(310)
Cash provided by operating transactions	242,034	343,517
Investing transactions		
Disposition of portfolio investments	28,726	55,618
Acquisition of portfolio investments	(15,999)	(58,941)
Loans receivable receipts	9,695	10,647
Loans receivable advanced	(12,836)	(9,936)
Cash provided by (used for) investing transactions	9,586	(2,612)
Capital transactions		
Acquisition of tangible capital assets	(280,302)	(318,010)
Proceeds of disposition of tangible capital assets	6,685	1,645
Cash used for capital transactions	(273,617)	(316,365)
Financing transactions		
Net proceeds from (repayment of) short term loans	62,269	(42,596)
Repayment of capital lease obligations	(1,334)	(794)
Proceeds from long-term financing	-	60,000
Repayment of long-term financing	(8,765)	(16,201)
Repayment of Public private partnerships	(11,000)	-
Cash provided by financing activities	41,170	409
Increase in cash	19,173	24,949
Cash at beginning of year	116,724	91,775
Cash at end of year	135,897	116,724

*Total interest paid during the year \$29,499 (2017- \$23,942)

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

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

1. AUTHORITY AND OPERATIONS

(a) Authority and reporting entity

The Government of the Northwest Territories (the Government) operates under the authority of the *Northwest Territories Act* (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

The consolidated financial statements have been prepared in accordance with the *Northwest Territories Act* (Canada) and the *Financial Administration Act* of the Northwest Territories. The consolidated financial statements present summary information and serve as a means for the Government to show its accountability for the resources, obligations and financial affairs for which it is responsible. The following lists the organizations comprising the Government reporting entity, which are fully consolidated in the financial statements and their specific operating authority.

Education Act

- Beaufort-Delta Divisional Education Council
- Commission scolaire francophone Territoires du Nord-Ouest
- Dehcho Divisional Education Council
- Dettah District Education Authority
- N'dilo District Education Authority
- Sahtu Divisional Education Council
- South Slave Divisional Education Council
- Yellowknife Public Denominational District Education Authority (Yellowknife Catholic Schools)
- Yellowknife District No.1 Education Authority

Aurora College Act

- Aurora College

Hospital Insurance and Health and Social Services Administration Act

- Hay River Health and Social Services Authority
- Northwest Territories Health and Social Services Authority

Tlicho Community Services Agency Act

- Tlicho Community Services Agency

Northwest Territories Business Development and Investment Corporation Act

- Northwest Territories Business Development and Investment Corporation

Northwest Territories Housing Corporation Act

- Northwest Territories Housing Corporation

Human Rights Act

- Northwest Territories Human Rights Commission

Northwest Territories Societies Act

- Northwest Territories Sport and Recreation Council
- Arctic Energy Alliance

Status of Women Council Act

- Status of Women Council of the Northwest Territories

Northwest Territories Heritage Fund Act

- Northwest Territories Heritage Fund

Northwest Territories Waters Act

- Inuvialuit Water Board

Northwest Territories Hydro Corporation Act

- Northwest Territories Hydro Corporation (NT Hydro)

Northwest Territories Surface Rights Board Act

- Northwest Territories Surface Rights Board

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

1. AUTHORITY AND OPERATIONS (continued)

(a) Authority and reporting entity (continued)

All organizations included in the Government reporting entity have a March 31 fiscal year-end with the exception of Aurora College, Divisional Education Councils and District Education Authorities, which have a fiscal year-end of June 30. Transactions of these educational organizations that have occurred during the period to March 31, 2018 and that significantly affect the consolidation have been recorded. Revolving funds are incorporated directly into the Government's accounts while trust assets administered by the Government on behalf of other parties (*note 18*) are excluded from the Government reporting entity. Revolving Funds are segments of the Government that are engaged in commercial activities, with undefined and non-lapsing expense authority.

(b) Budget

The consolidated budget figures are the appropriations approved by the Legislative Assembly and the approved budgets for the consolidated entities, adjusted to eliminate budgeted inter-entity revenues and expenses. They represent the Government's original consolidated fiscal plan for the year and do not reflect supplementary appropriations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards as issued by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

The more significant management estimates relate to environmental liabilities, contingencies, revenue accruals, allowances for doubtful accounts for accounts receivable, valuation allowances for loans receivable, and amortization expense. Other estimates, such as the Canada Health Transfer payments, Canada Social Transfer payments, and Corporate and Personal Income Tax revenues are based on estimates made by the Government of Canada's Department of Finance and are subject to adjustments in future years.

(b) Cash

Cash is comprised of bank account balances, net of outstanding cheques and short-term highly liquid investments that are readily convertible to cash with a maturity date of 90 days or less from the date of acquisition.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Portfolio investments

Portfolio investments are long-term investments in organizations that do not form part of the government reporting entity and are accounted for by the cost or amortized cost method. Such investments are normally in shares and bonds of the investee. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss and it is included as a component of investment income. Interest income is recorded on the accrual basis, dividend income is recognized as it is declared and capital gains and losses are recognized when realized.

(d) Inventories

Inventories for resale consist mainly of bulk fuels, liquor products, and arts and crafts. Bulk fuels are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at the lower of cost and net realizable value. Inventories held for use by NT Hydro consist of materials and supplies, lubricants, critical spare parts, and fuel and are recorded at cost as determined using the weighted average cost method. The remaining inventories held for use (including housing materials and supplies, and hospital supplies) are valued at the lower of cost, determined on a first in, first out basis, and net replacement value. Impairments, when recognized, result in write-downs to net realizable value.

(e) Loans receivable

Loans receivable and advances are stated at the lower of cost and net recoverable value. Valuation allowances, determined on an individual basis, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements and are adjusted annually to reflect the current circumstances by recording write downs or recoveries, as appropriate. Write downs are recognized when the loans have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written down are subsequently collected. Interest revenue is recorded on an accrual basis. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

(f) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the Government as they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the government unless they are sold.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Tangible capital assets and leases

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year, original cost exceeds \$50 and are intended to be used on an ongoing basis for delivering programs and services. Individual assets less than \$50 are expensed when purchased. Tangible capital assets are recorded at cost or where actual cost is not available, estimated current replacement cost, discounted back to the acquisition date. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, and directly attributable interest. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use in producing goods or delivering services. Assets, when placed in service, are amortized on a straight-line basis over their estimated useful lives as follows:

Asset category	Amortization period
Land	Not amortized
Roads and bridges	75 years or less
Barges and Tugboats	70 years or less
Airstrips and aprons	40 years or less
Buildings	40 years or less
Ferries	25 years or less
Fences	20 years or less
Signs	20 years or less
Electric power plants	15 - 100 years
Transmission and distribution systems	20 - 65 years
Aircrafts	20 - 40 years
Fuel distribution systems	15 - 40 years
Water/sewer works	15 - 25 years
Park improvements	10 - 40 years
Mobile and heavy equipment	7 - 15 years
Mainframe and software systems	5 - 10 years
Major equipment	5 - 15 years
Medical equipment	5 - 15 years
LNG and NT Hydro equipment under capital lease	5 years
Leasehold improvements	Lesser of useful life or lease term plus renewal

The estimate of the useful life of tangible capital assets is reviewed on a regular basis and revised where appropriate on a prospective basis. The remaining unamortized portion of a tangible capital asset may be extended beyond its original estimated useful life when the appropriateness of such a change can be clearly demonstrated.

Write-downs and write-offs of tangible capital assets are recognized whenever significant events and changes in circumstances and use suggest that the asset can no longer contribute to program or service delivery at the level previously anticipated. A write-down is recognized when a reduction in the value of the asset can be objectively measured. A write-off is recognized when the asset is destroyed, stolen, lost, or obsolete to the Government.

Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service. Capital lease agreements are recorded as a liability and a corresponding asset based on the present value of the minimum lease payments, excluding executory costs. The present value is based on the lower of the implicit rate or the Government's borrowing rate at the time the obligation is incurred. Operating leases are charged to expenses. All intangibles, works of art, historical treasures and items inherited by right of the Crown, such as Crown lands, forests, water and mineral resources are not recognized in these financial statements.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Pensions and other employee future benefits and compensated absences

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to any actuarial deficiencies of the Public Service Pension Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternity and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

(i) Contractual obligations and contingent liabilities

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating, commercial and residential leases, and capital projects. Contractual obligations are obligations of a government to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated or if the occurrence of the confirming future event is not determinable, the contingent liability is disclosed.

(j) Contractual rights and contingent assets

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future revenues. Contractual rights pertain to rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future when the terms of contracts or agreements are met.

The contingent assets of the Government are potential assets which may become actual assets when one or more future events occurs or fails to occur. If the future event is considered likely to occur and is quantifiable, an estimated asset is disclosed.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All exchange gains and losses are included in net income for the year according to the activities to which they relate.

(l) Projects on behalf of third parties

The Government undertakes projects for the Government of Canada, the Government of Nunavut and others. Where the agreement allows, the Government receives accountable advances and any unexpended balances remaining at year-end are recorded as liabilities in accounts payable and accrued liabilities or due to Canada, as applicable. Recoveries are accrued when expenses as allowed under the project contract, exceed advances and are recorded as receivables in accounts receivable or due from Canada, as applicable.

(m) Grant from the Government of Canada

Under *Federal-Provincial Fiscal Arrangements Act* (Canada), the Grant from the Government of Canada is based on the Territorial Formula Financing calculated as the Gross Expenditure Base, offset by eligible revenues, which are based on a three-year moving average, lagged two years, of representative revenue bases at national average tax rates. Population growth rates and growth in provincial/local government spending are variables used to determine the growth in the Gross Expenditure Base. The Grant is calculated once for each fiscal year and is not revised, with all payments flowing to the Government prior to the end of the fiscal year.

(n) Transfer payments

Transfers from the federal government are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

(o) Taxes, regulatory, resource, and general revenues

Corporate and Personal Income tax revenue are recognized on an accrual basis, net of any tax concessions. Income tax is calculated net of tax deductions and credits allowed under the *Income Tax Act* (Canada). If an expense provides a financial benefit other than a relief of taxes, it is classified as a transfer made through the tax system. If an expense provides tax relief to a taxpayer and relates to revenue, this expense is considered a tax concession and is netted against tax revenues. Taxes, under the *Income Tax Act* (Canada), are collected by the Government of Canada on behalf of the Government under a tax collection agreement. The Government of Canada remits Personal Income taxes monthly throughout the year and Corporate Income tax monthly over a six month period beginning in February. Payments are based on Canada's Department of Finance's estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Income tax estimates, determined by the Government of Canada, combine actual assessments with an estimate that assumes that previous years' income tax allocations will be sustained and are subject to revisions in future years. Differences between current estimates and future actual amounts can be significant. Any such differences are recognized when the actual tax assessments are finalized.

Regulatory revenues, which are part of general revenues, are recognized on an accrual basis and include revenues for fines, fees, licenses, permits, and registrations. Amounts received prior to the end of the year, which relate to revenues that will be earned in a subsequent year, are recorded as deferred revenues and are recognized as revenue when earned.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Taxes, regulatory, resource, and general revenues (continued)

Non-renewable resource revenues are recognized on an accrual basis and include mineral, quarry, oil and gas, and water revenues as defined in the Northwest Territories Lands and Resources Devolution Agreement. Mineral and quarry revenues are collected under the authority of the *NWT Lands Act*, water revenues are collected under the authority of the *Water Act* and oil and gas revenues are collected under the authority of the *Petroleum Resources Act*. The Government is entitled to 50 percent of the Non-renewable resource revenues collected (which is referred to as the net fiscal benefit), up to a maximum amount based on a percentage of the Gross Expenditure Base under Territorial Formula Financing. The Government of Canada will deduct its share of the Non-renewable resource revenues collected by the Government (the remaining amount) from the Territorial Formula Financing Grant (*note 2(m)*) payable to the Government two years hence. The Government has also committed to sharing up to 25 percent of the net fiscal benefit with Aboriginal governments that are signatories to the Northwest Territories Lands and Resources Devolution Agreement as per the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*.

Fuel, tobacco, payroll and property taxes are levied under the authority of the *Petroleum Products Tax Act*, the *Tobacco Tax Act*, the *Payroll Tax Act*, and the *Property Assessment and Taxation Act*, respectively. Fuel and tobacco tax revenues are recognized on an accrual basis, based on statements received from collectors. Payroll tax is recognized on an accrual basis, based on payroll tax revenues of the prior year. Property tax and school levies are assessed on a calendar year basis and are recognized in the fiscal year in which the billing occurs. Adjustments arising from reassessments are recorded in revenue in the year they are identified. Revenues from the sale of power and fuel riders are recognized in the period earned based on cyclical meter readings. All other revenues are recognized on an accrual basis.

Certain tangible capital asset additions of NT Hydro are made with the assistance of cash contributions from customers. These contributions are recorded as revenues when all external restrictions or stipulations imposed by an agreement with the external party related to the contribution have been satisfied, generally when the resources are used for the purposes intended.

(p) Expenses

Grants and contributions are recognized as long as the grant or contribution is authorized and eligibility criteria have been met. Grants and contributions include transfer payments paid through programs to individuals, and to provide major transfer funding for communities under community government funding arrangements. Payments to individuals include payments for children's benefits, income support or income supplement. Assistance is based on age, family status, income, and employment criteria. Other transfer payments are provided to conduct research, to establish new jobs through support for training and to promote educational, health and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments. Under the authority of the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*, a transfer to the Aboriginal parties who are signatories to the Northwest Territories Intergovernmental Resource Revenue Sharing Agreement will be made of up to 25 percent of the net fiscal benefit from Non-renewable resource revenues that is received by the Government (*note 2 (o)*). All other expenses are recognized on an accrual basis.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Environmental liabilities

Environmental liabilities are the result of contaminated sites, defined as a site where as a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the Government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the management and remediation of environmentally contaminated sites, including costs such as those for future site assessments, development of remedial action plans, resources to perform remediation activities, land farms and monitoring. All costs associated with the remediation, monitoring and post-closing of the site are estimated and accrued. Where estimates are not readily available from third party analyses, an estimation methodology is used to record a liability when sufficient information is available. The methodology used is based on costs or estimates for sites of similar size and contamination when the Government is obligated, or is likely obligated, to incur such costs. If the likelihood of a future event that would confirm the Government's responsibility to incur these costs is either not determinable, or in the event it is not possible to determine if future economic benefits will be given up, or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements and no liability is accrued. The environmental liabilities for contaminated sites are reassessed on an annual basis.

(r) Asset retirement obligations

On an annual basis, NT Hydro identifies legal obligations associated with the retirement of its tangible capital assets. Management's best estimate of the future expenditures required to settle the legal obligations are recognized to the extent that they can be reasonably estimated and are calculated based on the estimated future cash flows necessary to discharge the legal obligations, discounted using the NT Hydro's cost of borrowing for maturity dates that coincide with the expected cash flows.

The estimated asset retirement obligation (ARO) is recorded as a liability and a corresponding increase to tangible capital assets. The liability for AROs is increased annually for the passage of time by calculating accretion on the liability based on the discount rates implicit in the initial measurement. Changes in the obligation resulting from revisions to the timing or amount of the estimated undiscounted cash flows or revisions to the discount rate are recognized as an increase or decrease in the related carrying amount of the related tangible capital asset.

NT Hydro has identified AROs for certain hydro, thermal, transmission and distribution assets where NT Hydro expects to maintain and operate these assets indefinitely and therefore no related ARO has been recognized.

(s) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversal of prior years' expense accruals in excess of actual expenditures are reported separately from other revenues on the consolidated statement of operations and accumulated surplus. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenses.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Segmented information

The Government reports on segments on the basis of relationships of its operations with similar entities. Segmented information is disclosed in Schedule B. Segments are identified by the nature of an entity's operations and the accountability relationship that a group of similar entities has with the Government. There are no significant allocations of revenues or expenses between segments.

Government departments are identified as one segment to reflect the direct accountability relationship for financial reporting and budgeting between departments, their respective Ministers and the Legislative assembly.

Other Public Agencies within the Government Reporting Entity represent another segment. These agencies are typically associated with a particular Government department and have a formalized reporting relationship to that department. For example, Health and Social Services Authorities have an accountability relationship to the Minister of Health and Social Services as well as to their respective board members. Other Public Agencies also includes agencies that report directly to a Minister responsible for their operations. For example, the Northwest Territories Housing and Hydro Corporations have Ministers specifically assigned to their operations. The agencies in this segment assist the Government in delivering its programs and services and in achieving its priorities.

(u) Public-Private Partnerships

The Government may, as an alternative to traditional forms of procurement governed by the Government's Contract Regulations, enter into public private partnership (P3) agreements with the private sector to procure services and public infrastructure when: the total projected threshold for procuring those services, including capital, operating and service costs over the life of the agreement, exceeds \$50,000; there is appropriate risk sharing between the Government and the private sector partners; the agreement extends beyond the initial capital construction of the project, and; the arrangement results in a clear net benefit to the Government as opposed to being merely neutral in comparison with standard procurement processes. The operating and service costs, that are clearly identified in the agreements, are expensed as they are incurred.

The Government accounts for P3 projects in accordance with the substance of the underlying agreements. In circumstances where the Government is determined to bear the risks and rewards of an asset under construction, the asset and the corresponding liability are recognized over time as the construction progresses. The capital asset (classified as work in progress) and the corresponding liability are recorded based on the estimated percentage of completion. In circumstances where the Government does not bear the risks and rewards of the asset until substantial completion the future associated agreement is disclosed.

The capital asset value is the total of progress payments made during construction and net present value of the future payments, discounted using the imputed interest rate for the agreement. Capital expenditures may occur throughout the project or at the capital in-service date. Service fees may occur throughout the project or when the project is operational; these fees will include both a service and operational component. All payments are adjusted to reflect performance standards as outlined in the specific agreement and penalties may be deducted for sub-standard performance. When available for use, the P3 assets are amortized over their estimated useful lives.

A P3 agreement may encompass certain revenues, including those collected by the partner on behalf of the Government. In such instances the Government will report the gross revenue along with the asset, liability, and expenses as determined from the specific project.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Future accounting changes

PS 3430 Restructuring Transactions. Effective April 1, 2018, this standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

Financial instruments

The Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments effective for fiscal years beginning on or after April 1, 2021. Items within the scope of the standard are assigned to one of two measurement categories: fair value, or cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the Statement of Remeasurement of Gains and Losses.

Other New Standards

Effective April 1, 2021, the Government will concurrently be required to adopt: PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. Government organizations that apply PSAS were required to adopt these standards effective April 1, 2012, however there is no significant impact on the consolidated financial statements as a result of its application.

PS 3280 Asset Retirement Obligations. Effective April 1, 2021, this standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

The Government is currently assessing the impact of these standards on the consolidated financial statements.

(w) Adoption of new accounting standards

Effective April 1, 2017, the Government adopted the PSA Handbook Sections PS 3420 - inter-entity transactions, PS 2200 - related party disclosures, and PS 3210 - assets. There was no significant impact on the consolidated financial statements as a result of adopting the new standards.

Effective April 1, 2017, the Government also adopted the PSA Handbook Sections PS 3320 - contingent assets and PS 3380 - contractual rights. These new sections define and establish guidance on disclosure for contingent assets and contractual rights. The impact of adopting these new standards is reflected in notes 19 and 20.

3. PORTFOLIO INVESTMENTS

	2018	2017
	\$	\$
Marketable securities (market value \$88,626; 2017 - \$101,942)	87,277	100,023
Miscellaneous investments	403	385
	87,680	100,408

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4. DESIGNATED AND RESTRICTED ASSETS

Designated and restricted assets are included in cash and portfolio investments.

Pursuant to the *Student Financial Assistance Act*, the assets of the Student Loan Fund are to be used to provide financial assistance to post-secondary students that meet eligibility criteria as prescribed in its regulations.

Pursuant to the *Northwest Territories Heritage Fund Act*, the assets of the Heritage Fund are to be used to ensure that the future generations of people of the Northwest Territories benefit from on-going economic development, including the development of non-renewable resources.

Pursuant to the *Waste Reduction and Recovery Act*, the assets of the Environment Fund are to be used for purposes specified in the act including programs with respect to the reduction and recovery of waste.

Portfolio investments, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplemental Retiring Allowance Pension Plan (*note 16*). Supplementary Retiring Allowance Regulations restrict the investments to those permitted under the *Pension Benefits Standards Act*. The remainder consists of investments held by public agencies listed in note 1(a).

Pursuant to the *Northwest Territories Business Development and Investment Corporation Act*, and its Regulations, the Northwest Territories Business Development and Investment Corporation (BDIC) is required to establish a Loan and Investments Fund for its lending and investing activities. The regulations specifies that a Loans and Bonds Fund will be used to record the lending operations. BDIC is required to use a Venture Investment Fund to record the venture investment operations. Furthermore, BDIC is obligated to maintain a Capital Fund and Subsidy Fund.

In addition to these funds, the BDIC is required, to establish a Capital Reserve Fund and a Venture Reserve Fund, respectively. The BDIC will continue to deposit to these reserve funds an amount equal to 10% of each capital or venture investment made. The BDIC may use these reserve funds for further investment or financing for its subsidiaries and venture investments through approved drawdowns.

Pursuant to the *Land Titles Act*, the assets of the Land Titles Assurance Fund are to be used to compensate owners for certain financial losses they incur due to real estate fraud or omissions and errors of the land registration system.

Pursuant to the *Memorandum of Agreement* between the Government and Signatory Air Carriers, the funds remitted to the Government are to be used for the Yellowknife Airport Capital Program.

Sinking fund investments of NT Hydro are held by a Trustee for the redemption of debentures. The agreements require annual installments to retire debt at maturity. NT Hydro's sinking fund policy allows only Canadian fixed-income investments with investment grade credit.

Other designated assets will be used for various purposes.

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Notes to Consolidated Financial Statements

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4. DESIGNATED AND RESTRICTED ASSETS (continued)

	2018	2017
	\$	\$
Student Loan Fund:		
Authorized limit for loans receivable	45,000	45,000
Less: Loans receivable balance (<i>note 7</i>)	(40,953)	(41,320)
Funds designated for new loans	4,047	3,680
Heritage Fund:		
Heritage Fund net assets	17,170	10,614
Environment Fund:		
Beverage Container Program net assets	3,890	2,557
Portfolio Investments for the Legislative Assembly Supplementary Retiring Allowance (<i>note 16</i>)		
Marketable securities (market value \$33,279; 2017 - \$32,995)	31,631	30,274
Cash and other assets (market value approximates cost)	232	412
	31,863	30,686
BDIC:		
Loan and Investment Funds	6,836	10,780
Land Titles Assurance Fund:		
Land Titles net assets	4,539	4,355
NT Hydro:		
Sinking Funds (market value approximates cost)	6,278	5,800
YK Airport Revolving Fund:		
Yellowknife Airport Capital program	2,716	-
Other:		
Cash	672	2,013
Guaranteed investment certificate	785	778
	1,457	2,791
	78,796	71,263

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5. ACCOUNTS RECEIVABLE

	Accounts Receivable \$	Allowance for Doubtful Accounts \$	Net 2018 \$	Net 2017 \$
General	62,369	(25,233)	37,136	41,290
Utilities	11,174	(176)	10,998	9,220
Non-renewable resource revenue	54,378	-	54,378	58,343
Government of Nunavut	10,006	(149)	9,857	8,344
Health related costs due from third parties	9,510	(3,633)	5,877	4,927
Revolving fund sales	6,002	-	6,002	2,176
	153,439	(29,191)	124,248	124,300
Receivables from related parties:				
Workers' Safety and Compensation Commission	1,055	(146)	909	564
	154,494	(29,337)	125,157	124,864

6. INVENTORIES

	2018 \$	2017 \$
Inventories for resale:		
Bulk fuels	28,144	23,815
Liquor products	3,628	3,906
Arts and crafts	481	552
	32,253	28,273
Inventories held for use:		
Materials and supplies:		
Housing	2,657	3,009
NT Hydro	8,459	8,284
Hospital supplies	3,023	3,150
Public Stores	194	136
YK Airport	85	-
	14,418	14,579
	46,671	42,852

Inventory write-down for 2018 is \$195 (2017- \$300).

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7. LOANS RECEIVABLE

	2018	2017
	\$	\$
Northwest Territories Business Development and Investment Corporation loans to businesses receivable over a maximum of 25 years, secured by real property, heavy equipment and general security agreements; bearing fixed interest between 5.06% and 5.49%, (2017 between 5.06% and 5.62%) before valuation allowance of \$3,527 (2017 - \$5,363).	42,024	42,402
Northwest Territories Energy Corporation Ltd. loan to the Dogrib Power Corporation due July 2026, bearing interest at an annual rate of 9.6% (2017 - 9.6%), repayable in equal monthly payments of \$195 (2017 - \$195), secured by a \$4,000 guarantee and a restricted bank account.	13,393	14,395
Students Loan Fund loans due in installments to 2032, bearing fixed interest between 0.00% and 11.75%, (2017 - 0.00% and 11.75%) unsecured, before valuation allowance and loan remissions of 17,216 (2017 - \$17,697).	40,953	41,320
Northwest Territories Housing Corporation mortgages and loans to individuals receivable over a maximum of 25 years, some of which are unsecured and others are secured by registered charges against real property bearing fixed interest between 0.00% and 12.00%, (2017 -0.00% and 12.00%) before valuation allowance of \$10,552 (2017 - \$10,450).	14,163	14,622
Other	22	20
	110,555	112,759
Valuation allowances	(31,295)	(33,510)
	79,260	79,249

Interest earned on loans receivable during the year is \$4,036 (2017 - \$4,280).

Conditional grants have been provided by the Northwest Territories Housing Corporation to eligible homeowners, which are fully forgivable on the condition that the property remains the principal residence and the homeowner's annual income remains below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Northwest Territories Housing Corporation. Conditional grants expensed during the year were \$2,274 (2017 - \$2,519).

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Notes to Consolidated Financial Statements

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8. SHORT TERM LOANS

Based upon operational needs, the Government may enter into short term borrowing arrangements with its banks. Short-term loans of \$297,076 (2017 - \$234,807) incurred interest at a weighted average year-end rate of 1.28% (2017 - 0.86%). Interest expense on short term loans included in operations and maintenance expenses is \$2,387 (2017 - \$2,072).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
	\$	\$
Trade	195,779	204,327
Government of Nunavut	188	158
Other liabilities	8,926	14,331
Employee and payroll-related liabilities	81,674	80,755
Accrued interest	2,732	713
	289,299	300,284
Payable to related parties:		
Workers' Safety and Compensation Commission	788	126
	290,087	300,410

10. DEFERRED REVENUE

	2018	2017
	\$	\$
Government of Canada		
Ministry of Finance	4,061	5,842
Building Canada Plan	2	256
Ministry of Infrastructure and Communities	-	4,478
Transport Canada	-	350
Canadian Northern Economic Development Agency	3,781	2,762
Canadian Heritage	3,762	-
Public Health Agency of Canada	85	-
Work deposits, commercial use permits and tourism licences	1,857	934
Mining Recorders	1,230	1,125
NPR Limited Partnership	2,168	1,856
Other	1,557	2,007
	18,503	19,610

Deferred revenue in the current year consists mainly of funds received from the Government of Canada for corporate income tax, improvements to highways and bridge rehabilitation.

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Notes to Consolidated Financial Statements

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11. ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. The Government has identified 281 (2017 - 279) sites as potentially requiring environmental remediation at March 31, 2018.

Type of Site	2017 Liability	Remediation Expenditures	New Sites in 2018	Change in Estimate	2018 Liability	Number of Sites
Abandoned mines ⁽¹⁾	\$ 13,315	\$ (126)	\$ -	\$ (2,246)	\$ 10,943	7
Landfills ⁽²⁾	10,453	(785)	62	(78)	9,652	44
Abandoned infrastructure and schools ⁽³⁾	14,069	(2,036)	1,712	304	14,049	73
Airports, airport strips or reserves ⁽⁴⁾	1,704	(119)	-	2,221	3,806	24
Sewage lagoons ⁽⁵⁾	2,618	(252)	-	(12)	2,354	29
Fuel tanks and resupply lines ⁽²⁾	2,443	(6)	-	-	2,437	12
Abandoned lots and maintenance facilities ⁽³⁾	20,480	(834)	221	(644)	19,223 *	92
Total environmental liabilities	65,082	(4,158)	1,995	(455)	62,464	281
Asset retirement obligations	7,203	-	-	366	7,569	
Total	72,285				70,033	

Possible types of contamination identified under each type of site include the following:

(1) metals, hydrocarbons, asbestos, wood/metal debris, waste rock, old mine buildings, lead paint;

(2) hydrocarbons, glycol, metals;

(3) hydrocarbons, petroleum products;

(4) hydrocarbons, vehicle lubricants, asbestos, glycol;

(5) metals, e.coli, total coliforms.

*Includes estimated costs to perform due diligence related to identifying environmental contamination that may be transferred back to Canada under the *Northwest Territories Lands and Resources Devolution Agreement*.

There were 2 (2017 - 6) sites closed during the fiscal year as they were either remediated or no longer meet all the criteria required to record a liability for contaminated sites.

Included in the 281 (2017-279) sites, there are 79 (2017-80) sites where no liability has been recognized. The contamination is not likely to affect public health and safety, cause damage, or otherwise impair the quality of the surrounding environment and there is likely no need for action unless new information becomes available indicating greater concerns, in which case, the site will be re-examined. These sites will continue to be monitored as part of the Government's ongoing environmental protection program.

The asset retirement obligation includes NT Hydro's disposal of generating plants on leased land, storage tanks systems and the associated piping for petroleum products in all communities serviced by the Northwest Territories Power Corporation, a subsidiary of NT Hydro. The carrying amount of the obligation is based on total expected cash flows, expected timing of cash flows (majority to occur post 2040), and the weighted average discount rate of 3.12% for obligations to be settled in 10 years or less and 3.42% for obligations to be settled in 10 years or more.

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12. DUE TO (FROM) THE GOVERNMENT OF CANADA

	2018	2017
	\$	\$
Due from Canada		
Projects on behalf of the Government of Canada	(20,206)	(13,522)
Miscellaneous receivables	(44,545)	(32,574)
	(64,751)	(46,096)
Due to Canada		
Excess income tax advanced	55,794	65,961
Advances for projects on behalf of the Government of Canada	18,484	22,620
Miscellaneous payables	44,278	37,247
	118,556	125,828
	53,805	79,732

The amounts due to the Government of Canada are non-interest bearing. The excess income tax advanced is repayable over the following years:

	\$
2019	32,699
2020	8,874
2021	13,939
2022	282
	55,794

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13. CAPITAL LEASE OBLIGATIONS

	2018	2017
	\$	\$
Buildings	679	997
Equipment	17,941	18,957
	18,620	19,954

Interest expense related to capital lease obligations for the year is \$1,769 (2017 - \$1,894), at an implicit average interest rate of 9.41% (2017 - 9.21%). Capital lease obligations (expiring between 2019 and 2061) are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2018.

	\$
2019	2,754
2020	2,396
2021	1,952
2022	1,886
2023	1,827
2024 and beyond	41,231
Total minimum lease payments	52,046
Less: imputed interest	33,426
Present value of minimum lease payments	18,620

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14. LONG-TERM DEBT

	2018	2017
	\$	\$
Loans due to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest at a rate of 6.97% (2017 - 6.97%), unsecured.	5,847	6,402
Mortgages payable to Canada Mortgage and Housing Corporation for three third party loans under the Social Housing Agreement, maturing in 2026 and 2027, bearing interest at rates between 2.78% and 3.68% (2017 - 2.78% and 3.68%), unsecured.	2,409	2,662
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of \$7 (2017 - \$7) maturing June 2024, bearing interest at 3.30% (2017 - 3.30%), secured with real property.	521	595
Yellowknife Catholic Schools debentures, repayable in monthly installments of \$68 (2017 - \$68), including fixed interest at 5.73%, final installment due in April 2018, unsecured.	663	1,417
Debentures, due 2025 to 2052, bearing interest between 3.82% and 6.00% (2017 - 3.82% and 6.00%), unsecured.	90,000	90,000
Sinking Fund debenture, due October 2018, bearing interest at 6.33% (2017 - 6.33%), secured by sinking funds earning a weighted average effective rate of return of 0.48% (2017 - 0.48%).	10,000	10,000
Amortizing Debentures, due 2032 to 2047, bearing interest between 3.98% and 6.42% (2017 - 3.98% and 6.42%), unsecured.	113,470	116,233
Series 1, 2 and 3 Debentures, repayable in monthly installments between \$69 and \$73 (2017 - \$69 and \$73), maturing 2025 to 2026, bearing interest between 9.11% and 10.00% (2017 - 9.11% and 10.00%), unsecured.	13,756	14,916
Real return senior bonds with accrued inflation adjustment, maturing June 1, 2046, redeemable at the option of the issuer, bearing interest at 3.17% (2017 - 3.17%) payable semi-annually, unsecured.	177,209	178,277
	413,875	420,502
Unamortized premium, discount and issuance costs	(833)	(884)
	413,042	419,618

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14. LONG-TERM DEBT (continued)

Long-term debt principal repayments and investment in sinking funds (*note 4*) due in each fiscal year for the next five years and thereafter are as follows:

	Long-term Principal \$	Sinking Fund Investment \$
2019	20,103	388
2020	8,689	-
2021	9,164	-
2022	9,716	-
2023	10,307	-
2024 and beyond	355,896	-
	413,875	388

Interest expense on long-term debt, included in operations and maintenance expenses, is \$22,775 (2017 - \$20,689).

Debt Authority

The Government has the authority to borrow, pursuant to subsection 28(4) of the *Northwest Territories Act* (Canada), within a borrowing limit authorized by the Government of Canada.

	2018 \$	2017 \$
Short term debt (note 8)	297,076	234,807
Long term debt (note 14), net of sinking funds (note 4)	406,764	413,817
Capital Lease Obligations (note 13)	18,620	19,954
Guarantees (note 20 (a))	15,166	17,404
	737,626	685,982
Authorized borrowing limit	1,300,000	1,300,000
	562,374	614,018
Available borrowing capacity before P3s	166,481	142,081
Future encumbrances relating to P3s long term debt (note 15)		
Available Borrowing capacity	395,893	471,937

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15. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

The Government has entered into two contracts for the design, build, operate and maintenance of the Mackenzie Valley Fibre Link and the design, build, and maintenance of the Stanton Territorial Hospital Renewal.

The calculation of the P3 liabilities is as follows:

	2017	Additions during the year	Principal Payments	2018	Repayment date
	\$	\$	\$	\$	
Stanton Territorial Hospital Renewal	51,181	35,400	-	86,581	2048
Mackenzie Valley Fibre Link	90,900	-	(11,000)	79,900	2037
Total	142,081	35,400	(11,000)	166,481	

The details of the contracts under public private partnerships are as follows:

	Contractor	Date contract entered into	Scheduled/ actual completion date	Interest rate
Stanton Territorial Hospital Renewal	Boreal Health Partnership	September 2015	November 2018	7.09%
Mackenzie Valley Fibre Link	Northern Lights General Partnership	October 2014	June 2017	6.52%

Estimated loan principal repayments for each of the next five years and thereafter are as follows:

	\$
2019	2,900
2020	4,600
2021	4,800
2022	5,200
2023	5,500
2024 and beyond	143,481
	166,481

The capital payments for P3 are fixed, equal monthly payments for the privately financed portion of the costs of building the infrastructure.

P3 interest expense is \$5,300 (2017-nil).

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16. PENSIONS

a) Plans' description

The Government administers the following pension plans for Members of the Legislative Assembly (MLAs), Territorial Court Judges, Employees of the Hay River Health and Social Services Authority and the Employees and Superintendent and Assistant Superintendents of the Yellowknife Catholic Schools. The Government is liable for all benefits. Benefits provided under all seven plans are based on years of service and pensionable earnings.

Plan recipient	Name of plan	Funded status
MLAs	Legislative Assembly Retiring Allowance Plan (MLAs Regular)	Funded
MLAs	Legislative Assembly Supplemental Retiring Allowance Plan (MLAs Supplemental)	Non Funded
Judges	Judges Registered Plan (Judges Regular)	Funded
Judges	Judges Supplemental Pension Plan (Judges Supplemental)	Non Funded
Employees	Retirement Plan for Employees of the Hay River Health and Social Services Authority	Funded
Employees	Retirement Plan for Employees of the Yellowknife Catholic Schools	Funded
Superintendent and Assistant Superintendents	Retirement Plan for Superintendent and Assistant Superintendents of the Yellowknife Catholic Schools (Supplemental)	Non Funded

The Regular Plans for both the MLAs and Judges are contributory defined benefit registered pension plans and are pre-funded. The funds related to these plans are administered by independent trust companies.

The Supplemental plans for both the MLAs and Judges are non-contributory defined benefit pension plans and are unfunded; however, the Government has designated assets for the purposes of meeting the obligations of the MLA Supplemental plan (*note 4*).

The average age of the 19 (2017-19) active members of the MLAs plans is 52 (2017-51). The basic benefit formula of the MLAs plans is 2 percent per year of pensionable service multiplied by the average of the best four consecutive years of earnings. Plan assets consist of Canadian and foreign equities, and Canadian fixed income securities and bonds.

The average age of the 4 (2017-4) active members of the Judges' plans is 61 (2017-60). The basic benefit formula of the Judges' plans is 2 percent per year of pensionable service multiplied by the average of the best six consecutive years of earnings, reducing at age 65 by an amount equal to 0.7% of the average Year's Maximum Pensionable Earnings (YMPE) (as defined in the Canada Pension Plan) determined over 3 years at the time of retirement. Plan assets consist of a diversified portfolio of Canadian and foreign equities and bonds.

The Hay River Health and Social Services Authority has a defined benefit pension plan for its employees. The average age of the 151 (2017-146) plan members is 46 (2017-47) years. The basic benefit formula is 1.5 percent of the member's best average pensionable earnings up to the average YMPE plus 2 percent of the member's best average pensionable earnings in excess of the average YMPE, multiplied by years of the pensionable service. Plan assets consist primarily of Canadian and U.S. equities, bonds and mortgages.

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16. PENSIONS (continued)

a) Plans' description (continued)

Yellowknife Catholic Schools has a defined benefit pension plan for its employees. The average age of the 143 (2017-157) plan members is 45 (2017-45) years. The basic benefit formula is 1.3 percent of the member's best average pensionable earnings up to the average YMPE plus 2 percent of the member's best average pensionable earnings in excess of the average YMPE, multiplied by years of the pensionable service. Earnings and YMPE are averaged over the best 10 years prior to termination, death or retirement. Plan assets consist primarily of fixed income and equity securities. The Supplemental plan for Superintendent and Assistant Superintendents is a non-contributory defined benefit pension plan and not funded until the employee terminates their employment from Yellowknife Catholic Schools.

All plans provide death benefits to spouses and eligible dependents. All plans are indexed.

The remaining government employees participate in Canada's Public Service Pension Plan (PSPP). The PSPP 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 pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

The public service pension 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 members with start dates before January 1, 2013, the normal retirement age remains age 60. Furthermore, contributions rates for current service for all members of the public service increased to an employer: employee cost sharing of 50:50 in 2017.

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced early retirement pensions, and disability pensions.

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16.PENSIONS (continued)

b) Pension liability

	2018	2018	2018
	Regular	Supplemental	Total
	Funded	Non funded	Total
	\$	\$	\$
Accrued benefit obligation	85,645	36,320	121,965
Pension fund assets - market-related value	(103,107)	-	(103,107)
Unamortized actuarial gains	5,122	645	5,767
Pension liability (asset)	(12,340)	36,965	24,625
	2017	2017	2017
	Regular	Supplemental	Total
	Funded	Non funded	Total
	\$	\$	\$
Accrued benefit obligation	78,501	34,877	113,378
Pension fund assets - market-related value	(93,052)	-	(93,052)
Unamortized actuarial gains	4,963	107	5,070
Pension liability (asset)	(9,588)	34,984	25,396

Included in the pension asset of \$(12,340) (2017 - \$(9,588)) is a deficit for accounting purposes of the Judges' plan in the amount of \$1,884 (2017 - \$1,564).

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16. PENSIONS (continued)

c) Change in pension liability (asset)

	2018 Regular Funded \$	2018 Supplemental Unfunded \$	2018 Total \$
Opening balance	(9,588)	34,984	25,396
Change from cash items:			
Contributions from plan members	(2,801)	-	(2,801)
Contributions from Government	(5,183)	-	(5,183)
Benefit payments to plan members	(5,707)	(1,504)	(7,211)
Drawdown from plan assets	5,707	-	5,707
Change from cash items	(7,984)	(1,504)	(9,488)
Change from accrual items:			
Current period benefit cost	6,335	1,321	7,656
Amortization of actuarial (gains) losses	(764)	550	(214)
Change in valuation allowance	460	-	460
Interest on average accrued benefit obligation	4,049	1,614	5,663
Expected return on average plan assets	(4,848)	-	(4,848)
Change from accrual items	5,232	3,485	8,717
Ending balance	(12,340)	36,965	24,625
	2017 Regular Funded \$	2017 Supplemental Unfunded \$	2017 Total \$
Opening balance	(6,721)	33,074	26,353
Change from cash items:			
Contributions from plan members	(2,832)	-	(2,832)
Contributions from Government	(5,126)	-	(5,126)
Benefit payments to plan members	(4,412)	(1,446)	(5,858)
Drawdown from plan assets	4,412	-	4,412
Change from cash items	(7,958)	(1,446)	(9,404)
Change from accrual items:			
Current period benefit cost	5,953	1,254	7,207
Amortization of actuarial (gains) losses	(610)	549	(61)
Prior period cost of plan amendment	18	-	18
Change in valuation allowance	317	-	317
Interest on average accrued benefit obligation	3,720	1,553	5,273
Expected return on average plan assets	(4,307)	-	(4,307)
Change from accrual items	5,091	3,356	8,447
Ending balance	(9,588)	34,984	25,396

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

16. PENSIONS (continued)

d) Pension expense

The components of pension expense include current period benefit cost, amortization of actuarial net (gains)/losses and interest on average accrued benefit obligation net of the expected return on average plan assets, change in valuation allowance and contributions from plan members. The total expense is \$5,914 (2017 - \$5,615). The interest cost on the accrued benefit obligation is determined by applying the discount rate determined at the beginning of the period to the average value of the accrued benefit obligation for the period. The expected return on plan assets is determined by applying the assumed rate of return on plan assets to the average market-related value of assets for the period. The difference between the expected and actual return on plan assets is a gain of \$2,930 (2017 - \$3,134).

In addition to the above, the Government contributed \$52,274 (2017 - \$55,331) to the Public Service Pension Plan. The employees' contributions to this plan were \$49,128 (2017 - \$47,004).

e) Changes to pension plans in the year

Hay River Health and Social Services Authority

In 2013 the Authority amended the plan provisions effective January 1, 2018, to cease offering portability for members who are eligible for immediate pension.

f) Valuation methods and assumptions used in valuing pension liability

Valuation date

The actuarial valuation for the Legislative Assembly was completed as of April 1, 2016 and the results were extrapolated to January 31, 2018. The effective date of the next actuarial valuation is April 1, 2020. The actuarial valuation for the Judge's plan was completed as of April 1, 2016 and the results were extrapolated to March 31, 2018. The effective date of the next actuarial valuation is April 1, 2019. The actuarial valuation for the Retirement Plan for Employees of the Hay River Health and Social Services Authority was completed as at January 1, 2018 and extrapolated to March 31, 2018. The effective date of the next actuarial valuation is January 1, 2019. The actuarial valuation for the Retirement Plan for Employees of the Yellowknife Catholic Schools was completed as at June 30, 2016 and the results were extrapolated to June 30, 2017. The effective date of the next actuarial valuation for the Yellowknife Catholic Schools plan is June 30, 2018.

Liability valuation method

The actuarial valuations were performed using the projected accrued benefit method. The valuations are based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

16. PENSIONS (continued)

f) Valuation methods and assumptions used in valuing pension liability (continued)

Asset valuation method

The asset valuation method for the MLA's plans is equal to a smoothed market value which spreads the difference between the actual and expected investment income over a four year period and is then adjusted for payments due to, and payable from, the pension plan. The fair market value of the MLA's regular plan is \$24,263 (2017 - \$23,145). The asset valuation method for the Judges' plans is market-related value. The market value of the regular Judges' regular plan is \$6,327 (2017 - \$5,889). The asset valuation method for the Retirement Plans for Employees of the Hay River Health and Social Services Authority and of the Yellowknife Catholic Schools are market-related value. The fair market value of its pension plan assets is \$58,385 (2017 - \$52,062) and \$16,255 (2017 - \$13,113) respectively.

Actuarial gains and losses

Actuarial gains and losses occur when actual experience varies from estimates or when actuarial assumptions change. The adjustments needed are amortized on a straight-line basis over the estimated average remaining service lives of the contributors. The estimated average remaining service lives of the contributors is 6 years (2017 - 7.0 years) for the MLA's plans, 1.7 years (2017 - 2.7 years) for the Judges' plans, 7.2 years (2017 - 7.0 years) for the Hay River Health and Social Services Authority plan and 13.7 years (2017 - 13.9 years) for the Yellowknife Catholic Schools plan.

<i>Actuarial assumptions</i>	Yellowknife Catholic Schools' plans	Hay River H&SS Authority plan	MLA's plans	Judges' plans
Expected rate of return on plan assets	4.8%	5.5%	4.8%	4.1%
Rate of compensation increase	2.0%	2.5%	2.0%	3.5%
Annual inflation rate	2.0%	2.0%	2.0%	2.0%
Discount rate	4.8%	5.2%	4.8%	4.1%

Retirement assumptions

- Members of Legislative Assembly may retire at the earliest of age 60, thirty years of service or when age plus service equals 80.
- Judges may retire at the earlier of age 60 or when age plus service equals 80.
- Employees of the Hay River H&SS Authority may retire early at age 50. Normal retirement is at age 65.
- Employees of the Yellowknife Catholic Schools may retire at the earlier of age 65 or when age plus service equals 90.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

17. OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES

In addition to pension benefits, the Government provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Government's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at February 17, 2017. The results were extrapolated to March 31, 2018. The effective date of the next actuarial valuation is March 31, 2019. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	Severance and Removal \$	Compensated Absences \$	2018 \$	2017 \$
Changes in Obligation				
Accrued benefit obligations, beginning of year	50,711	13,650	64,361	62,299
Current period benefit cost	2,523	981	3,504	3,528
Interest accrued	1,490	424	1,914	1,842
Benefits payments	(8,635)	(4,269)	(12,904)	(9,182)
Plan amendments	5	-	5	54
Actuarial (gains)/losses	(6,492)	143	(6,349)	5,771
Accrued benefit obligations, end of year	39,602	10,929	50,531	64,312
Unamortized net actuarial gain/(loss)	15,775	(1,624)	14,151	9,087
Net future obligation	55,377	9,305	64,682	73,399
Other employee future benefits	7,666	-	7,666	8,628
Other compensated absences	-	1,409	1,409	1,432
Total employee future benefits and compensated absences	63,043	10,714	73,757	83,459

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

17. OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES (continued)

	Severance and Removal \$	Compensated Absences \$	2018 \$	2017 \$
Benefits Expense				
Current period benefit cost	2,523	981	3,504	3,528
Interest accrued	1,490	424	1,914	1,842
Plan amendments	5	-	5	54
Amortization of actuarial (gain)/loss	(1,427)	192	(1,235)	(1,952)
	2,591	1,597	4,188	3,472

The discount rate used to determine the accrued benefit obligation is an average of 3.8% (2017- 3.3%). The expected payments during the next five fiscal years are:

	Severance and Removal \$	Compensated Absences \$	Total \$
2019	8,841	2,112	10,953
2020	6,808	1,651	8,459
2021	5,765	1,399	7,164
2022	4,996	1,243	6,239
2023	4,377	1,148	5,525
	30,787	7,553	38,340

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

18. TRUST ASSETS UNDER ADMINISTRATION

The Government administers trust assets on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	2018	2017
	\$	\$
Bequest - South Slave Divisional Education Council	339	80
Correctional institutions and other	466	463
Government of New Brunswick	721	721
Natural Resources	45	236
Public Trustee	5,934	5,527
Patient funds - Health and Social Services Authorities	234	241
Securities - land use permits and water licences and oil and gas deposits	7,451	7,236
Territorial and Supreme Courts	993	775
	16,183	15,279

In addition to the above trust assets under administration, the Government holds cash and bank guarantees in the form of letters of credit and surety bonds in the amount of \$662,899 (2017- \$579,221). The majority of these guarantees are held against water licenses issued to regulate the use of water and the deposit of waste.

19. CONTRACTUAL OBLIGATIONS AND RIGHTS

Contractual obligations are obligations of the Government to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The Government has entered into agreements for, or is contractually committed to, the following payments subsequent to March 31, 2018:

	Expiry Date	2019	2020	2021	2022	2023	2024+	Total
		\$	\$	\$	\$	\$	\$	\$
Operational commitments	2048	136,007	64,345	46,505	38,719	22,285	7,047	314,908
RCMP policing agreement	2032	44,206	43,979	43,902	43,902	43,902	395,118	615,009
Commercial leases	2040	25,330	21,673	15,892	12,138	8,121	11,746	94,900
Equipment leases	2026	1,879	1,428	588	377	212	530	5,014
TCA's in progress at year end	2022	106,904	10,858	8,244	2,249	-	-	128,255
Operational payments P3	2048	6,642	10,642	10,942	11,242	11,542	362,946	413,956
TCA Construction P3	2020	76,004	-	-	-	-	-	76,004
		396,972	152,925	126,073	108,627	86,062	777,387	1,648,046

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

19. CONTRACTUAL OBLIGATIONS AND RIGHTS (continued)

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

The Government has entered into agreements for, or is contractually entitled to, the following receipts subsequent to March 31, 2018:

	Expiry Date	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	2024+ \$	Total \$
Transfer Payments	2028	71,165	78,901	73,350	103,816	107,923	304,933	740,088
Regulatory Revenue	2021	144	144	60	-	-	-	348
Lease Revenue	2047	4,699	4,452	4,318	4,093	3,809	36,902	58,273
Licence Revenue	2037	687	468	209	148	100	488	2,100
Other	2043	1,260	624	419	239	219	4,371	7,132
		77,955	84,589	78,356	108,296	112,051	346,694	807,941

20. GUARANTEES AND CONTINGENCIES

(a) Guarantees

The Government has guaranteed residential housing loans to banks totaling \$751 (2017 - \$870) and indemnified Canada Mortgage and Housing for third party loans totaling \$14,415 (2017 - \$16,534). In addition, the Government has provided a guarantee to the Canadian Blood Agency and Canadian Blood Services to cover a share of potential claims made by users of the national blood supply. The Government's percentage is limited to the ratio of the Northwest Territories' population to the Canadian population.

The Northwest Territories Business Development and Investment Corporation (BDIC) has four outstanding loans to three Northern Community Futures organizations totaling \$471 (2017 - \$538). Loans provided by these three organizations may be assigned to the BDIC when impaired. If assigned, the BDIC would then write-off the Northern Community Futures organization loan balance and would attempt to recuperate its loss. In 2018, no accounts were assigned to BDIC (2017 - \$0).

The BDIC has three (2017 - four) outstanding irrevocable standby letters of credit totaling \$2,101 (2017 - \$2,155) that will expire by 2019. Payment by the BDIC is due from these letters in the event that the applicants are in default of the underlying debt. To the extent that the BDIC has to pay out to third parties as a result of these agreements, these payments will be owed to the BDIC by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2017 - nil).

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

20. GUARANTEES AND CONTINGENCIES (continued)

(b) Claims and litigation

There are a number of claims and pending and threatened litigation cases outstanding against the Government. In certain of these cases, pursuant to agreements negotiated prior to the division of the territories, the Governments of the Northwest Territories and Nunavut will jointly defend the suits. The cost of defending these actions and any damages that may eventually be awarded will be shared by the two Governments 55.66% and 44.34%, respectively. The Government has recorded a provision for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. The provision is based upon estimates determined by the Government's legal experts experience or case law in similar circumstances. At year-end, the Government estimated the total claimed amount for which the outcome is not determinable at \$80,208 (2017 - \$67,027). No provision for such claims has been made in these financial statements as it is not determinable that any future event will confirm that a liability has been incurred as at March 31.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

21. TRANSFER PAYMENTS, TAXATION AND GENERAL REVENUE

	2018 \$	2017 \$
Transfer payments:		
Capital transfers	57,919	66,774
Canada Health and Social Transfer Reform Fund	62,109	60,933
Federal cost shared	65,626	59,048
Other	28,078	31,839
	<hr/> 213,732	<hr/> 218,594
Taxation:		
Corporate Income Tax	60,006	68,616
Personal Income Tax	87,530	122,322
	<hr/> 147,536	<hr/> 190,938
Other taxes:		
Fuel	20,925	21,288
Tobacco	15,598	15,336
Payroll	42,633	43,643
Property and school levies	38,417	37,839
Insurance	5,169	5,129
	<hr/> 122,742	<hr/> 123,235
General:		
Lease	4,913	5,875
Regulatory	34,082	32,602
Sundry and other	28,153	19,206
Interest	6,094	5,555
Gain on disposition of assets	1,008	835
Grants in kind	443	443
	<hr/> 74,693	<hr/> 64,516
	<hr/> 558,703	<hr/> 597,283

Transfer payment revenue comprises of transfers received from the Government of Canada. Federal cost shared transfer payments relate to those service agreements that are funded by both the Government and the Government of Canada. Other transfer payments comprises of contributions from the Canada Mortgage and Housing Corporation and of grants and contributions received by the Government's public agencies.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

22. EXPENSES

Expenses of various Government departments, its territorial corporations and other public agencies are aggregated in the Statement of Operations as follows:

Environment and economic development	Department of Environment and Natural Resources Department of Industry, Tourism and Investment NWT Business Development and Investment Corporation Northwest Territories Heritage Fund Arctic Energy Alliance Inuvialuit Water Board
Infrastructure	Department of Infrastructure Department of Lands Northwest Territories Hydro Corporation Northwest Territories Surface Rights Board
Education	Department of Education, Culture and Employment Aurora College All Divisional Education Councils in the NWT All District Education Authorities in the NWT Tlicho Community Services Agency (education portion)
Health, social services, and housing	Department of Health and Social Services All Health and Social Services Authorities in the NWT Tlicho Community Services Agency (health portion) Northwest Territories Housing Corporation Status of Women Council of the Northwest Territories
Justice	Department of Justice
General Government	Department of Executive and Indigenous Affairs Department of Finance Department of Municipal and Community Affairs Northwest Territories Sport and Recreation Council
Legislative Assembly and statutory offices	Legislative Assembly Northwest Territories Human Rights Commission

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2018

(All figures in thousands of dollars)

23. OVEREXPENDITURE

During the year 1 department (2017 - 4) exceeded their operations vote by \$496 (2017 - \$5,423) and 1 department (2017 - 2) exceeded their capital vote by \$33 (2017 - \$2,169).

Overexpenditure of a vote contravenes subsection 71 of the *Financial Administration Act* which states that "No person shall incur an expenditure that causes the amount of the appropriation set out in the Estimates for a department to be exceeded".

The voted items that were over expended in the current year is as follows:

Department of Industry, Tourism and Investment (operations)	\$496
Department of Legislative Assembly (capital)	\$33

These overexpenditures have been deemed a supplementary appropriation in accordance with section 77 of the *Financial Administration Act* S.N.W.T 2015 which states that "Where the charging of expenditures to an appropriation would cause the appropriation to be exceeded, the Comptroller General may, at the end of a fiscal year, record the amount by which the liability exceeds the appropriation as a deemed appropriation for that fiscal year".

24. SUBSEQUENT EVENTS

In October 2018, an apartment building located in Yellowknife and owned by the Government was destroyed by a fire. The building was leased to the YWCA. The YWCA is in the process of providing assistance to the affected families. The financial impact on the Government is being assessed and the full extent is uncertain at this time.

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Consolidated Schedule of Tangible Capital Assets

for the year ended March 31,

(All figures in thousands of dollars)

	Land ⁷	Buildings ¹	Infrastructure and Other ^{1,2,3,4}	Leasehold Improvements	Equipment ¹	Computers ³	Work in Progress ^{5,6}	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost of tangible capital assets, opening balance	22,649	1,689,268	2,301,500	43,933	262,227	132,687	358,022	4,810,286	4,461,282
Transfers	348	81,360	169,750	-	11,461	10,527	(273,446)	-	-
Acquisitions	-	521	172	98	770	4	304,350	305,915	368,375
Write-downs	-	-	-	-	-	-	(246)	(246)	-
Disposals	-	(2,518)	(2,821)	(871)	(20,879)	(1,599)	-	(28,688)	(19,371)
Cost of tangible capital assets, closing	22,997	1,768,631	2,468,601	43,160	253,579	141,619	388,680	5,087,267	4,810,286
Accumulated amortization, opening	-	(697,217)	(742,168)	(33,966)	(139,370)	(80,043)	-	(1,692,764)	(1,583,172)
Amortization expense	-	(41,194)	(57,521)	(1,284)	(12,159)	(11,306)	-	(123,464)	(122,269)
Disposals	-	1,880	3,379	871	12,119	1,594	-	19,843	12,677
Accumulated amortization, closing	-	(736,531)	(796,310)	(34,379)	(139,410)	(89,755)	-	(1,796,385)	(1,692,764)
Net book value	22,997	1,032,100	1,672,291	8,781	114,169	51,864	388,680	3,290,882	3,117,522

¹ Included in buildings, infrastructure and equipment are assets under capital lease (cost \$34,018 (2017 - \$33,792); accumulated amortization, \$11,593 (2017 - \$10,502); net book value, \$22,425 (2017 - \$23,290)).

² Includes roads, bridges, airstrips, aprons, fuel distribution systems, park improvements, aircraft, water/sewer works, fences, signs, transmission and distribution systems and electric power plants.

³ P3 project cost for Mackenzie Valley Fibre Link of \$66,212 was included in Computers last year now moved to Other.

⁴ Included in infrastructure are capitalized costs for P3 project Mackenzie Valley Fibre Link \$95,036 (2017 - \$66,212)

⁵ Included in work in progress are costs related to P3 projects: Stanton Territorial Hospital Renewal \$238,732 (2017 - \$146,176) and Mackenzie Valley Fibre Link \$0 (2017 - \$28,824).

⁶ Not included in acquisitions of tangible capital assets on the statement of cash flow are non-cash items of \$25,613 (2017- \$50,365).

⁷ Land with cost and net book value of \$0, market value \$3,329 (2017- \$772) was contributed to third parties.

Consolidated Schedule of Segmented Information

for the year ended March 31,

(All figures in thousands of dollars)

	Departments ¹	Other Public Agencies ²	Total for All Segments	Adjustments ³	2018	2017
	\$	\$	\$	\$	\$	\$
Revenues						
Grant from the Government of Canada	1,232,439	-	1,232,439	-	1,232,439	1,219,888
Transfer payments	185,654	28,078	213,732	-	213,732	218,594
	1,418,093	28,078	1,446,171	-	1,446,171	1,438,482
Taxation and general revenues						
Corporate and personal income taxes	147,536	-	147,536	-	147,536	190,938
Other taxes	113,068	10,151	123,219	(477)	122,742	123,235
General	85,840	686,866	772,706	(698,013)	74,693	64,516
Income from portfolio investments	2,680	1,154	3,834	-	3,834	3,089
Non-renewable resource revenue	66,115	-	66,115	-	66,115	63,671
Sales	88,510	91,297	179,807	(32,562)	147,245	145,532
Recoveries	20,536	16,924	37,460	(1,763)	35,697	35,130
	524,285	806,392	1,330,677	(732,815)	597,862	626,111
Recoveries of prior years' expenses	15,394	-	15,394	(352)	15,042	10,966
	1,957,772	834,470	2,792,242	(733,167)	2,059,075	2,075,559
Expenses						
Grants and contributions	796,970	5,787	802,757	(580,066)	222,691	216,046
Operations and maintenance	565,779	310,024	875,803	(151,431)	724,372	715,991
Compensation and benefits	369,439	463,653	833,092	(8,083)	825,009	843,510
Change in valuation allowances	2,597	-	2,597	-	2,597	3,009
Amortization of tangible capital assets	94,960	28,502	123,462	2	123,464	122,269
	1,829,745	807,966	2,637,711	(739,578)	1,898,133	1,900,825
Annual operating surplus (deficit)	128,027	26,504	154,531	6,411	160,942	174,734
Projects on behalf of third parties						
Expenses	(105,495)	-	(105,495)	-	(105,495)	(84,299)
Recoveries	105,495	-	105,495	-	105,495	84,299
Annual surplus (deficit)	128,027	26,504	154,531	6,411	160,942	174,734

¹ Departments consist of all those listed in Note 21 that begin with the word "Department" and the Legislative Assembly.

² Public agencies consist of those listed in Note 21 other than Departments and the Legislative Assembly.

³ Includes adjustments to eliminate inter-entity balances to comply with Canadian public sector accounting standards of consolidated financial statements; for example, contributions by departments to boards and agencies are shown under grants and contributions expense under the "Departments" column. The amounts received by the applicable board or agency (e.g. Health and Social Services Authority, Divisional Education Council) are shown under general revenue in the "Other Public Agencies" column. These amounts are eliminated upon consolidation to avoid double counting and result in significant amounts shown in the "Adjustments" column.

**GOVERNMENT OF THE NORTHWEST TERRITORIES
FINANCIAL STATEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MARCH 31, 2018**

**HONOURABLE ROBERT C. MCLEOD
Minister of Finance**

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INTRODUCTION

The Public Accounts report the financial position and results of operations of the Government for a fiscal year. The Consolidated Statement of Financial Position discloses the assets, liabilities, accumulated surplus or deficit, as well as the net debt position of the Government. The Consolidated Statement of Change in Net Debt discloses the significant items that impacted the Government's net debt position since the last fiscal year end. The financial position of the Government is measured at a specific point in time (March 31 fiscal year end), whereas information relating to revenues and expenses encompasses the results for a fiscal year as disclosed in the Consolidated Statement of Operations. It is important to note that the financial position of the Government is often quite different from the financial condition of the economy.

The financial health of a Government can be measured by its sustainability, flexibility, and vulnerability, looked at in the context of the overall economic and financial environment. These terms are defined as follows:

- **Sustainability:** the degree to which a Government can maintain existing programs and meet existing creditor requirements without increasing the debt burden on the economy.
- **Flexibility:** the degree to which a Government can increase its financial resources to respond to rising commitments, by either expanding its revenues, or increasing its debt burden.
- **Vulnerability:** the degree to which a Government becomes dependent on, and therefore vulnerable to, sources of funding outside its control or influence, both domestic and international.

The information provided in the following pages is intended to assist readers of the Public Accounts in their assessment of the Government's financial health. It is important to note that the information contained within the Consolidated Financial Statements (Public Accounts – Section I) includes all Government-controlled organizations as well as the Government. Collectively, these entities are referred to as the Government Reporting Entity. Organizations included in the Government Reporting Entity are listed in Note 1 to the Consolidated Financial Statements.

EXECUTIVE SUMMARY- FINANCIAL HIGHLIGHTS

The executive summary provides a summary of key events affecting the results within the Public Accounts and includes a discussion on these results compared to the original plan (budgets). The consolidated results of operations for the fiscal year ending March 31, 2018 and the financial position as at March 31, 2018 are summarized below:

(\$ in thousands)

	Budget 2018	Actual 2018	Actual 2017
Total Revenue	2,096,352	2,059,075	2,075,559
Total Expense	1,931,931	1,898,133	1,900,825
Annual Surplus	164,421	160,942	174,734
Financial assets		524,998	495,614
<i>Less: Total liabilities</i>		1,490,780	1,443,448
Net debt		(965,782)	(947,834)
<u>Non-financial assets</u>		<u>3,319,576</u>	<u>3,140,686</u>

The 2018 consolidated financial statements report a surplus of \$161 million, \$3 million less than was originally budgeted. Subsequent budget adjustments approved during the fiscal year are not reflected in the budget presented in accordance with Public Sector Accounting Standards (PSAS). Budget adjustments made during the year typically reflect new information that was not known at the time the original budget was approved, changes in revenues, expenses or both. Mid-year budget adjustments should be considered before any conclusions are drawn with respect to operational results.

Total net debt increased by \$18 million in 2018. Debt was incurred to finance capital infrastructure and support working capital requirements for programs, services and initiatives. This increase is largely attributable to the financing related to public private partnerships (P3) for work done on the Stanton Territorial Hospital renewal project and an increase in short term borrowing.

The territorial economy grew by 5.2% in 2017 as measured by real GDP. This is higher than the national average rate of 3.3%. This growth was a result of an increase in the diamond mine industry due to the first full year production of a new diamond mine.

The Government's own source revenues are directly linked to the Northwest Territories (NWT) economy. For example, the Government relies on a small number of resource based companies for the majority of its corporate tax revenue, whose incomes fluctuate significantly with economic events. In addition, the Government collects resource royalties, though it shares these revenues with the federal government and Aboriginal partner organizations, which reduces the fiscal benefit of royalties for the Government. However as the Government relies on federal transfers for the majority of its revenues the overall linkage between the economy and the Government's revenues does not appear very strong.

The NWT continues to manage growth in spending, while making targeted investments to encourage economic growth and address infrastructure needs. Cumulative infrastructure investments of \$5.09 billion focusing on health care, education and transportation have made the NWT a safer, more competitive and productive territory, while supporting the creation of jobs in construction and related industries.

Financial Health

A Government's financial health should be measured in terms of sustainability, flexibility and vulnerability. The preceding measures have attempted to show how the Government's fiscal health measures up from this standpoint. This suggests the following conclusions:

- **Sustainability** – at the end of the 2018 fiscal year the Government had a net debt of \$966 million compared to net debt of \$948 million at the end of the prior fiscal year. The net debt represents 47% of total revenue. Future investments in infrastructure and operations cannot be sustained at the present level without incurring more debt.
- **Flexibility** – pertains to the Government's ability to increase its financial resources. The majority of revenue comes from the Territorial Formula Financing Grant from the Government of Canada. The Government's own-source revenues, net of \$66 million in non-renewable resource revenues, decreased from 27% of total revenue in 2017 to 26% in 2018; sales and taxes are a major source of fluctuation. The Government's limited flexibility to increase taxes combined with a small tax base makes a significant increase in own source revenues unlikely in the short term.

At March 31, 2018, the Government has a federally imposed borrowing limit of \$1.3 billion. Although the Government is currently under this limit, \$1.3 billion represents only 68% of total 2018 expenses. The limit on the borrowing capacity precludes the use of debt to increase financial

resources; as well, an increase in debt would at best provide short term flexibility.

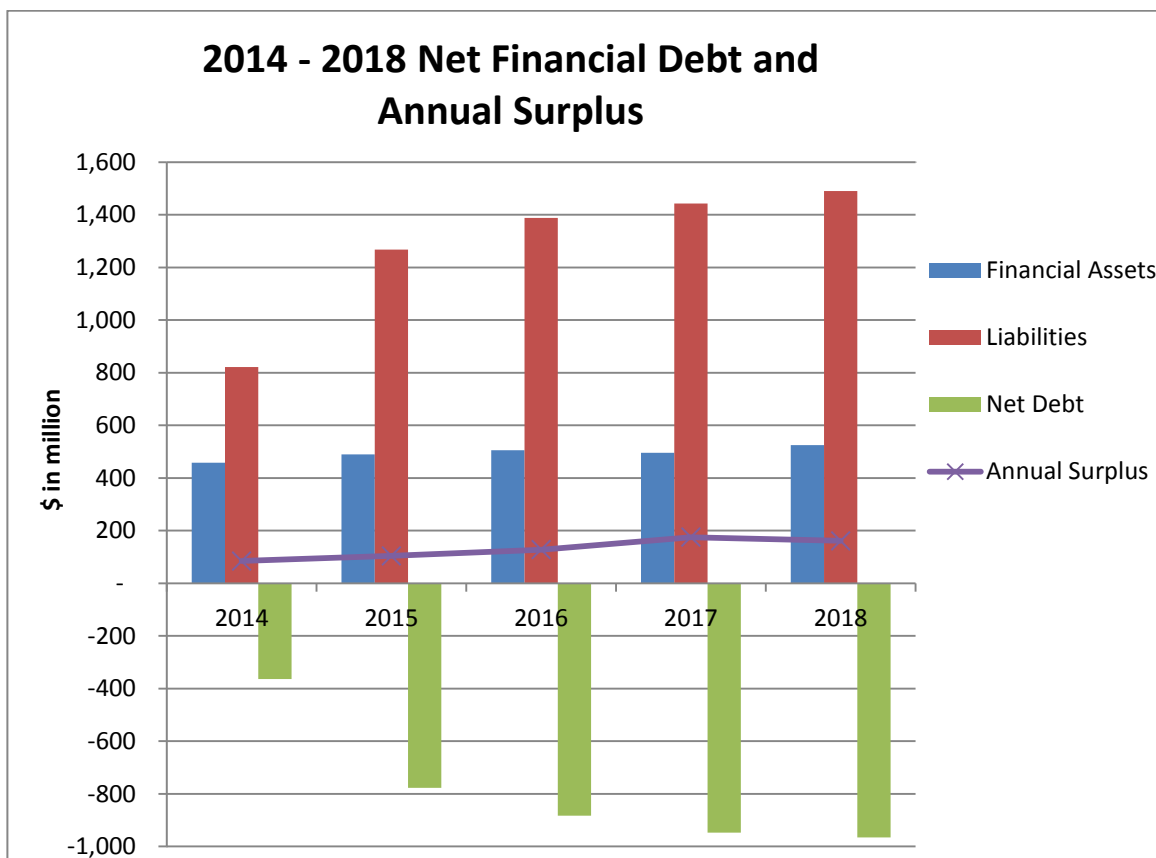
- ***Vulnerability*** – to assess the Government’s vulnerability, it is not necessary to look further than the Government’s limited own-source revenues and the volatility related to corporate and personal income taxes. The Government’s largest source of revenue is the grant and transfer payments from Canada which represent 70% of total revenue for the current year. The formula determining the Territorial Formula Financing Grant is established in federal legislation and will remain in effect until March 31, 2019.

In summary, the Government cannot sustain the current level of investment in infrastructure and operations without incurring more debt. The Government has limited flexibility to raise new revenues, and continues to be vulnerable to federal control over changes to its future revenues.

ANNUAL AND ACCUMULATED SURPLUS AND NET DEBT

Net financial resources result when there are financial assets remaining after deducting all liabilities of the Government. Net debt results when liabilities are more than financial assets. The Government is in a net debt position as liabilities exceeded financial assets at the end of the fiscal year. Over the years, the Government’s net debt has fluctuated, but not in unison with fluctuation in annual surplus, as depicted in the graph below. This occurs as other factors impact net debt that do not impact annual surplus, most notably a reduction in cash or an increase in debt as the result of investing in infrastructure which will increase net debt. The composition of net debt is shown on the Consolidated Statement of Change in Net Debt within Section 1 of the Public Accounts.

The graph below illustrates the Government’s net debt position and annual surplus at the end of each of the last five fiscal years.



Net debt increased during the 2018 fiscal year primarily due to financing related to P3 work done on Stanton Territorial Hospital renewal project and an increase in short term borrowing.

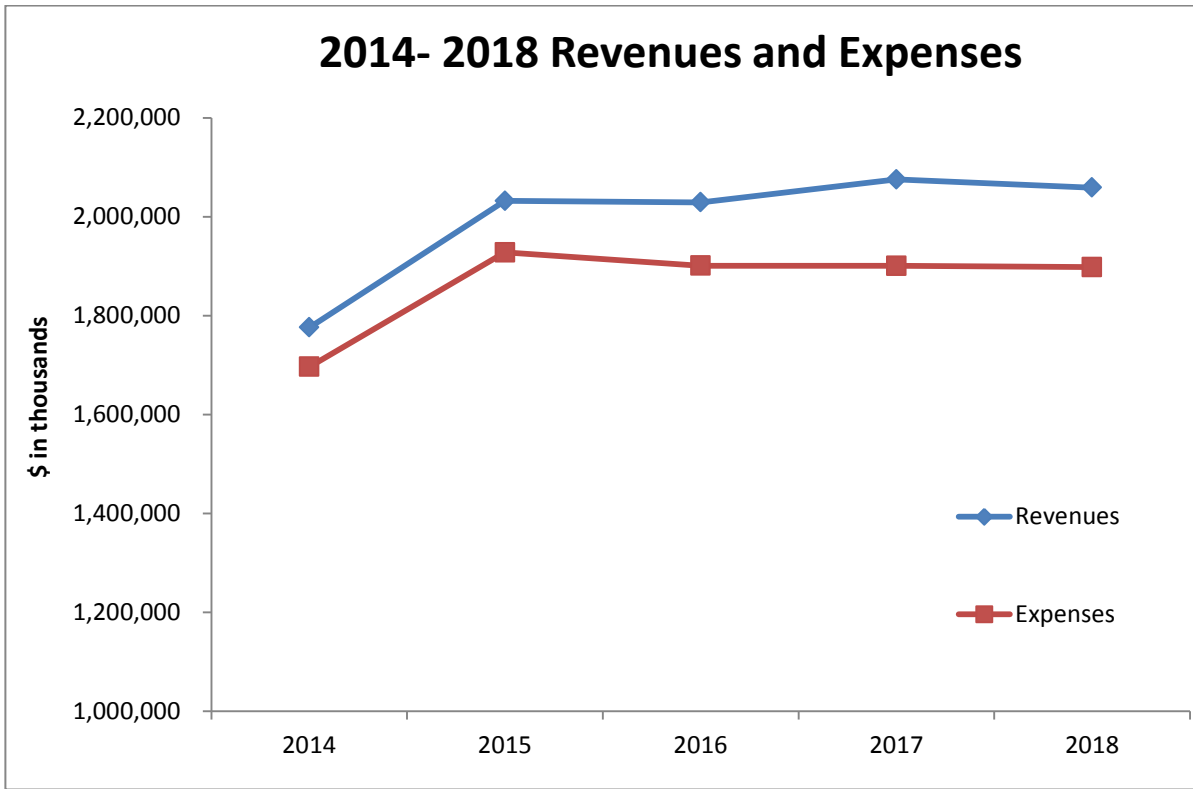
Net debt is subtracted from the Government's accumulated investment in non-financial assets (tangible capital assets/prepaid expenses/inventories held for use) to produce the accumulated surplus balance at the end of the year.

Net debt represents the debt burden on future generations that must be recovered through future revenues. An important measure of the flexibility of a Government is the level of financial assets available to meet current and future obligations, as well as its ability to absorb any budgeted annual deficit.

Consolidation of Northwest Territories Hydro Corporation

The Government's comparative information has been significantly impacted by the full consolidation of the Northwest Territories Hydro Corporation's (NT Hydro) operations in the 2015 fiscal year. Any analysis performed on the trends disclosed within graphs should be adjusted for the impact of this change in reporting relationship. The consolidation impacted revenues, expenses, financial and non-financial assets, liabilities, and annual and accumulated surplus.

REVENUES AND EXPENSES



** Revenues depicted above include recoveries of prior year expenditures*

Revenues and expenses have remained fairly flat over the years with a comparative increase in the 2015 fiscal year when the Government first consolidated NT Hydro on a line by line basis. This inclusion proportionately increased Government’s revenues and expenses. These are described in more detail on the following pages.

REVENUES BY SOURCE

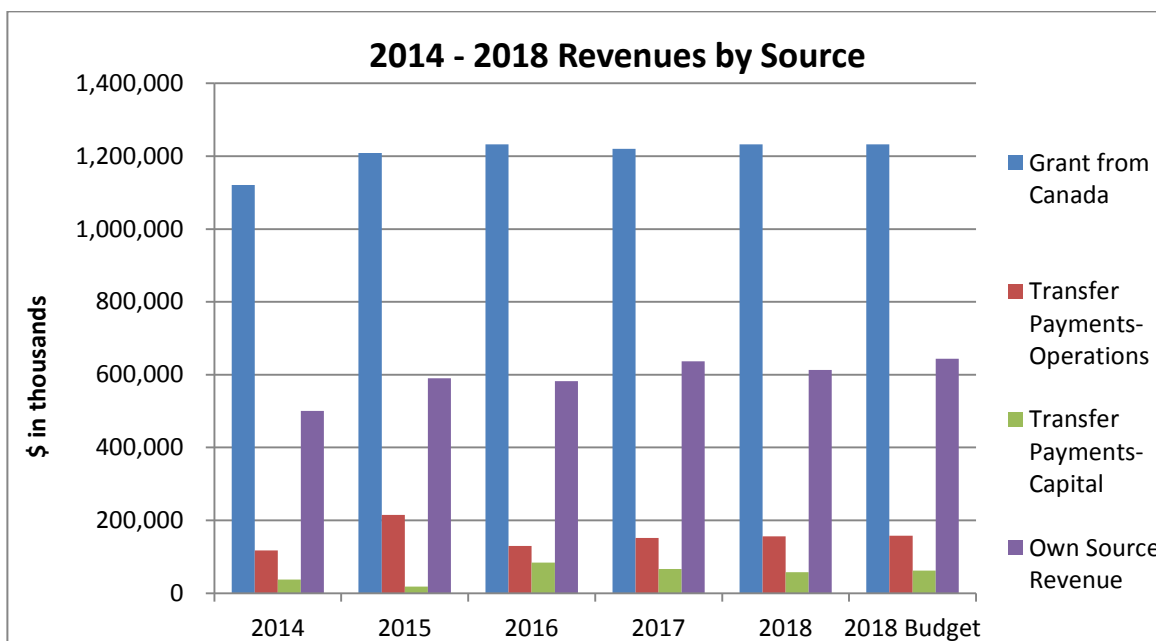
The Government funds programs and services through a combination of transfers from the federal government and own-source revenues. In order to assess the long-term sustainability of the present level of programs and services, various key indicators are monitored on an ongoing basis, including the following:

- Growth rates of revenues and expenditures;
- Changes in the net debt ratio; and
- Impacts of one-time (or non-recurring) events.

The most significant factor that contributes to revenues being more unpredictable than expenses in any given year is volatility in corporate income tax. NWT corporate income tax revenues are volatile as the majority of corporate income tax revenues are generated by a small number of resource based tax payers, whose taxable income fluctuates dramatically depending on production and global commodity prices.

The Grant from Canada calculation is based on an equally-weighted three-year moving average of data, which includes a two year lag. As a result, changes in underlying variables, such as corporate income tax, do not lead to a corresponding impact (up or down) on the Grant from Canada until the second, third and fourth years following the year of the change to the revenue in question. For example, in the event of a revenue shortfall in corporate income tax, the resulting positive offset on the Grant from Canada would occur in one-third increments; in the second, third and fourth years following the year in which the shortfall took place.

Transfer payments revenues related to the purchase or construction of a tangible capital asset, whether fully funded or cost-shared, are recognized when completed assets are put into service, consistent with PSAS. This is another significant factor that contributes to revenues being unpredictable. For large projects that are cost shared, revenue is recognised as the asset is put into service; this causes revenue to be higher than it would normally be as expenditures related to this are capital in nature. The impact on operational expenses will be over future years as the asset is amortized.



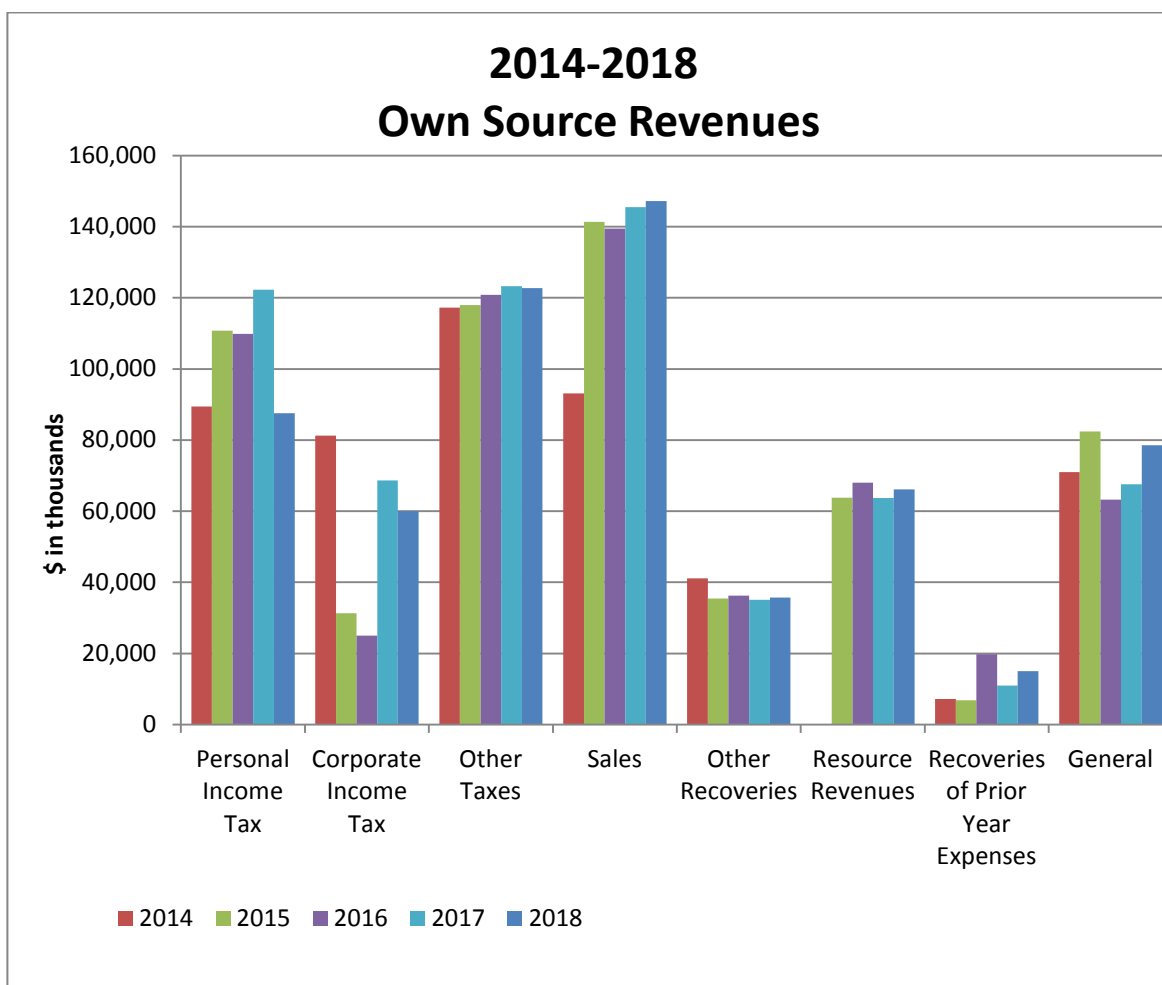
* Own source revenues include recoveries of prior year expenditures

Total revenue in 2018 was \$2.059 billion, a decrease of \$37 million or 1.8 per cent from the original budget. This decrease is primarily due to a decrease in personal and corporate income taxes.

Territorial Formula Financing Grant from Canada

The Grant from Canada was \$1.232 billion in 2018, an increase of \$13 million over 2017, due to increase in the Gross Expenditure Base (\$28 million), partially offset by higher eligible revenues, net of the change in the resource revenue offset (\$16 million).

The Grant from Canada is an annual formula-based calculation to fill the fiscal gap between the Government's expenditure needs and its ability to raise revenues. The NWT's grant equals the difference between its gross expenditure base and a measure of revenue capacity known as eligible revenues. The gross expenditure base is an estimate of the expenditure requirements of the Government, which takes into account the higher costs and needs in the NWT to deliver public services of similar quality to those in the provinces. The gross expenditure base is increased annually by the growth in provincial and local government spending and the growth in the NWT population relative to the growth in the Canadian population. Eligible Revenues are calculated by determining what the Government could have raised in revenues at national average tax rates and reducing that amount by a 30 per cent economic development incentive. The resource revenue offset reduces the amount of the grant by the amount of resource revenues shared with the federal government, which is lagged two years.



Own Source Revenue

The Government’s major own-source revenues, corporate and personal income tax, tobacco tax, fuel tax, payroll tax, and excluding non-renewable resource revenues, have averaged approximately 27% of total revenues indicating a reliance on the Grant from Canada. Grants and transfer payments from Canada vary, accounting for approximately 70% of total revenues for the current year.

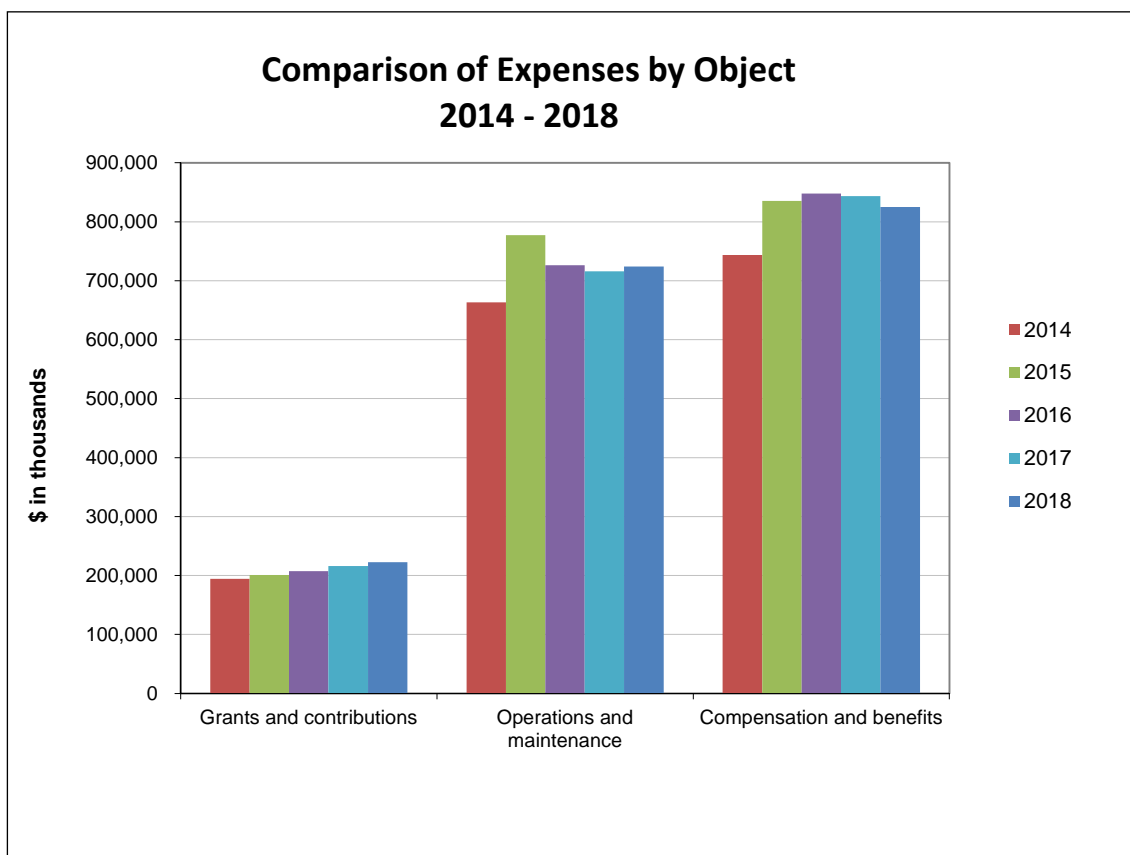
With the exception of corporate income tax, personal income tax and non-renewable resource revenues, other own-source revenues have proven to be fairly consistent over the years. Corporate income tax revenue is dependent upon a small base of significant taxpayers that accounts for the volatile nature of this tax revenue.

Personal income tax revenues declined \$34.8 million from 2017 due to a \$20.0 million reduction in payments based on Finance Canada's income tax revenue estimate and \$14.8 million of prior year income tax adjustments.

Non-renewable resource revenues are subject to volatility and the revenue stream could fluctuate significantly from the annual average. In addition, non-renewable resource revenues are generated as the resources are extracted and are therefore finite. Non-renewable resource revenues, after sharing with the federal and indigenous partners (signatories to the Northwest Territories Lands and Resources Devolution Agreement) are used to fund infrastructure, pay down debt and contribute to the NWT Heritage Fund.

Also of note, the 2015 fiscal year introduced non-renewable resource revenues and the inclusion of NT Hydro.

EXPENSES BY OBJECT



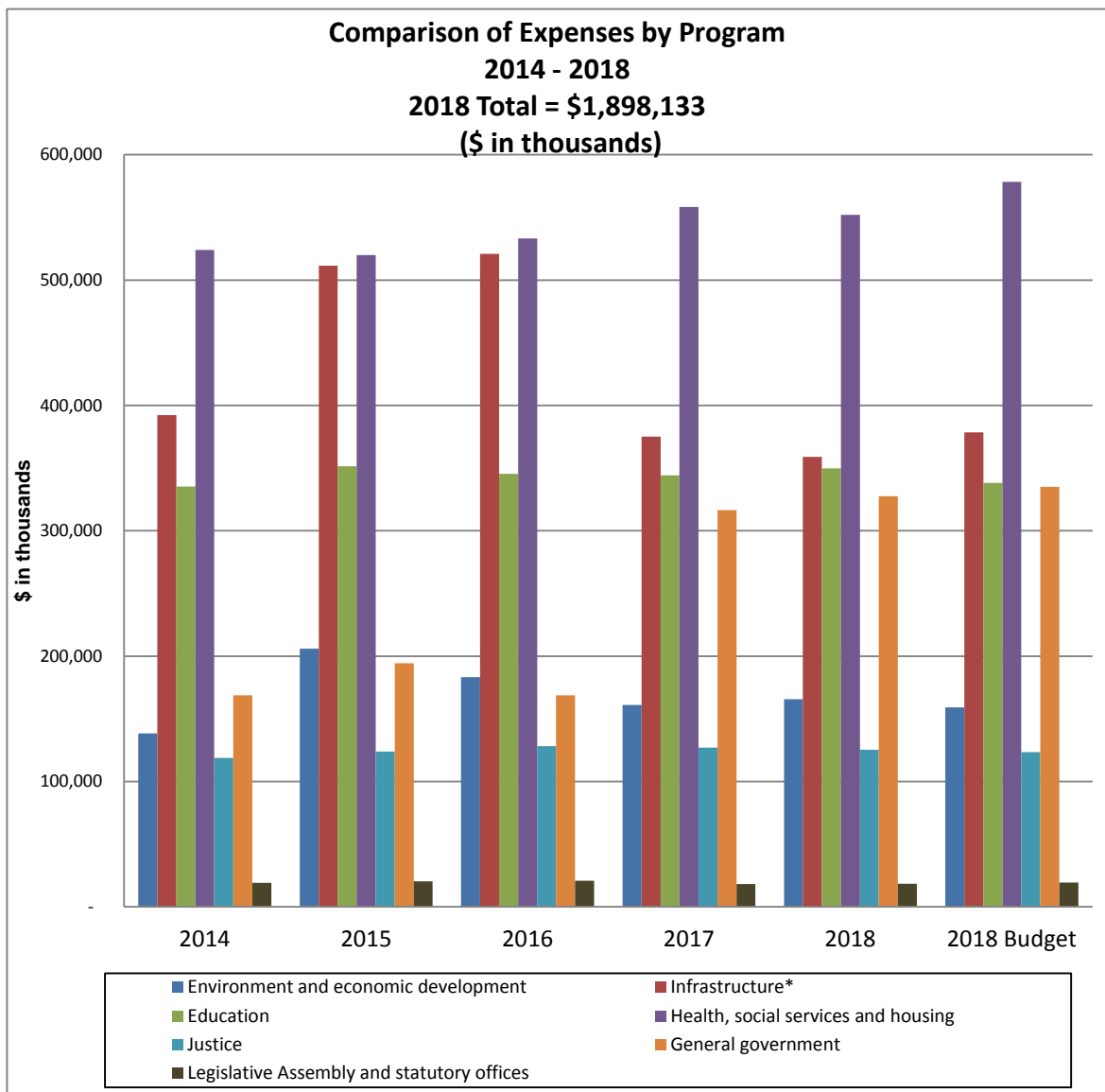
The above graph provides information on the consolidated government’s operations. Total expenses in 2018 are \$1.9 billion; this is \$34 million or 1.7% less than budgeted. This decrease is attributable to vacant positions, decreases in fuel prices and unspent infrastructure funding.

Grants and contributions from the Government to boards and agencies consolidated in Section I of the Public Accounts are reported under two categories (operations and maintenance, compensation and benefits) to better reflect the nature of the final expense types. This classification does not change the way that these Government organizations are funded as many of our social and educational programs are funded by contributions from the Government. Many components of these funding agreements with boards and agencies are fixed costs incurred by the recipients and as the major (or sole) provider of funds, the Government cannot vary the funding without affecting the level of output by these boards and agencies.

In addition, lease commitments and other contractual obligations, which are disclosed in the notes to the Consolidated Financial Statements, are long-term fixed costs over which there is little discretion to be exercised in the short-term.

The Government is also vulnerable to inflation both for operational expenses and as an important factor when negotiating compensation and benefits. Not only are the direct wages of the Government and its boards and agencies vulnerable to this, compensation and benefits also comprise a significant factor in determining the amount of grants and contributions given out to third parties.

EXPENSES BY PROGRAM



*Starting 2015 Infrastructure includes Northwest Territories Hydro Corporation. Infrastructure in this example is the operations and maintenance portion of the expense, not the capital funds spent on purchasing or constructing infrastructure.

**Prior to 2017 the expenses for the Department of Municipal and Community Affairs and the Northwest Territories Sport and Recreational Council were part of Infrastructure; these expenditures are now included in General Government

The Government spends the majority of its budget on social programs (education, health, support to community Governments, infrastructure and housing), with the remaining budget allocated to justice, natural resources and economic development. Any additional resources to improve a service often have to be made at the expense of other important needs. Balancing a budget entails not only controlling expenses but also finding the most effective and efficient mix of programs.

The following comparisons to budget are based on original plans and do not include supplementary appropriations/or budget adjustments:

- Environment and economic development expense was \$166 million in 2018. This was \$7 million or 4.2% more than budgeted due to forest management wildfire costs.
- Infrastructure expense was \$359 million in 2018. This was \$19 million or 5.1% less than budgeted due to savings in operational expenses including NTPC which had an \$8 million reduction in actual expenses in 2018.
- Education expense was \$350 million in 2018. This was \$12 million or 3.4% more than budgeted due to increased funding from the Canada – NWT agreement and increased spending in Educational Authorities for operational expenses.
- Health, social services and housing expense was \$552 million in 2018. This was \$26 million or 4.5% lower than budgeted due to savings in operational expenses.
- Justice expense was \$125 million in 2018 which is consistent with the budgeted amount.
- General government expense was \$328 million in 2018. This was \$7 million or 2.2% less than budgeted due to the timing of resource revenue transfer to indigenous groups.
- Legislative Assembly and statutory offices expense was \$18 million in 2018. This was \$1 million or 5.0% less than budgeted due to a decrease in pension expense.

GROSS DOMESTIC PRODUCT

Gross Domestic Product (GDP) represents the total unduplicated value of goods and services produced within the geographical boundaries of a country, province or territory, regardless of whether the factors of production involved are resident or non-resident. GDP is presented in chained dollars. Chained dollars are a real measure of GDP meaning pricing effects are excluded providing a direct comparison of the quantity of goods and services produced from year to year; GDP changes because the quantity of goods and services changes. Estimates of GDP are typically expressed at basic prices, which exclude the impact of taxes and subsidies in the estimate.

For the Northwest Territories, Statistics Canada estimated GDP was \$3.9 billion for 2017, which represents a 5.2% increase relative to prior year. This growth was a result of an increase in the diamond mine industry due to the first full year production of a new diamond mine.

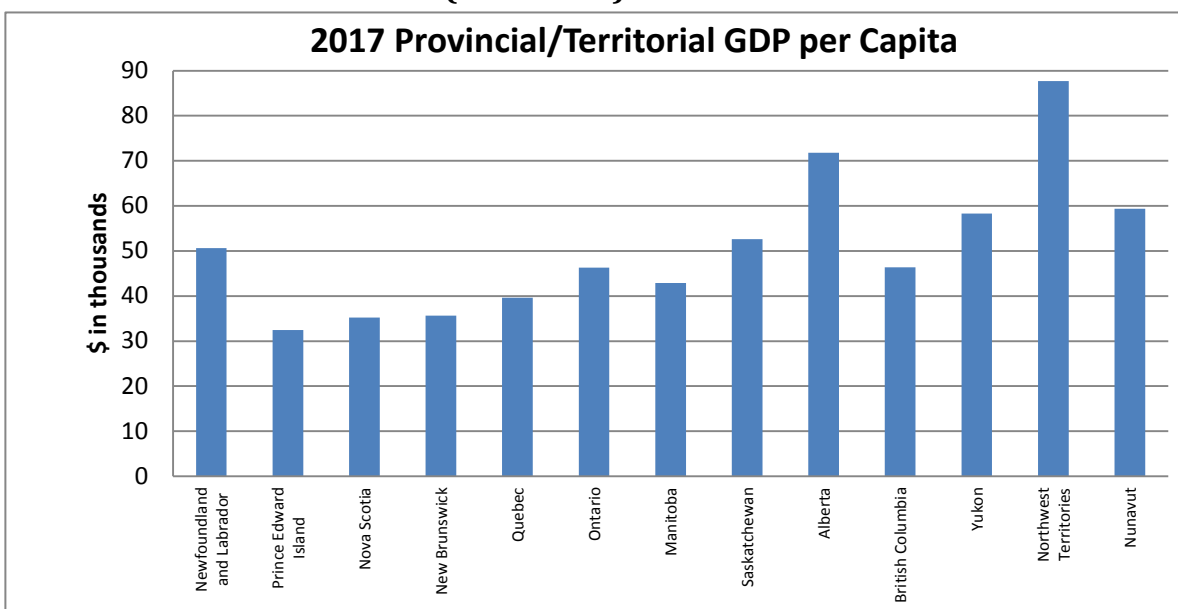
Real Gross Domestic Product at Basic Prices, calendar years 2016 and 2017
Canada, Provinces and Territories
Millions of Chained (2007) Dollars

	2017	2016	Percent Change
Canada	1,740,589	1,684,239	3.3
Northwest Territories	3,941	3,745	5.2
Nunavut	2,228	1,966	13.3
Yukon	2,312	2,345	-1.4
British Columbia	228,195	219,553	3.9
Alberta	304,709	290,613	4.9
Saskatchewan	60,592	58,904	2.9
Manitoba	57,250	55,628	2.9
Ontario	651,932	634,258	2.8
Quebec	328,688	318,868	3.1
New Brunswick	27,363	26,841	1.9
Nova Scotia	33,470	33,066	1.2
Prince Edward Island	4,883	4,733	3.2
Newfoundland and Labrador	26,773	26,221	2.1

Source: Statistics Canada

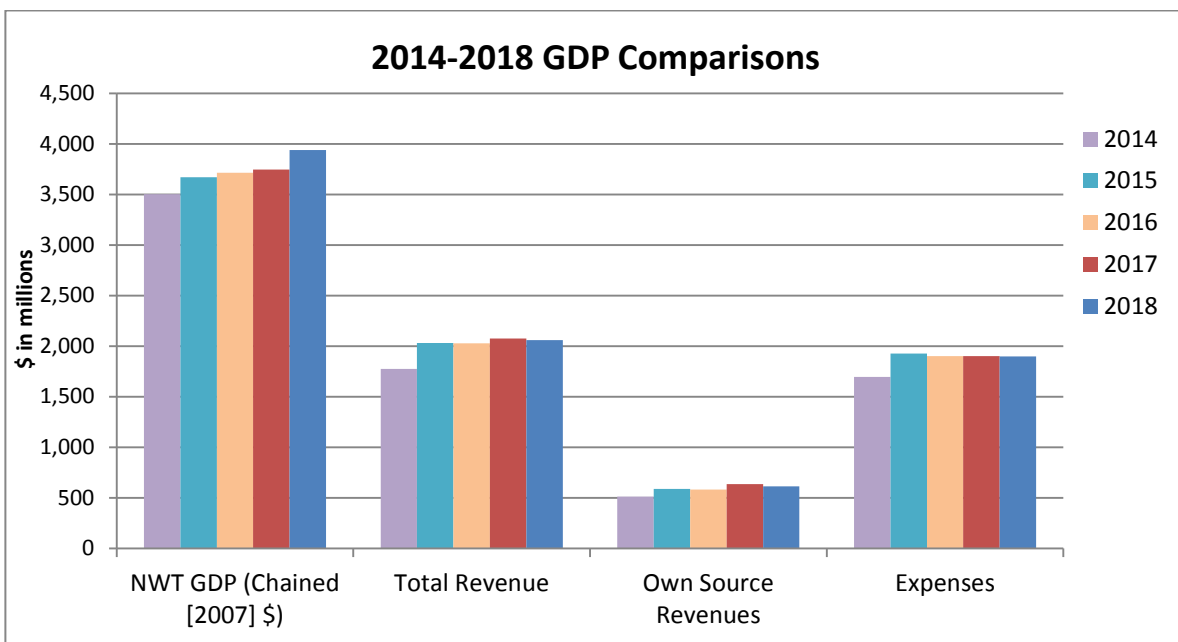
Note: Data will not sum to totals since chained dollars are not additive.

GROSS DOMESTIC PRODUCT (continued)



Based on July 1, 2017 population estimates of Statistics Canada

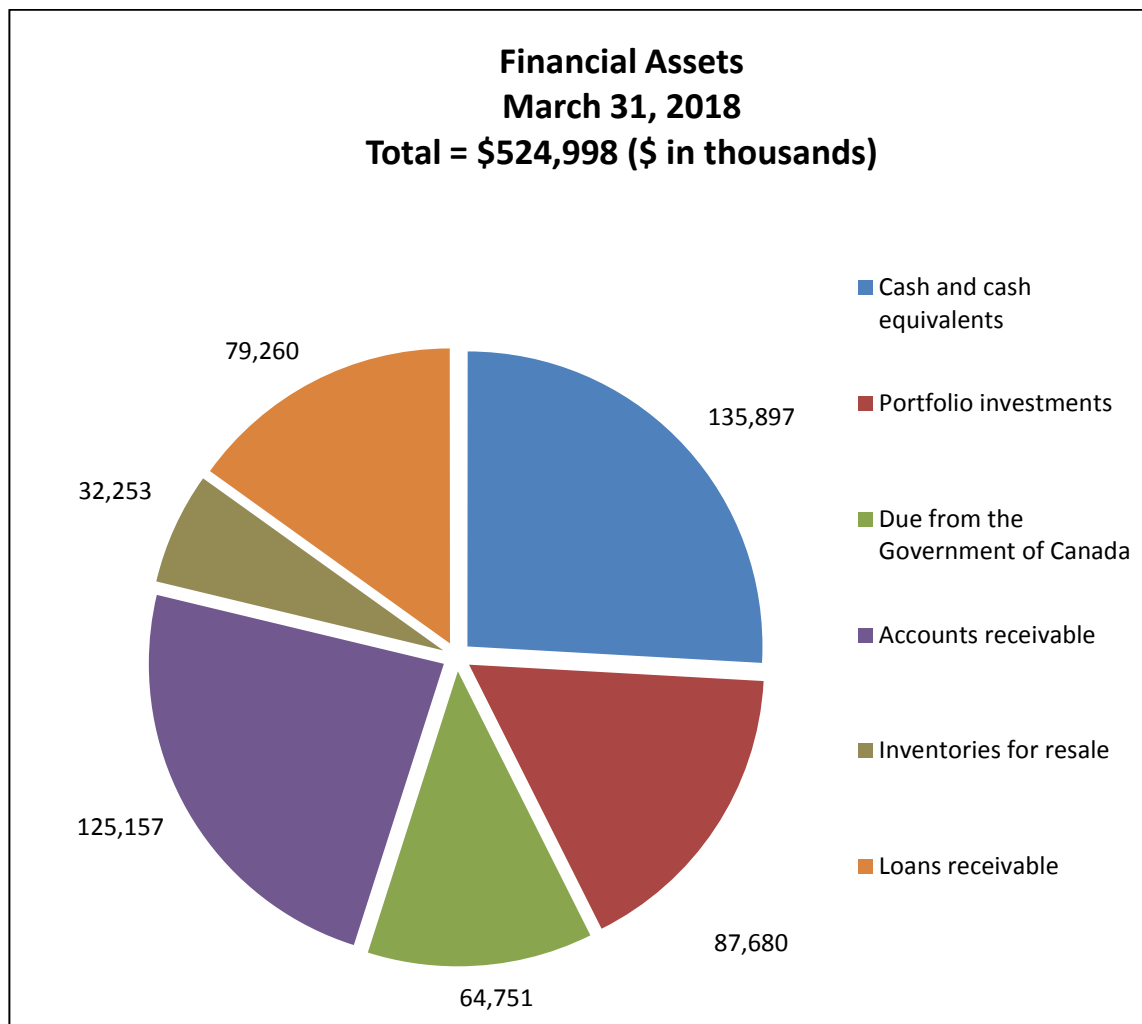
The NWT currently has the highest GDP per capita in Canada. This is an important indicator to note when considering GDP statistics as it shows that while the NWT has a relatively small population our economy is large by comparison.



* NWT GDP is based on a calendar year, while the balance of the information is based on the fiscal yearend (March 31 of the following year).

FINANCIAL POSITION- FINANCIAL ASSETS

Financial assets represent the amount of resources available to the Government that can be converted to cash to meet obligations or fund operations.

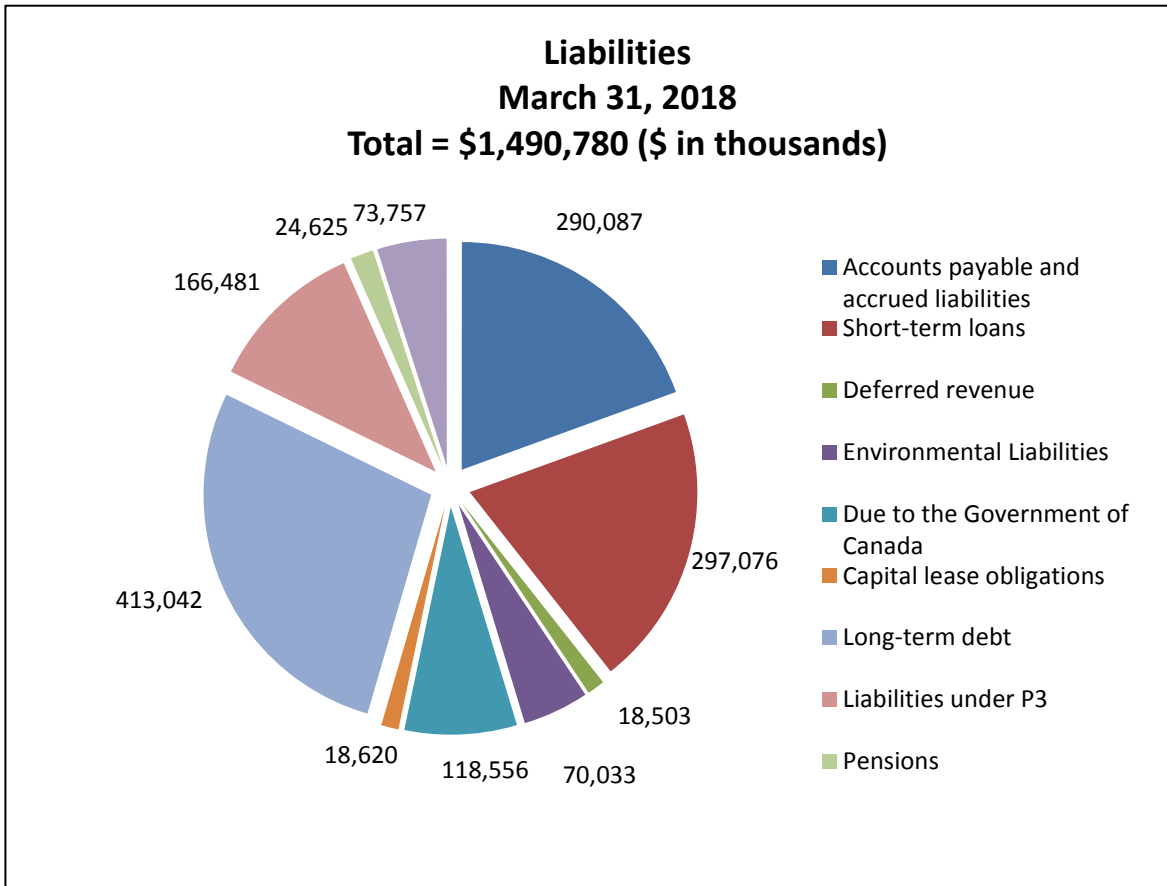


The above graph illustrates the composition of the Government's financial assets.

Approximately 26% of the Government's financial assets are cash. The balance of the financial assets is convertible to cash over time, varying from relatively short-term investments and inventory for resale to long term loans receivable. The balance of the financial assets will, over time, contribute to the Government's ability to discharge its liabilities as depicted on the following page.

FINANCIAL POSITION- FINANCIAL LIABILITIES

Liabilities represent the obligations the Government has to others arising from past transactions or events.



The above graph illustrates the composition of the Government's liabilities.

The Government presently has approximately \$525 million in financial assets available to discharge liabilities of approximately \$1.491 billion. The gap between the Government's financial assets and its liabilities indicates that some of its future revenues will be required to meet these obligations.

Many of the liabilities are not due in the short-term and will be settled at a later date. Non-financial assets will provide cash at a later date, cash/accounts receivable will also generate cash over future years and future generation of revenues will help meet these future obligations.

Environmental Liabilities

Environmental Liabilities are included within the Financial Liabilities disclosed on the preceding page. The nature of the Government's programs and services exposes the Government to costs associated with remediation of any site contamination that occurs as a result of government operations. These costs make up the Environmental Liabilities amount disclosed in the Public Accounts - Section I (note 11). In addition to its own sites, the liability also includes contaminated sites where the Government has accepted responsibility and includes sites resulting from default by a third party. In the case of a third party, the cost of remediation is unrecoverable costs in excess of any security held. A summary of Government's policy with respect to Environmental Liabilities can be found in the Public Accounts - Section I (note 2q).

The process used by the Government to include a contaminated site is based upon PSAS, as well as responsible stewardship. When a site is suspected of contamination, the first step is to determine if there is contamination above an environmental standard. If the investigation determines that an environmental standard has been exceeded and costs to remediate the site will exceed \$50,000, then the site is included within the Government's inventory of contaminated sites.

Only sites that are non-operating or high priority due to the risk to human health or property are assigned a value on the inventory. Before the value can be calculated the Government must first determine the appropriate action to be taken: remediation, monitoring or risk management. The Government's best estimates of the action to be taken are based upon further assessment performed by third parties or from similar remediation actions that Government can rely upon. If no basis exists to estimate full remediation costs, the value of the liability is limited to estimates of the known costs to be incurred for next steps.

Where the costs of remediation may be shared with a third party, such as Canada, only the Government's share of the remediation costs has been recorded.

The Government works to address required remediation of contaminated sites assigned a value in a systematic approach that considers risk, available resources, coordination of efforts and a short summer season.

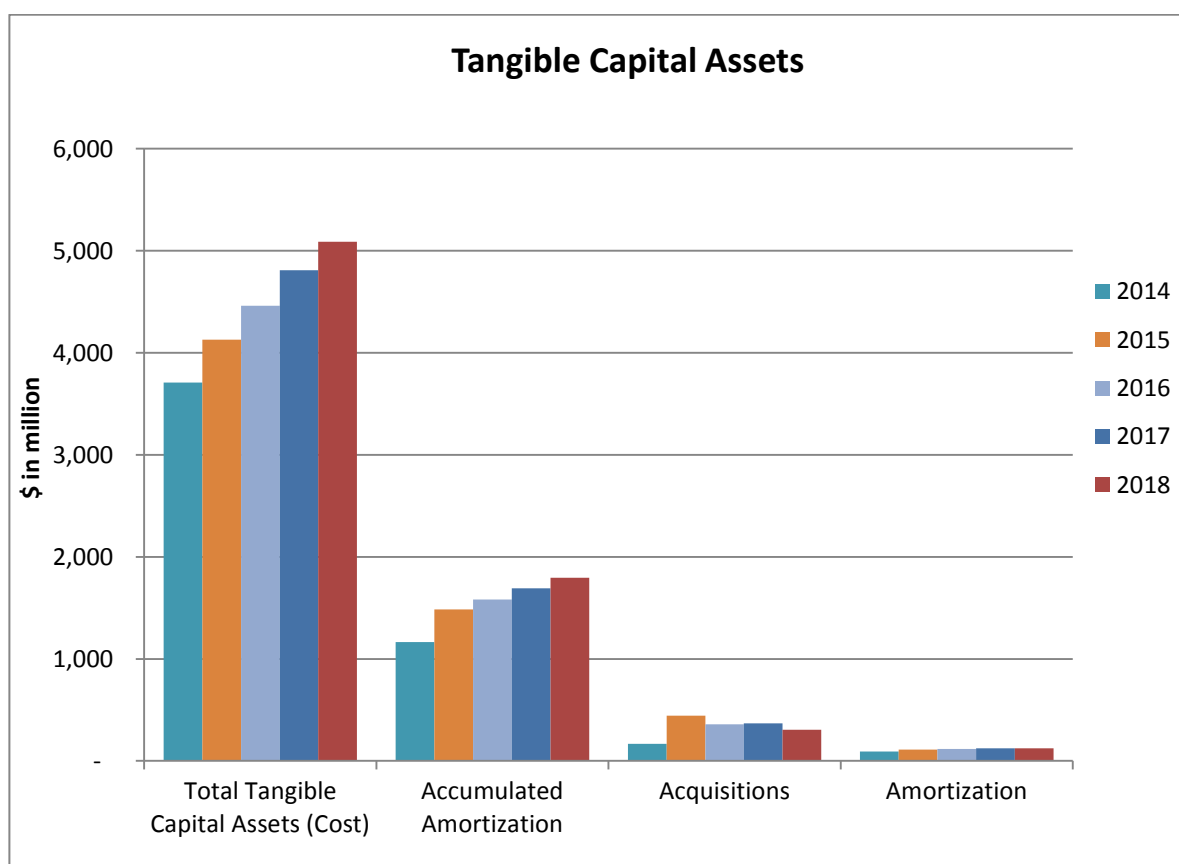
NON- FINANCIAL ASSETS

Non-financial assets typically represent resources that the Government can use to provide services in the future. Non-financial assets consist primarily of tangible capital assets but also include inventories held for use and prepaid expenses.

Tangible Capital Assets

Tangible capital assets include assets purchased or constructed by the Government and assets that were fully or partially contributed to the Government by Canada or other parties. Examples include roads, schools and hospitals.

Under the Government’s capitalization policy, assets valued at \$50,000 or more are capitalized and then expensed as amortization in the Consolidated Statement of Operations based on their estimated useful life.



Tangible capital assets (at cost) do not include adjustments for contributions that may have been received to offset the cost. For further details regarding tangible capital assets refer to Schedule A in the Consolidated Financial Statements included in Section I of the Public Accounts.

The Government plans its capital expenditures to ensure that existing tangible capital assets are replaced or expanded in a timely manner in conjunction with the

Government's direction, priorities and fiscal strategy. The breakdown of capital investment categories is located in Schedule A of the Consolidated Financial Statements.

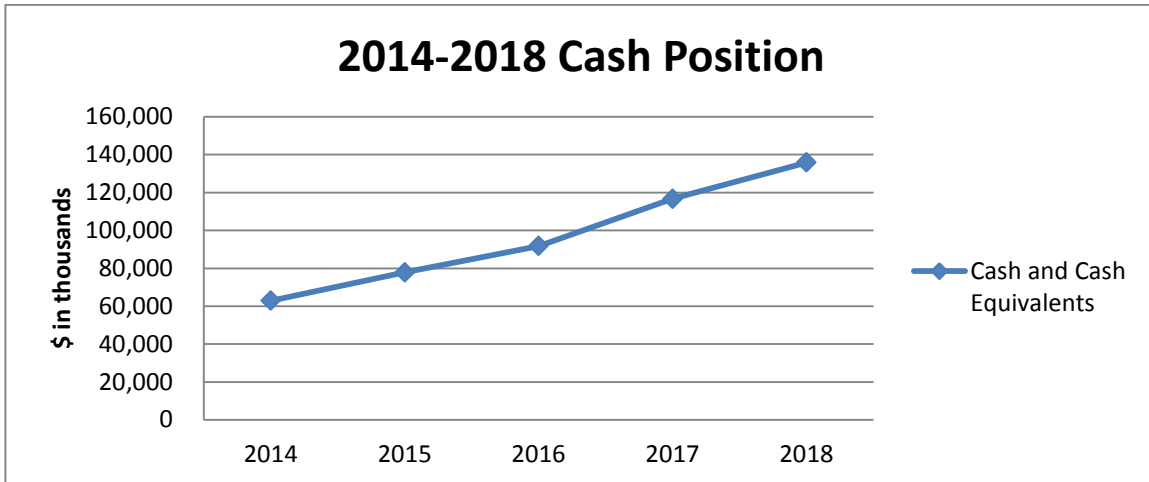
The government invests in infrastructure in three ways:

- By investing in government-owned capital;
- By entering into public private partnerships (P3) agreements; and
- By providing transfers to third parties, including municipalities, for capital purposes. Assets funded in this manner are disclosed as contributions, not as Government capital assets.

The Government is currently investing in tangible capital assets at a level that represents about 50% to 60% of the estimated investment needed for replacement and growth. This illustrates a continued commitment to invest in NWT infrastructure (including education and health care facilities). In the 2018 fiscal year, the Government placed \$273 million worth of new assets into service (2017 - \$251 million). The most significant being the completion of the remaining piece of the Mackenzie Valley Fibre Link (MVFL) P3 and the completion of the Norman Wells Health centre and Long Term Care Facility.

CASH FLOWS

The statement of cash flow reports on the sources and uses of cash during the year. The Government's overall cash position increased by \$19 million; from \$117 million in 2017 to \$136 million in 2018.

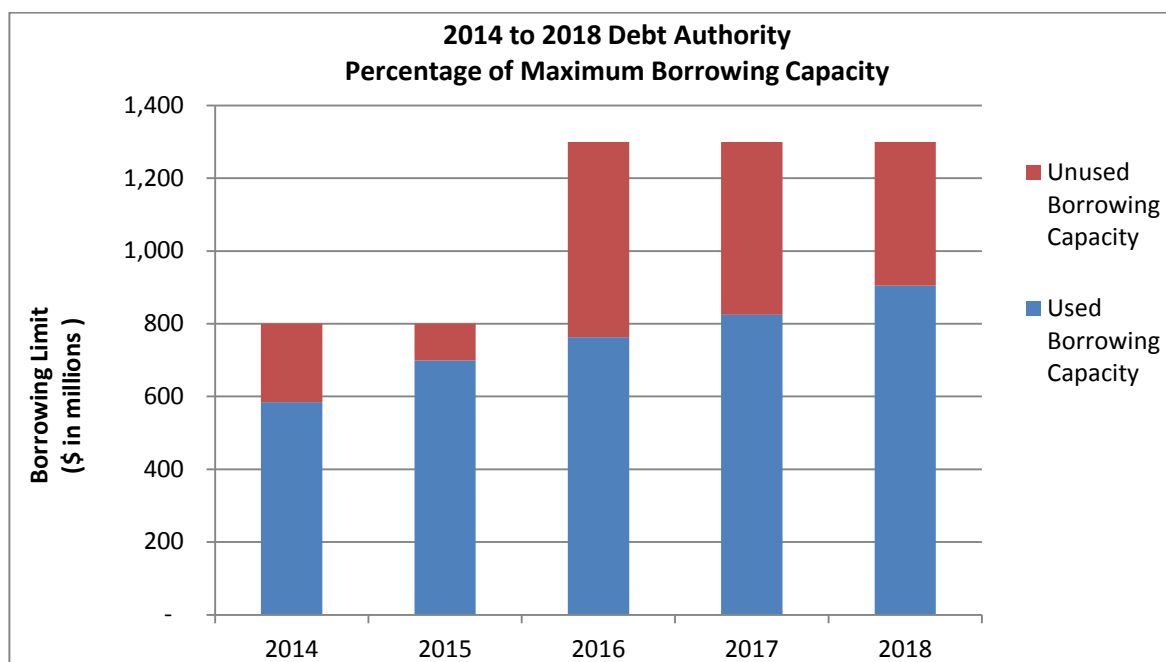


The primary source of cash was operations. Other sources of cash included a disposition of portfolio investments and proceeds from short-term loans. Cash is used to meet operational expenses, reduce liabilities and to pay for the Government's investment in infrastructure. More detail is available on the Statement of Cash Flows within the Section I of the Public Accounts.

LONG-TERM DEBT BORROWING LIMITS

The Government has long recognized that debt is needed in the future to address infrastructure needs. The Government has a Fiscal Responsibility Policy which guides borrowing decisions while ensuring flexibility is provided to plan for its future infrastructure needs. As part of its fiscal management strategy, the Government has obtained a credit rating of Aa1 from Moody’s Investors Service to assist in decisions that may be required related to any future debt instruments that the Government may consider. The current Capital Plan includes projects under the Government’s P3 policy or projects that will be fully funded by the Government’s revenues. There are no approved capital investments that require the Government to issue debt directly.

Consolidated debt, for purposes of the territorial borrowing limit, includes borrowings of all Government organizations that are included within the Consolidated Public Accounts. The borrowing limit is currently \$1.3 billion, as established pursuant to subsection 20(2) of the *Northwest Territories Act*. Additional detail is reflected in the Public Accounts – Section I (note 14).



The NWT requires a significant investment in infrastructure. The Fiscal Responsibility Policy requires the Government to plan for, and achieve sufficient operating surpluses to finance annual infrastructure investments, as well as meet debt servicing payments.

The Fiscal Responsibility Policy makes the Government accountable for its level of borrowing with the establishment of performance measures for debt management

that ensure the total debt of the Government does not exceed the capacity of the Government to repay the debt as it becomes due.

The Fiscal Responsibility Policy establishes seven debt management performance measures which are to be assessed annually in the Public Accounts. The measures are required to be evaluated on a consolidated basis to ensure consideration is given to debt affordability of the entire Government Reporting Entity. The following section discloses this commitment to reporting on these performance measures.

INDICATORS OF FINANCIAL CONDITION

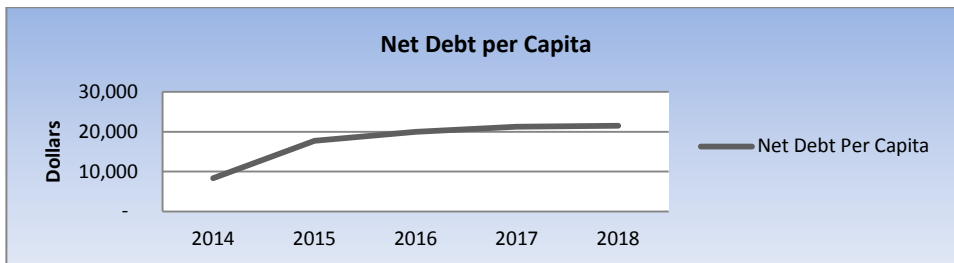
Financial condition describes a government's financial health or its ability to meet its existing financial obligations, both with respect to its service commitments to the public and its financial commitments to creditors, employees and others. The following assessment of the Government's financial condition considers three elements: sustainability, flexibility and vulnerability.

In years prior to 2015 the Consolidated Public Accounts did not include the impact of NT Hydro. NT Hydro has been fully consolidated from fiscal year 2015 and has been contributing to the changes in the data below since that time.

Specific Measures of the Fiscal Responsibility Policy

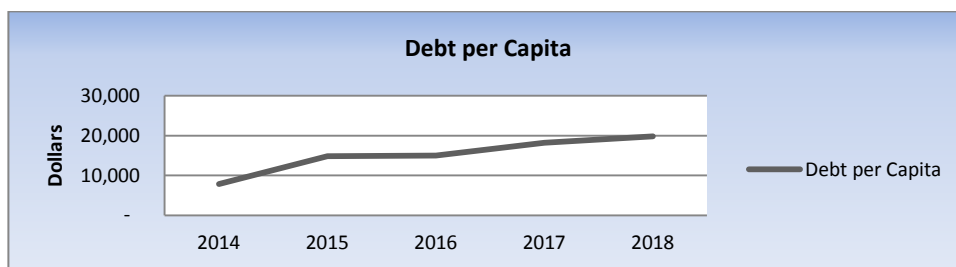
The Government's Fiscal Responsibility Policy requires that the following measures are to be assessed on a *consolidated basis* as part of its determination of the affordability of any proposed increase in its consolidated debt level.

- i) Net debt per capita represents the net debt attributable to each Northwest Territories resident. A decrease in this ratio indicates the debt burden per resident has improved, while an increase means the debt burden per resident has risen.



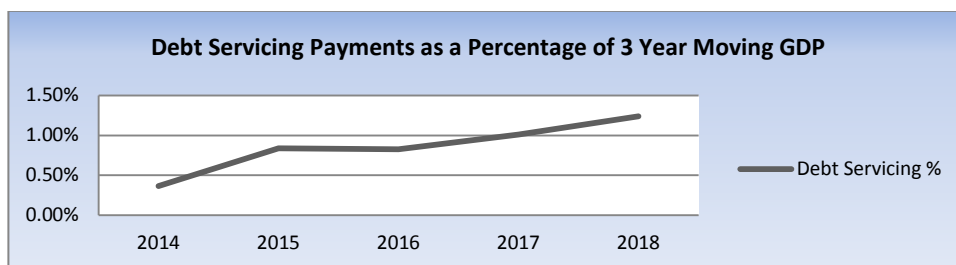
During 2018, net debt for the Northwest Territories increased by 0.8%, from \$21,314 per capita to \$21,492 per capita. The increase is mainly due to the increase in public private partnerships obligations and increase in short term borrowing.

- ii) Debt per capita represents the debt attributable to each Northwest Territories resident. A decrease in this ratio indicates the debt burden per resident has been reduced, while an increase means the debt burden has risen.



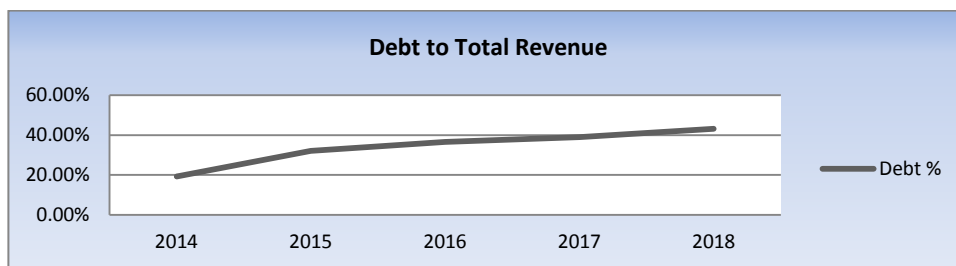
Debt per capita increased by 8.6%; from \$18,230 per capita to \$19,801 per capita. As with net debt per capita, this is mainly due to the increase in P3 obligations and short term loans.

iii) Debt servicing payments (interest and principal) as a percent of 3 year average Northwest Territories GDP is a measure of debt payments in relation to economic growth, where ideally, economic growth exceeds the growth rate of public debt payments. A decreasing ratio reflects a consistent improvement in financial position, while an increase reflects deterioration in the financial position.



Debt servicing payments as a percentage of GDP for the Northwest Territories increased from 1.01% in 2017 to 1.24%, in 2018 due to the first balloon payment for Mackenzie Valley Fibre Link debt servicing of \$10 million.

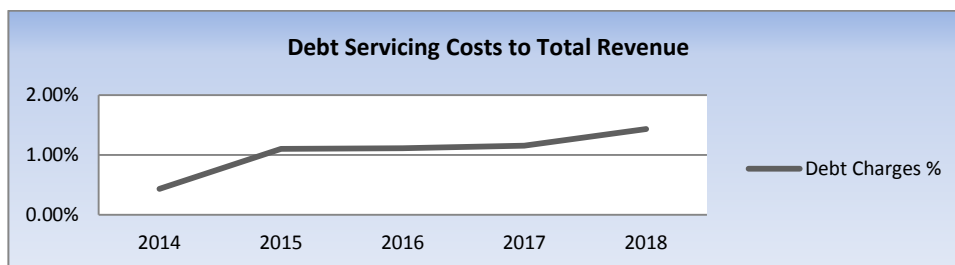
iv) Debt to total revenue is an indicator of the change in debt in proportion to the change in revenue, where decreasing ratios are a positive indicator that the rate of increase in revenue is greater than the rate of increase in debt. A lower debt to revenue ratio indicates higher sustainability, as less time is required to eliminate debt.



The Government's debt to total revenue has increased from 39.06% in 2017 to 43.21% in 2018 mainly due to the increase of public private partnerships

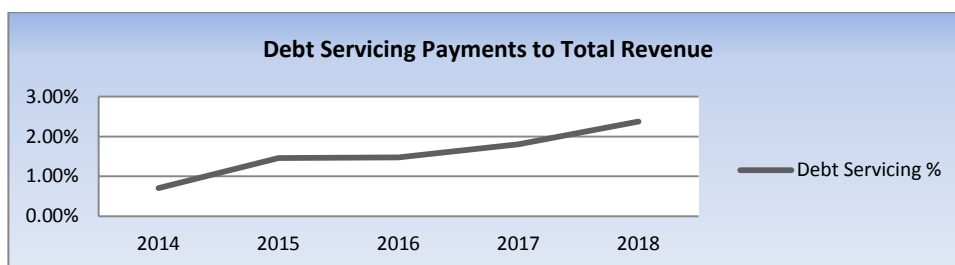
obligations and increase in short term borrowing. An increase in this ratio is slowly occurring as the Government's has stagnant revenue while there has been an increase in debt.

- v) Debt servicing costs (interest) as a percentage of total revenue is a measure of the extent that Government revenues are being applied to debt charges, rather than to programs and services, or tax reduction. A lower debt charges ratio indicates an increased ability to borrow.



Prior to 2015, the Government was in the enviable position of having to expend less than 1% of its total revenues to service its debt load. In 2015, the Government consolidated the Northwest Territories Hydro Corporation and increased debt charges to approximately 1.10% of total revenue and this has further increased to 1.43% during 2018, still a very manageable ratio.

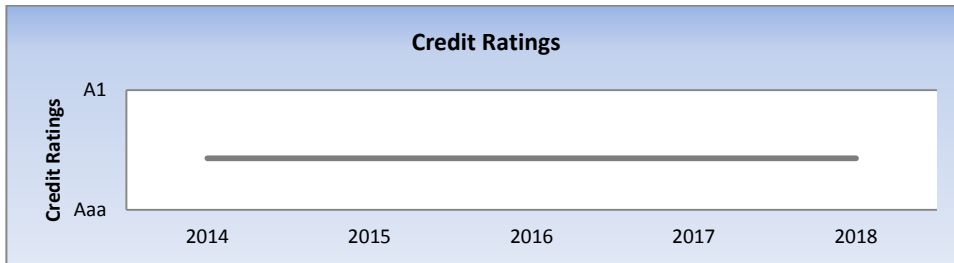
- vi) Debt servicing payments (interest and principal) to total revenue ratio is a measure of the extent that Government revenues are being applied to debt repayment, rather than to programs and services, or tax reduction. A lower debt charges ratio indicates an increased ability to borrow.



Increase from 2014 to 2015 reflects the full consolidation of the Northwest Territories Hydro Corporation in 2015.

The Government's debt servicing payments to total revenue has increased from 1.80% in 2017 to 2.37% in 2018. The economy is not growing at the same rate as public debt. This is often the case when governments invest in large infrastructure projects to stimulate the economy; there can be a lag before an impact is evident.

vii) The Government's credit rating is a measure of sound fiscal policies, adherence to these policies and current and future debt burden with the goal of maintaining the current investment grade rating.



As part of its fiscal management strategy, the Government has obtained a credit rating of Aa1 since 2007.

Compliance with Fiscal Responsibility Policy

In addition to the measures which are required to be monitored under the Fiscal Responsibility Policy there are two additional measures which require assessment to ensure the government was able to meet the full policy requirements.

The policy states the government will restrict infrastructure investments, excluding P3 projects as follows:

- a) A minimum of fifty per cent (50%) from the operating surpluses generated within the *non-consolidated* Public Accounts; and
- b) A maximum of fifty per cent from government debt.

The policy also states that the government must ensure *non-consolidated* debt service payments shall not exceed five per cent (5%) of total non-consolidated annual revenues.

In order to assess if these two policy objectives have been met, it is important to review the information on a *non-consolidated* basis in accordance with the policy. That is, if the Government itself, without including factors from public agencies, generated enough cash during the fiscal year to satisfy these objectives.

Fiscal Responsibility Policy Compliance

(All calculations based on Section II of the Public Accounts - Non Consolidated Financial Statements)

2018 2017

(\$ in Millions)

Policy Provision 6(5)(a)- Debt Servicing Payments

Revenues (Public Accounts - Section II, Schedule A, pg 34)	1,840	1,857
<i>Maximum Debt Servicing Payments- 5% of Revenues</i>	92	93
Debt Servicing Payments		
Short-Term Interest Expense (Public Accounts - Section II, pg 16)	2	2
Deh Cho Bridge (Public Accounts - Section II, pg 20)	10	9
P3 Debt Servicing (Public Accounts - Section II, pg 21)	<u>16</u>	<u>-</u>
Total Debt Servicing Payments	28	11
Actual Debt Servicing Payments as a % of Revenues	1.54%	0.59%

Provision 6(3)- Infrastructure Financing

Capital Acquisitions (Public Accounts - Section II, Schedule 4, pg 45)	260	323
Less: P3 Items- Out of Scope (Public Accounts - Section II, pg 21)		
Mackenzie Valley Fibre Link P3 (Finance)	-	(26)
Stanton Territorial Hospital P3 (Health and Social Services)	<u>(35)</u>	<u>(37)</u>
<i>Cash Required for Infrastructure Investment Expenditures</i>	225	260

Operating Cash Required

Minimum cash required from operating surplus (50% of Acquisitions less out of scope items)	113	130
Debt Servicing Payments	<u>28</u>	<u>11</u>
Total Operating Cash Requirement	141	141

Operating Cash Available

Operating Surplus (Public Accounts - Section II, Statement of Operations, pg 2)	127	155
Add Non Cash Item - Amortization (Public Accounts - Section II, Statement of Cash Flow, pg 4)	<u>95</u>	<u>89</u>
Total Operating Cash Available	222	244

Operating Cash Generated Exceeding 50% of Capital Acquisitions

Cash Required for Infrastructure Investment Expenditures	225	260
Total Operating Cash Available	<u>222</u>	<u>244</u>
Borrowing Requirement for Infrastructure	3	16

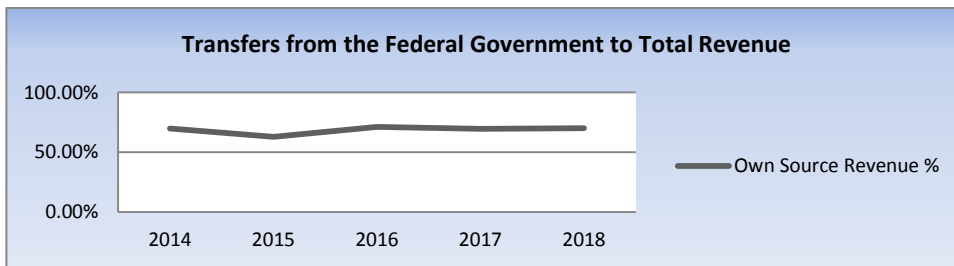
Conclusion

The parameters of the Fiscal Responsibility Policy have again been met for the 2018 fiscal year. Non-consolidated debt servicing costs are 1.54% of non-consolidated annual revenue, which is less than the 5% limit. Total operating cash required under the FRP was \$141 million, while the government was able to generate operating cash of \$222 million during the year.

Compared to the total cash required for infrastructure investments less any P3 projects of \$225 million, the government then was required to borrow a modest \$3 million to fund this high level of investment.

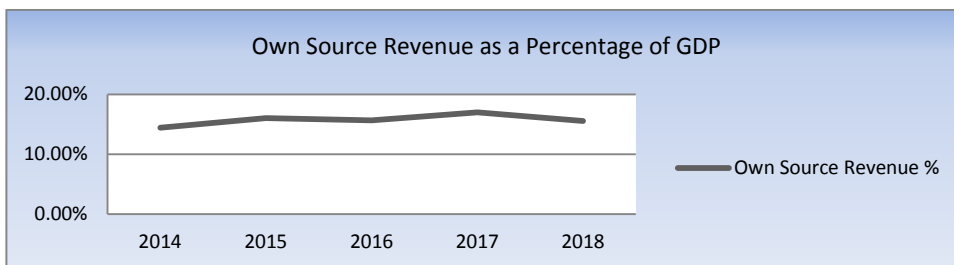
OTHER FINANCIAL INDICATORS

- i) Transfers from the federal government as a percentage of total revenue is an indicator of the degree of vulnerability the Government has as a result of relying on federal government transfers. A decreasing ratio typically reflects that a Government is less reliant on transfers to fund its programs, making it less vulnerable.



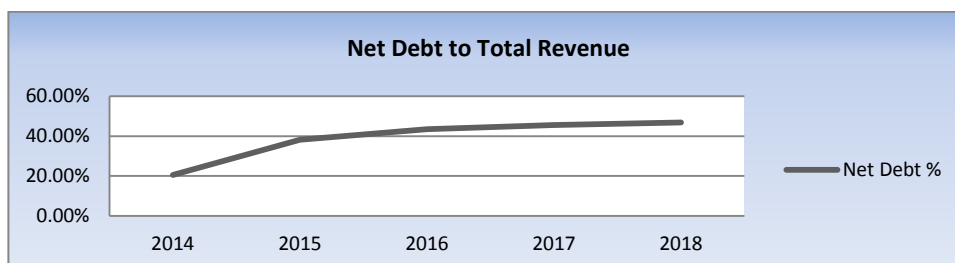
In 2018, 70% of total revenue came from federal government transfers. The total share of own source revenue has remained fairly stable over the past several years resulting in a continued reliance on the Territorial Formula Financing Grant from Canada.

- ii) Own source revenue to GDP measures the extent to which the Government is taking income out of the economy. An increase in this ratio indicates that the Government’s own source revenue is growing faster than the economy, reducing the flexibility to increase revenue without slowing the growth of the economy.



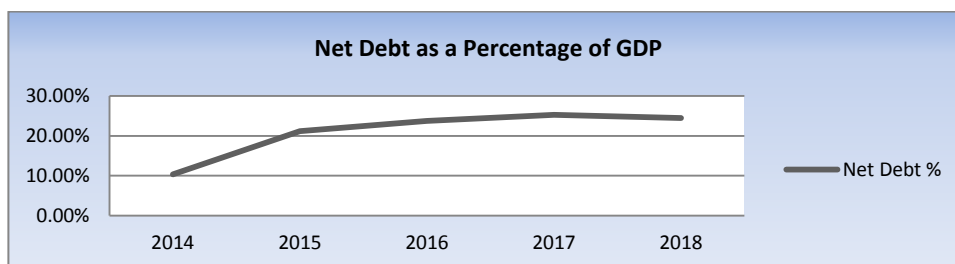
As indicated in the graph above, own source revenue as a percentage of GDP has remained relatively stable over the last five years.

iii) Net debt to total revenue is an indicator of the change in debt in proportion to the change in revenue, where decreasing ratios are a positive indicator that the rate of increase in revenue is greater than the rate of increase in debt. A lower net debt to revenue ratio indicates higher sustainability, as less time is required to eliminate net debt.



The Government's net debt to total revenue has increased from 45.67% in 2017 to 46.90% in 2018 mainly due to the increase of public private partnership obligations and increase in short term borrowing. An increase in this ratio is slowly occurring as the Government's has stagnant revenue while there has been an increase in debt.

iv) Net debt as a percentage of the Territories GDP is a measure of debt growth in relation to economic growth, where ideally, economic growth exceeds the growth rate of public debt. A decreasing ratio reflects a consistent improvement in financial position.



During 2018, net debt for the Northwest Territories decreased as a percentage of GDP from 25.31% to 24.50%.

RISKS AND UNCERTAINTIES

The government is subject to risks and uncertainties that arise from variables which the government cannot directly control. These risks and uncertainties include:

- Changes in economic factors such as economic growth or decline, commodity and non-renewable resource prices, inflation, interest rates, marketplace competition, population change, personal income and retail sales;
- Exposure to interest rate risk, credit risk, and liquidity risk;
- Changes in transfers from the federal government;
- Utilization of government services;
- Other unforeseen developments including unusual weather patterns and nature and other disasters;
- Criminal or malicious attacks, both cyber and physical in nature, potentially resulting in business interruption, privacy breach and loss of, or damage to, information, facilities and equipment;
- Identification and quantification of environmental liabilities;
- Factors that could hinder the safe delivery of products and services;
- Outcomes from litigation, arbitration and negotiations with third parties;
- Changes in reported results where actual experience may differ from initial estimates as discussed in the Public Accounts – Section I (note 2) and
- Changes in accounting standards.

The Government uses a number of forecasts from banks and private industry when developing the underlying assumptions for fiscal forecasts both in budget development and throughout the fiscal year.

For the Government to meet its challenges of growth and remain competitive, attention is directed towards maintaining and investing in the Territories' infrastructure to allow for continued future growth.

PUBLIC PRIVATE PARTNERSHIPS

The Government is currently involved in two P3 projects:

1. Mackenzie Valley Fibre Link (MVFL)

The Government entered into an agreement with Northern Lights General Partnership (NLGP) on October 30, 2014 to design, build, operate and maintain 1,154 km of high-speed fiber optic telecommunications cable from McGill Lake to Inuvik. Construction completed in March 2017 with service commencement in June 2017 with the NLGP operating and maintaining the system until 2037. The total cost of construction was \$95 million. This project has operations and maintenance costs of \$3 million per year which will total \$64 million for the duration of the contract, before indexing for the CPI.

The MVFL will support more efficient and effective delivery of government programs and services such as health care and education to the communities. It will also provide new opportunities for business, including in the e-commerce and high-tech sectors, and allow for the expansion of the Inuvik Satellite Station Facility.

(\$ in 000's)	2014-15	2015-16	2016-17	2017-18	Total
Project Expenditures					
Government	4,135	-	-	-	4,135
P3 Partner	26,582	38,425	25,893	-	90,900
Total Expenditures	30,717	38,425	25,893	-	95,035
Portion of asset put into service			(66,212)	(28,823)	(95,035)
Project cost not yet in service	35,935	69,235	28,823	-	-

2. Stanton Renewal Project (Stanton)

The Government entered into an agreement with Boreal Health Partnership (BHP) on September 22, 2015 to design, build, operate and maintain the Government's new Territorial hospital. Construction is to be completed in November 2018 with BHP operating and maintaining the new facility until 2048. The total cost of construction is \$292 million, with 60% of the construction cost financed by the Government and 40% financed by BHP. The amount partially financed by BHP is payable starting at the in-service date over a thirty year term. Upon completion, there will be operations and maintenance costs of \$8 million per year, totaling \$229 million for the duration of the contract, before indexing for the CPI.

The Stanton Renewal Project was put in place to replace the existing Stanton Territorial Hospital in Yellowknife. The project is the largest ever undertaken by the Government and residents of the NWT will benefit from

a state of the art hospital built to current national standards. The new 280,000 square-foot facility will have a larger enhanced emergency department and medical laboratory; enhanced additional space for diagnostic imaging and improved medical technology to modernize hospital operations. It will also have additional space for ambulatory care including specialist clinics, medical day care and dialysis; and more space for support services such as sterile reprocessing and biomedical engineering.

(\$ in 000's)	2015-16	2016-17	2017-18	2018-19	Total at March 31, 2018	Project Budget
Projected Expenditures						
Government	27,000	68,200	56,900	TBD	152,100	
P3 Partner	13,700	37,400	35,400	TBD	86,500	
Total Projected Expenditures	40,700	105,600	92,300		238,600	350,000
Portion of asset put into service	-	-	-			
Project cost not yet in service	40,700	105,600	92,300			

Additional detail on P3's is reflected in the Public Accounts – Section 1 (notes 15 and 19)

3. Tlicho All-Season Road

On January 11, 2017 the federal government announced conditional funding for the Tlicho All-season Road through the P3 Canada Program, with Canada providing up to 25 per cent of construction costs.

All-season roads are critical to adapting the NWT transportation system to the impacts of climate change, helping support more reliable infrastructure. By replacing the southern section of the existing winter road serving the region, the Tlicho All-season Road will not only provide year-round access to Whatì but will also increase the window of access to the communities of Gamètì and Wekweètì.

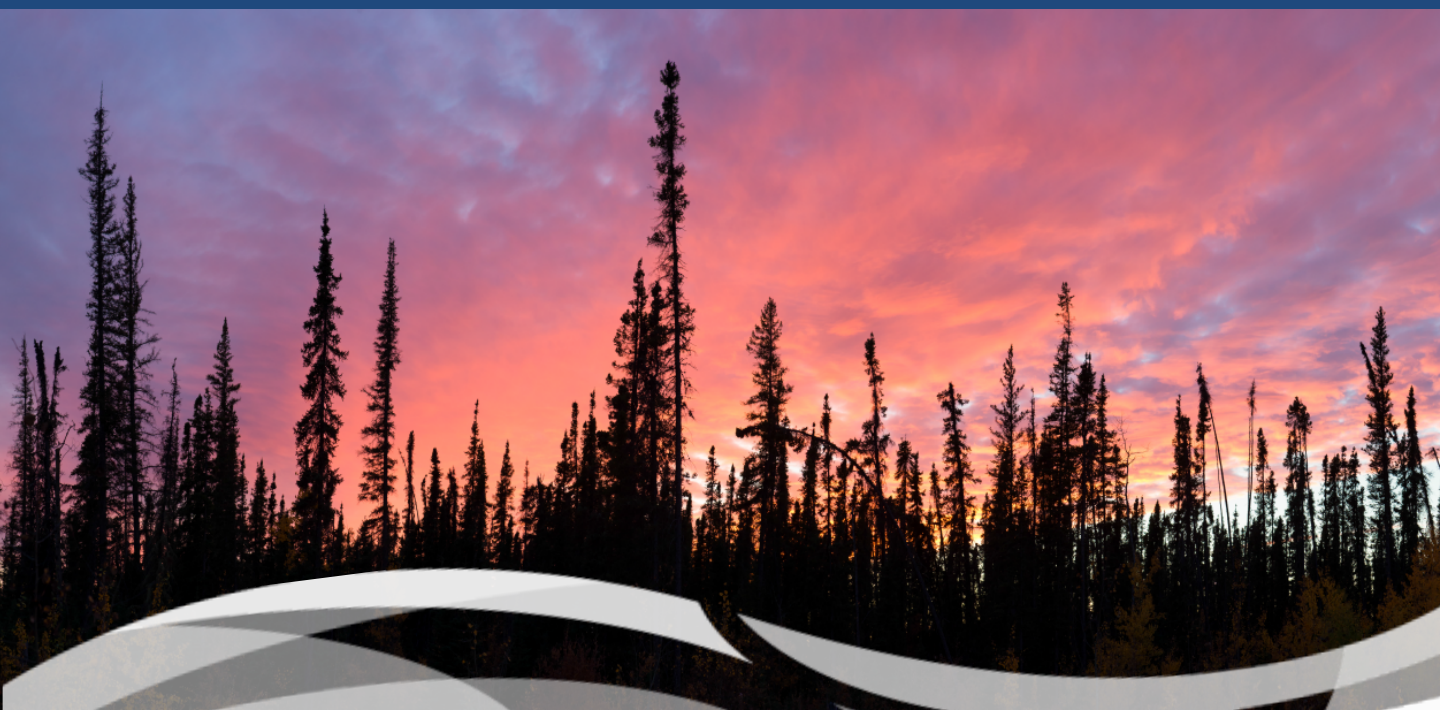
This project will maximize the involvement of Northern businesses. Road construction and maintenance will result in employment and training opportunities for Tlicho and Northern residents. It is anticipated that the contract will be a 29 year contract, with 4 years of construction and 25 years of operations. Preferred Proponent is anticipated to be announced in November 2018 and financial close taking place in February 2019.

(\$ in 000's)	2015-16	2016-17	2017-18	2018-19	Total
Project Expenditures					
Government	279	2,271	4,682	TBD	7,232
P3 Partner	-	-	-	TBD	-
Total Projected Expenditures	279	2,271	4,682	TBD	7,232
Portion of asset put into service	-	-	-		
Project cost not yet in service	279	2,550	7,232	TBD	

COMPLETION OF ENTITIES CONSOLIDATED WITHIN THE PUBLIC ACCOUNTS

The following table lists the consolidated entities and completion date of their audited financial statements.

Entity	Due Date	Extension Due Date	Completion Date
Beaufort Delta Divisional Education Council	28-Sept-17		04-Aug-17
Commission scolaire francophone Territoires du Nord-Ouest	28-Sept-17		18-Sept-17
Dehcho Divisional Education Council	28-Sept-17		30-Sept-17
Dettah District Education Authority	28-Sept-17		21-Sept-17
N'dilo Divisional Education Council	28-Sept-17		15-Sept-17
Sahtu Divisional Education Council	28-Sept-17		27-Sept-17
South Slave Divisional Education Council	28-Sept-17		28-Jul-17
Yellowknife Catholic Schools	28-Sept-17		12-Sept-17
Yellowknife No.1 District Education Authority	28-Sept-17		12-Sept-17
Aurora College	28-Sept-17	27-Nov-17	22-Nov-17
Northwest Territories Health and Social Services Authority	29-Jun-18	28-Aug-18	28-Aug-18
Hay River Health and Social Services Authority	29-Jun-18		26-Jun-18
Tlicho Community Services Agency	29-Jun-18		29-Jun-18
Arctic Energy Alliance	29-Jun-18		19-Jun-18
Northwest Territories Hydro Corporation	29-Jun-18		26-Jun-18
Northwest Territories Business Development and Investment Corporation	29-Jun-18	28-Aug-18	27-Aug-18
Northwest Territories Housing Corporation	29-Jun-18	28-Aug-18	28-Aug-18
Northwest Territories Human Rights Commission	29-Jun-18		13-Jul-18
Inuvialuit Water Board	29-Jun-18		15-Jun-18
Northwest Territories Sport and Recreation Council	29-Jun-18		25-Jun-18
Status of Women Council of the Northwest Territories	29-Jun-18		31-May-18
Northwest Territories Surface Rights Board	29-Jun-18		14-Jun-18



Public Accounts 2017-2018

Section II

NON-CONSOLIDATED FINANCIAL STATEMENTS



Government of
Northwest Territories

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2018

SECTION II
NON-CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

HONOURABLE ROBERT C. MCLEOD

Minister of Finance

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Government of the Northwest Territories**Non-Consolidated Statement of Financial Position (unaudited)**

as at March 31, 2018

(thousands of dollars)

	2018 Actual \$	2017 Actual \$
Financial assets		
Cash and designated assets (note 3)	-	9,110
Portfolio investments (note 3)	31,864	30,686
Accounts receivable (note 4)	219,095	186,708
Due from the Government of Canada (note 10)	52,697	34,378
Inventories (note 5)	31,772	27,721
Loans receivable (note 6)	45,454	49,308
	380,882	337,911
Liabilities		
Bank overdraft (note 3)	13,798	-
Short-term loans (note 7)	297,076	234,807
Accounts payable and accrued liabilities (note 8)	246,592	250,486
Deferred revenue (note 9)	17,470	18,799
Due to the Government of Canada (note 10)	117,944	125,415
Environmental liabilities (note 11)	50,595	53,695
Capital lease obligations (note 12)	949	1,834
Long-term debt (note 13)	177,731	178,872
Liabilities under public private partnerships (note 14)	166,481	142,081
Pensions (note 15)	36,987	34,843
Other employee future benefits and compensated absences (note 16)	33,822	39,744
	1,159,445	1,080,576
Net Debt	(778,563)	(742,665)
Non-financial assets		
Tangible capital assets (schedule C)	2,581,152	2,424,348
Inventory held for use (note 5)	279	136
Prepaid expenses	11,345	5,278
	2,592,776	2,429,762
Accumulated surplus	1,814,213	1,687,097

Contractual obligations, rights, guarantees and contingencies (notes 19 and 20)

Approved:Robert C. McLeod
Minister of FinanceJamie Koe, CPA, CGA
Comptroller General

The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Operations and Accumulated Surplus (unaudited)

for the year ended March 31, 2018

(thousands of dollars)

	2018 Main Estimates (note 1b) \$	2018 Actual \$	2017 Actual \$
Revenues			
Revenues by source (schedule A)	1,856,038	1,839,823	1,856,515
Recoveries of prior years expenses (schedule 3)	3,000	15,394	13,728
	1,859,038	1,855,217	1,870,243
Expenses (schedule B)			
Environment and Economic Development	173,319	155,039	149,887
Infrastructure	242,419	270,249	267,955
Education	315,279	327,670	320,910
Health, Social Services and Housing	423,457	445,682	523,421
Justice	123,417	125,477	127,289
General Government	389,699	385,107	307,063
Legislative Assembly and statutory offices	19,336	18,377	18,379
	1,686,926	1,727,601	1,714,904
Annual operating surplus	172,112	127,616	155,339
Petroleum Products Stabilization Fund Net surplus (loss) for the year (note 17)	(100)	(500)	183
Projects on behalf of the Government of Canada, Nunavut and Others (schedule 10)			
Expenses	(73,546)	(105,495)	(84,299)
Recoveries	73,546	105,495	84,299
Annual surplus	172,012	127,116	155,522
Accumulated surplus at beginning of year	1,687,097	1,687,097	1,531,575
Accumulated surplus at end of year	1,859,109	1,814,213	1,687,097

The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.

Government of the Northwest Territories**Non-Consolidated Statement of Change in Net Debt (unaudited)**

for the year ended March 31, 2018(thousands of dollars)

	2018 Main Estimates (note 1b) \$	2018 Actual \$	2017 Actual \$
Net debt at beginning of year	(742,665)	(742,665)	(666,494)
Items affecting net financial resources:			
Annual surplus for the year	172,012	127,116	155,522
Change in tangible capital assets, net book value (schedule C)	(139,792)	(156,804)	(232,153)
Change in inventory held for use	-	(143)	-
Change in prepaid expenses	-	(6,067)	460
Net debt at end of year	(710,445)	(778,563)	(742,665)

The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Cash Flow (unaudited)

for the year ended March 31, (thousands of dollars)	2018 \$	2017 \$
--	------------	------------

Cash provided by (used in)

Operating transactions

Annual surplus for the year*	127,116	155,522
Items not affecting cash:		
Provision for bad debts and forgivable loans	1,377	701
Recoveries of forgivable loans	(481)	(1,550)
Amortization of tangible capital assets	94,959	89,129

	222,971	243,802
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Changes in non-cash assets and liabilities:

Change in due to (from) Canada	(25,790)	17,264
Change in other financial assets	(33,763)	6,411
Change in other financial liabilities	(2,664)	25,387
Change in prepaid expenses	(6,067)	460
Change in inventories held for use	(143)	-
Change in inventories for resale	(4,051)	86

Cash provided by operating transactions	150,493	293,410
--	----------------	----------------

Investing transactions

Designated cash and investments purchased	(12,043)	(4,195)
Designated cash and investments sold	10,865	3,852
Loans receivable receipts	4,334	1,042

Cash provided by investing transactions	3,156	699
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Capital transactions

Acquisition of tangible capital assets	(234,052)	(267,761)
Disposal of tangible capital assets (net)	8,252	2,132

Cash used for capital transactions	(225,800)	(265,629)
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Financing transactions

Acquisition (repayment) of short-term financing	62,269	(9,996)
Acquisition (repayment) of capital lease obligations	(885)	544
Acquisition (repayment) of long-term financing	(12,141)	404

Cash provided by (used for) financing activities	49,243	(9,048)
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Increase (decrease) in cash	(22,908)	19,432
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Cash at beginning of year	9,110	(10,322)
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Cash at end of year	(13,798)	9,110
----------------------------	-----------------	--------------

*Total interest paid during the year \$13,298 (2017- \$10,156)

The accompanying notes and Schedules A, B and C are an integral part of these non-consolidated financial statements.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

1. AUTHORITY, OPERATIONS AND REPORTING ENTITY

(a) Authority and reporting entity

The Government of the Northwest Territories (the Government) operates under the authority of the *Northwest Territories Act* (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

The Government prepares consolidated financial statements. They are presented in Section I of the Public Accounts and provide an accounting of the full nature and extent of the financial affairs and resources for which the Government is responsible. The reporting entity is defined in those statements. These financial statements have been prepared on a non-consolidated basis to show the operating results of the Government separate from the entities included in the consolidated financial statements.

These financial statements include the assets, liabilities and operating results of the Government and its revolving funds. Revolving funds are established by the Government to provide the required working capital to deliver goods and services to the general public and to Government departments.

The following related Territorial Crown Corporations, boards and agencies are included in these statements only to the extent of the Government's contributions to, or revenues from, them:

- Arctic Energy Alliance
- Aurora College
- Divisional Educational Councils and District Education Authorities
- Health and Social Services Authorities
- Inuvialuit Water Board
- Northwest Territories Business Development and Investment Corporation
- Northwest Territories Heritage Fund
- Northwest Territories Housing Corporation
- Northwest Territories Human Rights Commission
- Northwest Territories Hydro Corporation
- Northwest Territories Sport and Recreation Council
- Northwest Territories Surface Rights Board
- Status of Women Council of the Northwest Territories
- Tlicho Communities Services Agency

(b) Main estimates

The main estimates are the appropriations approved by the Legislative Assembly. They represent the Government's original fiscal plan for the year and do not reflect Supplementary Appropriations.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

The more significant management estimates relate to environmental liabilities, contingencies, revenue accruals, allowance for doubtful accounts for accounts receivable, valuation allowances for loans receivable, and amortization expense. Other estimates, such as the Canada Health Transfer, Canada Social Transfer payments, Corporate and Personal Income Tax revenues are based on estimates made by the Government of Canada's Department of Finance and are subject to adjustments in future years.

(b) Cash

Cash is comprised of bank account balances, net of outstanding cheques and short-term highly liquid investments that are readily convertible to cash with a maturity date of 90 days or less from the date of acquisition.

(c) Portfolio investments

Portfolio investments are long-term investments in organizations that do not form part of the government reporting entity and are accounted for by the cost or amortized cost method. Such investments are normally in shares and bonds of the investee. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss and it is included as a component of investment income. Interest income is recorded on the accrual basis, dividend income is recognized as it is declared, and capital gains and losses are recognized when realized.

(d) Inventories

Inventories for resale consist mainly of bulk fuels and liquor products. Bulk fuels are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at the lower of cost and net realizable value. Inventories held for use are valued at the lower of cost, determined on a first in, first out basis and net replacement value. Impairments, when recognized, result in write-downs to net realizable value.

(e) Loans receivable

Loans receivable and advances are stated at the lower of cost and net recoverable value. Valuation allowances, determined on an individual basis, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements and are adjusted annually to reflect the current circumstances by recording write downs or recoveries, as appropriate. Write downs are recognized when the assets have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written down are subsequently collected. Interest revenue is recorded on an accrual basis. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Non-financial assets

Tangible capital and other non-financial assets are accounted for as assets by the Government as they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Government unless they are sold.

(g) Tangible capital assets and leases

Tangible capital assets are buildings, roads, equipment, etc. whose life extends beyond the fiscal year, original cost exceeds \$50 and are intended to be used on an ongoing basis for delivering programs and services. Individual assets less than \$50 are expensed when purchased. Tangible capital assets (TCA) are recorded at cost (including qualifying interest expense), or where actual cost is not available, estimated current replacement cost discounted back to the acquisition date. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, and directly attributable interest. Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use in producing goods or services. Assets, when placed in service are amortized on a straight line basis over their estimated useful life as follows:

Asset category	Amortization period
Land	Not amortized
Roads and bridges	75 years or less
Barges and Tugboats	70 years or less
Airstrips and aprons	40 years or less
Buildings	40 years or less
Ferries	25 years or less
Fences	20 years or less
Signs	20 years or less
Aircrafts	20 - 40 years
Network Transmission systems	20 - 40 years
Fuel distribution systems	15 - 40 years
Park improvements	10 - 40 years
Water/sewer works	15 - 25 years
Mainframe and software systems	5 - 10 years
Mobile and heavy equipment	7 - 15 years
Major equipment	5 - 15 years
Medical equipment	5 - 15 years
Leasehold improvements	Lesser of useful life or lease term plus renewal option

The estimate of the useful life of tangible capital assets is reviewed on a regular basis and revised where appropriate on a prospective basis. The remaining unamortized portion of a tangible capital asset may be extended beyond its original estimated useful life when the appropriateness of such a change can be clearly demonstrated.

Write-downs and write-offs of tangible capital assets are recognized whenever significant events and changes in circumstances and use suggest that the asset can no longer contribute to program or service delivery at the level previously anticipated. A write-down is recognized when a reduction in the value of the asset can be objectively measured. A write-off is recognized when the asset is destroyed, stolen, lost, or obsolete to the Government.

Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service. Capital lease agreements are recorded as a liability and a corresponding asset based on the present value of the minimum lease payments, excluding executory costs. The present value is based on the lower of the implicit rate or the Government's borrowing rate at the time the obligation is incurred. Operating leases are charged to expenses. All intangibles, works of art, and items inherited by right of Crown, such as Crown lands, forests, water and mineral resources are not recognized in these financial statements.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Pensions and other employee future benefits and compensated absences

All eligible employees participate in the Public Service Pension Plan administered by the Government of Canada. The Government's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates, or when actuarial assumptions change, the adjustments are amortized on a straight line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

Under the terms and conditions of employment, government employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on variety of factors including place of hire, date employment commenced, and the reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits has been prepared using data provided by management and assumptions based on management's best estimates.

(i) Contractual obligations and contingent liabilities

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating, commercial and residential leases, and capital projects. Contractual obligations are obligations of a government to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingent liabilities of the Government are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated or if the occurrence of the confirming future event is not determinable, the contingent liability is disclosed.

(j) Contractual rights and contingent assets

The nature of the Government's activities requires entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future revenues. Contractual rights pertain to rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future when the terms of contracts or agreements are met.

The contingent assets of the Government are potential assets which may become actual assets when one or more future events occurs or fails to occur. If the future event is considered likely to occur and is quantifiable, an estimated asset is accrued. If the occurrence of the confirming future event is likely but the amount of the asset cannot be reasonably estimated or if the occurrence of the confirming future event is not determinable, the contingent asset is disclosed.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using the average exchange rate for the day, except for hedged foreign currency transactions which are translated at exchange rates established by the terms of the forward exchange contracts. All exchange gains and losses are included in net income for the year according to the activities to which they relate.

(l) Projects on behalf of third parties

The Government undertakes projects for the Government of Canada, the Government of Nunavut and others. Where the agreement allows, the Government receives accountable advances and any unexpended balances remaining at year-end are recorded as liabilities in accounts payable and accrued liabilities or due to Canada, as applicable. Recoveries are accrued when expenses as allowed under the project contract, exceed advances and are recorded as receivables in accounts receivables or due from Canada.

(m) Grant from the Government of Canada

Under *Federal-Provincial Fiscal Arrangements Act* (Canada), the Grant from the Government of Canada is calculated based on Territorial Formula Financing as the Gross Expenditure Base, offset by eligible revenues, which are based on a three-year moving average, lagged two years, of representative revenue bases at national average tax rates. Population growth rates and growth in provincial/local government spending are variables used to determine the growth in the Gross Expenditure Base. The Grant is calculated once for each fiscal year and is not revised, with all payments flowing to the Government prior to the end of the fiscal year.

(n) Transfer payments

Transfers from the federal government are recognized as revenue in the period during which the transfer is authorized and eligibility criteria are met, except when and to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers meeting the definition of a liability are recognized as revenue as the liability is settled.

(o) Taxes, regulatory, resource, and general revenues

Corporate and Personal Income tax revenue are recognized on an accrual basis, net of any tax concessions. Income tax is calculated net of tax deductions and credits allowed under the *Income Tax Act* (Canada). If an expense provides a financial benefit other than a relief of taxes, it is classified as a transfer made through the tax system. If an expense provides tax relief to a taxpayer and relates to revenue, this expense is considered a tax concession and is netted against tax revenues. Taxes, under the *Income Tax Act* (Canada), are collected by the Government of Canada on behalf of the Government under a tax collection agreement. The Government of Canada remits Personal Income taxes monthly throughout the year and Corporate Income tax monthly over a six month period beginning in February. Payments are based on Canada's Department of Finance's estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Income tax estimates, determined by the Government of Canada, combine actual assessments with an estimate that assumes that previous years' income tax allocations will be sustained and are subject to revisions in future years. Differences between current estimates and future actual amounts can be significant. Any such differences are recognized when the actual tax assessments are finalized.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Taxes, regulatory, resource, and general revenues (continued)

Regulatory revenues, which are part of general revenues, are recognized on an accrual basis and include revenues for fines, fees, licenses, permits, and registrations. Amounts received prior to the end of the year, which relate to revenues that will be earned in a subsequent year, are recorded as deferred revenues and are recognized as revenue when earned.

Resource revenues are recognized on an accrual basis and include mineral, quarry, oil and gas, and water revenues as defined in the Northwest Territories Lands and Resources Devolution Agreement. Mineral and quarry revenues are collected under the authority of the *NWT Lands Act*, water revenues are collected under the authority of the *Water Act* and oil and gas revenues are collected under the authority of the *Petroleum Resources Act*. The Government is entitled to 50 percent of the resource revenues collected (which is referred to as the net fiscal benefit), up to a maximum amount based on a percentage of the Gross Expenditure Base under Territorial Formula Financing. The Government of Canada will deduct its share of the resource revenues collected by the Government (the remaining amount) from the Territorial Formula Financing Grant (*note 2(m)*) payable to the Government two years hence. The Government has also committed to sharing up to 25 percent of the net fiscal benefit with Aboriginal governments that are signatories to the Northwest Territories Lands and Resources Devolution Agreement as per the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*.

Fuel, tobacco, payroll and property taxes are levied under the authority of the *Petroleum Products Tax Act*, the *Tobacco Tax Act*, the *Payroll Tax Act*, and the *Property Assessment and Taxation Act*, respectively. Fuel and tobacco tax revenues are recognized on an accrual basis, based on statements received from collectors. Payroll tax is recognized on an accrual basis, based on payroll tax revenues of the prior year. Property tax and school levies are assessed on a calendar year basis and are recognized in the fiscal year in which the billing occurs. Adjustments arising from reassessments are recorded in revenue in the year they are identified. All other revenues are recognized on an accrual basis.

(p) Expenses

Grants and contributions are recognized as long as the grant or contribution is authorized and eligibility criteria have been met. Grants and contributions include transfer payments paid through programs to individuals, and to provide major transfer funding for communities under community government funding arrangements. Payments to individuals include payments for children's benefits, income support or income supplement. Assistance is based on age, family status, income, and employment criteria. Other transfer payments are provided to conduct research, to establish new jobs through support for training and to promote educational, health and cultural activities. Under the authority of the *Northwest Territories Intergovernmental Resource Revenue Sharing Act*, a transfer to the Aboriginal parties who are signatories to the Northwest Territories Intergovernmental Resource Revenue Sharing Agreement will be made of 25 percent of the net fiscal benefit from resource revenues that is received by the Government (*note 2 (o)*). All other expenses are recognized on an accrual basis.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Environmental liabilities

Environmental liabilities are the result of contaminated sites, defined as a site where as a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the Government's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination.

Environmental liabilities consist of the estimated costs related to the management and remediation of environmentally contaminated sites, including costs such as those for future site assessments, development of remedial action plans, resources to perform remediation activities, land farms and monitoring. All costs associated with the remediation, monitoring and post-closing of the site are estimated and accrued. Where estimates are not readily available from third party analyses, an estimation methodology is used to record a liability when sufficient information is available. The methodology used is based on costs or estimates for sites of similar size and contamination when the Government is obligated, or is likely obligated, to incur such costs. If the likelihood of a future event that would confirm the Government's responsibility to incur these costs is either not determinable, or in the event it is not possible to determine if future economic benefits will be given up, or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements and no liability is accrued. The environmental liabilities for contaminated sites are reassessed on an annual basis.

(r) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversals of prior years' expense accruals in excess of actual expenditures are reported separately from other revenues on the statement of operations and accumulated surplus. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenses.

(s) Public-Private Partnerships

The Government may, as an alternative to traditional forms of procurement governed by the Government's Contract Regulations, enter into public private partnership (P3) agreements with the private sector to procure services and public infrastructure when: the total projected threshold for procuring those services, including capital, operating and service costs over the life of the agreement, exceeds \$50,000; there is appropriate risk sharing between the Government and the private sector partners; the agreement extends beyond the initial capital construction of the project, and; the arrangement results in a clear net benefit to the Government as opposed to being merely neutral in comparison with standard procurement processes. The operating and service costs, that are clearly identified in the agreements, are expensed as they are incurred.

The Government accounts for P3 projects in accordance with the substance of the underlying agreements. In circumstances where the Government is determined to bear the risks and rewards of an asset under construction, the asset and the corresponding liability are recognized over time as the construction progresses. During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recorded based on the estimated percentage completion. In circumstances where the Government does not bear the risks and rewards of the asset until substantial completion the future associated agreement is disclosed.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Public-Private Partnerships (continued)

The capital asset value is the total of progress payments made during construction and net present value of the future payments, discounted using the imputed interest rate for the agreement. Capital expenditures may occur throughout the project or at the capital in-service date. Service fees may occur throughout the project or when the project is operational; these fees will include both a service and operational component. All payments are adjusted to reflect performance standards as outlined in the specific agreement and penalties may be deducted for sub-standard performance.

A P3 agreement may encompass certain revenues, including those collected by the partner on behalf of the Government. In such instances the Government will report the gross revenue along with the asset, liability, and expenses as determined from the specific project.

(t) Future accounting changes

PS 3430 Restructuring Transactions. Effective April 1, 2018, this standard provides guidance on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

Financial instruments

The Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments effective for fiscal years beginning on or after April 1, 2021. Items within the scope of the standard are assigned to one of two measurement categories: fair value, or cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the Statement of Remeasurement of Gains and Losses.

Other New Standards

Effective April 1, 2021, the Government will concurrently be required to adopt: PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period.

PS 3280 Asset Retirement Obligations. Effective April 1, 2021, this standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets.

The Government is currently assessing the impact of these standards on the financial statements.

(u) Adoption of new accounting standards

Effective April 1, 2017, the Government adopted the PSA Handbook Sections PS 3420 - inter-entity transactions, PS 2200 - related party disclosures, and PS 3210 - assets. There was no significant impact on the non-consolidated financial statements as a result of adopting the new standards.

Effective April 1, 2017, the Government also adopted the PSA Handbook Sections PS 3320 - contingent assets and PS 3380 - contractual rights. These new sections define and establish guidance on disclosure for contingent assets and contractual rights. The impact of adopting these new standards is reflected in notes 19 and 20.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

3. CASH AND DESIGNATED ASSETS

(a) Investment pool

The Government has lines of credit provided by two chartered banks, secured by the Consolidated Revenue Fund of the Government. There are no fixed repayment terms and the overdraft limits are negotiated over the year based on the forecasted cash flows and borrowing requirements of the Government. Interest is only charged when there is a net overdraft balance of the Government and its investment pool participants. As at March 31, 2018 the investment pool had no net overdraft balance (2017 - nil).

The surplus cash (deficit) of the Government is pooled with the surplus cash of certain Territorial Crown Corporations, and other public agencies. This investment pool is invested in a diversified portfolio of high grade, short and long term income producing assets.

As of March 31, 2018, on a cash basis, the Government's share in the investment pool is a deficit of \$8,984 (2017 - surplus of \$14,065). When taking into account \$768 classified to in-trust and \$4,046 of outstanding items, the bank balance, on an accounting basis, becomes a deficit of \$13,798 (2017 - surplus of \$9,110).

The Government's cash deficit related to the investment pool carried interest at an average rate of 1.05%.

The average portfolio yield range for the year is 1.05% - 1.80% (2017 was 1.05%). In 2018, the Government paid interest on short-term investments of \$69 (2017 - \$53).

(b) Designated Assets

Designated assets are included in cash and portfolio investments.

Pursuant to the *Student Financial Assistance Act*, the assets of the Student Loan Fund are to be used to provide financial assistance to post-secondary students that meet certain eligibility criteria as prescribed in its regulations.

Pursuant to the *Waste Reduction and Recovery Act*, the assets of the Environment Fund are to be used for purposes specified in the act including programs with respect to the reduction and recovery of waste.

Pursuant to the *Land Titles Act*, the assets of the Land Titles Assurance Fund are to be used to compensate owners for certain financial losses they incur due to real estate fraud or omissions and errors of the land registration system.

Pursuant to the *Memorandum of Agreement* between the GNWT and Signatory Air Carriers, the funds remitted to the GNWT are to be used for the Yellowknife Airport Capital Program.

Portfolio investments, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplemental Retiring Allowance Pension Plan (*note 15*). Supplementary Retiring Allowance Regulations restrict the investments to those permitted under the *Pension Benefits Standards Act*.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

3. CASH AND DESIGNATED ASSETS (continued)

The proportionate asset mix in the investment portfolio is as follows as at March 31:

	2018 %	2017 %
Canadian stocks	22.79	21.95
Cash and other assets	0.74	1.34
Fixed income mutual funds	40.49	41.16
Federal bonds	13.39	11.26
Foreign stocks	22.59	24.29
	<u>100.00</u>	<u>100.00</u>

The Government has the following assets which are designated for specific purposes under legislation and regulations as follows:

	2018 \$	2017 \$
Student Loan Fund:		
Authorized limit for loans receivable	45,000	45,000
Less: Loans receivable balance	(40,953)	(41,320)

Funds designated for new loans	4,047	3,680
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Environment Fund:

Beverage Container Program net assets	3,890	2,557
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Yellowknife Airport Revolving Fund:

Yellowknife Airport Capital Program	2,716	-
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Land Titles Assurance Fund:

Land Titles net assets	4,539	4,355
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Portfolio Investments for the Legislative Assembly Supplementary
Retiring Allowance Pension Plan:

Marketable securities (market value \$33,279; 2017 - \$32,995)	31,631	30,274
Cash and other assets (market value approximates cost)	232	412

	31,863	30,686
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	47,055	41,278
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Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

4. ACCOUNTS RECEIVABLE

	Accounts Receivable \$	Allowance for Doubtful Accounts \$	Net 2018 \$	Net 2017 \$
General	51,227	(12,917)	38,310	35,483
Government of Nunavut	6,224	-	6,224	6,259
Revolving fund sales	8,667	-	8,667	8,244
Non-renewable resource revenue	54,378	-	54,378	58,343
	<hr/>	<hr/>	<hr/>	<hr/>
	120,496	(12,917)	107,579	108,329
	<hr/>	<hr/>	<hr/>	<hr/>
Receivables from related parties:				
Divisional Education Councils and District Education Authorities	6,671	-	6,671	3,661
Health and Social Services Authorities	96,462	-	96,462	70,484
Northwest Territories Business Development and Investment Corporation	193	-	193	92
Northwest Territories Housing Corporation	3,112	-	3,112	1,458
Tlicho Community Services Agency	2,239	-	2,239	1,097
Workers' Safety Compensation Commission (Northwest Territories and Nunavut)	151	-	151	37
Northwest Territories Hydro Corporation	221	-	221	219
Aurora College	2,467	-	2,467	1,238
Inuvialuit Water Board	-	-	-	93
	<hr/>	<hr/>	<hr/>	<hr/>
	111,516	-	111,516	78,379
	<hr/>	<hr/>	<hr/>	<hr/>
	232,012	(12,917)	219,095	186,708

During the year, no accounts receivable (2017 - \$ nil) were written off and none (2017 - \$ nil) were forgiven.

5. INVENTORIES

	2018 \$	2017 \$
Inventories for resale:		
Bulk fuels	28,144	23,815
Liquor products	3,628	3,906
	<hr/>	<hr/>
	31,772	27,721
	<hr/>	<hr/>
Inventories held for use	279	136
	<hr/>	<hr/>
	32,051	27,857

Bulk fuel inventory write-down for 2018 is \$136 (2017 - \$164).

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

6. LOANS RECEIVABLE

	2018 \$	2017 \$
Working capital advances to the Northwest Territories Business Development and Investment Corporation. The term is indeterminate with the option to repay any portion of principal on any interest payment date. Interest is calculated at selected Government of Canada three-year bond rates at the end of each month.	20,935	24,794
Student Loan Fund loans due in installments to 2032, bearing fixed interest between 0.00% and 11.75%, unsecured.	40,953	41,320
Yellowknife Catholic School Board Advance, unsecured, repayable in monthly installments of \$10 (2017 - \$10). Interest is calculated monthly based upon the Government's current borrowing rate.	760	870
Other	22	20
	62,670	67,004
Valuation allowance - Student Loan Fund	(17,216)	(17,696)
	45,454	49,308

During the year, \$2,737 in student loans (2017 - \$2,531) was remised with proper authority.

Interest earned on loans receivable during the year is \$641 (2017 - \$510).

7. SHORT-TERM LOANS

Based upon operational needs, the Government may enter into short term borrowing arrangements with its banks. Short term loans of \$297,076 (2017 - \$234,807) incurred interest at the weighted average year-end rate of 1.28% (2017 - 0.86%). Interest paid in 2018 is \$2,387 (2017 - \$1,512).

The short-term borrowing limit under the *Appropriation Act* as at March 31, 2018 is \$370,000.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
	\$	\$
Trade	163,493	169,652
Employee and payroll-related liabilities	55,655	54,941
Other liabilities	5,555	6,469
Non-renewable resource sharing	12,926	12,196
	237,629	243,258
Payables to related parties:		
Arctic Energy Alliance	50	67
Aurora College	518	610
Divisional Education Councils and District Education Authorities	330	606
Health and Social Services Authorities	5,830	4,323
Northwest Territories Business Development and Investment Corporation	2	2
Northwest Territories Housing Corporation	44	27
Northwest Territories Hydro Corporation	1,533	1,423
Northwest Territories Surface Rights Board	-	24
Tlicho Community Services Agency	101	137
Northwest Territories Human Rights Commission	9	9
Workers' Safety and Compensation Commission (Northwest Territories and Nunavut)	546	-
	8,963	7,228
	246,592	250,486

9. DEFERRED REVENUE

	2018	2017
	\$	\$
Government of Canada		
Ministry of Finance	4,061	5,842
Building Canada Plan	2	256
Transport Canada	-	350
Canadian Northern Economic Development Agency	3,781	2,762
Ministry of Infrastructure and Communities	-	4,478
Canadian Heritage	3,762	-
Public Health Agency of Canada	85	-
NPR Limited Partnership	2,168	1,856
Work deposits, commercial use permits and tourism licences	1,857	934
Mining Recorders	1,230	1,125
Other	524	1,196
	17,470	18,799

Deferred revenue in the current year consists mainly of funds received from the Government of Canada for corporate income tax, improvements to highways and bridge rehabilitation.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

10. DUE TO (FROM) THE GOVERNMENT OF CANADA

	2018	2017
	\$	\$
Due from Canada:		
Projects on behalf of the Government of Canada	(20,206)	(13,521)
Miscellaneous receivables	(32,491)	(20,857)
	(52,697)	(34,378)
Due to Canada:		
Advances for projects on behalf of the Government of Canada	18,484	22,620
Excess income tax advanced	55,794	65,961
Miscellaneous payables	43,666	36,834
	117,944	125,415
	65,247	91,037

The amounts due to the Government of Canada are non-interest bearing. The excess income tax advanced is repayable over the following years:

	\$
2019	32,699
2020	8,874
2021	13,939
2022	282
	55,794

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

11. ENVIRONMENTAL LIABILITIES

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. The Government has identified 246 (2017 - 245) sites as potentially requiring environmental remediation at March 31, 2018.

Type of Site	2017 Liability \$	Remediation Costs \$	New Sites in 2018 \$	Change in estimate \$	2018 Liability \$	Number of Sites
Abandoned mines ⁽¹⁾	13,315	(126)	-	(2,245)	10,944	7
Landfills ⁽²⁾	10,453	(785)	62	(78)	9,652	44
Abandoned infrastructure and schools ⁽³⁾	14,069	(2,036)	1,712	304	14,049	73
Airports, airport strips or reserves ⁽⁴⁾	1,704	(119)	-	2,221	3,806	24
Sewage lagoons ⁽⁵⁾	2,618	(252)	-	(12)	2,354	29
Fuel tanks and resupply lines ⁽³⁾	2,443	(6)	-	-	2,437	12
Abandoned lots and maintenance facilities ⁽³⁾	9,093	(144)	-	(1,596)	7,353 *	57
Total environmental liabilities	53,695	(3,468)	1,774	(1,406)	50,595	246

Possible types of contamination identified under each type of site include the following:

(1) metals, hydrocarbons, asbestos, wood/metal debris, waste rock, old mine buildings, lead paint;

(2) hydrocarbons, glycol, metals;

(3) hydrocarbons, petroleum products;

(4) hydrocarbons, vehicle lubricants, asbestos, glycol;

(5) metals, e.coli, total coliforms.

*Includes estimated costs to perform due diligence related to identifying environmental contamination that may be transferred back to Canada under the *Northwest Territories Lands and Resources Devolution Agreement*.

One of the sites, Giant Mine, has been formally designated as contaminated under the *Environmental Protection Act* (NWT). In 2005, the Government recorded a liability for its share of the above ground remediation. The remaining balance of the Government's share of the Giant Mine remediation liability at March 31, 2018 is \$2,708 (2017 - \$2,708). There are 6 other abandoned non-operating mine sites that the Government will be remediating in conjunction with Canada based on cost allocations similar to that of Giant Mine.

There was 1 (2017 - 6) site closed during the fiscal year as it was either remediated or no longer met all the criteria required to record a liability for contaminated sites.

Included in the 246 (2017- 245) sites, the Government has identified 78 (2017- 79) sites where no liability has been recognized. The contamination is not likely to affect public health and safety, cause damage, or otherwise impair the quality of the surrounding environment and there is likely no need for action unless new information becomes available indicating greater concerns, in which case, the site will be re-examined. These sites will continue to be monitored as part of the Government's ongoing environmental protection program.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

12. CAPITAL LEASE OBLIGATIONS

	2018	2017
	\$	\$
Buildings	679	997
Equipment	270	837
	949	1,834

Interest expense related to capital lease obligations for the year is \$68 (2017 - \$127), at an implicit average interest rate of 6.6% (2017 - 5.9%). Capital lease obligations (expiring between 2019 and 2020) are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2018.

	2019	2020
	655	350
	1,005	56
Total minimum lease payments		1,005
Less: imputed interest 6.6%		56
Present value of minimum lease payments		949

13. LONG-TERM DEBT

	2018	2017
	\$	\$
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of \$7 (2017 - \$7), maturing June 2024, bearing interest at 3.30% (2017 - 3.30%), secured with real property.	521	595
Deh Cho Bridge: Real return senior bonds with accrued inflation adjustment, maturing June 1, 2046, redeemable at the option of the issuer, bearing interest at 3.17% (2017- 3.17%), payable semi-annually, unsecured.	177,210	178,277
	177,731	178,872

Long-term debt principal repayments due in each fiscal year for the next five years and thereafter are as follows:

	\$
2019	3,504
2020	3,728
2021	3,966
2022	4,479
2023	4,759
Beyond 2023	157,295
	177,731

Interest expense on long-term debt, included in operations and maintenance expenses, is \$9,622 (2017 - \$9,110).

Government of the Northwest Territories

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March 31, 2018

(All figures in thousands of dollars)

14. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

The Government has entered into two contracts for the design, build, operate and maintenance of the Mackenzie Valley Fibre Link and the design, build, and maintenance of the Stanton Territorial Hospital Renewal.

The calculation of the P3 liabilities is as follows:

	2017	Additions during the year	Principal Payments	2018	Repayment date
	\$	\$	\$	\$	
Stanton Territorial Hospital Renewal	51,181	35,400	-	86,581	2048
Mackenzie Valley Fibre Link	90,900	-	(11,000)	79,900	2037
Total	142,081	35,400	(11,000)	166,481	

The details of the contracts under public private partnerships are as follows:

	Contractor	Date contract entered into	Scheduled/ actual completion date	Interest rate
Stanton Territorial Hospital Renewal	Boreal Health Partnership	September 2015	November 2018	7.09%
Mackenzie Valley Fibre Link	Northern Lights General Partnership	October 2014	June 2017	6.52%

Estimated loan principal repayments for each of the next five years and thereafter are as follows:

	\$
2019	2,900
2020	4,600
2021	4,800
2022	5,200
2023	5,500
2024 and beyond	143,481
	166,481

The capital payments for P3 are fixed, equal monthly payments for the privately financed portion of the costs of building the infrastructure.

P3 interest expense is \$5,300 (2017-nil).

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

15. PENSIONS

(a) Plans description

The Government administers the following pension plans for Members of the Legislative Assembly (MLAs) and Territorial Court Judges. The Government is liable for all benefits. Benefits provided under all four plans are based on years of service and pensionable earnings.

Plan recipient	Name of plan	Funded status
MLAs	Legislative Assembly Retiring Allowance Plan (MLAs Regular)	Funded
MLAs	Legislative Assembly Supplemental Retiring Allowance Plan (MLAs Supplemental)	Non Funded
Judges	Judges Registered Plan (Judges Regular)	Funded
Judges	Judges Supplemental Pension Plan (Judges Supplemental)	Non Funded

The Regular Plans for both the MLAs and Judges are contributory defined benefit registered pension plans and are pre-funded. The funds related to these plans are administered by independent trust companies.

The Supplemental plans for both the MLAs and Judges are non-contributory defined benefit pension plans and are unfunded; however, the Government has designated assets for the purposes of meeting the obligations of the MLA Supplemental plan (*note 3 (b)*).

The average age of the 19 (2017-19) active members of the MLAs plans is 52 (2017-51). The basic formula of the MLAs plans is 2 percent per year of pensionable service multiplied by the average of the best four consecutive years of earnings. Plan assets consist of Canadian and foreign equities, and Canadian fixed income securities and bonds.

The average age of the 4 (2017- 4) active members of the Judges' plans is 61 (2017-60). The basic benefit formula of the Judges' plans is 2 percent per year of pensionable service multiplied by the average of the best six consecutive years of earnings, reducing at age 65 by an amount equal to 0.7 percent of the average Year's Maximum Pensionable Earnings (YMPE) (as defined in the Canada Pension Plan) determined over 3 years at the time of retirement. Plan assets consist of a diversified portfolio of Canadian and foreign equities and bonds.

All plans provide death benefits to spouses and eligible dependants. All plans are indexed.

The remaining government employees participate in Canada's Public Service Pension Plan (PSPP). The PSPP 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 pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

15. PENSIONS (continued)

(a) Plans description (continued)

The public service pension 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. Furthermore, contribution rates for current service for all members of the public service increased to an employer: employee cost sharing ratio of 50:50 in 2017.

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced early retirement pensions, and disability pensions.

(b) Pension liability

	Regular Funded \$	2018 Supplemental Non Funded \$	Total \$
Accrued benefit obligation	27,530	36,194	63,724
Pension fund assets - market related value	(29,589)	-	(29,589)
Unamortized actuarial gains	2,182	670	2,852
Pension liability	123	36,864	36,987

	Regular Funded \$	2017 Supplemental Non Funded \$	Total \$
Accrued benefit obligation	26,568	34,803	61,371
Pension fund assets - market related value	(28,539)	-	(28,539)
Unamortized actuarial gains (losses)	1,890	121	2,011
Pension liability (asset)	(81)	34,924	34,843

Included in the pension liability of \$123 (2017 - \$81 asset) is a deficit for accounting purposes of the Judges' plan in the amount of \$1,883 (2017 - \$1,564).

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

15.PENSIONS (continued)

(c) Change in pension liability (asset)

	Regular Funded \$	2018 Supplemental Non Funded \$	Total \$
Opening balance	(81)	34,924	34,843
Change to pension liability (asset) from cash items:			
Contributions from plan members	(281)	-	(281)
Contributions from Government	(90)	-	(90)
Benefit payment to plan members	(1,286)	(1,504)	(2,790)
Drawdown from plan assets	1,286	-	1,286
Net change to pension liability (asset) from cash items	(371)	(1,504)	(1,875)
Change to pension liability (asset) from accrual items:			
Current period benefit cost	1,023	1,282	2,305
Amortization of actuarial (gains) losses	(377)	549	172
Interest on average accrued benefit obligation	1,226	1,613	2,839
Expected return on average plan assets	(1,297)	-	(1,297)
Net change to pension liability (asset) from accrual items	575	3,444	4,019
Ending balance	123	36,864	36,987

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

15. PENSIONS (continued)

(c) Change in pension liability (asset) (continued)

	Regular Funded \$	2017 Supplemental Non Funded \$	Total \$
Opening balance	(375)	33,047	32,672
Change to pension liability (asset) from cash items:			
Contributions from plan members	(287)	-	(287)
Contributions from Government	(83)	-	(83)
Benefit payment to plan members	(1,251)	(1,446)	(2,697)
Drawdown from plan assets	1,251	-	1,251
Net change to pension liability (asset) from cash items	(370)	(1,446)	(1,816)
Change to pension liability(asset) from accrual items:			
Current period benefit cost	977	1,222	2,199
Amortization of actuarial (gains) losses	(255)	549	294
Interest on average accrued benefit obligation	1,184	1,552	2,736
Expected return on plan assets	(1,242)	-	(1,242)
Net change to pension liability (assets) from accrual items	664	3,323	3,987
Ending balance	(81)	34,924	34,843

(d) Pension expense

The components of pension expense include current period benefit cost, amortization of actuarial net (gains)/losses and interest on average accrued benefit obligation net of the expected return on average plan assets and contributions from plan members. The total pension expense is \$3,738 (2017 - \$3,700). The interest cost on the accrued benefit obligation is determined by applying the discount rate determined at the beginning of the period to the average value of the accrued benefit obligation for the period. The expected return on plan assets is determined by applying the assumed rate of return on plan assets to the average market-related value of assets for the period. The difference between the expected and the actual return on plan assets is a gain of \$1,669 (2017 - \$1,330).

In addition to the above, the Government contributed \$30,075 (2017 - \$32,331) to the Public Service Superannuation Plan. The employees' contributions to this plan were \$27,372 (2017 - \$26,564).

(e) Changes to pension plans in the year

There have been no plan amendments, plan settlements and curtailments or temporary deviations from the plan in 2018 (no changes in 2017).

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

15. PENSIONS (continued)

(f) Valuation methods and assumptions used in valuing pension liability

Valuation date

The actuarial valuation for the Legislative Assembly was completed as of April 1, 2016 and the results were extrapolated to January 31, 2018. The effective date of the next actuarial valuation is April 1, 2020. The actuarial valuation for the Judge's plan was completed as of April 1, 2016 and the results were extrapolated to March 31, 2018. The effective date of the next actuarial valuation is April 1, 2019.

Liability valuation method

The actuarial valuations were performed using the projected accrued benefit method. The valuations are based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts.

Asset valuation method

The asset valuation method, for the MLA's plans is equal to a smoothed market value which spreads the difference between the actual and expected investment income over a four year period and is then adjusted for payments due to, and payable from, the pension plan. The fair market value of the MLA's regular plan is \$24,263 (2017 - \$23,145). The asset valuation method for the Judges' plans is market value. The market value of the Judges' regular plan is \$6,327 (2017 - \$5,889).

Actuarial gains and losses

Actuarial gains and losses occur when actual experience varies from estimates or when actuarial assumptions change. The adjustments needed are amortized on a straight line basis over the estimated average remaining service lives of the contributors. The estimated average remaining service lives of the contributors is 6.0 years (2017 - 7.0 years) for the MLA's plans and 1.7 years (2017 - 2.7 years) for the Judges' plans.

Actuarial assumptions

	Judges' plans	MLAs' plans
Expected rate of return on plan assets	4.1%	4.8%
Rate of compensation increase	3.5%	2.0%
Annual inflation rate	2.0%	2.0%
Annual interest rate	4.1%	4.8%

Retirement assumptions

- Members of Legislative Assembly may retire at the earliest of age 60, thirty years of service or when age plus service equals 80.
- Judges may retire at the earlier of age 60 or when age plus service equals 80.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

16. OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES

In addition to pension benefits, the Government provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Government's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee is hired, the rate of pay, the number of years of continuous employment, age and if the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were valued using the expected utilization methodology.

Valuation results

The last actuarial valuation was completed as at March 31, 2017, those results were extrapolated to March 31, 2018. The effective date of the next actuarial valuation is March 31, 2019. The liabilities are actuarially determined as the present value of the accrued benefits at February 2017 and the results were extrapolated to March 31, 2018. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Government.

	Severance and Removal	Compensated Absences	2018	2017
	\$	\$	\$	\$
Changes in Obligation				
Accrued benefit obligations, beginning of year	23,731	7,335	31,066	31,825
Benefits earned	1,119	590	1,709	1,563
Interest	709	229	938	951
Benefits paid	(5,288)	(2,271)	(7,559)	(5,071)
Actuarial (gains)/losses	(1,906)	300	(1,606)	1,747
Accrued benefit obligations, end of year	18,365	6,183	24,548	31,015
Unamortized net actuarial gain/(loss)	4,836	(1,141)	3,695	2,464
Net future obligation	23,201	5,042	28,243	33,479
Other employee future benefits	4,733	-	4,733	5,486
Other compensated absences	-	846	846	779
Total employee future benefits and compensated absences	27,934	5,888	33,822	39,744

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

16. OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES (continued)

	Severance and Removal	Compensated Absences	2018	2017
	\$	\$	\$	\$
Benefits Expense				
Benefits earned	1,119	590	1,709	1,563
Implicit Interest	709	229	938	951
Amortization of actuarial (gain)/loss	(452)	118	(334)	(743)
	1,376	937	2,313	1,771

The discount rate used to determine the accrued benefit obligation is an average of 3.8% (2017-3.3%). The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
	\$	\$	\$
2019	4,430	1,214	5,644
2020	3,319	939	4,258
2021	2,727	778	3,505
2022	2,412	697	3,109
2023	2,135	658	2,793
	15,023	4,286	19,309

17. PETROLEUM PRODUCTS STABILIZATION FUND

The Petroleum Products Stabilization Fund is included in the accumulated surplus. The purpose of the Fund is to stabilize the prices of petroleum products purchased, sold and distributed by the Government. The annual net profit or loss of the Petroleum Products Revolving Fund is charged to the Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed \$1,000.

	2018	2017
	\$	\$
Surplus at beginning of the year	792	609
Add: Petroleum Products Stabilization Fund Net income (loss) for the year	(500)	183
Surplus at end of the year	292	792

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

18. TRUST ASSETS UNDER ADMINISTRATION

The Government administers trust assets on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	2018	2017
	\$	\$
Correctional Institutions	417	389
Government of New Brunswick	721	721
Natural Resources	45	236
Others	49	74
Public Trustee	5,934	5,527
Securities - land use permits and water licences	7,451	7,236
Supreme and Territorial Courts	993	775
	15,610	14,958

In addition to the above trust assets under administration, the Government holds cash and bank guarantees in the form of letters of credit and surety bonds in the amount of \$662,899 (2017 - \$579,221). The majority of these guarantees are held against water licenses issued to regulate the use of water and the deposit of waste.

19. CONTRACTUAL OBLIGATIONS AND RIGHTS

Contractual obligations are obligations of the Government to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The Government has entered into agreements for, or is contractually committed for the following expenses that will be incurred subsequent to March 31, 2018:

	Expiry Date	2019	2020	2021	2022	2023	2024+	Total
		\$	\$	\$	\$	\$	\$	\$
Operational commitments	2048	84,347	40,523	28,506	21,713	4,520	5,274	184,883
RCMP policing agreement	2032	44,206	43,979	43,902	43,902	43,902	395,118	615,009
Commercial leases	2040	15,872	14,123	11,257	7,988	5,545	10,007	64,792
Equipment leases	2023	623	415	165	96	31	-	1,330
TCAs in progress at year end	2021	86,841	10,858	8,244	2,249	-	-	108,192
Operational payments under P3	2048	6,642	10,642	10,942	11,242	11,542	362,942	413,952
TCA Construction under P3	2020	76,004	-	-	-	-	-	76,004
		314,535	120,540	103,016	87,190	65,540	773,341	1,464,162

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

19. CONTRACTUAL OBLIGATIONS AND RIGHTS (continued)

The Government has 1 (2017 - 2) cost recovery service agreement with the Government of Nunavut (GNU) for the provision of various corporate and program delivery services. The expenses for and costs recovered from these projects are estimated at \$27 for the fiscal year ended 2018 (2017 - \$127). The Government has 2 agreements with the GNU for the delivery and chargeback of health services for eligible Nunavut residents. The 2 agreements with the GNU have no firm cost recovery amounts or end dates.

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future.

The Government has entered into agreements for, or is contractually entitled to, the following receipts subsequent to March 31, 2018:

	Expiry Date	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$	2024+ \$	Total \$
Transfer Payments	2028	71,165	78,901	73,350	103,816	107,923	304,933	740,088
Regulatory Revenue	2021	144	144	60	-	-	-	348
Lease Revenue	2047	4,699	4,452	4,318	4,093	3,809	36,902	58,273
Licence Revenue	2037	687	468	209	148	100	488	2,100
Other	2043	1,158	624	419	239	219	4,371	7,030
		77,853	84,589	78,356	108,296	112,051	346,694	807,839

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

20. GUARANTEES AND CONTINGENCIES

(a) Guarantees

The Government is contingently liable for the following guarantees:

	2018
	\$
Debentures issued by the Northwest Territories Power Corporation:	
Sinking fund debentures issued by the Northwest Territories Power Corporation maturing October 27, 2018	10,000
Debenture series issued by the Northwest Territories Power Corporation maturing December 18, 2032	10,000
maturing September 13, 2040	44,535
maturing May 1, 2025	4,251
maturing July 11, 2025	4,366
maturing October 1, 2025	15,000
maturing November 25, 2052	25,000
maturing September 1, 2026	5,139
maturing August 1, 2028	25,000
maturing December 15, 2034	25,000
maturing February 17, 2047	58,935
Loans payable by the Northwest Territories Housing Corporation to Canada Mortgage and Housing Corporation	14,415
Guaranteed residential housing loans of the Northwest Territories Housing Corporation	751
Total Guarantees	242,392

The Government has also provided a guarantee to the Canadian Blood Services and Canadian Blood Services Captive Insurance Company Ltd. to cover a share of potential claims made by users of the national blood supply. The Government's share is limited to the ratio of the Northwest Territories' population to the Canadian population.

(b) Claims and litigation

There are a number of claims and pending and threatened litigation cases outstanding against the Government. In certain of these cases, pursuant to agreements negotiated prior to the division of the territories, the Governments of the Northwest Territories and Nunavut will jointly defend the suits. The cost of defending these actions and any damages that may eventually be awarded will be shared by the two Governments 55.66% and 44.34%, respectively. The Government has recorded an allowance for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. At year-end the Government estimated the total claimed amount for any claims and litigation for which the outcome is not determinable at \$80,087 (2017-\$66,019). No provision for such claims has been made in these financial statements as it is not determinable that any future event will confirm that a liability has been incurred as at March 31.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

21. RELATED PARTIES

Transactions with related parties and balances at year-end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government provided grants and contributions to the following related parties.

	2018	2017
	\$	\$
Arctic Energy Alliance	2,596	3,617
Aurora College	34,378	36,029
Inuvialuit Water Board	913	913
Divisional Education Councils and District Education Authorities	144,994	140,808
Health and Social Services Authorities	274,301	269,226
Northwest Territories Power Corporation	7,346	7,605
Tlicho Community Services Agency	33,740	31,874
Northwest Territories Business Development and Investment Corporation	2,819	3,312
Northwest Territories Heritage Fund	6,344	5,000
Northwest Territories Housing Corporation	74,943	81,702
Northwest Territories Human Rights Commission	250	239
Northwest Territories Surface Rights Board	302	289
Northwest Territories Sport and Recreation Council	1,000	650
Status of Women Council of the Northwest Territories	464	468
	584,390	581,732

The Government funds communities, boards and agencies and other organizations offering services to the public. These organizations operate independently of normal Government operations. The Government may be held responsible for any liabilities or deficits on behalf of related boards and agencies. An estimate of the potential liability, if any, cannot be determined.

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided includes personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal and interpretation services.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2018

(All figures in thousands of dollars)

22.OVEREXPENDITURE

During the year 1 department (2017 - 4) exceeded their operations vote by \$496 (2017 - \$5,423) and 1 department (2017 - 2) exceeded their capital vote by \$33 (2017 - \$2,169) .

Overexpenditure of a vote contravenes subsection 71 of the *Financial Administration Act* which states that "No person shall incur an expenditure that causes the amount of the appropriation set out in the Estimates for a department to be exceeded".

The voted items that were over expended in the current year is as follows:

Department of Industry, Tourism and Investment (operations)	\$496
Department of Legislative Assembly (capital)	\$33

These overexpenditures have been deemed a supplementary appropriation in accordance with section 77 of the *Financial Administration Act* S.N.W.T 2015 which states that "Where the charging of expenditures to an appropriation would cause the appropriation to be exceeded, the Comptroller General may, at the end of a fiscal year, record the amount by which the liability exceeds the appropriation as a deemed appropriation for that fiscal year".

23.SUBSEQUENT EVENTS

In October 2018, an apartment building located in Yellowknife and owned by the Government was destroyed by a fire. The building was leased to the YWCA. The YWCA is in the process of providing assistance to the affected families. The financial impact on the Government is being assessed and the full extent is uncertain at this time.

24.COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Source (unaudited)

Schedule A

for the year ended March 31, 2018

(thousands of dollars)

	2018 Main Estimates (note 1b) \$	2018 Actual \$	2017 Actual \$
Revenue from the Government of Canada			
Grant	1,232,439	1,232,439	1,219,888
Transfer Payments	186,329	185,654	186,901
	1,418,768	1,418,093	1,406,789
Taxation			
Corporate Income Tax	83,723	60,006	68,617
Personal Income Tax	113,268	87,530	122,322
Fuel	19,465	20,925	21,288
Tobacco	15,624	15,598	15,336
Payroll	42,525	42,633	43,643
Property and school levies	25,364	28,744	29,431
Insurance	4,850	5,169	5,129
	304,819	260,605	305,766
Non-renewable Resource Revenue			
Minerals, Oil and Gas Royalties	43,370	39,862	43,060
Licences, Rental and Other Fees	2,380	26,132	20,489
Quarry Fees	250	122	123
	46,000	66,116	63,672
General			
Program	17,927	19,690	19,682
Service and miscellaneous	1,875	6,391	1,900
Lease	5,905	4,966	5,929
Interest revenue	805	1,342	804
Revolving Funds net revenue	23,545	32,036	23,678
Regulatory revenue	35,811	27,501	26,025
Investment income	-	2,640	1,827
Grants in Kind	583	443	443
	86,451	95,009	80,288
Total Revenues	1,856,038	1,839,823	1,856,515

Government of the Northwest Territories

Non-Consolidated Schedule of Expenses (unaudited)

Schedule B

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates (note 1b)	Compensation and Benefits	Grants and Contributions	Valuation Allowances	Other	Amortization	2018 Total Expenses	2017 Total Expenses
	\$	\$	\$	\$	\$	\$	\$	\$
Legislative Assembly	19,336	12,083	250	-	5,206	837	18,376	18,379
Executive and Indigenous Affairs	19,194	13,522	1,635	-	3,275	-	18,432	20,256
Finance	235,743	59,699	121,119	67	45,133	6,130	232,148	236,433
Municipal and Community Affairs	134,762	13,572	116,700	6	4,222	25	134,525	132,077
Infrastructure	242,419	63,895	4,998	24	123,321	52,831	245,069	241,600
Health and Social Services	423,457	22,924	291,190	-	117,936	13,632	445,682	441,719
Justice	123,417	60,517	2,804	17	59,891	2,249	125,478	127,289
Education, Culture and Employment	315,279	31,853	230,323	2,307	49,372	13,815	327,670	320,910
Environment and Natural Resources	91,517	40,604	9,343	-	43,596	2,844	96,387	89,769
Industry Tourism and Investment	55,511	24,259	17,636	5	14,416	2,337	58,653	60,118
Lands	26,291	18,485	888	172	5,377	259	25,181	26,354
	1,686,926	361,413	796,886	2,598	471,745	94,959	1,727,601	
Prior Year Totals	1,683,732	373,851	793,374	3,008	455,542	89,129		1,714,904

Government of the Northwest Territories
Non-Consolidated Schedule of Tangible Capital Assets (unaudited)

Schedule C

As at March 31, 2018

(thousands of dollars)

	Land ⁶	Buildings ¹	Other ^{2,3}	Leasehold Improvements	Equipment ¹	Computers ³	Work in Progress ^{4,5}	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost of tangible capital assets, opening balance	5,276	1,128,774	1,838,979	40,460	217,844	119,414	321,386	3,672,133	3,359,154
Transfers	-	61,771	151,051	-	9,119	9,272	(231,213)	-	-
Acquisitions	-	-	-	-	-	-	260,015	260,015	323,417
Disposals	-	(897)	-	(788)	(19,728)	(1,223)	-	(22,636)	(10,438)
Cost of tangible capital assets, closing	5,276	1,189,648	1,990,030	39,672	207,235	127,463	350,188	3,909,512	3,672,133
Accumulated amortization, opening	-	(445,607)	(586,362)	(31,198)	(110,750)	(73,868)	-	(1,247,785)	(1,166,959)
Amortization expense	-	(29,500)	(44,886)	(1,159)	(9,524)	(9,890)	-	(94,959)	(89,129)
Disposals	-	784	-	788	11,589	1,223	-	14,384	8,303
Accumulated amortization, closing	-	(474,323)	(631,248)	(31,569)	(108,685)	(82,535)	-	(1,328,360)	(1,247,785)
Net book value	5,276	715,325	1,358,782	8,103	98,550	44,928	350,188	2,581,152	2,424,348

¹ Included in buildings and equipment are assets under capital leases: cost, \$5,285 (2017 - \$5,285); accumulated amortization, \$2,832 (2017 - \$2,202); net book value, \$2,453 (2017 - \$3,083).

² Includes roads, bridges, airstrips, aprons, fuel distribution systems, park improvements, aircraft, water/sewer works, fences, and signs.

³ P3 project cost for Mackenzie Valley Fibre Link of \$66,212 was included in Computers last year now moved to Other.

⁴ Included in work in progress are P3 projects: Stanton Territorial Hospital Renewal \$238,732 (2017 - \$146,176) and Mackenzie Valley Fibre Link \$0 (2017 - \$28,824).

⁵ Included in work in progress are current year non-cash items of \$25,963 (2017 - \$55,656).

⁶ Land with cost and net book value of \$0, market value \$3,329 (2017 - \$772) was contributed to third parties.

Change in net book value of tangible capital assets	2018	2017
	\$	\$
Assets transferred from work in progress	231,213	201,287
Disposals/write-downs/adjustments	(8,252)	(2,135)
Amortization	(94,959)	(89,129)
Increase in work in progress	28,802	122,130
Increase	156,804	232,153

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Department (unaudited)

Schedule 1

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Legislative Assembly					
Transfer Payments					
Information and Privacy Commissioner	149	-	149	104	(45)
General Revenues					
Service and miscellaneous	5	-	5	-	(5)
Investment income	-	-	-	2,640	2,640
	5	-	5	2,640	2,635
	154	-	154	2,744	2,590
Industry, Tourism and Investment					
Transfer Payments					
Federal cost shared	-	1,100	1,100	1,142	42
Non-renewable Resource Revenue					
Minerals, oil and gas royalties	43,370	(12,136)	31,234	39,862	8,628
Licences, rental, and other fees	2,300	23,616	25,916	26,084	168
	45,670	11,480	57,150	65,946	8,796
General Revenues					
Lease	-	-	-	52	52
Regulatory revenues	830	(35)	795	887	92
Service and miscellaneous	5	-	5	1	(4)
	835	(35)	800	940	140
	46,505	12,545	59,050	68,028	8,978
Environment and Natural Resources					
Transfer Payments					
Federal cost shared	3,650	-	3,650	3,650	-
Non-renewable Resource Revenue					
Licences, rental, and other fees	80	-	80	48	(32)
General Revenues					
Regulatory revenues	1,355	533	1,888	2,355	467
Service and Miscellaneous	32	703	735	735	-
	1,387	1,236	2,623	3,090	467
	5,117	1,236	6,353	6,788	435

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Department (unaudited)

Schedule 1 (continued)

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Finance					
Grant from Government of Canada	1,232,439	-	1,232,439	1,232,439	-
Transfer Payments					
Federal cost shared	-	-	-	1,885	1,885
Canada Health Transfer	45,439	(106)	45,333	45,333	-
Canada Social Transfer	16,816	(40)	16,776	16,776	-
	1,294,694	(146)	1,294,548	1,296,433	1,885
Taxation					
Corporate	83,723	(21,867)	61,856	60,006	(1,850)
Personal	113,268	(30,754)	82,514	87,530	5,016
Fuel	19,465	2,061	21,526	20,925	(601)
Tobacco	15,624	652	16,276	15,598	(678)
Payroll	42,525	1,461	43,986	42,633	(1,353)
Property and school levies	25,364	3,301	28,665	28,744	79
Insurance	4,850	-	4,850	5,169	319
	304,819	(45,146)	259,673	260,605	932
General Revenues					
Service and miscellaneous	1,182	(1,182)	-	177	177
Program	60	-	60	513	453
Revolving funds net revenue	23,545	-	23,545	24,873	1,328
Interest income	480	-	480	1,003	523
Regulatory revenue	500	786	1,286	1,375	89
	25,767	(396)	25,371	27,941	2,570
	1,625,280	(45,688)	1,579,592	1,584,979	5,387
Municipal and Community Affairs					
Transfer Payments					
Capital Transfers	-	255	255	253	(2)
General Revenues					
Regulatory revenue	242	-	242	268	26
	242	255	497	521	24
Justice					
Transfer payments					
Federal cost shared	5,785	576	6,361	5,992	(369)
General Revenues					
Lease	-	-	-	5	5
Service and miscellaneous	-	-	-	4,541	4,541
Program	2,987	-	2,987	2,956	(31)
Regulatory revenue	6,404	-	6,404	6,656	252
	9,391	-	9,391	14,158	4,767
	15,176	576	15,752	20,150	4,398

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Department (unaudited)

Schedule 1 (continued)

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Infrastructure					
Transfer Payments					
Federal Cost Shared	69,153	(6,000)	63,153	2,050	(61,103)
Capital Transfer	-	1,400	1,400	56,315	54,915
	69,153	(4,600)	64,553	58,365	(6,188)
General Revenues					
Service and miscellaneous	625	(166)	459	765	306
Lease	3,399	(1,650)	1,749	2,525	776
Program	965	(125)	840	917	77
Interest Revenue	-	-	-	4	4
Regulatory revenue	26,068	(9,150)	16,918	15,574	(1,344)
Revolving fund net revenue	-	1,986	1,986	7,164	5,178
Grants in Kind	140	-	140	-	(140)
	31,197	(9,105)	22,092	26,949	4,857
	100,350	(13,705)	86,645	85,314	(1,331)
Health and Social Services					
Transfer Payments					
Federal cost shared	31,216	368	31,584	33,093	1,509
Capital transfers	1,143	-	1,143	-	(1,143)
	32,359	368	32,727	33,093	366
General Revenues					
Program	13,915	-	13,915	15,204	1,289
Interest	-	-	-	42	42
Regulatory revenue	345	-	345	337	(8)
Grants in Kind	443	-	443	443	-
	14,703	-	14,703	16,026	1,323
	47,062	368	47,430	49,119	1,689
Education, Culture and Employment					
Transfer Payments					
Federal cost shared	8,899	9,915	18,814	18,961	147
Capital transfers	4,079	162	4,241	100	(4,141)
	12,978	10,077	23,055	19,061	(3,994)
General Revenues					
Service and miscellaneous	26	-	26	9	(17)
Lease	46	-	46	47	1
Program	-	100	100	100	-
Interest income	325	-	325	277	(48)
Regulatory revenue	27	-	27	31	4
	424	100	524	464	(60)
	13,402	10,177	23,579	19,525	(4,054)

Government of the Northwest Territories**Non-Consolidated Schedule of Revenues by Department (unaudited)****Schedule 1 (continued)**

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Lands					
Non-renewable Resource Revenue					
Quarry royalties, fees	250	-	250	122	(128)
General Revenues					
Regulatory revenue	40	-	40	18	(22)
Interest	-	-	-	16	16
Lease	2,460	-	2,460	2,336	(124)
Service and miscellaneous	-	-	-	163	163
	2,500	-	2,500	2,533	33
	2,750	-	2,750	2,655	(95)
	1,856,038	(34,236)	1,821,802	1,839,823	18,021

Government of the Northwest Territories

Non-Consolidated Schedule of Expenses by Department (unaudited)

Schedule 2

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Legislative Assembly						
Office of the Clerk	7,906	-	(150)	7,756	8,157	(401)
Expenditures on Behalf of Members	8,379	-	-	8,379	7,297	1,082
Office, Chief Electoral Officer	641	-	-	641	522	119
Statutory Offices	2,060	-	-	2,060	1,886	174
Office of the Speaker	350	-	150	500	514	(14)
	19,336	-	-	19,336	18,376	960
Executive and Indigenous Affairs						
Executive Council Offices	3,734	-	-	3,734	3,880	(146)
Directorate	5,194	-	100	5,294	5,249	45
Cabinet Support	1,625	-	-	1,625	1,488	137
Indigenous and Intergovernmental Affairs	6,748	100	(100)	6,748	5,663	1,085
Corporate Communications	1,013	-	-	1,013	1,090	(77)
Office of Priorities and Planning	880	-	-	880	1,062	(182)
	19,194	100	-	19,294	18,432	862
Industry, Tourism and Investment						
Economic Diversification & Business Support	17,984	225	(38)	18,171	17,896	275
Corporate Management	8,078	-	107	8,185	8,459	(274)
Tourism and Parks	14,737	50	158	14,945	15,464	(519)
Minerals and Petroleum Resources	14,712	2,193	(49)	16,856	16,834	22
	55,511	2,468	178 *	58,157	58,653	(496)
Environment and Natural Resources						
Wildlife	14,478	310	-	14,788	15,494	(706)
Forest Management	39,803	6,358	170	46,331	43,125	3,206
Corporate Management	13,829	-	-	13,829	13,701	128
Water Resources	11,802	-	-	11,802	11,795	7
Conservation, Assessment & Monitoring	7,606	-	-	7,606	7,341	265
Environment	3,999	-	-	3,999	4,931	(932)
	91,517	6,668	170 *	98,355	96,387	1,968

* Infrastructure investments that were not classified as capital have been transferred to operations. See schedule 8 for details.

Government of the Northwest Territories

Non-Consolidated Schedule of Expenses by Department (unaudited)

Schedule 2 (continued)

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Finance						
Directorate	84,047	-	178	84,225	84,096	129
Management Board Secretariat	63,372	-	(89)	63,283	60,297	2,986
Comptroller General	68,684	-	89	68,773	69,668	(895)
Human Resources	19,577	-	(155)	19,422	18,023	1,399
	235,680	-	23	235,703	232,084	3,619
Amortization of tangible capital assets of the NWT Liquor Commission	63	-	-	63	64	(1)
	235,743	-	23 *	235,766	232,148	3,618
Municipal and Community Affairs						
Regional Operations	114,757	312	-	115,069	114,496	573
Community Operations	2,043	957	-	3,000	2,738	262
Directorate	3,837	-	-	3,837	3,959	(122)
School of Community Government	2,855	-	-	2,855	2,601	254
Community Governance	2,036	-	-	2,036	1,773	263
Sport, Recreation and Youth	7,092	-	-	7,092	7,091	1
Public Safety	2,142	-	-	2,142	1,867	275
	134,762	1,269	-	136,031	134,525	1,506
Justice						
Corrections	36,616	-	130	36,746	35,941	805
Policing Services	42,804	1,691	-	44,495	44,464	31
Court Services	13,655	-	40	13,695	14,320	(625)
Services to Government	12,966	-	-	12,966	13,709	(743)
Legal Aid Services	5,941	266	-	6,207	6,562	(355)
Services to Public	4,328	-	-	4,328	4,404	(76)
Community Justice and Policing	5,238	416	(40)	5,614	4,903	711
Office of Oil and Gas Regulations	1,869	-	-	1,869	1,175	694
	123,417	2,373	130 *	125,920	125,478	442
Health and Social Services						
Administration and Support	80,987	999	-	81,986	80,366	1,620
Ambulatory Care Services	64,560	9,301	3,600	77,461	78,897	(1,436)
Community Health Programs	158,460	9,584	842	168,886	165,385	3,501
Community Social Programs	27,522	1,000	(1,000)	27,522	26,682	840
Diagnostic and Therapeutic Services	24,275	509	15	24,799	24,535	264
Nursing Inpatient Services	34,140	-	(13)	34,127	34,148	(21)
Supplementary Health Programs	33,513	4,381	(3,100)	34,794	35,669	(875)
	423,457	25,774	344 *	449,575	445,682	3,893

* Infrastructure investments that were not classified as capital have been transferred to operations. See schedule 8 for details.

Government of the Northwest Territories

Non-Consolidated Schedule of Expenses by Department (unaudited)

Schedule 2 (continued)

March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Education, Culture and Employment						
Corporate Management	12,671	-	38	12,709	13,388	(679)
Education and Culture	203,195	10,567	410	214,172	211,901	2,271
Income Security	48,766	2,807	72	51,645	52,806	(1,161)
Labour Development and Standards	50,647	669	(305)	51,011	49,575	1,436
	315,279	14,043	215 *	329,537	327,670	1,867
Infrastructure						
Corporate Management	10,023	500	3,142	13,665	12,826	839
Asset Management	76,981	17,615	(16,149)	78,447	76,366	2,081
Programs and Services	28,420	-	14,356	42,776	30,810	11,966
Regional Operations	126,995	70	(733)	126,332	125,067	1,265
	242,419	18,185	616 *	261,220	245,069	16,151
Lands						
Corporate Management	2,908	-	-	2,908	2,952	(44)
Planning and Coordination	6,312	-	-	6,312	5,623	689
Operations	9,995	-	-	9,995	9,638	357
Informatics	7,076	-	-	7,076	6,968	108
	26,291	-	-	26,291	25,181	1,110
	1,686,926	70,880	1,676 *	1,759,482	1,727,601	31,881

* Infrastructure investments that were not classified as capital have been transferred to operations. See schedule 8 for details.

Government of the Northwest Territories**Non-Consolidated Schedule of Recoveries of Prior Years Expenses (unaudited)****Schedule 3**

March 31, 2018

(thousands of dollars)

DEPARTMENT	Over-Accruals \$	Other Recoveries \$	Total \$
Legislative Assembly	1	492	493
Executive and Indigenous Affairs	50	155	205
Finance	1,021	2,691	3,712
Municipal and Community Affairs	22	1,289	1,311
Infrastructure	244	430	674
Health and Social Services	402	721	1,123
Justice	188	582	770
Education, Culture and Employment	855	2,804	3,659
Environment and Natural Resources	-	2,224	2,224
Industry, Tourism and Investment	311	702	1,013
Lands	14	196	210
	3,108	12,286	15,394

Government of the Northwest Territories
Non-Consolidated Schedule of Summary of Capital Acquisitions (unaudited)

Schedule 4

March 31, 2018

(thousands of dollars)

DEPARTMENT	Main Estimates \$	Supplementary Estimates \$	Total Appropriation \$	Actual Expenditure \$
Legislative Assembly	-	14	14	47
Lands	110	959	1,069	683
Finance	1,338	810	2,148	2,135
Infrastructure	90,489	66,919	157,408	106,154
Health and Social Services	95,127	38,567	133,694	110,461
Justice	16,553	11,203	27,756	9,418
Education, Culture and Employment	23,567	5,876	29,443	22,748
Environment and Natural Resources	3,269	7,196	10,465	5,840
Industry, Tourism and Investment	3,595	4,807	8,402	2,819
	234,048	136,351	370,399 *	260,305

Projects completed by Infrastructure on behalf of other Departments are reported as expenditures under the owner Department when completed to better reflect investments in Departmental Programs.

*\$1,676 of the budget associated with infrastructure investments that were classified as non-capital in nature has been transferred to operations, as disclosed in Schedules 2 and 8.

Government of the Northwest Territories

Non-Consolidated Schedule of Grants (unaudited)

Schedule 5

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Executive and Indigenous Affairs						
Aboriginal Intergovernmental Meetings						
Fund	300	-	-	300	284	16
Core Funding to Metis Locals	225	-	-	225	225	-
Special Events - Aboriginal Organizations	50	-	-	50	43	7
Women's Initiatives	50	-	-	50	50	-
Sahtu AIP Review	-	-	-	-	12	(12)
Arctic Inspiration Prize	-	-	-	-	88	(88)
Strategic Direction and Action Plan	-	100	-	100	100	-
	625	100	-	725	802	(77)

Infrastructure

Band Council Subsidized Leases	140	-	-	140	-	140
Deh Cho Bridge Opportunities	200	-	-	200	200	-
	340	-	-	340	200	140

Finance

Cost of Living Tax Credit	22,150	-	-	22,150	21,951	199
NWT Child Benefit	1,950	-	-	1,950	2,009	(59)
Net Fiscal Benefit Transfer to Aboriginal Parties	10,100	-	-	10,100	8,916	1,184
	34,200	-	-	34,200	32,876	1,324

Municipal and Community Affairs

Designated Authority Additional Funding	624	-	-	624	624	-
New Deal Taxation Revenue Program	565	-	-	565	542	23
High Performance Athlete Program	100	-	-	100	64	36
Community Government Funding	48,303	-	-	48,303	48,303	-
Grant-in-Lieu of Taxes	6,962	857	-	7,819	7,740	79
Senior Citizens and Disabled Persons Tax Relief	557	-	-	557	762	(205)
Deline Self Government	2,958	264	(25)	3,197	3,197	-
	60,069	1,121	(25)	61,165	61,232	(67)

Government of the Northwest Territories

Non-Consolidated Schedule of Grants (unaudited)

Schedule 5 (continued)

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Environment and Natural Resources						
Disaster Compensation	15	-	-	15	10	5
Fur Price Program	405	-	-	405	372	33
Fire Damage Compensation	100	-	-	100	30	70
	520	-	-	520	412	108
Health and Social Services						
Medical Professional Development	40	-	-	40	40	-
Apartment Lease Funding	443	-	-	443	443	-
	483	-	-	483	483	-
Justice						
National Justice Issues	9	-	-	9	10	(1)
Education, Culture and Employment						
Student Financial Assistance	11,759	-	-	11,759	11,630	129
Community Broadcasting	52	-	(52)	-	-	-
Early Childhood Program Operator Subsidy	-	800	3,203	4,003	4,176	(173)
Early Childhood Provider Enhancement	-	90	-	90	-	90
Early Childhood Worker Program	890	-	-	890	955	(65)
Early Childhood Worker Scholarship	-	15	-	15	65	(50)
Labour Market Agreement for Persons with Disabilities	69	-	-	69	-	69
NWT Arts Council	500	-	-	500	509	(9)
Support to Northern Performers	101	-	-	101	99	2
French Language Broadcasting	-	-	10	10	10	-
	13,371	905	3,161	17,437	17,444	(7)
Total	109,617	2,126	3,136	114,879	113,459	1,420

Land with cost and net book value of \$0, market value \$3,329 (2017- \$772) was contributed to third parties.

Government of the Northwest Territories**Non-Consolidated Schedule of Contributions (unaudited)****Schedule 6****for the year ended March 31, 2018**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
Legislative Assembly						
Human Rights Commission Core Funding	250	-	-	250	250	-
Executive and Indigenous Affairs						
Native Women's Association Core Funding	426	-	-	426	427	(1)
Status of Women Council Core Funding	394	-	-	394	394	-
Norman Wells AIP Review	-	-	-	-	12	(12)
	820	-	-	820	833	(13)
Finance						
Territorial Power Subsidy Program	6,778	-	-	6,778	6,956	(178)
Northwest Territories Heritage Fund Core Funding	7,600	-	-	7,600	6,344	1,256
Northwest Territories Housing Corporation Core Funding	74,943	-	-	74,943	74,943	-
	89,321	-	-	89,321	88,243	1,078

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over) Under Appropriation
	\$	\$	\$	\$	\$	\$
Municipal and Community Affairs						
Partners Contributions	460	-	125	585	535	50
Annual Non-Government-Organization Stabilization Fund	350	-	-	350	350	-
Arctic Winter Games 2018	1,500	-	-	1,500	1,500	-
Ground Ambulance and Highway Rescue	185	-	-	185	155	30
Recreation Contributions	450	-	-	450	450	-
Volunteer Contributions	70	-	-	70	19	51
A Brilliant North	565	-	-	565	400	165
Youth Centres	500	-	-	500	500	-
Pan Territorial Sport Program	272	-	-	272	272	-
911 Service Implementation	365	-	-	365	-	365
Multisport Games	500	-	-	500	650	(150)
Healthy Choices Initiative	765	-	-	765	765	-
Children and Youth Resiliency	450	-	-	450	367	83
Community Governments						
Water Treatment Plant Projects	-	957	-	957	893	64
Community Financial Services	135	-	-	135	-	135
Capital Formula Funding	28,002	(809)	-	27,193	27,193	-
Recreation Funding	825	-	-	825	829	(4)
Water and Sewer Services	18,712	-	25	18,737	18,737	-
Get Active NWT	100	-	-	100	100	-
Assistance to Community Governments	-	-	-	-	45	(45)
Regional Youth Sport Events	400	-	-	400	407	(7)
Youth Corps - Sport, Recreation and Youth	675	-	-	675	644	31
Youth Contributions Programs	225	-	-	225	230	(5)
Youth Corps- Regional Operations	500	-	-	500	426	74
Volunteer Recognition	30	-	-	30	1	29
	56,036	148	150	56,334	55,468	866
Lands						
Consultation for Land Use Decisions	75	-	-	75	34	41
Land Use Planning Initiatives	325	-	-	325	729	(404)
Northern Canadian Centre of Excellence for Remote Sensing Business Case	-	-	-	-	125	(125)
Sustainable Land Use Management	50	-	-	50	-	50
	450	-	-	450	888	(438)

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
Health and Social Services						
Health and Social Services						
Authority Funding	286,937	1,579	(1,692)	286,824	284,487	2,337
Long Term Care	-	-	-	-	68	(68)
Health and Social Services						
Human Resources	1,104	-	-	1,104	112	992
Respite Fund	225	-	-	225	229	(4)
Anti-Poverty Fund and Day Shelter	650	500	-	1,150	1,106	44
Family Violence	395	-	-	395	352	43
Early Childhood Development Action Plan	277	-	-	277	259	18
Community Wellness Initiatives Fund	1,014	-	-	1,014	821	193
On the Land Healing Fund	1,100	-	-	1,100	1,039	61
Mental Health and Addictions	450	-	-	450	319	131
Seniors Fund	205	-	-	205	205	-
Child and Family Services	128	-	-	128	217	(89)
French Language Services	856	-	-	856	625	231
Early Childhood Development						
Breastfeeding Fund	65	-	-	65	115	(50)
Strategic Cancer Initiatives	-	-	-	-	80	(80)
Disabilities Fund	335	-	-	335	342	(7)
Healthy Family Program	292	-	-	292	292	-
Tlicho Cultural Coordinator	35	-	-	35	39	(4)
	294,068	2,079	(1,692)	294,455	290,707	3,748
Environment and Natural Resources						
MacKenzie River Basin Board	50	-	-	50	35	15
Industry Development	50	-	-	50	83	(33)
Community Harvester Assistance Program	1,074	-	-	1,074	1,103	(29)
Adaptation Plan	51	-	-	51	167	(116)
Traditional Knowledge	65	-	-	65	105	(40)
Interim Resource Management Assistance Program Agreement	1,655	-	-	1,655	1,655	-
Local Wildlife Committees	257	-	-	257	112	145
Forest Health	-	-	-	-	10	(10)
Climate Change Conservation Program	162	-	-	162	166	(4)
Stewardship Program	515	-	-	515	417	98
Modelling and Remote Sensing	65	-	-	65	80	(15)
NWT Water Strategy	250	-	-	250	844	(594)
Wildfire Risk Management Plans	75	-	-	75	-	75
Wildfire Research Support	25	-	-	25	-	25
Wildlife Management Boards	118	-	-	118	123	(5)
Inuvialuit Water Board	913	-	-	913	913	-
Environmental Baseline Studies	100	-	-	100	60	40
Water Strategy Action Plan	325	-	-	325	401	(76)
Caribou Strategy	-	310	-	310	241	69
Take A Kid Trapping	125	-	-	125	85	40
Cumulative Impact Monitoring Program	1,540	-	-	1,540	1,816	(276)
Conservation Planning	140	-	-	140	227	(87)
Disease Contaminants	191	-	-	191	288	(97)
	7,746	310	-	8,056	8,931	(875)

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
Industry, Tourism and Investment						
Business Development and Investment Corporation	2,819	-	-	2,819	2,819	-
Community Futures	825	-	-	825	828	(3)
Community Transfers Initiative	1,587	-	-	1,587	1,447	140
Diamond, Royalties and Financial Analysis	-	-	-	-	39	(39)
Support for Entrepreneur and Economic Development	3,866	-	-	3,866	3,766	100
Film Industry Rebate Program	100	-	-	100	92	8
NWT Geological Survey	-	-	-	-	487	(487)
Tourism Skills Development	170	-	-	170	74	96
Various Contributions Tourism and Parks	-	-	-	-	155	(155)
Tourism 2020	400	-	-	400	616	(216)
Fur Program	155	-	-	155	91	64
Arts and Crafts Promotion	-	-	-	-	88	(88)
Tourism Product Diversification Program	1,086	-	-	1,086	845	241
Northwest Territories Chamber of Mines	30	-	-	30	71	(41)
Commercial Fisheries	225	225	-	450	450	-
Aboriginal Mineral Development Support Program	100	-	-	100	120	(20)
Northern Food Development Program	550	-	-	550	439	111
Mining Incentive Program	400	600	-	1,000	881	119
Great Northern Arts Festival	25	-	-	25	25	-
Community Tourism Infrastructure	200	-	-	200	415	(215)
Tourism Industry Contribution	3,336	-	-	3,336	3,336	-
Various Contributions Minerals and Petroleum Resources	-	-	-	-	11	(11)
Convention Bureau	100	-	-	100	100	-
Northern Frontier Visitors Centre	161	-	-	161	206	(45)
Growing Forward II	300	-	-	300	235	65
	16,435	825	-	17,260	17,636	(376)
Justice						
Victims Assistance Support Projects	878	-	-	878	968	(90)
Community Justice Committees and Projects	1,249	316	-	1,565	1,721	(156)
Wilderness Programming	179	-	-	179	-	179
YWCA of Yellowknife	105	-	-	105	105	-
	2,411	316	-	2,727	2,794	(67)

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2018

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
Infrastructure						
Energy Programs and Policy						
Development	2,770	-	-	2,770	3,206	(436)
Energy Research and Analysis	440	-	-	440	210	230
Local Community Roads	980	500	-	1,480	1,372	108
Students Against Drinking and Driving	12	-	-	12	10	2
	4,202	500	-	4,702	4,798	(96)
Education, Culture and Employment						
Education Authority Contributions	149,918	2,283	2,429	154,630	154,926	(296)
College Contributions	31,986	669	-	32,655	32,287	368
Healthy Food for Children and Youth	650	-	-	650	650	-
Literacy Funding:						
Labour Development and Standards	1,921	-	(242)	1,679	2,275	(596)
Education and Culture	685	-	(8)	677	635	42
NWTTA Professional Development Fund	2,019	-	-	2,019	1,806	213
Early Childhood Program	4,815	675	(3,903)	1,587	1,049	538
Minority Language Education and Second Language Instruction: (French)	2,539	-	-	2,539	2,813	(274)
Official Languages:						
Indigenous Languages Broadcasting	878	98	52	1,028	998	30
Francophone Affairs	77	100	-	177	154	23
Indigenous Languages	4,739	3,456	190	8,385	7,523	862
Community Library Services	763	-	-	763	750	13
Cultural Organizations	424	-	-	424	424	-
Homelessness Program	1,574	-	-	1,574	1,425	149
Heritage Centres	491	-	-	491	491	-
Arts Organizations Operating Funding	460	-	-	460	460	-
Early Childhood Intervention Program	1,000	-	700	1,700	1,417	283
Income Security Initiative	228	-	-	228	226	2
Skills Canada	70	-	-	70	70	-
Small Community Employment	3,339	-	(110)	3,229	1,134	2,095
Career Development and Training	-	-	80	80	76	4
Tlicho Cultural Coordinator	-	-	-	-	39	(39)
Infrastructure Contributions:						
Education and Culture	-	1,686	-	1,686	159	1,527
Infrastructure Contributions:						
Labour Development and Standards	400	-	-	400	400	-
Labour Market Agreement for Persons with Disabilities Contributions	281	-	250	531	642	(111)
Northern Youth Abroad	-	-	-	-	50	(50)
	209,257	8,967	(562)	217,662	212,879	4,783
Total	680,996	13,145	(2,104)	692,037	683,427	8,610

Government of the Northwest Territories**Non-Consolidated Schedule of Special Warrants (unaudited)****Schedule 7****for the year ended March 31, 2018****(thousands of dollars)**

	Date of FMB Approval	Amount Authorized \$
INFRASTRUCTURE		
A special warrant was approved on March 27, 2017 to fund the purchase of two double-hulled barges, in order to secure the resupply of petroleum products to NWT residents to meet core needs for home and business heating, as well as essential equipment usage for both NWT residents and GNWT operations.	27-Mar-2017	10,000
Total Special Warrants		<u>10,000</u>

Government of the Northwest Territories**Non-Consolidated Schedule of Inter-activity Transfers Exceeding \$250,000 (unaudited)****Schedule 8****for the year ended March 31, 2018**(thousands of dollars)

	Transfer to (from) \$	Explanation
OPERATIONS AND MAINTENANCE		
Health and Social Services		
Ambulatory Care Services	3,100	Transfer of funding from the Medical Travel program to offset the Out of Territories Hospitals program budget shortfall.
Supplementary Health Programs	(3,100)	
Ambulatory Care Services	500	Transfer of supplementary funding for the Youth in Crisis initiative from the department to the Northwest Territories Health and Social Services Authority.
Community Social Programs	(500)	
Community Health Programs	1,000	Transfer of supplementary funding for the Youth in Crisis and Anti-Poverty initiatives to the Community Health Programs activity that delivers the services.
Community Social Programs	(1,000)	
Infrastructure Project Classification	344	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Education, Culture and Employment		
Corporate Management	40	Transfer of funding to reinstate budget amounts to the Education and Culture activity (201) prior to one-time contribution funding that was previously allocated to Labour Development and Standards. Transfers of funding to the Corporate Management activity (40) to address incremental internal chargeback expenses related to the Voice Over Internet Protocol phone system implementation. Transfers of funding to the Income Security activity (72) to reflect compensation and benefits adjustments.
Education and Culture	201	
Income Security	72	
Labour Development and Standards	(313)	
Infrastructure Project Classification	215	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Infrastructure		
Asset Management	(1,736)	Internal budget adjustments to realign activity budgets with operational requirements as a result of a departmental review completed after the amalgamation of the Department of Transportation and the Department of Public Works and Services.
Corporate Management	3,142	
Programs and Services	(673)	
Regional Operations	(733)	
Infrastructure Project Classification	616	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Asset Management	(15,029)	Transfer of budgets for the Yellowknife Airport DND Asphalt Airfield Ramp, Inuvik Airport Runway Repairs and Marine Transportation Services due to changes in organizational structure/reporting as a result of the amalgamation of departments. Reprofile of Design and Technical Services from Programs and Services Activity to Asset Management Activity.
Programs and Services	15,029	

Government of the Northwest Territories**Non-Consolidated Schedule of Inter-activity Transfers Exceeding \$250,000 (unaudited) Schedule 8 (continued)****for the year ended March 31, 2018****(thousands of dollars)**

	Transfer to (from) \$	Explanation
Justice		
Infrastructure Project Classification	130	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Finance		
Infrastructure Project Classification	23	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Industry, Tourism, and Investment		
Infrastructure Project Classification	178	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Environmental and Natural Resources		
Infrastructure Project Classification	170	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.

Government of the Northwest Territories**Non-Consolidated Schedule of Inter-activity Transfers Exceeding \$250,000 (unaudited) Schedule 8 (continued)****for the year ended March 31, 2018**

(thousands of dollars)

	Transfer to (from) \$	Explanation
CAPITAL INVESTMENT		
Finance		
Infrastructure Project Classification	(23)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Environmental and Natural Resources		
Infrastructure Project Classification	(170)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Health and Social Services		
Community Health Programs	515	Transfer of surplus budget from the Organ Tissue Donation Registry project to the Sobering Centre project (200). Transfer of surplus budget from the cancelled Inuvik Operating/Sterilizer Room Upgrade and the Déline Health Centre Security Upgrade projects to the Woodland Manor project (315) to offset budget shortfalls.
Administrative and Support Services	(515)	
Infrastructure Project Classification	(344)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Justice		
Infrastructure Project Classification	(130)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Industry, Tourism and Investment		
Infrastructure Project Classification	(178)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Education, Culture and Employment		
Education and Culture	981	Territory-wide implementation of the Junior Kindergarten Upgrades project required an additional \$895. In addition, \$86 was required for the Prince of Wales Northern Heritage Center Accessible Washrooms project due to higher costs. Funding was reallocated from the Aurora College Heavy Equipment Operator Facility project, due to an expected budget surplus.
Labour Development and Standards	(981)	
Infrastructure Project Classification	(215)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Infrastructure		
Asset Management Programs and Services	(3,340) 3,340	Transfer of ten capital projects to the appropriate activity in which the project is being managed.
Infrastructure Project Classification	(616)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.

ACCOUNTS RECEIVABLE WRITTEN OFF

No amounts were written off during the fiscal year ended March 31, 2018.

FORGIVENESS OF DEBT

No amounts were forgiven during the fiscal year ended March 31, 2018.

Government of the Northwest Territories

Non-Consolidated Schedule of Projects for the Government of Canada, Nunavut and Others - Expenditures Recovered (unaudited)

Schedule 10

for the year ended March 31, 2018

\$

Lands

Surface Rights Board	302,094
Tlicho Land Claim Implementation	50,000

352,094

Executive and Indigenous Affairs

Inuvialuit Land Claim Implementation	111,777
Gwich'in Land Claim Implementation	156,554
Sahtu Land Claim Implementation	100,892
Tlicho Land Claim Implementation	235,957

605,180

Municipal and Community Affairs

Pan-Territorial Strategy	331,068
Gas Tax	19,314,443
Small Community Fund	4,802,952
Public Transit Fund	26,647
Designated Authority Council Training	145,389
Emergency Management Development	77,253
Clean Water and Wasted Water Fund	9,703,292

34,401,044

Infrastructure

Sahtu Land Claim Implementation	4,776
Gwich'in Land Claim Implementation	4,776
Tlicho Land Claim Implementation	96,000
Inuvik Wind Energy Study	784,710
Office Lease - Beaufort Delta Education Council	146,100
Royal Canadian Mounted Police Facility Maintenance	1,545,975
Royal Canadian Mounted Police Minor Capital	2,486,995
Royal Canadian Mounted Police Janitorial	279,279
Northern Responsible Energy Approach	472,168
Royal Canadian Mounted Police Utilities	2,541,964
Airline Glycol Recovery	71,085
Hay River Access Corridor	45,693
Hold Baggage System - Yellowknife Airport	92,164
National Safety Code	153,140
The Alberta Road Maintenance	1,361,502
Wood Buffalo National Park	352,345

10,438,672

Government of the Northwest Territories**Non-Consolidated Schedule of Projects for the Government of Canada, Nunavut and Others****- Expenditures Recovered (unaudited)****Schedule 10(continued)**

for the year ended March 31, 2018

	\$
Justice	
Sahtu Land Claim Implementation	23,694
Gwich'in Land Claim Implementation	23,694
Tlicho Land Claim Implementation	47,531
Building a Northern Evidence Based Approach to Crime Prevention	245,470
Native Estates	178,707
Family Information Liaison Unit	285,000
Court Ordered Council	25,226
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	829,322

Health and Social Services

Pan-Canadian Public Health Network	7,503
Northern Wellness	10,487,309
Survival by Stage	12,000
Pan Northern Child Welfare	75,000
National Routing System	40,000
Tobacco Cessation Sharing Circle	500
Canadian Hospitals Injury Reporting and Prevention	79,122
Toll-Free Tobacco Quitline Services	71,923
Non Insured Health Benefits	16,124,129
Outbreak Summaries	9,284
Home and Community Care Enhancement	6,314,940
Territorial Health Investment Fund	1,976,839
Territorial Health Investment Fund Medical Travel	5,000,000
Territorial Health Investment Fund Oral Health	1,033,734
Peer 2 Peer Network	117,146
Canadian Chronic Disease Surveillance System	195,438
Helicobacter Pylori Infection	44,980
	<hr/>
	41,589,847

Education, Culture and Employment

Sahtu Land Claim Implementation	30,607
Gwich'in Land Claim Implementation	28,253
Tlicho Land Claim Implementation	92,522
Labour Market Development Agreement	4,421,042
Canada Job Fund	1,849,143
	<hr/>
	6,421,567

Government of the Northwest Territories**Non-Consolidated Schedule of Projects for the Government of Canada, Nunavut and Others****- Expenditures Recovered (unaudited)****Schedule 10(continued)**

for the year ended March 31, 2018

	\$
Environment and Natural Resources	
Forest Industry Biomass Initiative	803,059
Tlicho Land Claim Implementation	631
Bison Control Program	27,701
Gwich'in Land Claim Implementation	117,050
Inuvialuit Land Claim Implementation	3,856,085
Sahtu Land Claim Implementation	153,406
Sahtu Duck Banding Project	11,620
Wildlife Studies	14,188
Yellowknife Legacy Contaminants	70,000
Mutual Aid Research Sharing Agreement	2,655,798
National Forest Inventory	100,000
Conversation Data Centre Data Development	31,239
Parks Canada Regional Data Enhancement and Data Capture	10,000
Develop Science Programs	56,500
Monitoring of the Bluenose-West Caribou	50,000
Changing Range Use Patterns- Barren Ground Caribou Herds	20,000
Caribou Behavioral Monitoring	30,000
Monitoring Polar Bear Subpopulations in the Western Arctic	25,000
Canadian Parks Council	45,000
Northern Regional Gathering	57,562
Bathurst Caribou Range Plan	266,400
Alberta and Northwest Territories Bilateral Water Management Agreement	97,140
Aquatic Ecosystem Health	13,453
State of Northwest Territories Country Foods System	138,000
Southern Beaufort Delta Sea Polar Bear Survey	30,000
	8,679,832
Industry, Tourism and Investment	
Growing Forward II	782,523
Gwich'in Land Claim Implementation	23,701
Sahtu Land Claim Implementation	38,935
Canol Trail - Wire Cleanup	1,332,291
	2,177,450
Total	105,495,008

for the year ended March 31, 2018

STUDENT LOAN REMISSIONS

Under the Student Financial Assistance Regulations, the Government may forego collection of students' loans, provided certain criteria are met. The students listed below, having met the academic or employment and residency criteria, have qualified and been granted remission of their loans.

Name	\$	Name	\$
Abow, Mohamed	2,001	Bonnell, Nicole	4,364
Adam, Shariff	9,026	Booth, Miranda	2,975
Ahenakew, Adam	285	Borkovic, Joey	6,024
Ahenakow, Garrett	6,800	Bothamley, Kelly	9,672
Aho, David	2,976	Bourassa, Darcy	982
Aitken, Jennifer	3,502	Bourke-Macpherson, Sharwyn	5,600
Alain, Jill	9,042	Bower, Frances	2,892
Alty, Abigail	5,836	Bradbury, Amanda	7,710
Alty, Kierra	2,121	Braden, Carmen	11,442
Amora, Justine	6,001	Brasseur, Jacqueline	11,798
Anderson, Casey	2,976	Brasseur, Kali	6,001
Anderson, Dustin	5,950	Breadmore, Belinda	6,001
Anderson, Ian	1,677	Brennan, Trista	8,500
Anderson, Kari	6,825	Brenton, Sarah	6,001
Anderson, Wesley	5,056	Brewster, Jasmine	7,321
Ashby, Kaleigh	1,940	Bromley, Tara	7,573
Ashcroft, Brandon	8,998	Brookes, Claire	1,759
Auger, Marie-Christine	5,738	Brooks, Paulina	1,677
Ballantyne, Nicholas	2,976	Bruser, Ben	4,441
Balmer, Lisa	8,138	Buchanan, David	742
Barbier, Jan	2,976	Budgell, Victoria	2,976
Bassett, Shawna	3,995	Callas, Aaron	9,026
Bastedo, Nimisha	4,175	Callas, Michael	3,672
Beck, Janelle	612	Campbell, Alexis	4,279
Bell, Jason	6,001	Campbell, Gordon	1,770
Bell, Tyler	3,400	Cao, Lillian	9,097
Bengts, Lauren	897	Carroll, Jeremy	3,374
Bengts, Stacie	190	Castro, Eugene	4,389
Bennett, Dominique	6,800	Chambers, Erin	2,137
Bennett, Shane	7,890	Chambers, Grace	2,039
Bent, Celeste	1,280	Chambers, Patrick	954
Berton, Mary-Lynn	7,668	Cherwaty, Kyla	6,001
Berube, Pierre-Luc	2,063	Chugh, Pooja	1,512
Bevan, Kyle	2,975	Chung, Carissa	4,882
Biggar, Kyle	5,138	Cluderay, Rachel	7,694
Black, Kimberly	3,875	Coedy, Liam	2,060
Blacklock, Devan	19,600	Coleman, Melanie	6,001
Blampied, Cassidy	1,759	Colford, Noah	7,184
Blesse, Leanne	1,927	Collier, Emily	706
Boden, Fredrick	10,653	Collier, Katelyn	6,066
Boden, Mary	2,976	Concepcion, Czarina	6,677
Boggis, Christina	6,001	Conway, Shawn	4,250
Bokovay, Michelle	2,975	Cook, Krystal	2,882
Bolivar, Kate	2,975	Cooke, Brandon	6,800
		Cooper, Hawna	3,252

Government of the Northwest Territories

Non-Consolidated Schedule of Student Loan Remissions (unaudited)

Schedule 11 (continued)

for the year ended March 31, 2018

Cooper, Laura	6,001	Froese, Jordan	1,306
Cooper, Merrill	6,001	Froese, Kristen	7,009
Corey, Jeffery	1,774	Froment, Evan	2,976
Corey, Laura	4,963	Gagnon, Joshua	5,831
Cracknell, Alexandra	6,001	Gard, Tehnille	6,001
Crews, Gregory	3,638	Gauthier, Amiee	12,018
Curren, Jessica	7,201	Geggie-Hurst, Nicholas	5,738
Curtis, Colton	2,976	Gibbons, Olivia	9,513
Cutler, Julia	7,347	Gibbons, Katelyn	2,326
Dahl, Daniel	7,257	Gilbert, Stephanie	3,222
Dang, Debbie	446	Gilday, Michael	1,874
Dapilos, Alinar	6,001	Gill, Carolyn	2,893
De Bastiani, Lana	2,071	Gillander, Amanda	4,974
De Bastiani, Thomas	2,976	Glowach, Christine	5,045
Debogorski, Amelia	1,907	Goertsen, Paula Melissa	2,099
Debogorski, Anton	362	Graf, Derek	6,001
Debogorski, Ashley	1,759	Gray, Hunter	6,708
Debogorski, Benjamin	7,414	Gray, Kyla	3,781
Debogorski, Julaine	9,026	Gray, Madison	2,672
Denroche, Kaitlyn	5,968	Gray, Michael	2,888
Dentinger, Danielle	6,001	Grayston, Jodi	5,080
Depot-Bernier, Danika	7,234	Gregory, Nathaniel	4,691
Devitt, Alison	6,001	Guile, Amiee	6,001
Dewar, Dustin	10,321	Guile, Zoe	1,545
Digness, Laura	6,001	Guthrie, Abigail	411
Digness, Samantha	1,511	Haines, Ashleigh	5,600
Do, Hoa	13,000	Hall, Lisa	6,510
Do, Lisa	8,121	Hall, Michael	7,724
Doan, Aaron	4,373	Hamilton, Tiffanni	2,071
Dumas, Christopher	546	Hamlyn, Zachary	4,675
Duncan, Coady	3,901	Hanna, Gregory	2,800
Dunne, Nathan	1,275	Hanthorn, Micalah	3,156
Durkee, Kevin	5,803	Hardy, Matthew	3,025
Duval, Amelie	2,976	Harker, Jordan	563
Duval, Chloe	3,400	Harris, Brooke	6,001
Dwyer, Gavin	3,400	Harrison, Michaelis	2,154
Elke, Joshua	8,242	Harrold, Alexander	10,215
Elkin, Davis	2,975	Harrold, Lee	10,215
Ellis, Matthew	6,001	Hart, Zachary	1,994
Embleton, Samson	1,808	Hashi, Samiro	10,209
Enerio, Joe	7,546	Hehn, Brandi	24,671
Enerio, Marry	2,870	Hehn, Nikita	4,011
Enns, Monica	6,001	Heisler, Kimberly	9,963
Esau, Aleta	15,992	Hernandez, Anneluzelia	4,319
Esau, Sally	12,779	Herriot, Brittany	6,001
Ettinger, Julian	2,800	Heslep, Alison	1,040
Evans, Jesse	3,390	Hewitt, Kevin	9,672
Falconer, Shayla	5,820	Hicks, Samantha	6,001
Foley, Tara	1,035	Hiebert, Randy	4,564
Foster, Brianne	528	Hinchey, Alexandra	9,026
Fournier, Jessica	6,000	Hinchey, Chad	7,020
Fournier, Tristen	5,516	Hinchey, William (Garrett)	6,001
Freeman, Brett	10,091	Hobbs, Kirsten	2,499
Friesen, Jessica	7,000	Hobbs-Peddle, Kelsey	3,058

Government of the Northwest Territories**Non-Consolidated Schedule of Student Loan Remissions (unaudited)****Schedule 11 (continued)**

for the year ended March 31, 2018

Hoefler, Dietrich	3,540	Lakusta, Matthew	3,796
Holden, Alberta	6,031	Lane, Skylor	4,126
Holick, Braden	3,400	Lapka, Heather	10,160
Holloway, Madeline	2,055	Larocque, Chelsey	5,283
Hotte-Joyce, Brenda	6,800	Lavers, Jamie	2,976
Hovhannisyan, Arpine	4,998	LeBlanc, Daniel	3,850
Hubert, Storm	850	Legaree, Sean	4,274
Hunt, Edward	6,001	Lehniger, Chase	11,305
Hunter, Kacee	8,001	Lepine, Rose	6,072
Hurst, Madison	6,116	LePrieur, Joanna	9,026
Huynh, Phoenix	2,006	LeTourneau-Paci, Sebastien	5,500
Hyde, Maxwell	2,550	Lewis, Michelle	5,064
Hysert, Brent	2,125	Linaker, Alexa	5,546
Ibey, Sara	3,400	Linaker, Ben	16,687
Ignacio-Pacunayen, Angelica	7,234	Linaker, Jackson	2,050
Inglangasuk, Alexandra	10,850	Lindsay, Michel	4,165
Irvine, Sara	8,450	Lodge, Emily	2,486
Irvine, Taylor	5,134	Long, Alanna	4,200
Jason, Whitney	3,798	Lu, Ryan	1,825
Jefferd-Moore, Brittenie	8,702	Luxon, Natasha	6,050
Jeffery, Julia	2,341	Ly, Nha	2,903
Jen, Brooke	1,784	MacDonald, Cameron	6,001
Jenkins, Kara	2,203	MacDonald, Erin	13,097
Jennings, Shannon	12,763	MacDonald, Owen	9,450
Johnson, Michaela	3,968	MacDougall, Alexander	395
Jonasson, Jessica	12,697	MacDougall, Ian	6,001
Jonasson, Kristine	2,287	MacDougall, Kelsey	2,976
Jones, Brittany	6,001	MacIntosh, Hayden	1,874
Jones, Quintin	4,611	MacIntosh, Teale	4,373
Jones, Savannah	6,001	MacLennan-Jensen, Shakita	3,400
Jung, Courtney	6,001	MacNeill, Laura	11,666
Kaip, Kirsten	48	MacNeill, Nancy	4,479
Kamitomo, Jesse	1,593	Magrum, Rebecca	1,962
Kamitomo, Travis	5,310	Magtibay, Sherman	4,675
Kamran, Aarsal	3,239	Maher, Tanya	4,981
Kearnan-Carbonneau, Sean	1,999	Mahler, Rebecca	6,001
Keefe, Alexander	5,047	Mailman, Melanie	3,272
Kefalas, Kyle	1,776	Mair, Colin	5,176
Keizer, Michelle	8,001	Malakoe, Alexandra	4,152
Kelln, Christopher	2,484	Malakoe, Michael	6,001
Kelln, Danae	10,193	Malik, Huzaifa	2,154
Kelly, Jessica	2,701	Maloney, Elias	6,001
Kennedy, Joseph	2,813	Marchiori, Kaitlyn	4,176
Khachatryan, Narek	2,006	Marin, Diane	3,946
Kimble, Brandon	11,563	Marriott, Jessica	2,283
Kimmins, Connor	4,653	Marriott, Samantha	6,954
Klengenber, Deborah	2,628	Martin-Elson, Sonja	6,001
Kocik, Kirsten	1,134	Matthews, Andrew	6,001
Kornichuk, Rebecca	2,294	Matthews, Bryana	2,828
Kraft, Kristine	3,929	Maund, Cara Amy	8,993
Kraft-Bailey, Corine	6,461	McArthur, Allison	8,110
Krause, Justin	4,250	McDaneil, Gabriel	9,026
Krysko, Samuel	3,928	McDonald, Mandee	6,744
Lakhani, Sabrina	6,001	McDonald, Paige	6,769

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Non-Consolidated Schedule of Student Loan Remissions (unaudited)

Schedule 11 (continued)

for the year ended March 31, 2018

McGreish, Kendra	8,598	Ollerhead, Kristy	2,976
McGurk, Fraser	3,400	Ollerhead, Mark	3,400
McKiel, Courtney	5,621	Ondrack, Tess	6,001
McKiel, Kieran	2,252	Orchard, Kali	2,976
McLean, Warren	2,550	O'Reilly, Amber	1,496
McLeod, Laura	656	Ormiston, Kyle	6,001
McManus, Catherine	1,610	Oteiza, Marissa	3,968
McNaughton, Gillian	8,001	Pagonis, Meghan	2,976
McNulty, Brenegan	395	Paivalainen, Barrett	7,743
Memedi, Viola	5,246	Paivalainen, Braeden	9,601
Menard, Kaitlyn	2,039	Palmer, Zachary	4,735
Merrithew, Leslie	2,778	Parker, Marc	17,339
Meulenbroek, Mark	4,618	Parker, Melody	671
Michel, Gina	2,976	Payne, Keegen	2,055
Miklosovic, Stefanie	6,001	Philippou, Dustin	3,599
Mills, Benjamin	2,642	Phillips, Brayden	3,400
Minute, Justin	15,535	Phillips, Jessica	6,132
Moffitt, Morgan	6,001	Phillips, Madison	2,976
Moir, Lauren	6,001	Phillips, Robert	2,870
Molloy, Abigail	3,400	Phillips, Trenton	1,649
Monks, Deanna	6,001	Pierrot, Christina	10,355
Moore, Christopher	6,001	Pilling, Maxwell	6,001
Moore, Kelly	6,001	Pirker, Erin	6,800
Moore, MacKinley	3,600	Plouffe, Nicholas	2,976
Moran, Colton	9,672	Ploughman, Melissa	3,458
Moran, Shayla	1,160	Plunchinski, Michael	8,072
Morgan, Michael	1,504	Postras, Sean	1,424
Morrison, Donald	947	Polakoff, Dayna	2,324
Morse, Melanie	4,192	Polakoff, Derrick	2,959
Morton, Fallon	2,022	Pond, Ryan	1,456
Moss, Chase	603	Porter, Raylene	2,976
Mulders, Ashley	4,192	Pound, Shawna	391
Mulders, Tamika	6,001	Purchase, Eli	6,001
Muller, Mikaela	1,777	Purchase, Elizabeth	5,976
Murphy, Christine	5,207	Pynten, Kirsten	205
Murray, Janet	1,604	Ramm, Charmain	6,061
Mutua, Raymir	11,054	Ramos, Minerva	3,400
Nadji, Anisa	4,948	Randall, Amber	11,800
Nadji, Negaar	3,239	Rattray, Kevin	1,866
Napier, Kyle	2,611	Redshaw, Heather	6,001
Nesbitt, Steven	5,334	Redshaw, Walker	9,026
Nguyen Ha, Ngan	4,914	Reid, Graeme	18,687
Nguyen, Ngoc Huyen	2,121	Reid, Taylor	9,491
Nilson, Andrea	6,625	Rein, Taylor	1,529
Nilson, Kent	6,099	Rentmeister, Kyle	8,010
Norbert, Nigit'stil	2,976	Rentmeister, Lindsay	6,001
Nunkoo, Dishti	2,039	Rentmeister, Tyler	15,479
O'Brien, Kathleen	2,976	Rieger-Steed, Colton	2,022
Ocko, Leanne	5,918	Risk, Daniel	2,800
O'Connor, Elise	8,001	Rivera, Danielle	6,800
O'Hara, Linna	9,179	Rivera, Jill	39
O'Keefe, Hope	947	Roberts, Brittany	1,001
Olayvar, Rogine	2,219	Roberts, Sabrina	2,976
Ollerhead, Diana	3,647	Roberts, Donald	3,929

Government of the Northwest Territories

Non-Consolidated Schedule of Student Loan Remissions (unaudited)

Schedule 11 (continued)

for the year ended March 31, 2018

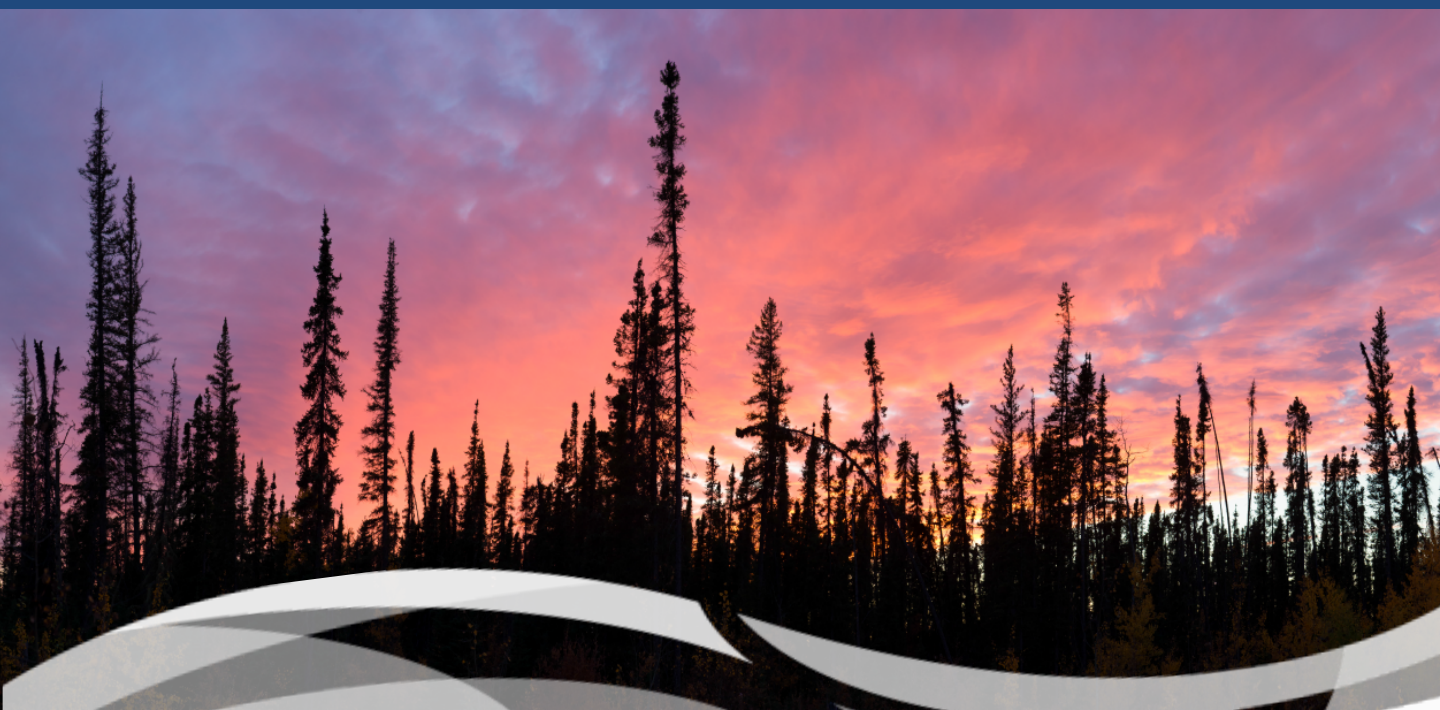
Robson, Sean	6,001	Straker, Jeremy	6,001
Rocher, Courtney	5,409	Strand, Jesslyn	6,510
Rocher, Lorna	8,384	Sullivan, Christopher	2,548
Rodgers, Hayley	16,024	Sullivan, Jacob	4,242
Rodgers, Tylor	6,800	Sullivan, Kathleen	2,630
Roesch, Kendra	5,195	Swihart, Kristi	6,001
Rose, Joshua	7,842	Taggart, Craig	108
Ross, Jamie	2,976	Taggart, Ryan	6,001
Ross, Paulina	6,001	Tam, Jared	3,968
Rossouw, Levi	3,328	Tam, Kevin	2,976
Rossouw, Maxwell	8,105	Taskova, Aleksandra	6,001
Rozestraten, Scott	6,001	Taylor, Pamela	790
Rudkevitch, Wylie	10,374	Taylor, Sarah	6,001
Ruptash, Heather	4,052	Testart, Kieron	7,220
Russell, Nora	5,380	Thagard, Shaun	8,269
Scarf, Adam	8,187	Thiessen, Rosemarie	4,472
Schaap, Jamie	5,562	Tilden, Emma	510
Scheper, Nathan	8,001	Tordoff, Devon	8,023
Scheper, Samantha	3,515	Tram, John	1,602
Schmalz, Adrienne	6,001	Tremblay, Brad	5,773
Schmalz, Alexandra	4,817	Trinh, David	2,559
Sevigny, Isabelle	3,400	Tucker, Carly	387
Shaben, Krystal	2,976	Tuckey, Brenda	2,872
Shaben, Megan	6,001	Tuckey, Jarod	2,975
Shahi, Michael	11,200	Tuma, Michelle	2,466
Shortt, Jordan	6,313	Tymchatyn, Shantel	5,928
Shouhda, Kyle	9,026	Ukkhoy, Nushreen	2,154
Sibbald, Alan	2,006	Urilyon, Hailey	5,699
Sidhu, Harjot	6,001	Urschel, Skylar	3,962
Silke, David	6,001	Valenzuela, Lorry	1,976
Silke, Jordan	4,751	Vallillee, Erin	6,001
Silke, Tanya	9,672	Van Dyke, Christian	2,976
Simpson, Amy	6,001	Vanthull, Jamie	3,025
Simpson, Axelle	6,001	Vaydik, Jill	2,738
Skinner, Madelaine	4,126	Vician, Kaitlyn	2,976
Skinner, Shelby	6,001	Vician, Kristin	6,001
Smith, Angus	6,001	Vician, Lindsay	6,001
Smith, Emily	7,102	Vulkov, Deyan	2,976
Smutylo, Stephanie	5,000	Walker, Drayton	6,147
Soderberg, Jonathon	1,956	Wallace, Ryan	7,145
Sorensen-O'Keefe, Keelie	1,776	Walsh, Caterina	6,001
Spence, Duff	2,976	Walz, Brandon	2,088
Sperry, Olivia	8,330	Ward, Emma	1,803
Squires-Rowe, Ashley	6,444	Watton, Colin	5,849
St. Arnaud, Richard	10,143	Waugh, Jennifer	4,587
St. Croix, Aleta	2,548	Weaver, Katie	2,039
St. Croix, Kadee	6,001	Weaver, Whitney	2,976
Stevens, Megan	5,080	Webb, Danielle	2,039
Stewart, Faline	3,555	Weber, Amy	2,929
Stewart, Sabrina	2,303	Wegernoski, Crystal	8,115
Stipdonk, Christopher	2,937	Weir, Alexander	2,976
Stirling, Carter	6,001	Weir, Quinton	7,420
Stockton, Alea	4,126	Wells, Aaron	17,375
Stoodley, Shannnon	82	Welsh, Emma	6,740

Government of the Northwest Territories**Non-Consolidated Schedule of Student Loan Remissions (unaudited)****Schedule 11 (continued)**

for the year ended March 31, 2018

Welsh, Megan	6,001
Westergreen, Jena	6,658
Whalen, Patrick	2,976
White, Alexander	2,976
White, Amanda	6,001
White, Heather	6,001
White, Rebecca	13,673
Whitehead, Kevin	3,459
Wiedrick, Marcy	964
Williams, Heather	4,182
Williams, Robert	5,162
Wilson, Carlyn	5,700
Wilson, Elizabeth	6,066
Wilson, Hanna	2,800
Wiseman, Scott	3,896
Wong, Helen	6,001
Wong, Janet	6,001
Wong, Karen	7,151
Woods, Lisa	3,400
Wouters, Sarolta	4,250
Wrigglesworth, Nicolas	3,400
Young, Janelle	3,184
Yurris, Jeanne	7,875
Yuvienco, Jeff	2,680
Zantoko-Lubaki, Benny	2,022
Zehr, Samuel	5,876

Total Remissions 2,736,740



Public Accounts 2017-2018

Section III

SUPPLEMENTARY FINANCIAL STATEMENTS - OTHER ENTITIES



Government of
Northwest Territories

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2018

SECTION III
SUPPLEMENTARY FINANCIAL STATEMENTS
OTHER ENTITIES

HONOURABLE ROBERT C. MCLEOD
Minister of Finance

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**Public Accounts of the
Government of the Northwest Territories**

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Northwest Territories Housing Corporation
Northwest Territories Human Rights Commission
Northwest Territories Hydro Corporation
Northwest Territories Lottery Authority
Northwest Territories Sport and Recreation Council
Northwest Territories Surface Rights Board
Status of Women Council of the Northwest Territories

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Fur Marketing Service Revolving Fund
Marine Transportation Services
Northwest Territories Liquor Commission
Northwest Territories Liquor Licensing Board
Fuel Services Division
Public Stores Revolving Fund
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Annual Report 2016-2017



PURPOSE

(Aurora College Act R.S. N.W. T. 1988, cA-7, s3)

The purpose of Aurora College is to deliver adult and post-secondary education, including the delivery of university-level programs and granting of prescribed university degrees and applied bachelor degrees.

MISSION STATEMENT

Aurora College is focused on student success and is committed to supporting the development of our Northern society through excellence in education, training and research that are culturally sensitive and responsive to the people we serve.

OUR VALUES

Together, we are creating a vibrant, Northern college that is committed to excellence in education and research and fosters understanding and respect among all Northern people.

We will continue to do this by:

- Serving students in the best way possible, offering a seamless transition between high school, work, college and university;
- Nurturing critical thinking skills and problem-solving abilities;
- Offering a full spectrum of post-secondary education, qualifying Northerners to work or to go on to further education anywhere in Canada;
- Respecting and celebrating Aboriginal cultures and linking modern and traditional lifestyles;
- Supporting innovation in education and research;
- Ensuring research and post-secondary education are well integrated, through strong partnerships with industry, communities, governments and other educational institutions;
- Recognizing our role in supporting the governance and economic development of Northern communities;
- Attracting and retaining highly qualified Northern staff and faculty; and
- Fostering an environment of excellence in which staff, faculty and students can work and learn.

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Public Administrator's Message

It is an honour to have been appointed Public Administrator of Aurora College in June 2017. I look forward to working with Aurora College Senior Management and the Minister of Education and his department while the important task of a Foundational Review is being undertaken. I look forward to the release and implementation of the Foundational Review and will endeavour to do my best to govern the Aurora College to same standards the residents of the Northwest Territories have come to expect over its long history of providing high quality educational opportunities for Northerners.

Denny Rodgers
Aurora College Public Administrator



Message from the President



It is always gratifying to me to review the previous academic year's accomplishments and challenges in preparation for the Annual Report. It serves as a reminder of the remarkable individuals who make up our learners, faculty, staff, partners, and volunteers, and the dedication and passion they bring to their respective roles. The opportunity to witness and share in their successes is one of the best aspects of my role as president.

While there is never enough space to share every high point and accomplishment, a select few are featured in this report. In addition, I would like to draw attention to a few more achievements and items of note.

- 2016-17 was the first year that funds raised by the annual Aurora Open Golf Tournament were used for entrance scholarships for first year students. In total, 17 students received \$250 awards.
- Aurora College was named one of Canada's Top 50 Research Colleges for 2016 by Research Infosource Inc.
- Yellowknife Education District #1, Yellowknife Catholic School

Board and Aurora College ran a pilot project which saw high school students receive dual credits – high school and college credits – for an Early Childhood Development Certificate course offered at Sir John Franklin School and delivered by Aurora College instructors. The College is investigating other opportunities for dual credit courses within the NWT.

- Aurora Research Institute published the thirtieth consecutive Compendium of Research in the NWT. The annual publication summarizes all licensed research taking place in the NWT.
- Dominion Diamond Corporation donated \$10,000 to the Yellowknife Literacy Outreach Centre (LOC), doubling its usual annual contribution. The LOC is a partnership between Yellowknife Association for Community Living and Aurora College, and delivers literacy programs and lifeskills in a safe environment to the city's most vulnerable citizens.
- Thebacha Campus's carpentry and electrical apprenticeship programs were re-accredited for five years.
- The Northern Leadership Development Program, a unique partnership with industry and local governments that trains new supervisors and managers leadership skills, underwent a review and overhaul in order to meet changing requirements and expectations of the NWT employers.

In addition to applauding the many achievements and successes at Aurora College, we must continue to regularly cast a critical eye on our actions, practices, policies, programs and procedures, and ask ourselves how we can further improve to benefit our learners, employees, and communities. To that end, we await the results of the Foundational Review and its recommendations for the future.

Jane Arychuk,
Aurora College President

HIGHLIGHTS

There was much cause for celebration at [Aurora College](#) in 2016-17, including staff members and students receiving prestigious awards, academic excellence recognized for several students, and exciting research taking place through the Aurora Research Institute.

National Mentor of the Year Award

Long-term Aurora College instructor, Joel McAlister, received national recognition at the ArcticNet Annual Scientific Meeting in Winnipeg, MB in 2016. McAlister has been senior instructor in the Environment and Natural Resources Technology program (ENRTP) at Aurora Campus in Inuvik since 1998. He was presented with the 2016 APECS Canada-ASA Mentor of the Year Award for his untiring support and



ENRTP instructor Joel McAlister

commitment to the success of his students; many have gone on to careers in research and environmental monitoring in the Western Arctic region. During his tenure, 46 students have graduated from the Inuvik program; in 2016-17 there were 11 in their first year of the two-year diploma. The award is a joint initiative of the Association of Polar Early Career Scientists (APECS) Canada and the ArcticNet Student Association (ASA). It honours exemplary mentors within Canada's polar science community, acknowledges the time and energy that mentors dedicate to the development of early career researchers, and recognizes their efforts in building a supportive and productive community of polar researchers. Besides academic support, it is also the work outside of the classroom – as a counsellor, guardian, and friend to his students – that has contributed to his outstanding reputation as a strong mentor in the community of Inuvik. This is the first time the Mentor of the Year award has been presented to a resident of northern Canada.

Tri-Council Research Grants

Since becoming the only post-secondary institution in the NWT eligible to apply for and receive research grants from the Social Science and Humanities Research Council (SSHRC) and the Natural Sciences and Engineering Research Council (NSERC) in 2014, Aurora College and Aurora Research Institute (ARI) have been successful in securing several grants. In 2016 and 2017, Aurora College/ARI received seven grants as Principal Investigators. These include six NSERC Connection and Engage grants of 25,000 each, and one SSHRC Partnership Development grant of \$240,000. NSERC grants include: NWT CanGrow

Greehouse Workshop, Development and Testing of Climate Change Monitoring Equipment in the Arctic, Climate Change Risk Assessment for NWT Power Corp., Feasibility Study on Solid Waste Processing, Seed Trials for the Revegetation of Arctic Industrial Sites, and NWT Country Foods Forum (community-driven priorities for research, policy and action towards long-term sustainability of wild foods). The SSHRC grant is a two-year project, Stories of Hope: Decolonizing Learning in Canada. In addition, ARI and Aurora College receive tri-council funding for participation in the Intimate Partner Violence project led by the University of Regina, and the Resources and Sustainable Development in the Arctic research led by Lakehead University.

Centre for Mine & Industry Training

Construction is underway on the new \$10 million Centre for Mine & Industry Training facility (CMIT) at Thebacha Campus in Fort Smith. Of the total \$10,395,046 investment, \$4,078,764 comes from the federal government and \$6,316,282 from the Government of the Northwest Territories. The CMIT will focus on the development, delivery, and maintenance of mining-related curriculum and the Heavy Equipment Operator program, using state-of-the-art technology and current curriculum. The new, stand-alone structure will contain several vehicle bays, classroom and office space, and areas to house all mining equipment, simulators, and other training-related equipment. It will bring classroom and shop sessions into one building, which will be more efficient and will benefit students. A number of programs will be delivered from the CMIT, including Heavy Equipment Operator, Introduction to the Mining Industry, Surface Miner, Mineral Processing Operator Trainee, Introduction to Underground Mining, Underground Miner, and Diamond Driller. In anticipation of the new facility, all mine training programs were relocated to Thebacha Campus from Yellowknife in 2016-17. Locating the Centre for Mine & Industry Training in Fort Smith will allow students to access affordable and available student housing, as well as provide access to supports at the campus, such as other trades facilities and shops, instructional staff, tutoring, and counselling.

ALCIP grads in Tulit'a

In partnership with the Sahtu Divisional Education Council, a two-year full-time Aboriginal Language and Culture Instructor diploma program was offered in Tulit'a in 2015-16 and 2016-17. The six successful students were



Graduates of the community-based Aboriginal Language and Culture Instructors Diploma program in Tuli't'a celebrated their success with family and community members.

celebrated by their community with a culture and tradition-infused convocation ceremony in June 2017. The event opened with a Feeding the Fire ceremony and drummers, and ended with a feast and drum dance. Instead of the usual caps and gowns, graduates chose to convocate in traditional dress; several pieces were created by the students or family members especially for the occasion. During the ceremony, each graduate presented a special gift to a young person to symbolize passing on the teachings and traditions.

Targeted Initiative for Older Workers

Early in 2017, Aurora College piloted the Targeted Initiative for Older Workers (TIOW) program in three locations: Hay River, Inuvik and Yellowknife. The program is geared to

adults 55-64 years of age who want to upgrade their skills in order to return to the workforce or to find new employment opportunities. Community & Extensions staff drafted the program and course outlines, and built the content to suit the target demographic. The program was built from Ready to Work NWT and includes a computer course, a short work placement and basic safety training. Participants developed employability skills, explored career options in the NWT, and learned about Canadian and GNWT labour practices and supports. Other ways to engage in the labour market, such as volunteering, were examined.

NABE Extension

In the March 2017 budget, the federal government announced a funding extension to the Northern Adult Basic Education (NABE) program to March 31, 2020 for the three northern colleges. NABE is designed to improve access to basic skills upgrades, including literacy and numeracy, so that working-age adults are better positioned to participate in the labour market. The program was created to address the unique challenges faced by Northerners, and once the new agreement is signed, Aurora College's portion of the funds will continue to be used to expand and enhance program deliveries across the NWT. The Tri-Territorial NABE Program is funded by the Canadian Northern Economic Development Agency (CanNor).

Dehcho joins Trades Awareness

For the first time, Dehcho region junior and senior high school students took part in the highly successful Trades Awareness Program (TAP) at Thebacha Campus. Students attended both the introductory and intensive TAP sessions, in which they learn about trades opportunities, Aurora College programs, and experience "college life". TAP introduces students to various trades – such as carpentry, electrician, heavy equipment technician, camp cook, and plumber – that are available at Aurora College. During the Introductory program, students rotate through several different trades, while the Intensive portion offers four days with one trade. TAP has been a long-running partnership with the South Slave Divisional Education Council and Education, Culture and Employment's (ECE) South Slave Service Centre, with South Slave students participating since 2005. The new Dehcho partnership with the Dehcho Divisional Education Council and the Dehcho ECE Service Centre marks the first time students outside of the South Slave regional have been involved in the Trades Awareness Program.

Education & Training Division



Arts & Science
Business & Leadership
Education
Health & Human Services
Trades, Apprenticeship & Industrial Training

Environment & Natural Resources Technology

Students in the two-year diploma program attend several field camps, which are instructed by community Elders, regional experts, and Aurora College staff in a manner designed to integrate scientific methodology with Traditional Knowledge and on-the-land skills. Partnerships with both industry and government continue to be strong, and these provide much added value to academic programming through direct involvement in classroom activities and field work. Employability remains strong across the territory for graduates; a handful have chosen to work seasonally to pursue Bachelor of Science degrees. Enrolment and student retention continues to increase with nine students continuing into second year at each of Aurora Campus in Inuvik and Thebacha Campus in Fort Smith. First year applications at Thebacha Campus remain at capacity with 12 to 15 students.

Aurora Campus

The program's enrolment was at its maximum with 11 students. Students were involved in several experiential educational initiatives culminating with the participation in several field camps. In September, students spent seven days in the Gwich'in Settlement Region travelling on and around Campbell Lake by canoe. The introductory field camp developed skills in limnology, ecology, and geology. Advanced Wilderness First Aid was delivered in a true remote wilderness setting, integrated with water navigation, and GPS navigation techniques. Gwich'in Traditional Knowledge, culture and area history were taught by Alestine Andre (Heritage Researcher) from the Gwich'in Department of Cultural Heritage. The Aurora Research Institute



Students investigate local fauna, including small mammals, as part of their course-work at field camps on the land.

was integral in the field camp success with their environmental technicians and staff training the students in field water chemistry analysis and local faunal species identification.

Students also completed a Western Arctic Field Camp on the Pedersen Channel in the Mackenzie Delta, where Inuvialuit Elders and Traditional trappers Lawrence and Freddie Rogers taught best practices in the harvesting of furbearers and animal health assessment techniques. Students developed expertise and techniques for muskrat trapping, cleaning, skinning, stretching, and drying along with snare building, fixing various trap sets, and on-the-land skills such as trail and landmark navigation, shelter building,

and winter survival techniques.

Thebacha Campus

Field camps continue to be a highlight for Thebacha Campus students, where they develop skill sets in limnology, water sampling, forestry, geology, and ecology in combination with map and GPS navigation techniques. Local Elder Jane Dragon made an impact on students at the Tsu Lake Field Camp with her traditional fur demonstration. First-year students also travelled the Konth River for a multi-day canoe and portage trip, during which they tested recently acquired skills and knowledge.

Prior to graduation, second year Thebacha Campus students complete a Winter Field Camp near Manchester

Lake as a culmination of their studies. Students apply skills learned in the classroom in a practical setting on the land and work with wildlife under the direction of local hunter Earl Evans. Population analyses and segregation methods are conducted on caribou by qualitative observation and aerial surveys during the camp. Students spend two nights practicing on-the-land emergency skills such as shelter building and survival techniques.

In addition, students are trained in firearms, first aid, and boat safety. Students round out the academic year utilizing the totality of skills learned to complete a self-directed research project, in consultation with instructional staff, and in collaboration with Aboriginal, industry, and government partners.

Community Based Training

The Environmental Monitor Training Program is delivered in partnership with local communities and industry, and trains participants to work with private industry, government agencies and environmental organizations such as land and water boards. It was offered in Fort McPherson and Tsiigehtchic in 2016-17.



Top - Learning procedures to contain spills on the water;
Middle - Classroom at Tsu Lake field camp;
Right - Campsite during 1st year canoe trip
Bottom - Investigating geology and the make-up of local rock formations.

School of Business & Leadership



Employees from Diavik Diamond Mine, Dominion Diamond (Ekati) Corporation, and Yellowknives Dene First Nation participated in the Northern Leadership Development Program in 2016-17.

School of Business and Leadership

The School of Business and Leadership offers the Business Administration (BA), Office Administration (OA), and Northern Leadership Development (NLDP) programs.

Graduates of the BA and OA programs are highly sought after as employees by Aboriginal Governments, the GNWT, businesses and industry (large and small), the Government of Canada, and non-profit organizations.

In order to ensure that Aurora College students continue to receive the most current business and administrative education, reviews of both the BA and OA programs were undertaken, beginning in 2013-14. Students, alumni, staff and employers participated in the review

processes and worked to facilitate the design and development of BA and OA programs that would provide graduates with an education that would enable them to obtain meaningful employment, or to continue their education. In 2015-16, the BA year one (Certificate) updated program was implemented, and in 2016-17 the BA year two (Diploma) updated courses and OA year one (Certificate) updated courses were successfully delivered. In 2016-17, graduates included 18 BA certificates, 12 BA diplomas, and 18 OA certificates. OA year two (Diploma) was not offered in 2016-17.

The use of video-conferencing was expanded to all courses in both BA and OA programs in 2016-17. Students across all three campuses attended a mix of courses delivered by instructors both on-site and

located on other campuses. Students and instructors in the BA program were located on all campuses; Aurora Campus and Thebacha Campus hosted students and instructors in the OA program. Instructors taught live from their home campus: local students participated in a face-to-face classroom, while interacting with students at the other campuses via video-conference.

Although operating from different locations, instructors functioned as a team to implement video-conferencing and to support students across the College. Regular planning meetings helped instructors and students ease the transition to the new mode of instruction. In addition, instructors participated in numerous professional development activities, including credentialed accounting PD, and attending international conferences.

Business Administration

The updated and revised BA year two (Diploma) was offered for the first time in 2016-17. Both Certificate and Diploma programs were offered at all three campuses. In total, there were 46 full- and part-time BA students in 2016-17. Of those, 12 received BA Diplomas and 18 obtained BA Certificates across the three campuses. The BA program continues to attract a diverse group of students, both from within the NWT and from other parts of Canada and the world. 2016-17 graduates represented communities from across the territory, and it is anticipated interest in the program will continue to increase for both Certificate and Diploma years in 2017-18 and beyond.

Northern Leadership Development

In 2016-17, support continued to be strong from industry and local governments. Nine participants representing Diavik and Ekatic diamond mines and the Yellowknives Dene First Nation completed the program.

Since the first delivery of NLDP in 2011, improvements have been implemented with each successive delivery. In 2014-15, the program invested in a complete revision and all module outlines were updated, incorporating feedback from previous years' participants, facilitators, steering committee members, and industry partners. The sixth delivery in 2016-17, saw the program fully revamped. Changes include a focus on emotional intelligence as a foundation for all modules, a complete revision of student and facilitator handbooks, and the addition of a review module at the end of the schedule held on the land with mentors participating.



The newly revised Office Administration and Business Administration programs are designed so that students can scaffold their learning, and can enter Business Administration after completing an Office Administration Diploma.

Recommendations from industry were also put in place: Action Learning Plans are completed at the end of each module and reviewed at the beginning of the next. The intent is to encourage participants to transfer what they learn in class to their workplaces, share with their mentors, and make the learnings applicable on both an individual and organizational level. The facilitating team worked to develop and enhance connections between modules to ensure continuity and to best meet the participants' and employers' needs.

Office Administration

This year, both Thebacha Campus and Aurora Campus offered the Office Administration Certificate program with courses being between those sites by video-conferencing, with students and instructors on both campuses.

This was the first delivery of OA at Aurora Campus since 2013-14, as the program was in hiatus in Inuvik while the program review was being completed. 2016-17 saw the introduction of the revised and updated OA year one (Certificate)

curriculum following the program in 2015. A total of 18 students received OA Certificates from Aurora and Thebacha campuses. In May 2017, 18 students participated in a four-week practicum, the final program requirement. Practicums took place across the NWT, including in Aklavik, Behchoko, Fort McPherson, Fort Smith and Inuvik.



Proud Business Administration Diploma graduate shows off his parchment at the Yellowknife North Slave Campus convocation.

School of Education

School of Education

Aurora College School of Education regularly offers the following programs: Aboriginal Language and Culture Instructor Diploma, Bachelor of Education, Certificate in Adult Education, and Early Childhood Development Certificate. On-the-land learning opportunities and infusing Northern and Indigenous world views into the curriculum helps students to incorporate these teachings into their future careers.

Aboriginal Language and Culture Instructor (ALCIP)

2016-17 saw the successful conclusion of a two-year, full-time diploma program in Tulit'a. Through a partnership with the Sahtú Divisional Education Council and Education, Culture, and Employment, six students successfully completed the journey, earning their ALCIP Diploma. A community celebration marked the conclusion of the program, reinforcing for those in attendance the commitment and the hard work required to keep the Sahtúqt'ine Yatı́ (North Slavey) language alive.

Part-time ALCIP courses were delivered in conjunction with Divisional Education Councils for an additional eight students from the Sahtú region. Two courses were delivered to the communities of Norman Wells, Fort Good Hope, and Colville Lake. The program also continues to run part-time community language classes to offer the opportunity to re-connect with traditional languages. Evening classes were delivered in Ndilq and Fort Liard. The success of ALCIP continues to be dependent on developing and maintaining true community partnerships.



A community celebration complete with traditional drummers, a Feeding the Fire ceremony, and the community-based Aboriginal Language and Culture Instructor Diploma program. The two-year program was supported by Education, Culture, and Employment, and the Sahtú Divisional Education Council.

Adult Education

The Certificate in Adult Education provides the skills and knowledge required to work with adult learners. It is delivered part-time through teleconference and Moodle, primarily in the evenings, with online computer support. In 2016-17, six courses were delivered to 37 students. Coursework focuses on the contemporary theories in education while striving to understand the applicability in the Northern context. Completion rates are strong, and student evaluations indicate a high quality of instruction.

Bachelor of Education

This degree program supports the growth and development of

educators for the NWT who have a strong grounding in the traditions and cultures of the territory. The Bachelor of Education (BEd) is offered in cooperation with the University of Saskatchewan and is recognized across the country. Strong partnerships and relationships are key to developing strong educators; this is something that cannot be done in isolation or without support. Those relationships include community Elders and Knowledge Keepers who contribute to the teachings and learnings within the program, including such topics as: the history of NWT land claims; consideration and reflection of what it means to be a part of efforts to decolonize education in the K-12 school system; and sharing knowledge



Community feast and drum dance was held in Tulit'a to mark the graduation of students from year program was delivered in partnership with the Department of Education, Culture and

regarding the butchering freshly hunted moose and significance of the animal to community life. Another distinguishing aspect of the BEd program is that it recognizes that each student is on their own personal journey with unique needs and past experiences. The common tie is they are committed to becoming teachers and leaders to future generations. To that end, instructors and staff strive to establish strong supportive relationships with students while demanding high standards from them. Each year, more students are choosing to compete their practical training in communities other than Fort Smith: Yellowknife and Łutselk'e welcomed BEd students into their classrooms in 2016-17. Two individuals obtained a

Bachelor of Education at the spring convocation.

Early Childhood Development

With the continued support of Beaufort Delta Aboriginal Skills and Employment Training Strategy (ASETS) partners, a full-time delivery of the Early Childhood Development (ECD) Certificate was offered for the second consecutive year at Aurora Campus. The offerings are in response to a need for qualified Child Care workers in the region. Eight students graduated in 2016-17. The full-time ECD students received a solid orientation to the field of early childhood education, earning confidence to work in at daycare centres, home day cares settings

and Aboriginal Headstart programs. Students were exposed to various experiential learning opportunities to encourage independent thought and skill development. This included a seminar to promote language and literacy that was delivered by local speech and language pathologists. Students were introduced to all major concepts and trends related early childhood learning, always with a special emphasis on the application of their knowledge to Indigenous culture. Alongside current educators, ECD students participated in an Inuvialuit Regional Council planning workshop that contributed to a report with territorial recommendations of early childhood educators to the new National Child Care and Learning Framework.

The part-time, distance ECD offering continued with courses available by teleconference to students throughout the territory. Five distance education courses were offered, as well as two field placements with co-requisite integration seminars. Students in the Certificate program speak highly of the infusion of culture and traditional knowledge into courses. Instructors continually seek to involve family and community in course content and recognize the varied life experiences which students share as part of their studies. The play-based curriculum incorporates texts and materials which use Canadian content with Indigenous perspectives throughout. In 2016-17, five students achieved ECD Certificate through the part-time program. In addition, 56 students successfully completed part-time ECD courses – including four Yellowknife high school students who were enrolled in a pilot dual credit course delivered in partnership with Yellowknife Districts 1 and 2 Divisional Education Councils.

School of Health & Human Services

School of Health and Human Services

Bachelor of Science in Nursing

The Bachelor of Science in Nursing (BSN) program continues to offer an evolving and dynamic program that allows graduates to work as leaders in the health care system. New priorities were established in the BSN's 2016-2021 strategic plan to ensure the program continues to meet its vision of nursing excellence in the Northwest Territories. These priorities include: evolving a curriculum responsive to the health trends and issues of the north; increasing student retention; increasing marketing of the BSN program; fostering faculty development; increasing faculty scholarship; and strengthening existing partnerships while creating new ones. The Truth and Reconciliation Commission's Calls to Action (2015), the intergenerational impact of residential schools, and the importance of Indigenous knowledge continues to inform curriculum planning and delivery. Implementation of inter-professional education experiences was increased in 2016-17 through innovative classroom and simulation activities with the College's Social Work Diploma and Personal Support Worker Certificate programs. Student representation on the Curriculum and Evaluation Committee and the Advisory Committee continue to add an essential voice for decision-making. The BSN faculty has created new student awards to recognize and honour students and graduates for their dedication, caring, professionalism, and leadership. Faculty members continue to contribute to nursing knowledge and to advance the nursing profession through research, publications, and



Bachelor of Science in Nursing students take part in labs and simulations to learn to work with patients and to perform medical procedures properly.

national and international conference presentations. Several faculty members have begun graduate and doctoral studies. Clinical placements and opportunities continue to be a strength of the BSN program. The BSN program hosted four students from the University of the Arctic (UIT) in Norway and plans are underway for an exchange with Aurora College and UIT in the 2017-2018 academic year. As well, a third-year BSN student attended an international summer institute in Norway. The regular five-year review of the BSN program by the Registered Nurses Association of the Northwest Territories and Nunavut took place in the spring of 2017; the program received positive feedback. In addition, graduates (11 in 2016-17) continue to perform well on the national licensing exam and are securing work as in a variety of health care settings across the north.

Community Health Representative

Offered in partnership with the Health Promotion Unit of the Department of Health and Social Services, the Community Health Representative program aims to increase knowledge and skills in community development and health promotion as it relates to injury

prevention and communicable and chronic disease prevention. Students from Fort Simpson, Colville Lake, Tuktoyaktuk, Paulatuk, and Ulukhaktok were actively engaged in learning opportunities both in the classroom and field trips in Yellowknife and Inuvik. Three courses were offered in 2016-17: Environmental Health, Applied Health Promotion, and Human and Community Needs in Health. Community guest presentations were key components of the course offerings with contributions of Traditional Knowledge from Elders. Three graduates from Fort Simpson, Tuli't'a, and Wekweètì participated in recent convocation ceremonies.

Personal Support Worker

Graduates of the Personal Support Worker certificate program this year were from Yellowknife, Fort Good Hope, Norman Wells, Hay River, Behchokò, Déljè and Whatì. Practicums in Yellowknife included experiences on the Extended Care, Medicine and Surgery units at Stanton Territorial Hospital, Aven Manor and Cottages, Yellowknife Home Care, Salvation Army, and Yellowknife Education District #1 schools. Students also participated in practicums at the Jimmy Erasmus Seniors' Home in Behchokò, Dora Gully Health Centre in Déljè, and Whatì Health Centre.



Social Work Diploma students participate in a multi-day on-the-land camp outside of Yellowknife each spring, led by local Elders. They are joined for one day by Bachelor of Science in Nursing students.

As in previous years, students have opportunities for interdisciplinary collaboration with Bachelor of Science in Nursing and Social Work Diploma students and participated in simulations. They attended Elders in Motion, Supportive Pathways, and a Symposium in Yellowknife “Working Together to Keep Northern Kids Healthy”, and a two-day Functional Fitness for Fall Prevention workshop. Students were enthusiastic about the information acquired from guest speakers, who provided perspectives on topics ranging from wound care to transgendered youth. Program graduate Nancy Kenny is one of 11 “Community Student Role Models”, who began their education journey with Aurora College and whose story will be featured in an upcoming NABE publication *Drumbeat of Success*.

Post-Graduate Certificate in Remote Nursing

The Post-Graduate Certificate in Remote Nursing program is offered

in collaboration with the Department of Health and Social Services. The program prepares Registered Nurses to function in an expanded practice role as community health nurses in some of Canada’s most isolated communities. The Remote Nursing Certificate is a 15-credit, one-year program. Nine registered nurses graduated from the program in 2016-2017; as many as 13 graduates are anticipated in 2017-2018, as interest continues to grow. Feedback from graduates and continuing students has been positive, with a consistent theme of how the program has improved their nursing practice in all domains. In 2016-17, Adobe Connect was added to the list of delivery formats, which include web-based Moodle, and teleconference. The addition of Adobe Connect has improved student access as classes are now recorded and can be viewed by students at their convenience. Adobe Connect has also improved student/instructor interaction in the virtual classroom format. The three-week on–

site module in Yellowknife offers hands-on skill labs, specialty guest speakers, field trips and skill-based examinations. Students have identified that the on-site module is a valuable asset to their education. Upon completion of this module, students are prepared to begin their first practicum with competence and confidence.

Social Work Diploma

The Social Work Diploma program continued to attract interest from northern applicants. Forty-nine percent of the social work student population was Indigenous, from a range of communities across the NWT. Students explore cultural experiences and Traditional Knowledge through core courses and an on-the-land camp held in May. Students and faculty explored ways to decolonize learning and approached the spring on-the-land camp with increased emphasis on Elders and Traditional Knowledge Keepers. The Truth and Reconciliation Commission’s Calls to Action document, along with the Colleges and Institutes Canada (CICan) *Indigenous Education Protocol*, informed the program’s pedagogy.



Social Work Diploma students learned traditional skills, such as beading, from local Elders.

School of Trades, Apprenticeship & Industrial Training

School of Trades, Apprenticeship & Industrial Training

The purpose-built trades training facilities at Thebacha Campus allow individuals from throughout the NWT and elsewhere to participate in Apprenticeship, Heavy Equipment Operator (HEO), Mining, Observer Communicator, and other trades and industrial training programming in Fort Smith. Subject to demand and funding, programs may be offered at Aurora Campus in Inuvik and in communities.

Centre for Mine and Industry Training

In the spring of 2017, funding was announced for the new \$10-million Centre for Mine and Industry (CMIT) Training. Site preparation began shortly before the end of the 2016-17 fiscal year, and plans are to have the centre fully operational for the 2018-19 academic year. It will house all Mine Training and Heavy Equipment Operator programs that are delivered at Thebacha Campus.

Apprenticeships

Apprenticeship programs at Thebacha Campus continue to offer high quality instruction in the classroom and shop facilities. In 2016-2017, the Apprenticeship Electrician and Carpenter programs were re-accredited for the next five years. Apprenticeship programs include Levels 1, 2, 3, and 4 of Apprenticeship Carpenter; Levels 1, 2, and 3 of Apprenticeship Electrician (Construction); Levels 1, 2, and 3 of Apprenticeship Housing Maintainer; Levels 1 and 2 Apprenticeship Plumber/Gasfitter B; Levels 1 and 2 of Apprenticeship Heavy Equipment



The Centre for Mine & Industry Training will be completed by March 31, 2018.

Technician; and Oil Heat System Technician. Aurora College has a long history of delivering trades training in the NWT, an area that continues to have tremendous student success. For example, in 2016-17, 100 percent of students in Electrician, Plumber/Gasfitter B, Heavy Equipment Technician, and Oil Heat System Technician apprenticeship programs were successful, as were 25 of 29 Carpentry students.

Heavy Equipment Operator

Due to equipment requirements, HEO programs are normally based at Thebacha Campus in Fort Smith. However, in response to local needs and labour market requirements, HEO programs can be delivered in other NWT communities, if funding and appropriate equipment are available. HEO programs include the 15-week Heavy Equipment Operator, eight-week Abridged Heavy Equipment Operator,



Surface Miner students practice on simulators and with various pieces of equipment in addition to classroom work during their 12-week program.

Aurora Campus

The Building Trades Helper program was offered in Inuvik, with seven of the eight students completing.

Observer Communicator

Twelve students completed the Observer Communicator program during the academic year. It is delivered on behalf of the funder, NAV Canada.

Trades Awareness Program

Aurora College continues to welcome groups of junior and senior high school students and their chaperones to Thebacha Campus for the Introductory and Intensive Trades Awareness Programs (TAP). The College has partnered with South Slave Divisional Education Council and South Slave ECE Service Centre since 2005 to bring their students to the campus to experience college life and to be introduced to the trades. 2016-17 is the second

year that a partnership with Dehcho Divisional Education Council and Dehcho ECE Service Centre allowed junior and senior high school students from that region to attend TAP as well. The Introductory component has students spend one day in each of four trades, while the Intensive portion has students spend four days in a trade of their choice. Forty-eight South Slave students from the communities of Łutselk'e, Kát'odeeche First Nation, Hay River, Fort Resolution, and Fort Smith attended the Introductory to Trades Awareness Program. They participated in Carpentry, Plumbing, Mechanics, Electrical, and Cooking. In March 2017, 18 of those participants returned to complete the Intensive portion. From the Dehcho, 31 students from Fort Liard, Fort Providence and Fort Simpson took part in the Introductory TAP; 22 completed the Intensive TAP.

and nine-week Introduction to Heavy Equipment Operator. In 2016-17, two deliveries of the 15-week HEO program produced 20 successful graduates.

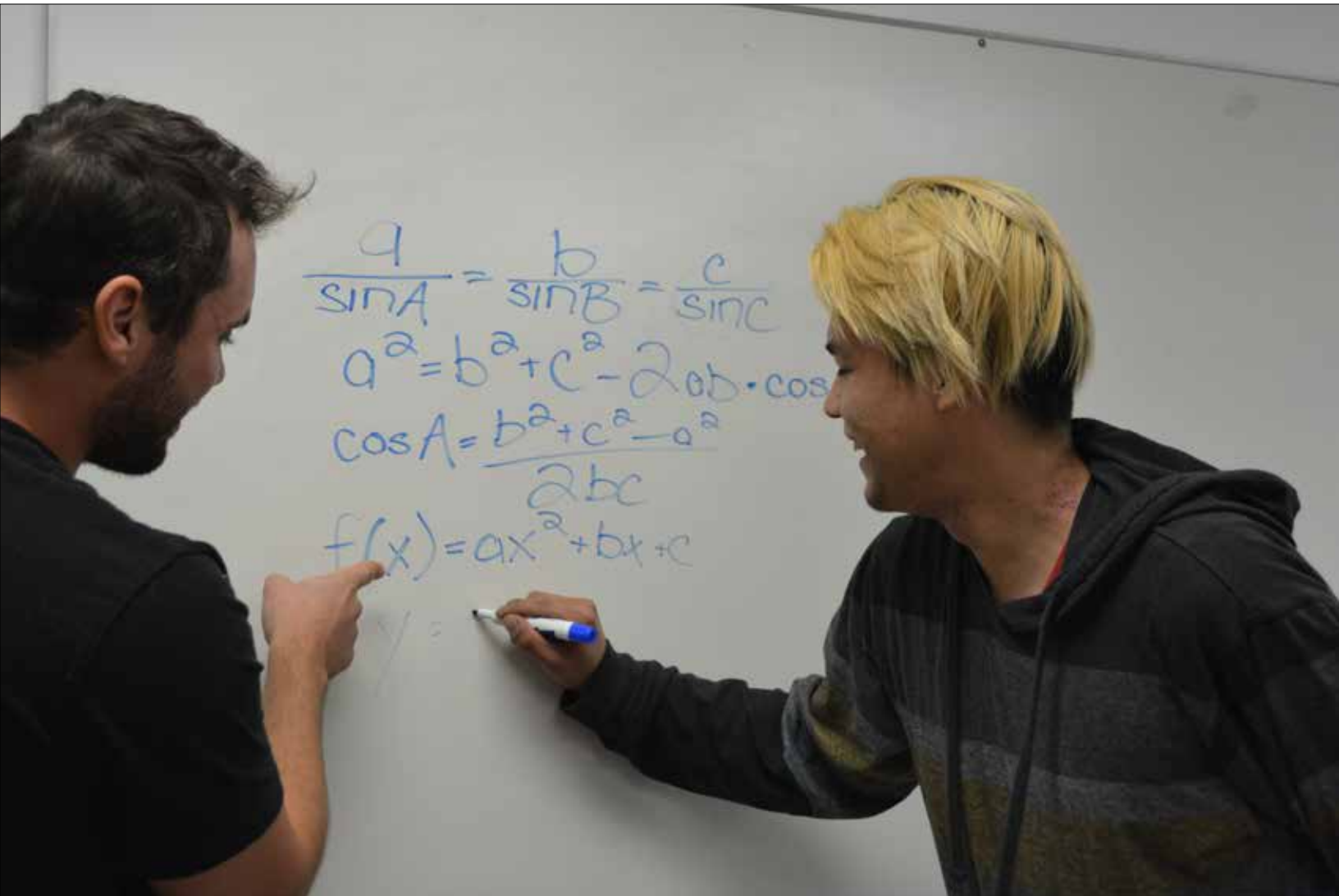
Mine Training

Mine training programs have been relocated to Fort Smith, where the new Centre for Mine and Industry Training is being constructed. The new Introduction to the Mining Industry program was delivered in Hay River, Yellowknife, and Kugluktuk, NU in 2016-17. In total, 22 out of 24 students completed. Ten students were enrolled in the second offering of the Surface Miner program, which started in May 2016.



Thebacha Campus offers six apprenticeship programs, including Carpenter, Electrician (Construction), Heavy Equipment Technician, Housing Maintainer, Oil Heat System Technician, and Plumber/Gasfitter B.

Community & Extensions Division



School of Developmental Studies
Community Programming
Continuing Education
Special Projects

School of Developmental Studies

Aurora Campus

In 2016-17, Aurora Campus Developmental Studies (DS) offered a full slate of programs which included ALBE and the new Occupations and College Access Program (OCAP) and University and College Access Program (UCAP). Most Access Students were successful in both their course material and the diploma examinations in English, Biology, and Math. One UCAP student attained 96 percent on her English 30-2 diploma exam.

Social and cultural activities were offered to DS students, in addition to quality academic courses. Held every six to eight weeks, activities were organized by the students' Social Events Committee. The events provide students opportunities to connect with their peers outside of the classroom, to develop/strengthen students' leadership and event planning skills, and provide students with an holistic and positive educational experience. Approximately 90 percent of the students attended the events and participated in the activities. For example, students learned both traditional and contemporary sewing skills at a puppet making workshop offered in the fall. It was encouraging to see male students defying stereotypes and participating in the workshop. Since the students enjoyed sewing and found it therapeutic, a sewing club was formed, where students learned traditional embroidery, beading, and sewing skills. In cooperation with the IRC, students took part in a Forgiveness Workshop. 2016-17 was the first year that Aurora Campus DS offered after school extracurricular activities and social events. The successes have led to plans to continue and expand in 2017-18.

Thebacha Campus

Thebacha Campus offered ALBE courses, OCAP, and UCAP. A total of 71 students received letters of participation. In total, students were



Students in Developmental Studies can take a variety of courses, including science, biology, chemistry, and physics, depending on their program.

registered for 67 Grade 12 diploma exams in June 2017, including English 30-1/30-2, Math 30-2, Social Studies 30-2, Biology 30, and Chemistry 30. Two instructors are expected to complete their Masters degrees in the near future, in Biology and Adult Education. DS students and instructors participated in two on-the-land learning days in the fall and spring. They were joined by local Elders and Traditional Knowledge Holders who shared various teachings.

Yellowknife

North Slave Campus

Yellowknife North Slave Campus offered courses in ALBE, OCAP, and UCAP. As part of the Access pilot project, new specialty courses were developed and piloted in 2016-17. Two students received their *NWT Secondary School Diplomas* (one UCAP and one ALBE student) through the Adult Recognition Model. Students and staff members participated in a

day of on-the-land learning in October with local Elders, organized by B Dene Adventures. Elders and Traditional Knowledge Holders shared activities such as bush skills, building a lean-to, and making dry-fish. Team building exercises included working together to move a teepee. During a Northern Games Day in April, students and staff members tried out Dene and Inuit games, including stick pull, head pull, seal kick, and high kick. As well, several students and staff participated in the Ice Road Trek, which for some students was their first time on an ice road.

Each year, Aurora College delivers academic upgrading, access, and community programs at three campuses and 22 Community Learning Centres (CLCs) throughout the NWT. Aurora College works with local educators and itinerant instructors to provide adult upgrading or other skills-based programs.

Community Programming



Literacy and Essential Skills courses were piloted and delivered in a number of communities. Fort Providence was one of the pilot sites for Introduction to Retail and Hospitality Service in 2016-17.

Akaiicho and South Slave Regions

Most CLCs in the region offered a combination of traditional upgrading courses (ALBE), literacy and essential skills courses (LES), online high school courses, and a range of continuing education courses in 2016-17. Program and course delivery was expanded through partnerships with regional Aboriginal Skills and Employment Training Strategy (ASETS) organizations, ECE, and through federal funding opportunities.

Several LES and training courses were offered throughout the region, including Ready to Work NWT in both Fort Resolution and Fort Smith, Construction Labourer Basics in the Kát'odeeche First Nation, Introduction to Northern Leadership in Ndilo, and both Introduction to Early Learning & Childcare, and Targeted Initiative for Older Workers in Hay River. Collectively, these courses enabled the College to offer a broad range of programming in the communities, boosting enrolment and reaching more students. Coordination with Thebacha Campus

Continuing Education facilitated regional deliveries of safety courses, small business support courses (in partnership with Industry, Tourism and Investment), and other employment-based short courses.

CLCs in the region continue to work towards balancing the need for academic upgrading classes with more LES and employment-based programs in order to reach as broad a base of northerners as possible. To this end, CLCs in Hay River and Kát'odeeche worked with the hamlet government of Enterprise as well as the Kát'odeeche First Nation to offer workplace education at their sites.

Beaufort Delta Region

The 2016-17 academic year saw a number of collaborative efforts to offer additional programming in the Beaufort Delta Region. Some of these offerings took four or five stakeholders working together to put them in place, usually involving the Gwich'in Tribal Council (GTC) and/or the Inuvialuit Regional Corporation (IRC) and several

government departments.

After being piloted in 2015-16, Country Foods Processing was again offered through the IRC. Four course offerings attracted 29 students from every community in the region. Using a state-of-the-art portable food processing facility, participants learned how to commercially preserve and add value to fish, meat, and berries. This initiative is expected to expand so that greater advantage of local food resources can be achieved, including the potential to spin off commercial activities.

Working with the Education & Training Division, Class 1 Driver Training was offered in Inuvik, supported by IRC and GTC, as well as the GNWT departments of Transportation (DOT), ECE, and Investment, Tourism and Innovation (ITI). Fifteen of 16 students completed, with good prospects of employment with regional road construction and maintenance.

Inuvik was one of three communities to pilot the Targeted Initiative for Older Workers program. This training,

aimed at preparing older workers to re-enter the workforce, attracted 11 participants, eight of whom completed. Campus staff worked with GTC to offer the Environmental Monitor program and Wilderness First Aid in both Tsiigehtchic and Fort McPherson. The courses were well received: Environmental Monitor saw 12 of 15 people complete in Fort McPherson, and eight of ten finish in Tsiigehtchic, while Wilderness First Aid had 11 of 13 successful in Fort McPherson and ten of ten in Tsiigehtchic.

Community & Extensions supported a GTC Communities at Risk initiative - a program aimed at working with at-risk youth - involving life skills, work preparation, and an on-the-land component. Aurora College participated by delivering Ready to Work NWT in Aklavik, Inuvik and Fort McPherson. After a year without an adult educator, the Tuktoyaktuk CLC reopened.

Dehcho Region

Aside from the regular ALBE programs delivered in the region's three CLCs, an influx of new Federal funding - Communities at Risk Fund - brought several partners together to collaborate in delivering a series of six-week LES courses within the region. Dehcho First Nations, ASETS, ECE, Smarter Communities Society, and Computers for Schools all contributed to successful deliveries of the LES courses, which included: Introduction to Office Skills in Wrigley; Introduction to Computers in Sambaa K'e (Trout Lake); Information and Communications Technology in Nahanni Butte; Foundations for Success in Jean Marie River; Introduction to Retail & Hospitality in Fort Providence; and Early Learning and Child Care in Fort Simpson. Each participant received a laptop computer on completion of their course. The LES courses were augmented by safety courses such as Standard First Aid, WHMIS, H2S Alive, Wilderness First Aid, and Firearms Safety. A new LES course, Introduction to Northern Leadership, was piloted



CLCs hold completion ceremonies at the end of courses and the academic year to celebrate the many successes of their learners. Norman Wells CLC enjoyed a picnic lunch next to the Mackenzie River as they recognized their students.

in Fort Providence and Fort Simpson. The course introduces learners to leadership styles, functions and roles. It was popular with both learners and community leadership and received support of all four levels of government in Fort Providence.

Sahtú Region

The Sahtú Region continued to build upon the strength of its team approach to teaching 130 and higher level courses in 2016-17. Math 130, English 130 and English 140 were taught via teleconference (distance delivery), and resulted in strong completion rates. There was a strong focus on incorporating more Indigenous content into the math and English curriculum as well as increasing the digital literacy of learners by having learners engage more with Schoology, the learning management system the Sahtú Region has been using to support their distance delivery. Writing pieces from several Sahtú ALBE English students were selected for inclusion in the publication of *Dene Heroes of the Sahtú: Volume 1, 2017*. Dèl̄ne was

selected to pilot the new Introduction to Northern Leadership course. Three strong community members completed the course and immediately began applying their increased skills and knowledge to their positions within the Dèl̄ne Gotine Government. Communities focused on delivering their academic courses in the fall term and then LES courses such as Ready to Work NWT in the winter term when attendance rates traditionally drop due to winter road openings. Three Sahtú students were recipients of ATCO Scholarships; this is the second year in a row that Sahtú students have been recognized for their hard work and perseverance.

Safety Training was delivered in all Sahtú communities, funded by the Health and Social Services Authority – Sahtú Region, in support of the anticipated fall 2017 opening of the new health centre and long-term care facility in Norman Wells. Aurora College was well represented at Community Healthy Living Fairs in all five Sahtú communities. The Sahtú region continues to look for innovative

ways to engage learners and meet community needs utilizing a *Skills 4 Success* approach.

Tłıchq and Yellowknife Regions

A twelve-week federally-funded pilot program – Targeted Initiative for Older Workers – was delivered at the Trades & Technology Centre in Yellowknife. This program proved popular with participants and largely met the objectives of supporting unemployed participants aged 55-64 to upgrade their skills, re-enter the workforce and/or change career direction. Of the nine participants who completed the program, at least six found employment in their chosen fields. Two participants who did not complete left the program for employment.

In addition to regular ALBE programming, such as Math and English, Tłıchq and Yellowknife Regions offered new programs and courses in the communities during 2016-17. Whatı CLC piloted the LES course Introduction to Northern Leadership, which was timed to coincide with the community's Chief and Council elections. In addition, the LES course Introduction to Construction Labourer Basics was delivered in Gamèti, Wekweèti, and Behchokò. The tourism-focused Introduction to Retail and Hospitality was delivered in all four Tłıchq communities, in response to development of regional and community tourism strategies. Ready to Work NWT modules were incorporated into the LES courses. Participation and completion rates for these courses remain high. Financial Literacy modules were offered in response to expressed Tłıchq Ndek'áowo priorities. Class 7 Driver education was offered in Wekweèti, Whatı, and Behchokò.

Yellowknife Literacy Outreach Centre (LOC) experienced increased demand for programs delivered in partnership with NWT Literacy Council, Computers for Schools, Aven Manor, Baker Centre, YWCA, Yellowknife Association for Community Living, and Healthy

Family Centre. Demand was especially strong for computer skills courses and tutoring services. Other programs included Family Literacy and Seniors' Book Club. Participants are from diverse demographics and ethnicities. The LOC's programs were supported by a \$10,000 donation from Dominion Diamond Corporation. In September 2017, the LOC will celebrate its 20th anniversary.

It was a busy year for both Integration Service and Language Instruction for Newcomers to Canada (LINC) programs, which provide settlement and language training services for newcomers to Canada and are funded by Immigration, Refugees and Citizenship Canada (IRCC). The Integration service offers settlement support, including direct services to newcomers such as orientation, translation, referrals, employment services, and general community information. Support is also provided (e.g. Health Care and SIN applications, housing, Canada Child Tax Benefits, school enrolment, banking and

finance.) The Integration Advisor coordinates community engagement/ social events - such as potlucks - for clients, and weekly informal conversational English language sessions facilitated by volunteers. The LINC program offers Canadian Language Benchmarks Placement Testing (CLBPT) language assessment and Portfolio Based Learning Assessment (PBLA), developed by IRCC for these programs, and instruction in language Levels 1-5.

In March 2017, Aurora College signed a new multi-year Contribution Agreement with IRCC, which will allow continued provision of Integration Service and LINC until March 2020. To maximize services and to avoid duplications, Aurora College has worked collaboratively with local organizations that provide Francophone services for newcomers. At the request of IRCC, a feasibility study has been commissioned into an integrated service centre for all Yellowknife settlement service providers, located in one space.



Whatı CLC was one of the communities that piloted the LES course Introduction to Northern Leadership, which was timed to coincide with the community's Chief and Council elections. The course received support from several local governments and was well received.

Continuing Education

Aurora Campus

The Continuing Education office offered 32 courses and workshops in Inuvik and Beaufort Delta communities. There were 297 course completions out of 329 enrolments. Most requested are short employment-related courses such as Standard First Aid, Wilderness First Aid, Possession and Acquisition License (PAL) training, business/office skills (especially bookkeeping at the community level), and personal development courses such as food preparation.

Thebacha Campus

Continuing Education at Thebacha Campus continues to expand. More than 500 people completed Continuing Education classes at Thebacha Campus between September 2016 and June 2017. Programming included safety certification courses such as Standard First Aid and GNWT Food Safety, as well as professional development courses such as Verbal Judo and the Vancouver Community College (VCC) Leadership Certificate series. Aurora College partnered with the Department of Industry, Tourism, and Investment to deliver a series of courses aimed at entrepreneurs and small businesses in Fort Smith, Fort Resolution, Hay River, and Fort Providence: courses included Reading and Understanding Financial Statements, QuickBooks Level 1, and Small Business Basics. Additionally, Aurora College partnered with the NWT Métis Nation to offer a series of safety courses in Fort Resolution, Hay River, and Fort Smith; the partnership also provided the delivery of Canadian Firearms Safety courses in each of the three communities, as well as the five-day Introduction to Environmental Monitoring course in Hay River, Fort Smith, and Fort Resolution.

Yellowknife

North Slave Campus

In the 2016-17 academic year, there were 810 continuing education students participating in workshops at Yellowknife North Slave Campus. There were two



The three Continuing Education offices deliver a variety of programs and courses, ranging from short general interest workshops to diplomas programs through partner institutions.

offerings of the Leadership Certificate Program through Vancouver Community College (VCC) with a total enrolment of 362. Seventeen participants completed all 13 modules and received a Continuing Education Certificate from VCC. Two offerings of the Project Management Program (PMP) had a total enrolment of 179. Students who complete all nine PMP workshops earn a record of participation that can be used to meet the educational requirements for the designation exam. Professional development courses, such as Verbal Judo, Supervisory Skills, Effective Workplace Communication, Public Speaking, Training Others, Minute Taking, and Tłı̄ch̄ Agreement

attracted another 160 participants. The continuing education office coordinates the Northern Leadership Development Program and the Certificate in Adult Education with the Education & Training Division. In 2016-17, the Northern Leadership Program had 10 participants, one of whom completed the nine modules. The students were from the Yellowknives Dene First Nation, Dominion Diamond (Ekati) Corporation, and Diavik Diamond Mine. Adult education courses, including Math 30-1, English 30-1 and Medical Terminology, were offered during the evenings in the fall and winter semester.

Special Projects

Curriculum

Development Transfer

As a significant partner in meeting the educational needs of Northern society and its residents, Aurora College has traditionally worked with the Department of Education, Culture, and Employment (ECE) to develop Adult Literacy and Basic Education (ALBE) curriculum and in-servicing opportunities for program facilitators. In 2016-17, Aurora College received funding and support from ECE to assume that responsibility and to create a sustainable process for academic systems within the Community and Extensions Division at the College.

After an environmental scan of current best practices and research associated with skills development, Skills 4 Success, current NWT education statistics, and the changing needs of global, Canadian, and NWT labour force demands, a full program review was launched. The review included a discussion of existing courses, pathways, and future directions.

Regional in-services brought staff, instructors, community adult educators, and Non-Governmental Organization partner representatives together to create the response. A new vision and strategic direction for the program, a new curriculum development process, and a philosophy and process for continuous quality improvement for the School of Developmental Studies were produced.

The new program map identifies three access routes for education. These access routes are not linear in design, rather they are options for learners to choose depending on their personal learning plan. Learners may choose to engage in one course or they may choose to complete a whole learning pathway. A fitting

analogy is that of a long river canoe trip: participants map out their final destination, but can stop and camp along the way, take short detours, spend longer in one spot to explore, or just take a break. The canoe trip, like the proposed program map, is different for every adventurer and will braid innovative learning, emerging skill expectations, and a rich cultural history together. The emphasis in the newly developed program plan is on skill development from the essential skills level to pre-post-secondary entrance. In addition, processes have been identified to address Indigenizing the curriculum, standardizing document management, creating new committee structures, developing a continuous quality improvement model of curriculum management, and supporting the identification of benchmarks and key indicators of success.

Targeted Initiative for Older Workers

Early in 2017, Aurora College piloted the Targeted Initiative for Older Workers (TIOW) program in three locations: Hay River, Inuvik and Yellowknife. The program is geared to adults 55-64 years of age who want to upgrade their skills in order to return to the workforce or to find new employment opportunities. Community & Extensions staff drafted the program and course outlines, and built the content to suit the target demographic. The program was built from Ready to Work NWT and includes a computer course, a short work placement, and basic safety training. Participants developed employability skills, explored career options in the NWT, and learned about Canadian and GNWT labour practices and supports. They also received a tablet for use in the computer course and to become familiar with touch screen technologies. Other ways to engage in the labour market, such as volunteering, were examined. The 28 participants provided positive

feedback, noting they had increased their skills and had enjoyed the course structure and activities. The TIOW program and its content are being evaluated to find areas that can be improved or enhanced. Aurora College is interested in continuing to deliver the program if funding is available in the future.

Northern Adult

Basic Education (NABE)

The Tri-Territorial NABE Program is funded by the Canadian Northern Economic Development Agency (CanNor). NABE is designed to improve access to basic skills upgrades, including improved literacy and numeracy, so that working-age adults are better positioned to participate in the labour market. This program was created to address the unique challenges faced by Northerners. NABE programming prepares working age adults to either enter the workforce directly or to take vocational training before entering the workforce. The three territorial colleges, including Aurora College, have received NABE funding since 2012. At Aurora College, The Drumbeat of Success Project has been established to communicate and highlight the successes achieved with partners and stakeholders from 2012 to 2016.

The Drumbeat project includes:

- *Drumbeat of Success* Report;
- collaborative selection of 11 Community Student Role Models;
- multiple video productions on student success stories;
- formal Portraits of the Community Student Role Models; and
- posters of the Community Student Role Models with their success stories.

In the March 2017 budget, the federal government announced an extension to the NABE program to March 31, 2020 for the three northern colleges.







Aurora Research Institute

Aurora Research Institute

As the research division of Aurora College, the Aurora Research Institute (ARI) facilitates and conducts research in the NWT and acts as a hub of northern knowledge. ARI advances the territory's research capacity through discovery, outreach and education at its three regional centres – the Western Arctic Research Centre in Inuvik, the South Slave Research Centre in Fort Smith, and the North Slave Research Centre in Yellowknife. Territory-wide research administration is provided by ARI headquarters, which is located in the Western Arctic Research Centre (WARC).

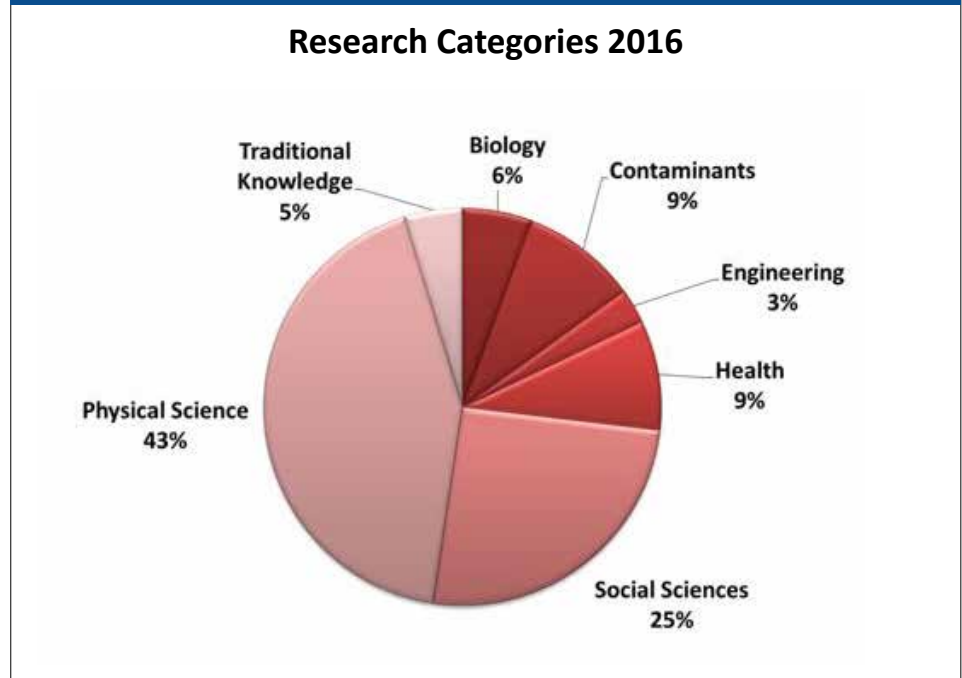
Strategic Planning

ARI released its strategic plan in 2016-17 and ARI staff members are working towards implementing the plan. The plan was developed in consultation with ARI's stakeholders and the Aurora College Research Advisory Council, and is available on the ARI website. <http://nwtresearch.com/about-us/strategic-plan>

Support for College Research and Tri-Council Eligibility

In 2014, Aurora College became eligible to hold funds from two granting councils that are major sources of research funding in Canada: the Social Science and Humanities Research Council (SSHRC) and the Natural Science and Engineering Research Council (NSERC). This 'institutional eligibility' is a significant accomplishment for Aurora College, as it allows faculty and staff to access these funds and increases the College's ability to retain northern-based research capacity. It also represents a significant national

Research category percentages for 2016 Research Licenses



recognition of the developing research capacity in the college and NWT. Over this academic year, ARI has been successful in receiving six grants from the tri-councils. Some examples of this research are:

Climate Change Risk Assessment for NT Hydro Corporation

Climate change poses serious challenges to northern infrastructure including the Northwest Territories Power Corporation's (NTPC) hydroelectric generation systems. Small reservoirs, lack connection to the North American grid, and reliance on remote systems makes NTPC's hydro system susceptible to a wide range of risk factors, many of which are exacerbated by climate change. This project will explore the potential to better understand, predict, and mitigate climate change risk for the hydro system. It will examine historical environmental and power generation data to look for correlations that can predict future events and help manage operations during increasingly severe climate events including drought and low water levels, changing temperatures, the fluctuating ENSO system, thawing permafrost, and atmospheric changes.

Development and Testing of Climate Change Monitoring Equipment in the Arctic

This project involves the testing and development of equipment for monitoring climate change, specifically Carbon Dioxide gas, temperature and Carbon dioxide flux. Measurements were made in Arctic conditions in the summer and during a winter season in Inuvik. The equipment was studied for usability by non-expert users, tested in several locations in and around Inuvik and finally situated in one location for over-winter testing.



Stories of Hope: Decolonizing learning

Canada's education system is failing its Indigenous students. Approaching education and learning through a decolonized lens may be a solution. Decolonizing school systems involves rethinking the way schooling is delivered, including curriculum, methodologies, and relationships with communities. In 2016, the School of Education and Aurora Research Institute secured a two-year SSHRC-funded partnership development grant to work with researchers across the country to explore different approaches to decolonizing learning. The partnership brings together researchers from University of New Brunswick, University of Alberta, University of Saskatchewan, University of Toronto, and Government of the Northwest Territories Department of Education, Culture and Employment (ECE) to tell the stories of efforts being made (and challenges faced) to decolonize education in their communities. Aurora College/ Aurora Research Institute are leading two case studies to highlight work taking place in the NWT. One focuses on decolonization within the K-12 and post-secondary institutions and the other looks at the process used by ECE to develop the recently-implemented Residential Schools curriculum. An on-the-land camp is planned for the late summer, to bring researcher, graduate student, and community voices together to develop a vision and tackle some tough questions related to moving forward with decolonial education.

Partnership with Terragon Environmental Technologies Inc to study feasibility of solid waste system, MAGS in Yellowknife

Waste disposal in remote areas of Canada is challenging and limited by transportation, cost, and other logistical issues. In a large Canadian metropolitan area, it is relatively simple to sort solid waste into several streams to maximize recycling and minimize the use to expensive landfill for all but a limited stream of material that cannot be recycled or composted. In remote Northern communities, recycling waste is often impractical due to the costs and limited transportation options, with winter roads for a few months a year and air travel being the extent of transportation options in many parts of the North. Having the ability to dispose of all combustible waste with a single appliance such as the MAGSTM (Micro Auto Gasification System) has a number of advantages and benefits over current processes and practices both in larger communities and in remote locations. This project is investigating the feasibility of the MAGSTM auto gasification system for the disposal of all combustible waste in northern communities and organizations in the North Slave Region. Terragon Environmental Technologies Inc. (Montreal, QC) develops and manufactures a range of solid and liquid waste disposal systems including the MAGSTM. The MAGSTM system could represent a component of the waste disposal process and heat production systems of remote communities, industrial installations and other commercial and government buildings and infrastructure in the Northwest Territories.



Elders, researchers, and academics gathered in Wood Buffalo Park near Fort Smith to discuss the progress of their projects under the Stories of Hope research project, and to seek guidance from the Elders who were present.

Partnership with MGM Energy Seeds for Reclamation Study

In partnership with MGM Energy, ARI was awarded an Engage Grant through the NSERC College and Community Innovation Program. The purpose of this research is to evaluate the viability, purity, and suitability of seed species for the reclamation of MGM Seed's industrial sites.

Country Food Strategy

In partnership with the Government of the Northwest Territories Department of Environment and Natural Resources, ARI is conducting a territorial-wide study on the state and sustainability of country food to support the development of a country food strategy for the NWT. In 2017, ARI received a SSHRC Connections Grant to support this project.

Licensing

ARI issued 212 NWT research licences in the 2016 calendar year (Fig. 1), which is one of the highest years on record. The physical sciences accounted for 40% of the issued licences (Fig. 2), followed by the social sciences (28%), and health (11%). All remaining fields (contaminants, biology, traditional knowledge, and engineering) collectively accounted for the remaining 22% of licensed NWT research projects.

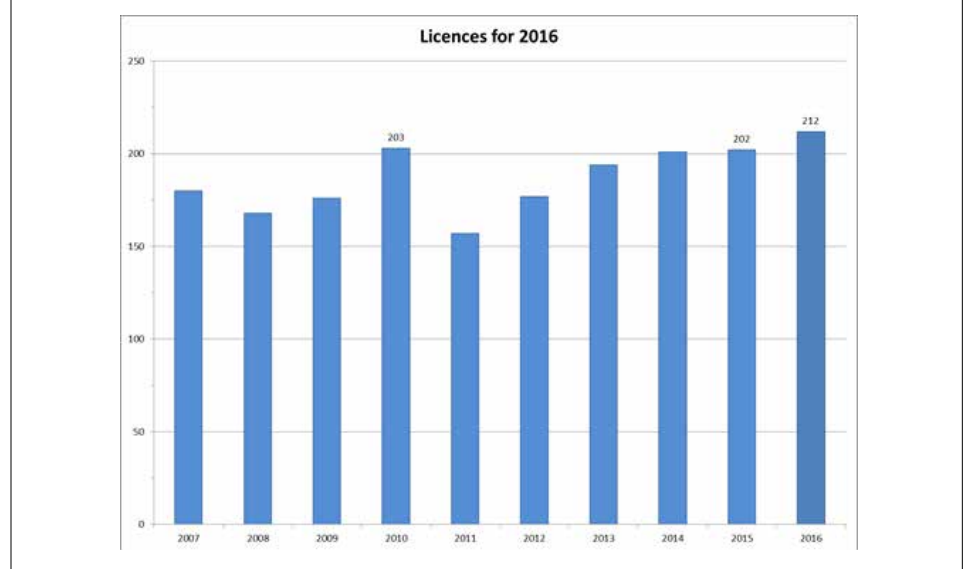
Conducting Research

Many ARI staff members are actively involved in research projects across the NWT.

The *Rural and Northern Community Response to Intimate Partner Violence (IPV)* study was funded by SSHRC for 2011-2017.

The rate of intimate partner violence in the territories is the highest in Canada. This study used a mixed method with frontline service providers (n=56) to address three research questions: What are the needs of women who

Total license numbers for the past ten years (2008-2017)



experience intimate partner violence in the NWT?; What are the gaps in meeting the needs of women who experience violence in the NWT?; and How can we create and sustain nonviolent communities in the NWT? The findings were: Geographical information systems maps (n=5) that depict the number of incidents of IPV, services for victims of IPV, comparison of incidents and services, domestic homicides and emergency protective orders; a grounded theory entitled *Our Hands are Tied* was explicated that details the community response to IPV; an action plan with strategies to address IPV in the NWT was created; a *Report for Stakeholders and Communities* was developed; Knowledge Translation occurred in eight communities (Inuvik, Tuktoyaktuk, Norman Wells, Fort Good Hope, Ndiloq, Yellowknife, Hay River, Fort Smith); a workshop was held with post-secondary students in Yellowknife and a video was created. Dissemination will continue with further publications.

In 2016-2017, staff engaged in a broad range of research programs including the use of UAVs for research and monitoring, diabetes prevention

strategies, food sustainability, and climate change. WARC has partnered on the Arctic Great Rivers Observatory (Arctic GRO) program which is a coordinated, international effort to collect and analyze a time-series of water samples from the six largest rivers entering the Arctic Ocean. On-going monitoring programs that ARI is involved in include air quality, alternative energy potential (wind and solar), permafrost, and space science (monitoring of neutron fluxes and the aurora borealis). ARI staff have actively pursued funds and research grants from many territorial and federal sources in order to conduct new research projects.

WARC Research Logistics

ARI facilities supported researchers across the NWT. During the 2016-2017 fiscal year, WARC has provided support to approximately 250 researchers and provided 2,228 days of accommodation, 670 days of short-term facility use, and 720 days of long-term facility use.

WARC has become a partner of the International Network for Terrestrial

Research and Monitoring in the Arctic (INTERACT). INTERACT is a circumpolar network of field site leaders, with the goal of working cooperatively to improve environmental research and monitoring efforts at Arctic field stations. During the years 2016 to 2019, INTERACT will be providing Transnational Access to researchers from the European Union to support work at all INTERACT stations.

WARC Infrastructure

In collaboration with the Gwich'in Tribal Council's Department of Cultural Heritage and the Inuvialuit Cultural Resource Centre, WARC received funding from the Canadian Northern Economic Development Agency (CANNOR) to develop and install informational placards in our garden. Highlighting plants with ethnobotanical significance, placards include plant names in Latin, English, Gwich'in, Inuvialuit, and French, and the plants' traditional uses.

The federal and territorial governments allocated \$200,000 in funding to install a 25-kilowatt rooftop photovoltaic system on WARC. The array will provide up to 25 percent of the building's annual electrical needs. It was provided by the Post-Secondary Institutions Strategic Investment Fund.

Science Outreach

WARC continues to deliver education and training to the people of the Beaufort Delta Region. Through a number of different initiatives, WARC staff have reached more than 900 people during the 2016-2017 fiscal year. In July 2016, ARI partnered with *Let's Talk Science* and the Beaufort Delta Divisional Education Council to improve youth engagement in science, technology, engineering, and math (STEM) careers, and to improve educator confidence in providing STEM-based learning experiences. During the 2016-2017 school year, WARC reached 243 unique students and 31 unique teachers. In May 2017, WARC



ARI has hosted Science Rendezvous in Inuvik since 2015 as part of their community outreach. More than 300 people attend the event each year.

organized and facilitated Science Rendezvous in Inuvik. Science Rendezvous is an annual, nation-wide festival that takes science out of the lab and into the community. Twenty-one organizations contributed to Science Rendezvous and 300 people attended.

The Inuvik Robotics & Engineering Club finished its fifth year of operation. The club met more than 30 times with 3D printing, Lego robotics, Python programming, and CNC milling as the focus for the year. The club received Skills Canada funding to add an underwater Remotely Operated Vehicle (ROV) platform for exploring the use of robotics in industry and research and a virtual reality setup to allow for participants to learn to develop

virtual reality environments using 360 photography, photogrammetry, and programming skills.

South Slave Research Centre participated in a number of outreach activities this year in the Fort Smith region including: Water Day at Joseph Burr Tyrrell elementary school, BioBlitz in Wood Buffalo National Park, and assisting with environmental education training through the GNWT Department of Environment and Natural Resources.

College Instruction

ARI staff continue to support instruction at Aurora College. ARI staff teach in the nursing, education, and ENRTP programs, and provide support for the college's on-the-land educational programming.

Student Support Services



Student Support Services

The Student Services Division prides itself on the types and quality of supports provided to students. Some of the many services provided are outlined below:

Admissions and Registration

The admissions/registration office at each campus is responsible for student admissions, registrations and course changes and maintaining student records. This office also issues marks, transcripts, certificates, diplomas, and all other documents of recognition.

Accommodation

Aurora College has single and family housing at all three campuses. The number and types of units are outlined in the table to the right.

Student Success Centres

As part of an overall student success initiative, each of the Aurora College campuses has a Student Success Centre. These centres are equipped to assist students in achieving personal and academic success at the College. The Student Success Centres provide academic assistance to students in the form of tutoring, workshops and career counselling.

Counselling

Aurora College has trained counsellors at all three campuses to assist students with personal and other matters. In addition to one-on-one services, the counsellor offers workshops and presentations, assistance in finding on-line and community resources, and self-help materials.

Computer Labs

Aurora College students have access to modern, well-equipped computer labs at all three campuses. Most of the 22 Community Learning Centres also have computer labs and/or workstations. In addition, Aurora College students at each campus are assigned a "myauroracollege" email account. This email service enables students and instructors to connect, and also provides an email address to students for their personal use.

Library Services

Aurora College maintains libraries at each of the three campuses and at the Aurora Research Institute. Libraries support students and staff with a full range of library services. Library collections across the three campuses include more than 25,000 books, periodicals, subscriptions, videos, Canadian and government documents, pamphlets, and CD-ROM and web-based resources. Internet access and interlibrary loan services are available at all campus locations.

Campus Location	Type of Units	Total Number of Units
Aurora Campus	Single	30 Units
	Family	24 Units
Thebacha Campus	Single	62 Units
	Family	66 Units
Yellowknife North Slave Campus	Single	16 Units
	Family	48 Units





2016 - 2017 Enrolment

Enrolments for the 2016-17 Academic Year are shown on the opposite page. Previous year enrolments are shown for comparative purposes.

Student enrolments are converted to Full Time Equivalents (FTEs). Full-time equivalents are a way of standardizing student counts to compare enrolment from year to year, program to program, and institution to institution. Typically, 1 FTE represents 1 student enrolled in a full course load in a program for 1 academic year. Full-time and part-time students are converted to FTEs based on the proportion of a full program load they are studying. Full-time students must be enrolled in at least 60% of a full program load, in a program that lasts 12 weeks or more. Part-time students are students who do not meet that minimum threshold.

Up until 2014-15, part-time students were converted to FTEs by totaling all courses taken by part-time

students and dividing by 10. Apprenticeship programs were an exception; the ratio used was 4 courses per 1 FTE. However, recent changes in the number of courses offered in several programs has resulted in some inaccuracies in calculations. Research was conducted into how other institutions calculate FTEs, and modifications have been made.

The revised method of calculating FTEs is based on course hours rather than the number of courses. This eliminates over- or under-reporting due to differing lengths and number of courses. The ratio of enrolment to FTEs will be based on the full program load for a student's program. For example, 1 FTE may be given for a full program of 450 hours over two semesters. A student who enrolls in 360 hours of classes in that program will equal 0.8 FTE (360 divided by 450). Apprenticeship students will equal 0.5 FTE per 240 hours of courses.



Enrolment Information

Student Enrolment by Campus - Full Time Equivalency

Campus	2016-17	2015-16	2014-15	% Change 16-17	% Change 15-16	% Change 14-15
Aurora	183.9	199.6	235.9	-8%	-15%	5%
Thebacha	310.7	358.2	360.0	-13%	-1%	-10%
Yellowknife North Slave	285.2	308.6	300.9	-8%	3%	-8%
Total College	779.8	866.4	896.8	-10%	-3%	-5%

Full Time Equivalent Students by Program Division

School/Division	16-17	15-16	14-15	% Change 16-17	% Change 15-16	% Change 14-15
Continuing Education	54.8	105.2	114.1	-48%	-8%	50%
Developmental Studies	342.9	371.0	412.1	-8%	-10%	0%
Arts & Science	49.1	33.1	41.4	48%	-20%	-14%
Business & Leadership	61.7	47.3	57.7	30%	8%	-40%
Education	64.0	64.2	59.2	0%	8%	20%
Health & Human Services	148.2	152.2	140.5	-3%	8%	8%
Trades, Apprenticeship & Industrial Training	59.1	93.4	71.8	-37%	30%	-48%
Total	779.8	866.4	896.8	-10%	-3%	-5%

Student Enrolment by Campus (student count)

Campus	16-17 FTE	16-17 PTE	15-16 FTE	15-16 PTE	14-15 FTE	14-15 PTE	% Change 16-17 FT	% Change 16-17 PT	% Change 15-16 FT	% Change 15-16 PT	% Change 16-17 Total	% Change 15-16 Total
Aurora	105	483	99	683	124	912	6%	-29%	-20%	-25%	-25%	-25%
Thebacha	164	765	190	988	190	948	-14%	-23%	0%	4%	-21%	4%
Yellowknife	174	488	174	781	185	731	0%	-38%	-6%	7%	-31%	4%
Total College	443	1736	463	2452	499	2591	-4%	-29%	-7%	-5%	-25%	-6%

(Source: Registrar - Student Records System)



AURORA COLLEGE SPRING CONVOCATION 2017



School of Arts & Science

Environment & Natural Resources Technology Diploma - 3

School of Business & Leadership

Business Administration Certificate - 18

Business Administration Diploma - 12

Office Administration Certificate - 18

School of Education

Aboriginal Language & Culture Instructor Certificate - 3

Aboriginal Language & Culture Instructor Diploma - 6

Early Childhood Development Certificate - 13

Bachelor of Education - 2

School of Health & Human Services

Community Health Representative Certificate - 1

Personal Support Worker Certificate - 12

Social Work Diploma - 3

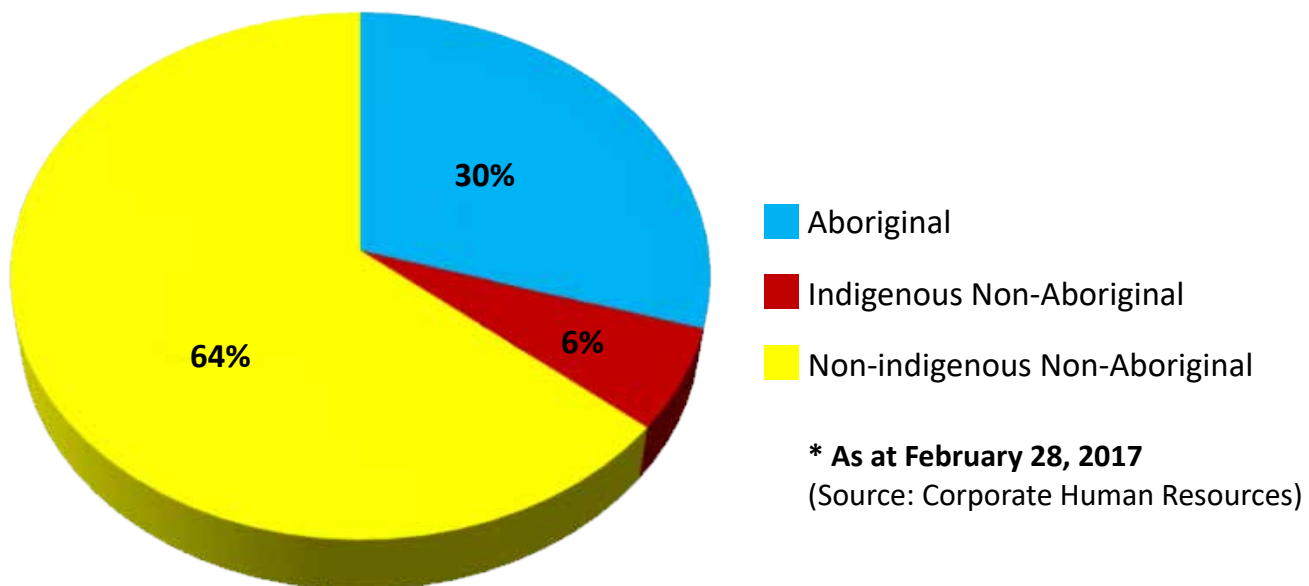
Bachelor of Science in Nursing - 11

Post Graduate Certificate in Remote Nursing - 9

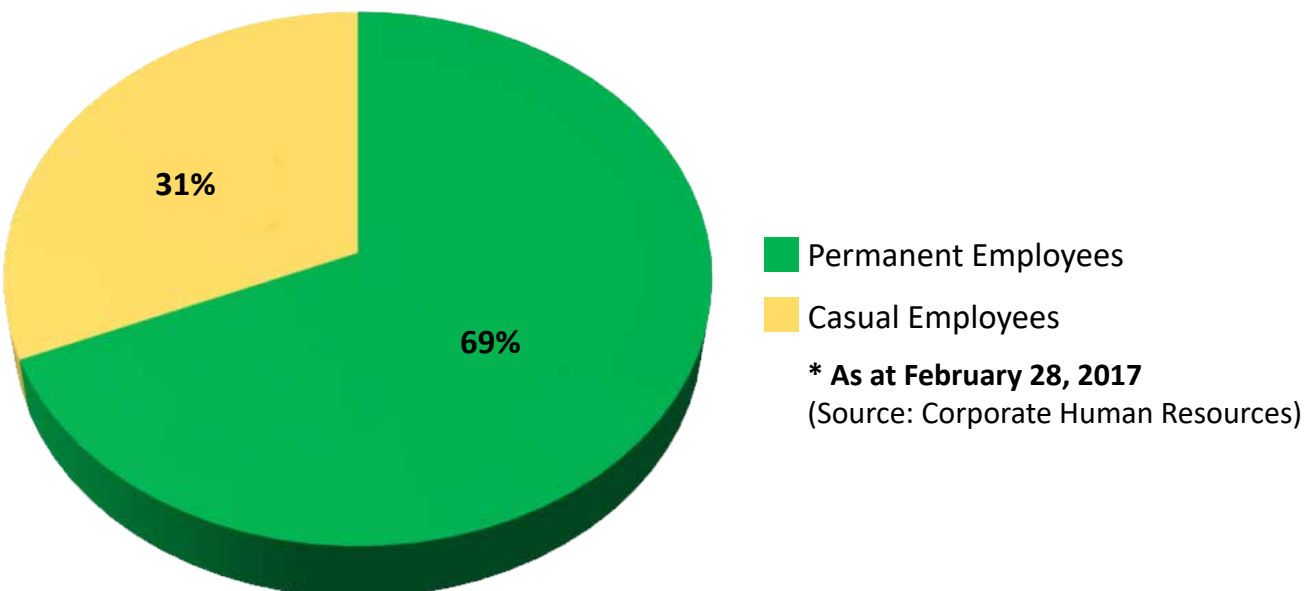


Supplementary Information

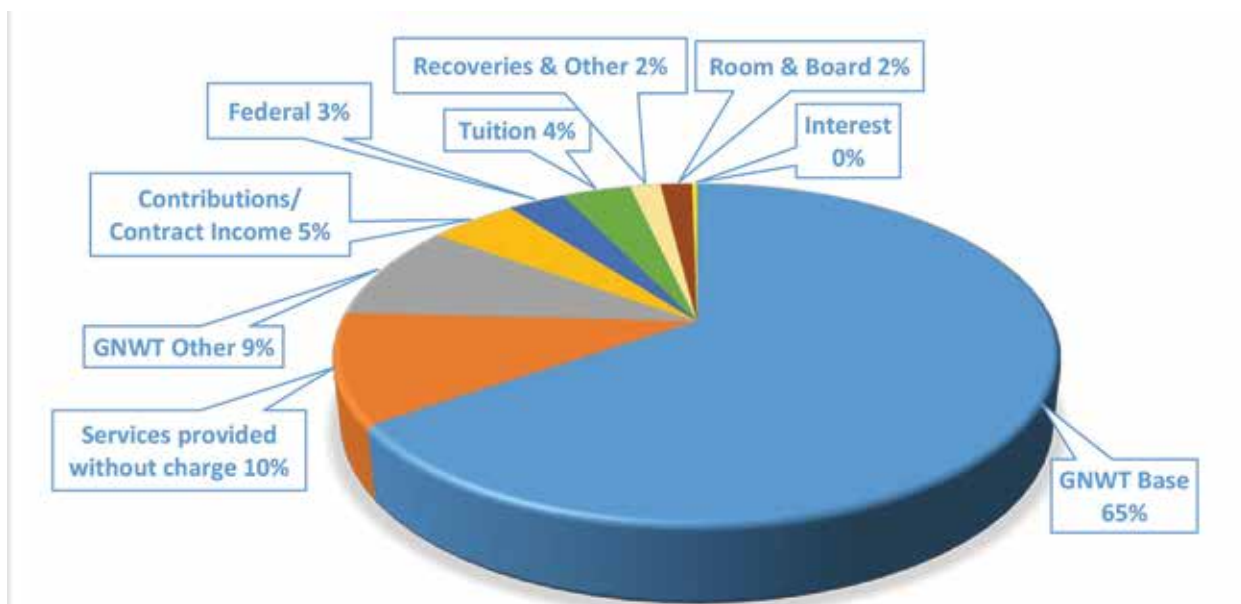
Employees by Priority Status



Employees by Employee Type



2016-17 Revenue by Source



2016-17 Write-offs

A total of \$7,220.87 was approved to be written off in 2016-17. See Appendix A (page 69) for details.

AURORA COLLEGE

Audited Financial Statements

June 30, 2017



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Education, Culture and Employment

Report on the Financial Statements

I have audited the accompanying financial statements of Aurora College, which comprise the statement of financial position as at 30 June 2017, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flow 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 Aurora College as at 30 June 2017, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Aurora College Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by Aurora College and the financial statements are in agreement therewith. In addition, the transactions of Aurora College 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, the *Aurora College Act* and regulations and the by-laws of Aurora College.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

22 November 2017
Edmonton, Canada

AURORA COLLEGE

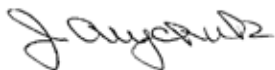
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Aurora College (the "College") and all information in this annual report are the responsibility of the College's management and have been reviewed and approved by the Public Administrator. The financial statements have been prepared in accordance with Canadian public sector accounting standards and include some amounts that are necessarily based on management's best estimates and judgment. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized and recorded, proper records are maintained, assets are safeguarded, and the College complies with applicable laws. These controls and practices ensure the orderly conduct of business, the timely preparation of reliable financial information and adherence to the College's statutory requirements and policies.

The Public Administrator is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Public Administrator meets regularly with management and the external auditors. The external auditors also have full and free access to the Public Administrator.

The College's external auditor, the Auditor General of Canada, audits the financial statements and issues his report thereon to the Minister of Education, Culture and Employment.



Jane Arychuk
President



Celestine Starling
Director of Finance/Chief Financial Officer

Fort Smith, Canada
November 22, 2017

AURORA COLLEGE
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017
(in thousands of dollars)

	<u>2017</u>	<u>2016</u>
Financial assets		
Cash	\$ 13,576	9,060
Accounts receivable (Note 3)	<u>1,390</u>	<u>1,673</u>
	<u>14,966</u>	<u>10,733</u>
 Liabilities		
Accounts payable and accrued liabilities	1,051	899
Payroll liabilities	1,538	1,262
Deferred revenue	485	339
Due to the Government of the Northwest Territories (Note 9)	2,216	730
Employee future benefits (Note 4)	1,932	2,170
Professional development fund (Note 5)	<u>1,977</u>	<u>2,031</u>
	<u>9,199</u>	<u>7,431</u>
 Net financial assets	 <u>5,767</u>	 <u>3,302</u>
 Non-financial assets		
Prepaid expenses	566	571
Tangible capital assets (Note 6)	<u>4,545</u>	<u>4,802</u>
	<u>5,111</u>	<u>5,373</u>
 Accumulated surplus (Note 7)	 <u>\$ 10,878</u>	 <u>\$ 8,675</u>

Contingent liabilities and commitments (Notes 11 and 12)

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

Approved by the Public Administrator:



Denny Rodgers
Public Administrator



Jane Arychuk
President

AURORA COLLEGE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for the year ended June 30, 2017
(in thousands of dollars)

	<u>Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Revenues			
Government contributions (Note 8)	\$ 31,893	\$ 32,681	\$ 33,404
Project income			
Government of the Northwest Territories	4,385	4,533	3,274
Other third party contributions	2,136	2,370	2,558
Government of Canada	1,720	1,537	1,663
Own source revenues			
Tuition fees	891	1,830	1,836
Recoveries and other	411	822	1,269
Room and board	711	845	798
Interest income	95	126	104
Services provided without charge (Note 10)	<u>6,000</u>	<u>5,214</u>	<u>5,730</u>
	<u>48,242</u>	<u>49,958</u>	<u>50,636</u>
Expenses			
Financial and accounting services	1,899	1,806	1,966
Pooled services	4,639	5,302	5,169
Student services	9,669	9,855	10,512
Education and training	20,618	17,259	18,970
Community and extensions	9,003	10,769	10,450
Aurora Research Institute	<u>2,788</u>	<u>2,764</u>	<u>2,691</u>
	<u>48,616</u>	<u>47,755</u>	<u>49,758</u>
Annual surplus (deficit)	(374)	2,203	878
Accumulated surplus at beginning of year	<u>8,675</u>	<u>8,675</u>	<u>7,797</u>
Accumulated surplus at end of year	<u>\$ 8,301</u>	<u>\$ 10,878</u>	<u>\$ 8,675</u>

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

AURORA COLLEGE
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
for the year ended June 30, 2017
(in thousands of dollars)

	<u>2017</u>		<u>2016</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Annual surplus / (deficit)	\$ (374)	\$ 2,203	\$ 878
Acquisition of tangible capital assets	-	(718)	(693)
Disposal of tangible capital assets	-	-	76
Amortization of tangible capital assets	<u>871</u>	<u>975</u>	<u>929</u>
	<u>871</u>	<u>257</u>	<u>312</u>
Decrease in prepaid expenses	<u>-</u>	<u>5</u>	<u>85</u>
Increase in net financial assets	497	2,464	1,275
Net financial assets at beginning of year	<u>3,303</u>	<u>3,303</u>	<u>2,028</u>
Net financial assets at end of year	<u>\$ 3,800</u>	<u>\$ 5,767</u>	<u>\$ 3,303</u>

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

AURORA COLLEGE
STATEMENT OF CASH FLOW
for the year ended June 30, 2017
(in thousands of dollars)

	<u>2017</u>	<u>2016</u>
Operating transactions		
Cash received from:		
Government of the Northwest Territories	\$ 37,203	\$ 36,837
Students and other third parties	6,165	6,944
Government of Canada	1,537	1,663
Interest	126	104
 Cash paid for:		
Cash paid for compensation and benefits	(27,598)	(31,027)
Cash paid to suppliers	<u>(12,466)</u>	<u>(13,692)</u>
 Cash provided by operating transactions	 <u>4,967</u>	 <u>829</u>
 Capital transactions		
Acquisition of tangible capital assets	(458)	(693)
Proceeds on disposal of tangible capital assets	<u>7</u>	<u>76</u>
 Cash used for capital transactions	 <u>(451)</u>	 <u>(617)</u>
 Increase in cash	 4,516	 212
 Cash at beginning of year	 <u>9,060</u>	 <u>8,848</u>
 Cash at end of year	 <u>\$ 13,576</u>	 <u>\$ 9,060</u>

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

Aurora College
Notes to the Financial Statements
June 30, 2017

1. AUTHORITY AND MANDATE

a) Authority and purpose

Aurora College (“College”) was established under the *Aurora College Act* and is named as a territorial corporation under the *Financial Administration Act* of the Northwest Territories. The College is exempt from income taxes.

The College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities throughout the NWT. Through the work of the Aurora Research Institute, the College is also responsible to conduct and facilitate research activities in the NWT.

b) Contributions from the Government of the Northwest Territories

The College receives monthly contributions from the Government of the Northwest Territories (“Government”) based on appropriations consistent with the Government’s Main Estimates and adjusted for supplementary appropriations. The contributions are to be utilized for the administration and delivery of the College’s adult and post-secondary education programs in the NWT. The College is allowed to retain all surpluses and is responsible for all deficits.

The College is economically dependent upon the contributions received from the Government for its ongoing operations.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards (“PSAS”). The following is a summary of the significant accounting policies.

a) Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires the College to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the College

Aurora College
Notes to the Financial Statements
June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Measurement uncertainty (continued)

believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the allowance for doubtful accounts, employee future benefits, amortization, and revenue accruals.

b) Cash

Cash is comprised of bank account balances, net of outstanding cheques.

c) Tangible capital assets

Tangible capital assets transferred to the College when it was established were recorded at their estimated fair market value. Subsequent acquisitions are recorded at cost. Tangible capital assets are amortized over their estimated remaining useful lives on a straight-line basis at the following annual rates:

Mobile equipment	3 to 20 years
Building additions and renovations	20 years
Furniture and equipment	2 to 10 years
Leasehold improvements	over the remaining term of the lease

d) Employee future benefits

i) Pension benefits

All eligible employees participate in the Public Service Pension Plan (the "Plan") administered by the Government of Canada. The College's contributions reflect the full cost as employer. This amount is currently based on a multiple of an employee's required contributions and may change over time depending on the experience of the Plan. The College's contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the College. The College is not currently required to make contributions with respect to any actuarial deficiencies of the Plan.

ii) Severance, removal and compensated absences

Under the terms and conditions of employment, employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment.

Aurora College
Notes to the Financial Statements
June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Employee future benefits (continued)

ii) Severance, removal and compensated absences (continued)

Eligibility is based on variety of factors including place of hire, date employment commenced, reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits has been prepared using data provided by management and assumptions based on management's best estimates.

e) Government contributions

Government contributions are recognized as revenue when the funding is authorized and all eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability.

The College receives its appropriations on a monthly basis from the Government of the Northwest Territories, as the College has a different fiscal year. These contributions are recognized as revenue in the period in which the funding relates once all eligibility criteria have been met and it has been authorized.

f) Government contributions – services provided without charge

The Government provides certain services without charge to the College. The Government's cost for these services are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the College's operations in its financial statements.

g) Own source revenues

Tuition fees, room and board, and recoveries and other are reported as revenue at the time the services are substantially provided, or the products are delivered. Tuition fees received in advance of courses being delivered are deferred and recognized when the courses are delivered.

Interest income is recognized on an accrual basis.

Aurora College
Notes to the Financial Statements
June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Project income and deferred revenue

The College provides education and research services to private companies, federal and territorial government departments, agencies, and corporations through contractual arrangements. Payments received under these contracts for which the development and delivery of courses and projects are not completed are recorded as deferred revenue until completion in accordance with the stipulations of these agreements.

Revenue from federal and territorial government departments, agencies and corporations is recorded once the eligibility criteria are met; the payments are authorized, except to the extent that funding stipulations give rise to an obligation that meets the definitions of a liability.

i) Contract services

Contract services acquired by the College include printing services, food service contracts, instruction contracts, leases and rental agreements. These amounts are recognized as expenses in the year the services are rendered.

j) Contingent liabilities

A contingent liability is a potential liability which may become an actual liability when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

k) Prepaid expenses

Prepaid expenses are charged to expense over the periods expected to benefit from it.

l) Funds and reserves

Certain amounts, as approved by the Public Administrator, are set aside as reserves in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are recorded when approved.

Aurora College
Notes to the Financial Statements
June 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial instruments

Financial instruments are identified by financial asset and financial liability classifications. The College's financial assets include cash and accounts receivable which are both measured at cost. Financial liabilities include accounts payable and accrued liabilities, payroll liabilities, due to Government of the Northwest Territories and professional development fund which are all measured at cost.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Statement of Operations and Accumulated Surplus. The allowance for doubtful accounts is based on management's best estimate of probable losses. The allowance is calculated based on a percentage of specific aged receivables where management believes an impairment has occurred. The allowance is shown as a reduction to accounts receivable. Management recommends write-offs of student accounts that are deemed uncollectible. Student and other receivables related to write-offs are submitted to the Public Administrator for approval.

n) Budget

Canadian public sector accounting standards require a government organization to present in its financial statements a comparison of the results of operations and changes in net financial assets for the period with those originally planned. The budgeted figures represent the College's original fiscal plan for the year approved by the College's Public Administrator and do not reflect any subsequent adjustments made during the course of the year.

3. ACCOUNTS RECEIVABLE

	2017		2016	
	(in thousands)			
Accounts	Receivable	Allowance	Net	Net
Government of the Northwest Territories	\$ 320	\$ 11	\$ 309	\$ 297
Federal Government	339	21	318	472
Other	747	51	696	845
Students	209	142	67	59
	\$ 1,615	\$ 225	\$ 1,390	\$ 1,673

Aurora College
Notes to the Financial Statements
June 30, 2017

4. EMPLOYEE FUTURE BENEFITS

a) Pension benefits

The College and all eligible employees contribute to 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 College. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution effective at year end was \$1.01 (2016 - \$1.15) for every dollar contributed by the employee, and \$7.74 (2016 - \$6.67) for every dollar contributed by the employee for the portion of the employee's salary above \$163 thousand (2016 - \$162 thousand).

For new employees who are participating in the Plan on or after January 1, 2013, the College contributes \$1.00 (2016 - \$1.11) for every dollar contributed by the employee, and \$7.74 (2016 - \$6.67) for every dollar contributed by the employee for the portion of the employee's salary above \$163 thousand (2016 - \$162 thousand).

The College's and employees' contributions to the Public Service Pension Plan for the year were as follows:

	<u>2017</u>	<u>2016</u>
	(in thousands)	
College's contributions	\$ 2,154	\$ 2,477
Employees' contributions	<u>1,990</u>	<u>1,966</u>
	<u>\$ 4,144</u>	<u>\$ 4,443</u>

b) Severance, removal and compensated absences

The College provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the College's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such

Aurora College
Notes to the Financial Statements
June 30, 2017

4. EMPLOYEE FUTURE BENEFITS (continued)

as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at June 30, 2017. The effective date of the next actuarial valuation is June 30, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for Aurora College.

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>2017</u> (in thousands)	<u>2016</u>
Changes in Obligation				
Accrued benefit liability, beginning of year	\$1,216	\$465	\$1,681	\$2,270
Current period benefit cost	57	42	99	443
Interest accrued	36	15	51	58
Benefits payments	(230)	(101)	(331)	(601)
Actuarial (gains)/losses	204	60	264	(489)
Accrued benefit liability, end of year	1,283	481	1,764	1,681
Unamortized net actuarial gain	175	(7)	168	489
Accrued benefit obligation	\$1,458	\$474	\$1,932	\$2,170

Aurora College
Notes to the Financial Statements
June 30, 2017

4. EMPLOYEE FUTURE BENEFITS (continued)

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>2017</u> (in thousands)	<u>2016</u>
Benefits Expense				
Current period benefit cost	\$57	\$42	\$99	\$443
Interest accrued	36	15	51	58
Amortization of net actuarial gain	(50)	(7)	(57)	-
Total	\$43	\$50	\$93	\$501

Assumptions

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Discount rate	3.3% per annum	3.2% per annum
Rate of compensation increase	2.0% per annum	2.0% per annum
Inflation rate	Nil	Nil

The expected payments during the next five fiscal years are:

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>Total</u>
	(in thousands)		
2018	\$306	\$112	\$418
2019	187	68	255
2020	134	50	184
2021	108	44	152
2022	107	44	151
Total	\$842	\$318	\$1,160

Aurora College
Notes to the Financial Statements
June 30, 2017

5. PROFESSIONAL DEVELOPMENT FUND

Under collective agreements, the College is required annually to make contributions to the professional development fund, in the amount of a) 3% of eligible instructor's salaries, and b) \$750 for each eligible instructor. Contributions made to the professional development fund are recorded as an expense in the Statement of Operations and accumulated Surplus.

The professional development fund represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses. The College expects to settle the obligation based on future eligible expense claims.

	<u>2017</u>	<u>2016</u>
	(in thousands)	
Professional development fund, beginning of year	\$ 2,031	\$ 1,946
Contributions	439	410
Recovery of funds	0	42
Professional development paid during the year	<u>(493)</u>	<u>(367)</u>
Professional development fund, end of year	<u>\$ 1,977</u>	<u>\$ 2,031</u>

Aurora College
Notes to the Financial Statements
June 30, 2017

6. TANGIBLE CAPITAL ASSETS
(in thousands)

June 30, 2017	Mobile equipment	Building additions and renovations	Furniture and equipment	Leasehold improvements	2017 Total	2016 Total
Cost						
Opening balance	\$ 5,054	\$ 1,991	\$ 6,006	\$ 2,245	\$ 15,296	\$ 15,032
Additions	517	-	201	-	718	693
Disposals	(126)	-	(223)	(83)	(432)	(429)
Closing balance	<u>5,444</u>	<u>1,991</u>	<u>5,984</u>	<u>2,162</u>	<u>15,582</u>	<u>15,296</u>
Accumulated amortization						
Opening balance	2,783	1,842	4,387	1,482	10,494	9,918
Amortization	243	149	456	126	975	929
Disposals	(126)	-	(223)	(83)	(432)	(353)
Closing balance	<u>2,900</u>	<u>1,991</u>	<u>4,620</u>	<u>1,525</u>	<u>11,037</u>	<u>10,494</u>
Net book value	<u>\$ 2,544</u>	<u>\$ 0</u>	<u>\$ 1,364</u>	<u>\$ 637</u>	<u>\$ 4,545</u>	<u>\$ 4,802</u>

Aurora College
Notes to the Financial Statements
June 30, 2017

7. ACCUMULATED SURPLUS

The accumulated surplus balance includes the net book value of tangible capital assets transferred to the College when it was established and the results of operations since that date. The following appropriations have been made from accumulated surplus:

	(in thousands)				
Reserves	Balance, opening July 1, 2016	Net results of operations	Appropriated	Used in operations	Balance, ending June 30, 2017
a) Mallik research reserve	\$ 100	\$ -	\$ (100)	\$ -	-
b) Northern strategic research reserve	498	-	105	-	603
c) Program delivery	300	-	-	-	300
d) Research & development	144	-	-	-	144
f) Restricted donations	35	-	-	-	35
Total reserves	1,077	-	5	-	1,082
Operating surplus (deficit)	7,598	2,203	(5)	-	9,796
Total accumulated surplus	\$ 8,675	\$ 2,203	\$ -	\$ -	\$ 10,878

Aurora College
Notes to the Financial Statements
June 30, 2017

7. ACCUMULATED SURPLUS (continued)

a) Mallik research reserve

This appropriation was established from the surplus of the Methane Hydrate Research project to set funds aside to complete the scientific publishing. During the year, Inuvialuit Water Board (IWB) passed Motion 430-04 to close Water License N7L1-1817 that was issued for the project, after reviewing the final inspection report by Environment and Natural Resources (ENR) and recommended to the Minister of ENR to refund the security deposit held in association with the license. At year end, the surplus from this reserve was transferred to Northern strategic research reserve.

b) Northern strategic research reserve

This appropriation was established from the surplus of the Methane Hydrate Research project to set funds aside for strategic research conducted in the north which will benefit northerners.

c) Program delivery

This appropriation is established to cover program costs contemplated in the annual Programs and Services Proposal prepared by the College, for which Government funding has not been approved. Allocations to and from this appropriation must be approved by the Public Administrator.

d) Research & development

This appropriation is established to help fund research and development of the Research Associate and Fellowship programs at the Aurora Research Institute (ARI). Annually all unencumbered ARI administration revenue after fulfillment of third party contracts is transferred to this appropriation. Use of the appropriation must be approved by the Research Advisory Council.

e) Restricted donations

From time to time, the College receives donations from individuals and corporations with conditions attached to them. In order to ensure that the wishes of the contributors are carried out, the donations are transferred to restricted donations until the conditions are met.

Aurora College
Notes to the Financial Statements
June 30, 2017

8. GOVERNMENT CONTRIBUTIONS

	<u>2017</u>	<u>2016</u>
	(in thousands)	
Operating contributions	\$31,893	\$ 32,947
Capital contributions	<u>788</u>	<u>457</u>
	<u>\$32,681</u>	<u>\$ 33,404</u>

This year included in Government capital contributions is an additional \$400,000 for heavy equipment (2016 – nil).

9. RELATED PARTIES

The College is related in terms of common ownership to all Government created departments, territorial corporations and public agencies. The College enters into transactions with these entities in the normal course of business at normal trade terms and the accounts are non-interest bearing.

The College has Government receivables from tuition revenue, contract revenue and the base funding contribution. The College also owes funds to the Government from administrative agreements for facility operating and utility costs, employee benefits and other expenses.

	<u>2017</u>	<u>2016</u>
	(in thousands)	
Accounts receivable (Note 3)	\$ 309	\$ 299
Due to the Government of the Northwest Territories		
Liability for payroll services provided	\$ 1,679	\$ 635
Repayable program advances	<u>\$ 537</u>	<u>\$ 95</u>
Amounts	\$ 2,216	\$ 730
Accounts Payable		
Due to Sahtu Divisional Education Council	\$ 155	Nil

The above liabilities are payable on demand within a year.

Expenses

Under the terms of administrative agreements, the Government charges for certain support services provided to the College. The College reimbursed the Government \$865,000 (2016 – \$1,072,000) for facility operating and utility costs, employee benefits and other expenses recorded in these statements.

Aurora College
Notes to the Financial Statements
June 30, 2017

9. RELATED PARTIES (continued)

This year the College transferred \$456,000 of heavy equipment to the Government, which is included in small equipment expense (2016 – nil).

10. SERVICES PROVIDED WITHOUT CHARGE

During the year, the College received without charge from the Government services including utilities \$1,820,000 (2016 – \$2,048,000) and repairs and maintenance \$1,401,000 (2016 – \$ 1,237,000).

Payroll processing, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services were also provided to the College without charge.

These services would have cost the College an estimated \$133,000 (2016 – \$ 257,000) based on exchange amount confirmed by the related parties.

The College also receives from the Government, without any rental charges, the use of facilities for two of its campuses, certain student housing units and community learning centres. The use of these facilities would have cost the College an estimated \$1,860,000 (2016 – \$ 1,841,000) based on the Government’s amortization expense for these assets.

The Government also pays for medical travel costs for the College. The medical travel costs paid by the Government on behalf of the College for the period cannot be quantified because the government ceased tracking each individual medical travel assistance claim by type of originating department, and could not reasonably measure the dollar value of all services provided by the Financial and Employee Shared Services (2016 – \$ 347,000).

	<u>2017</u>	<u>2016</u>
	(in thousands)	
Contract services	\$ 133	\$ 257
Repairs and maintenance	1,401	1,237
Building utilities	1,820	2,048
Building leases	1,860	1,841
Medical travel	-	347
	<u>\$ 5,214</u>	<u>\$ 5,730</u>

Aurora College
Notes to the Financial Statements
June 30, 2017

11. CONTINGENT LIABILITIES

The College is subject to claims and lawsuits arising in the ordinary course of operations. While the outcome of these matters is subject to future resolution, management's evaluation and analysis of such matters indicates that, individually and in the aggregate, the probable ultimate resolution of such matters will not have a material financial impact on the College's financial position, results of operations or liquidity.

12. COMMITMENTS

In addition to facilities provided by the Government, the College has operating leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to basic payments as follows:

	<u>Service agreements</u>	<u>Operating leases</u>
	(in thousands)	
2018	\$ 197	\$ 4,827
2019	128	3,560
2020	118	2,762
2021	86	2,232
Thereafter	2	2,605
	\$ 531	\$ 15,986

13. FINANCIAL RISK MANAGEMENT

The College's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities, due to Government of the Northwest Territories and the professional development fund are all measured at cost. The Corporation has exposure to the following risks from its use of financial instruments:

a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The College manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The College does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities.

b) Credit risk

The College is exposed to credit risk on its cash and accounts receivable.

Aurora College
Notes to the Financial Statements
June 30, 2017

13. FINANCIAL RISK MANAGEMENT (continued)

Cash

Credit risk on cash is minimized as these assets are held with a Canadian Chartered bank, the maximum exposure to credit risk is \$13,576,000 (2016 - \$9,060,000).

Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. This risk is influenced by the type of debtor and at 30 June 2017

The College's debtors are the Government of the Northwest Territories, federal government, students, and others.

In order to manage this risk, the College monitors the age of accounts receivable and initiates collection action. Credit exposure is minimized by dealing mostly with creditworthy counterparties such as government agencies and the College also enforces approved collection policies for student accounts. The maximum exposure to credit risk is \$1,390,000 (2016 - \$1,673,000).

At 30 June 2017 there are accounts receivable past due but not impaired. These amounts for students are: 31-60 days \$8,000; 61-90 days \$6,000; and over 90 days \$15,000.

These amounts for the Government and for other parties are shown below.

	91-365 days	1 to 2 years	over 2 years
Government of the Northwest Territories	\$21,000	\$1,000	Nil
Other third parties	\$90,000	\$12,000	Nil
Federal Government	\$83,000	Nil	Nil

The College establishes an allowance for doubtful accounts that reflects the estimated impairment of accounts receivable. The allowance is based on specific amounts and is determined by considering the College's knowledge of the financial condition of customers, the aging of accounts receivable, current business condition and historical experience.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The College is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the interest revenue

Aurora College
Notes to the Financial Statements
June 30, 2017

13. FINANCIAL RISK MANAGEMENT (continued)

from cash. This risk is not significant due to the short terms to maturity of cash.

Although management monitors exposure to interest rate fluctuations, it does not employ any interest rate management policies to counteract interest rate fluctuations.

The College is not exposed to significant currency or other price risks.

14. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities, due to Government of the Northwest Territories and professional development fund approximate their carrying amounts because of the short term to maturity.

15. SEGMENT DISCLOSURE

The College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories (NWT). For management reporting purposes the College's operations and activities are organized and reported by funds (Schedule A). Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with the budget, strategy and work plan, restrictions or limitations. The College's services are provided by departments and their activities are reported in these funds.

Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

Finance and accounting

Finance's role is to ensure the long term viability of the College including the preparation and controls over the budgets, financial reporting, the implementation and oversight of financial controls, and management of the cash flows. Finance includes the functioning of the head office and regional offices.

Pooled services

This represents College wide expenditures which are required for the global operation. These represent allocation of costs related to professional development, amortization, cost of employee future benefits, and costs for the President's Office. The Office of the President includes services related to the operations of the College, plus communications and public relations. The Office of the President is mandated to manage the daily operations of the College, pursue its missions and vision, and develop and implement a strategic plan to ensure the long term success of the College.

Aurora College
Notes to the Financial Statements
June 30, 2017

15. SEGMENT DISCLOSURE (continued)

Student services

Student services include Fort Smith, Yellowknife, and Inuvik locations facilities and the registrar and regional admission offices.

Education and training

Education and training includes the vice-president education and training, school of trades, school of education, school of business and leadership, school of health and human services, school of arts and science, information systems and technology, and the library.

Community and extensions

Community and extensions represents special programs and additional resources provided to the communities through the College. This includes the school of developmental studies, the Beaufort Delta region, the Sahtu region, the Dehcho region, the Tlicho region, and the Akaitcho and South Slave region.

Aurora Research Institute

Through the work of the Aurora Research Institute, the College is also responsible to conduct and facilitate research activities in the NWT.

16. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

**Aurora College
Segmented disclosures
June 30, 2017**

Schedule A

	Financial and accounting (in thousands)	Pooled services ** (in thousands)	Student services (in thousands)	Education and training (in thousands)	Community and extensions (in thousands)	Aurora Research Institute (in thousands)	2017 Total (in thousands)	2017 Budget (in thousands)	2016 Total (in thousands)
For the period ended June 30, 2017									
Revenues									
Government Contributions	\$ 1,805	\$ 3,242	\$ 8,745	\$ 10,795	\$ 6,226	\$ 1,868	\$ 32,681	\$ 31,893	\$ 33,404
Project income									
Government of the Northwest Territories	5	50	87	2,066	2,195	130	4,533	4,385	3,274
Other third party contributions	-	10	14	1,408	647	291	2,370	2,136	2,558
Federal government	-	-	-	-	1,371	166	1,537	1,720	1,663
Own Source Revenue									
Tuition fees	-	-	70	1,022	738	-	1,830	891	1,836
Recoveries and other	11	386	59	213	48	105	822	411	1,269
Room and board	-	-	770	-	-	75	845	711	798
Interest income	126	-	-	-	-	-	126	95	104
Services Provided without Charge	-	1,534	-	3,680	-	-	5,214	6,000	5,730
	<u>1,947</u>	<u>5,222</u>	<u>9,745</u>	<u>19,184</u>	<u>11,225</u>	<u>2,635</u>	<u>49,958</u>	<u>48,242</u>	<u>50,636</u>
Expenses									
Compensation and benefits	1,581	1,238	4,296	10,959	8,648	2,032	28,754	28,970	30,047
Building leases	-	-	4,861	1,860	5	-	6,726	5,310	6,815
Materials and supplies	10	297	149	712	250	91	1,509	1,833	1,587
Utilities	-	1	122	1,824	5	10	1,962	2,759	2,227
Contract services	28	230	72	509	287	173	1,299	4,325	1,391
Repairs and maintenance	4	1,401	140	165	77	13	1,800	1,393	1,803
Small equipment	-	457	34	180	21	147	839	188	589
Fees and payments	79	525	40	311	168	76	1,199	1,226	1,247
Travel and accommodation	30	79	47	289	197	125	767	1,103	861
Professional services	12	-	8	255	898	-	1,173	1	1,562
Amortization of tangible capital assets	-	975	-	-	-	-	975	871	929
Communication, postage and freight	62	99	86	195	213	97	752	637	700
	<u>1,806</u>	<u>5,302</u>	<u>9,855</u>	<u>17,259</u>	<u>10,769</u>	<u>2,764</u>	<u>47,755</u>	<u>48,616</u>	<u>49,758</u>
Annual surplus (deficit)	\$ 141	\$ (80)	\$ (110)	\$ 1,925	\$ 456	\$ (129)	\$ 2,203	\$ (374)	\$ 878

** Pooled Services includes the revenues and expenses for the President's Office

Appendix A

Write-offs

A total of \$7,220.87 was approved to be written off in 2016-17. This figure includes seven-year write-offs, write-offs of debts less than \$30.00, and credits less than \$10.00.

Name	Date	Amount
Under \$29.00 Write Off		
ALEXIE, AUTUMN	5/1/2017	28.00
APPLES, VICTORIA	2/3/2015	0.50
CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY	3/1/2017	0.20
COCHRANE, ALYSSA	3/6/2017	2.05
DANIELS, CHELSEY ALEXANDRA	1/10/2014	15.12
EDUCATION CULTURE & EMPLOYMENT	4/30/2016	0.70
EDUCATION, CULTURE & EMPLOYMENT	11/17/2016	0.01
ELLTON, PRESCILLA	5/2/2016	7.00
FABIAN, JUDITH	6/8/2016	4.10
FRANCIS, ALEXANDER JOHN	7/29/2016	2.00
HENDERSON, STEPHEN	10/12/2016	21.00
JONES, LEVI	10/31/2016	7.00
KOE, JOHN JAKE	7/29/2016	3.00
LANDRY, MARTHA	7/6/2016	7.00
LEBLANC, MARK REYNALD	10/18/2016	7.00
MERCREDI, STEPHANIE	2/19/2014	0.01
RADDI, TYRONE	10/12/2016	7.00
SABOURIN, DENNIS	5/2/2016	7.00
TUNGILIK, LEE ANN	1/26/2016	1.00
UKUQTUNUJAO, ANDREW	5/5/2016	10.00
UNIVERSITY OF EDINBURGH	6/30/2016	15.00
UNIVERSITY OF EDINBURGH	8/22/2016	15.00
UNIVERSITY OF EDINBURGH	11/15/2016	15.00
WOLKIE, NEIL	10/31/2016	7.00
Total Under \$29.00 Write off		181.69

Name	Date	Amount
7 Years Write Off		
ATKINSON, EMILY	6/1/2012	70.00
CLEARY, LENA	2/4/2010	481.19
LAFFERTY, FRANK	2/22/2010	56.00
LAFFERTY, FRANK	3/22/2010	21.00
LAROCQUE, TRAVIS	7/8/2010	100.00
LENNIE, ROBYN	10/1/2015	155.00
LENNIE, ROBYN	9/8/2015	548.81
MCLEOD, DOUG	12/4/2013	4,000.07
NORBERT, MARTINA	5/19/2010	75.00
OVILOK, ELSIE	3/30/2010	141.55
OVILOK, ELSIE	4/27/2010	465.00
OVILOK, ELSIE	5/31/2010	465.00
PAYNE, MELISSA MARIE	2/17/2012	315.00
PAYNE, MELISSA MARIE	2/20/2012	70.00
PAYNE, MELISSA MARIE	1/16/2012	133.00
Total Over 7 Years		7,096.62
Under \$10.00 Credit Write Off		
BUCKNER, MADISON	7/27/2016	-1.00
CANADIAN NORTHERN ECONOMIC DEVELOPMENT AGENCY	1/18/2017	-0.37
CARDINAL-BLAKE, MARIAH	4/13/2017	-2.00
CITIZENSHIP & IMMIGRATION	3/11/2016	-0.22
CITIZENSHIP & IMMIGRATION	6/21/2016	-0.03
CITIZENSHIP & IMMIGRATION	9/28/2016	-0.12
GREENLAND, JOYCE	1/14/2016	-9.20
JALIL AGA, RANA	9/7/2016	-3.00
LAITY, DANIEL	1/9/2017	-7.00
LOUTT, MICHAEL	2/27/2017	-0.02
NEYANDO, KIMBERLY J.R	4/7/2017	-0.35
NORMAN-GOOSE, JORDAN WADE	10/14/2016	-9.25
RADDI, BERNICE	12/2/2016	-7.00
SHAE, CASSIA	1/13/2017	-4.46
SNOWSHOE, WILLIAM	12/8/2016	-7.00
WRIGGLESWORTH, PATRICK	4/12/2017	-6.42
Total Under \$10.00 Credits		-57.44
Total Write-offs 2016-17		7,220.87



ARCTIC ENERGY ALLIANCE
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2018

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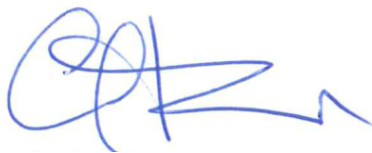
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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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



Craig Thomas
Interim Executive Director

June 19, 2018



AVERY COOPER & Co. LTD.

Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Arctic Energy Alliance

We have audited the accompanying financial statements of Arctic Energy Alliance, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations, Changes in Net Assets, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society'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 Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Arctic Energy Alliance as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Avery Cooper & Co. Ltd.

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

June 19, 2018



ARCTIC ENERGY ALLIANCE

STATEMENT OF FINANCIAL POSITION

March 31, 2018

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT		
Cash	\$ 224,710	\$ 27,581
Short term investments (note 3)	401,802	1,095,701
Accounts receivable (note 4)	651,880	523,266
Prepaid expenses	<u>10,408</u>	<u>13,314</u>
	1,288,800	1,659,862
TANGIBLE CAPITAL ASSETS (note 5)	<u>38,716</u>	<u>69,521</u>
	<u><u>\$ 1,327,516</u></u>	<u><u>\$ 1,729,383</u></u>

LIABILITIES

CURRENT		
Bank indebtedness	\$ -	\$ 229,958
Wages and benefits payable	79,754	165,455
Government remittances payable (note 6)	10,879	744
Trade payables and accruals (note 7)	255,327	320,192
Provision for rebates (note 8)	12,000	29,066
Contributions payable	49,056	-
Deferred revenue (note 9)	<u>9,457</u>	<u>160,393</u>
	416,473	905,808
DEFERRED GOVERNMENT ASSISTANCE (note 10)	<u>14,738</u>	<u>18,444</u>
	<u>431,211</u>	<u>924,252</u>

NET ASSETS

RESERVES per page 3	841,335	731,212
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	15,978	43,076
ACCUMULATED SURPLUS per page 3	<u>38,992</u>	<u>30,843</u>
	<u>896,305</u>	<u>805,131</u>
	<u><u>\$ 1,327,516</u></u>	<u><u>\$ 1,729,383</u></u>

Approved:



Director



Director

ARCTIC ENERGY ALLIANCE

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

	(note 13) 2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
REVENUES			
Contributions from GNWT	\$ 2,861,230	\$ 3,003,553	\$ 3,803,471
Contributions from Canada	202,200	202,200	81,186
Other source income	125,499	111,807	149,140
Membership fees	227,500	277,500	277,500
Interest income	<u>6,000</u>	<u>12,900</u>	<u>10,065</u>
	<u>3,422,429</u>	<u>3,607,960</u>	<u>4,321,362</u>
EXPENSES			
Advertising and promotion	55,930	34,743	47,577
Amortization	14,150	30,804	18,450
Consulting fees	73,200	93,605	168,183
Equipment rental	8,350	3,279	3,279
Facility rental and tradeshow fees	19,850	9,622	10,317
Fees and dues	16,701	6,795	12,725
Hospitality	17,000	6,725	13,892
Insurance	13,000	12,546	13,265
Interest and bank charges	5,500	4,032	5,010
Project materials	75,000	163,070	500,284
Office and general	83,450	54,870	52,100
Professional development	50,397	36,572	25,825
Professional fees	20,000	24,309	22,433
Rebates	545,000	651,729	709,901
Rent and utilities	158,600	154,416	155,981
Telephone, Internet and Website	37,100	38,466	36,689
Travel and accommodation	212,330	199,870	288,835
Wages and benefits	<u>2,017,174</u>	<u>1,991,333</u>	<u>2,249,512</u>
	<u>3,422,732</u>	<u>3,516,786</u>	<u>4,334,258</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (303)</u>	<u>\$ 91,174</u>	<u>\$ (12,896)</u>

ARCTIC ENERGY ALLIANCE

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2018

	2018			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	\$ 30,843	\$ 731,212	\$ 43,076	\$ 805,131
Excess of revenues over expenses	91,174	-	-	91,174
Transfer to reserves (note 16)	(110,123)	110,123	-	-
Amortization of tangible capital assets	30,804	-	(30,804)	-
Amortization of deferred government assistance	(3,706)	-	3,706	-
BALANCE, closing	<u>\$ 38,992</u>	<u>\$ 841,335</u>	<u>\$ 15,978</u>	<u>\$ 896,305</u>
	2017			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	\$ 50,602	\$ 709,605	\$ 57,820	\$ 818,027
Deficiency of revenues over expenses	(12,896)	-	-	(12,896)
Transfer to reserves	(21,607)	21,607	-	-
Amortization of tangible capital assets	18,450	-	(18,450)	-
Amortization of deferred government assistance	(3,706)	-	3,706	-
BALANCE, closing	<u>\$ 30,843</u>	<u>\$ 731,212</u>	<u>\$ 43,076</u>	<u>\$ 805,131</u>

ARCTIC ENERGY ALLIANCE

STATEMENT OF CASH FLOWS

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES (note 17)		
Cash received from:		
GNWT contributions	\$ 2,983,066	\$ 3,589,979
Canada contributions	167,330	-
Other source income	163,819	138,003
Membership fees	140,000	322,500
Interest income	6,799	7,663
	<u>3,461,014</u>	<u>4,058,145</u>
Cash paid for:		
Wages and benefits	2,054,957	2,220,748
Materials and services	1,684,564	1,911,214
GNWT contributions returned	9,934	98,948
	<u>3,749,455</u>	<u>4,230,910</u>
	<u>(288,441)</u>	<u>(172,765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of short term investments	1,105,528	544,861
Purchase of short term investments	<u>(390,000)</u>	<u>(1,090,000)</u>
	<u>715,528</u>	<u>(545,139)</u>
DECREASE (INCREASE) IN BANK INDEBTEDNESS	427,087	(717,904)
(BANK INDEBTEDNESS) CASH, opening	<u>(202,377)</u>	<u>515,527</u>
CASH (BANK INDEBTEDNESS), closing	<u>\$ 224,710</u>	<u>\$ (202,377)</u>
REPRESENTED BY:		
Cash	\$ 224,710	\$ 27,581
Cheques issued in excess of deposits	<u>-</u>	<u>(229,958)</u>
	<u>\$ 224,710</u>	<u>\$ (202,377)</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

Arctic Energy Alliance (the "Society") is a government not-for-profit organization of the Government of the Northwest Territories ("GNWT") and was incorporated July 29, 1997 under the *Societies Act* of the Northwest Territories. As a public service entity, the Society's function is to support the objectives of the GNWT by promoting awareness and conservation of energy and utility use and to identify, promote, and implement opportunities to reduce energy and utility costs in the Northwest Territories.

The Society is exempt from income tax under paragraph 149(1)(c) of the *Income Tax Act* (Canada). The Society is economically dependent on funding received from the GNWT.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) applicable to government not-for-profit organizations as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada. The significant policies are detailed as follows:

(a) Cash equivalents

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

(b) Financial instruments

The Society measures all its financial assets and financial liabilities at amortized cost except for short term investments which are measured at fair value.

(c) Tangible capital assets

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

Computer equipment	60% Declining balance
Computer software	5 years Straight-line
Heating equipment	20 years Straight-line
Office equipment	40% Declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease plus one renewal option.

The Society considers capital expenditures with individual items costing \$5,000 or more to be tangible capital assets.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Revenue recognition

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

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

The Society recognizes revenue from customers upon completion of customer orders and/or completion of services. Estimated losses, if any, are recorded when they become apparent.

Contributions of materials and services are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of operations, and would otherwise have been purchased.

Interest income that is not externally restricted is recognized in the Statement of Operations when earned.

(e) Government assistance

Restricted contributions for the purchase of tangible capital assets that will be amortized are accounted for as deferred government assistance and recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets.

(f) Allocated expenses

The Society allocates certain general support expenses by identifying the appropriate basis of allocating each component of expense, and applies that basis consistently each year in accordance with applicable contribution agreements. Wages and benefits expenses are allocated to programs, as applicable, based on actual hours worked.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards applicable to government not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed periodically, and as adjustments become necessary they are reported in the period in which they become known.

Significant estimates include the determination of the useful lives of tangible capital assets, the provision for EEIP rebates, credit losses, and asset retirement obligations, the allocation of administrative expenses to programs, and the allocation of certain wages and benefits expenses to programs.

3. SHORT TERM INVESTMENTS

Short term investments consist of guaranteed investment certificates (GICs) held with the Bank of Nova Scotia as detailed below:

	<u>2018</u>	<u>2017</u>
1.10% interest, cashable, matures July 20, 2018	\$ 300,000	\$ 1,000,000
1.70% interest, non-redeemable, matures December 4, 2018	90,000	90,000
Accrued interest	<u>11,802</u>	<u>5,701</u>
	<u>\$ 401,802</u>	<u>\$ 1,095,701</u>

4. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Contributions receivable:		
Government of the Northwest Territories	\$ 298,456	\$ 304,176
Government of Canada	<u>115,252</u>	<u>80,382</u>
Total contributions receivable	413,708	384,558
Members	125,000	37,500
Other	127,484	115,520
Allowance for doubtful accounts	<u>(14,312)</u>	<u>(14,312)</u>
	<u>\$ 651,880</u>	<u>\$ 523,266</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

5. TANGIBLE CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 36,010	\$ 32,814	\$ 3,196	\$ 16,980
Computer software	33,028	26,531	6,497	10,829
Heating equipment	36,242	9,166	27,076	28,888
Leasehold improvements	27,396	27,396	-	-
Office equipment	42,460	40,513	1,947	12,824
	\$ 175,136	\$ 136,420	\$ 38,716	\$ 69,521

Net assets invested in tangible capital assets as at March 31, 2018 are as follows:

	2018	2017
Tangible capital assets	\$ 38,716	\$ 69,521
Asset retirement obligation (note 7)	(8,000)	(8,000)
Deferred government assistance (note 10)	(14,738)	(18,445)
Net assets invested in tangible capital assets per page 3	\$ 15,978	\$ 43,076

6. GOVERNMENT REMITTANCES PAYABLE

	2018	2017
GST receivable	\$ (17,273)	\$ (5,331)
Payroll remittances payable	22,519	-
Related parties:		
Workers' Safety and Compensation Commission	2,833	2,786
GNWT - Department of Finance	2,800	3,289
	\$ 10,879	\$ 744

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

7. TRADE PAYABLES AND ACCRUALS

	2018	2017
Accrued liabilities:		
EEIP rebates	\$ 8,300	\$ 10,234
Other	25,304	207,258
Pellet boiler asset retirement obligation	8,000	8,000
	41,604	225,492
Trade payables	213,723	94,700
	\$ 255,327	\$ 320,192

8. PROVISION FOR REBATES

Under the Energy Efficiency Incentive Program (EEIP) with the GNWT, the Society assists homeowners and consumers in the purchase of new, more efficient models of products used every day to help reduce their energy costs and greenhouse gas emissions.

In accordance with the program guidelines, rebates are issued where qualifying products are applied for within the required time frame of purchasing eligible products and have been approved by the Society. Rebates are available as long as funds allocated by the Legislative Assembly of the Northwest Territories remain available for the program year.

The Society provides for such rebates by using best estimates based on previous past purchases history. Actual rebates paid could materially differ from those estimates. The provision is reviewed periodically, and as adjustments become necessary, any rebates paid during the year previously provided for, which are in excess of the provision amount, are reported below as additional prior year rebates. Changes during the year in the provision for EEIP rebates are as follows:

	2018	2017
Provision for the current year	\$ 12,000	\$ 29,066
Rebates paid previously provided for	(18,276)	(4,798)
Unused provision reversed	(10,790)	(12,002)
Change in provision during the year	(17,066)	12,266
Provision for rebates, opening	29,066	16,800
Provision for rebates, closing	\$ 12,000	\$ 29,066

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

9. DEFERRED REVENUE

During the year, the Society entered into contribution agreements with the GNWT, Department of Infrastructure (INF). Contribution agreements stipulate that any unexpended funds must be repaid on demand.

Deferred revenue represents unspent restricted contributions for which the related expenses will not be recognized until a later period. Changes in deferred revenue balances during the year are summarized below and detailed in Schedule I.

	2018	2017
Restricted contributions balance, opening	\$ 86,000	\$ 321,420
Receipts	2,820,986	3,400,000
Funding receivable	367,214	347,383
Repayments	(58,990)	(98,949)
Funding expended	(3,205,753)	(3,883,854)
Restricted contributions balance, closing	9,457	86,000
Fee for service received in advance	-	24,393
Membership fees received in advance: GNWT-ENR	-	50,000
Total deferred revenue	\$ 9,457	\$ 160,393

10. DEFERRED GOVERNMENT ASSISTANCE

	2018		2017	
	Cost	Accumulated amortization	Net	Net
GNWT-ENR - Alternative Energy Technology:				
Wood pellet boiler	\$ 14,121	\$ 3,883	\$ 10,238	\$ 10,944
GNWT-ENR - Energy Efficiency Incentive Program: Database	15,000	10,500	4,500	7,500
	\$ 29,121	\$ 14,383	\$ 14,738	\$ 18,444

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

11. RESERVES

During the year, Arctic Energy Alliance transferred \$110,123 (2017 - \$21,607) from unrestricted net assets to meet its capital management objectives as described in Note 16. The reserves at March 31, 2018 of \$841,335 (2017 - \$731,212) represent the minimum required net assets to support the reserves. These internally restricted reserves are not available for unrestricted purposes without approval of the Board of Directors.

The Society continually monitors net financial assets to measure the future revenues required to pay for past transactions and events, and the extent to which the costs of services provided in the year have been met by the revenues recognized in the year. Net financial assets at year end represents the difference between the Society's financial assets and its liabilities.

Changes in net financial assets during the year are as follows:

	<u>2018</u> Budget	<u>2018</u> Actual	<u>2017</u> Actual
Excess (deficiency) of revenues over expenses per page 2	\$ (303)	\$ 91,174	\$ (12,896)
	-	-	-
Amortization of tangible capital assets	14,150	30,804	18,449
Acquisition of prepaid expenses	-	(27,191)	(9,624)
Use of prepaid expenses	-	30,098	183,374
Amortization - deferred government assistance	-	(3,706)	(3,706)
	13,847	121,179	175,597
Increase in net financial assets	13,847	121,179	175,597
Net financial assets, opening	<u>740,740</u>	<u>740,740</u>	<u>565,143</u>
Net financial assets, closing (note 16)	<u>\$ 754,587</u>	<u>\$ 861,919</u>	<u>\$ 740,740</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

12. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	2018	2017
Government of the Northwest Territories	\$ 150,000	\$ 150,000
Government of Nunavut	50,000	50,000
GNWT - Crown Corporations	67,500	67,500
Other	10,000	10,000
	\$ 277,500	\$ 277,500

Included in membership fees are amounts from the following related parties:

	2018	2017
GNWT:		
Department of Environment and Natural Resources	\$ 50,000	\$ 50,000
Department of Infrastructure	50,000	-
Department of Municipal and Community Affairs	50,000	50,000
Department of Public Works and Services	-	50,000
	150,000	150,000
GNWT - Crown Corporations:		
NWT Housing Corporation	50,000	50,000
Northwest Territories Power Corporation	5,000	5,000
Public Utilities Board of the Northwest Territories	12,500	12,500
	67,500	67,500
	\$ 217,500	\$ 217,500

13.

The 2018 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited. The budget was approved by the Board of Directors on September 18, 2017.

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

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

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

13. , continued

	<u>Revenues</u>	<u>Expenses</u>	<u>Net</u>
Budget as approved by the Board of Directors	\$ 3,422,429	\$ 3,422,732	\$ (20,303)
Less:			
Transfer to contingency reserve	-	(20,000)	20,000
Budget for financial statement purposes	<u>\$ 3,422,429</u>	<u>\$ 3,402,732</u>	<u>\$ (303)</u>

14. FINANCIAL INSTRUMENTS

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

15. COMMITMENTS

The Society has entered into operating leases for office space expiring February 28, 2019 and office equipment expiring June 12, 2020 in Yellowknife. Future minimum lease payments are as follows.

	<u>Office Space</u>	<u>Office Equipment</u>	<u>Total</u>
2019	\$ 60,885	\$ 3,201	\$ 64,086
2020	-	801	801
	<u>\$ 60,885</u>	<u>\$ 4,002</u>	<u>\$ 64,887</u>

The lease for office space carries an extension of term option from March 1, 2019 to March 1, 2020.

During the year, included in other source income revenue are in-kind contributions with a total fair value of \$15,612 (2017 - \$nil) received from Jean Marie River First Nation. These services are in connection with the NRCan Northern Smart Energy Communities Pilot project and consist of wages and benefits of \$8,050, hospitality of \$512, travel and accommodation of \$5,050, and facility rental of \$2,000.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

16. CAPITAL MANAGEMENT

In managing capital, the Society focuses on liquid resources available for operations. The Society's objective is to have sufficient liquid resources to continue operating despite adverse financial events and to provide it with the flexibility to take advantage of opportunities that will advance its purpose.

The Society manages funding risk by establishing internally restricting net assets. Funding risk may result from an inability to obtain government funding in a timely manner during contribution agreement negotiations. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget.

At March 31, 2018, the Society has not met its objectives of having sufficient liquid resources to meet its current obligations. The Society's net financial assets at March 31, 2018 are as follows:

	<u>2018</u>	<u>2017</u>
Accumulated Surplus	\$ 38,992	\$ 30,843
Reserves	841,335	731,212
Invested in Tangible Capital Assets	<u>15,978</u>	<u>43,076</u>
Net assets per page 3	<u>896,305</u>	<u>805,131</u>
Less: Non-financial assets:		
Prepaid expenses	10,408	13,314
Tangible capital assets	38,716	69,521
Deferred government assistance	<u>(14,738)</u>	<u>(18,444)</u>
	<u>34,386</u>	<u>64,391</u>
Net financial assets (note 11)	<u>\$ 861,919</u>	<u>\$ 740,740</u>

The Society's three internally restricted reserves and changes therein are as follows:

Operating Reserve - To support the minimum required net assets of at least three months of operating costs.

Credit Card Reserve - To secure the Society's credit card funded by short term investments as described in Note 3.

Contingency Reserve - To set aside funds for contingencies which may arise. This \$70,000 capped reserve is increased annually based on one half of one percent of the Society's total revenue for the year.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

16. CAPITAL MANAGEMENT, continued

	Opening Balance	Transfers	Closing Balance
Operating Reserve	\$ 600,000	\$ 92,000	\$ 692,000
Credit Card Reserve	90,000	-	90,000
Contingency Reserve	41,212	18,123	59,335
	\$ 731,212	\$ 110,123	\$ 841,335

17. SUPPLEMENTAL CASH FLOW INFORMATION

A reconciliation of the excess (deficiency) of revenues over expenses during the year to cash flows used for operating activities is as follows:

	2018	2017
Excess (deficiency) of revenues over expenses per page 2	\$ 91,174	\$ (12,896)
Items not affecting cash:		
Amortization of tangible capital assets	30,804	18,450
Amortization of deferred government assistance	(3,706)	(3,706)
Change in accrued interest from GICs	(6,101)	(2,402)
Interest income received relating to short term investments	(15,527)	(4,862)
	96,644	(5,416)
Net change in non-cash operating working capital accounts:		
Increase in accounts receivable	(128,614)	(164,623)
Decrease in prepaid expenses	2,906	173,750
Increase (decrease) in wages and benefits payable	(85,701)	53,414
Increase (decrease) in government remittances payable	10,135	(24,651)
Decrease in trade payables and accruals	(64,865)	(26,070)
Increase (decrease) in provision for rebates	(17,066)	12,266
Increase in contributions repayable	49,056	-
Decrease in deferred revenue	(150,936)	(191,435)
	(385,085)	(167,349)
Cash flows used for operating activities per page 4	\$ (288,441)	\$ (172,765)

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

18. RELATED PARTIES

The Society is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. The Society enters into transactions with these entities in the normal course of operations and on normal trade terms applicable to all parties. The Workers' Safety and Compensation Commission is significantly influenced by the GNWT. The amounts due to and from related parties are unsecured, non-interest bearing and due on demand.

Transactions with related parties during the year and balances at year end, not disclosed elsewhere in the financial statements, are disclosed in this note.

	2018	2017
Expenses		
Aurora College:		
Rent, hospitality, office, telephone, and professional development	\$ 17,381	\$ 15,260
Workers' Safety and Compensation Commission	10,383	10,342
	\$ 27,764	\$ 25,602
Receivables from related parties:		
GNWT-ENR	\$ 37,176	\$ 37,176
GNWT-Department of Health and Social Services	-	132
GNWT-Department of Infrastructure	310,000	-
GNWT-Department of Public Works and Services	1,280	267,000
GNWT-MACA	50,000	-
Northwest Territories Power Corporation	15,000	15,000
NWT Housing Corporation	79,280	73,085
Public Utilities Board of the Northwest Territories	-	12,500
	\$ 492,736	\$ 404,893
Payables to related parties: Aurora College	\$ -	\$ 3,478

19. CHANGE IN ACCOUNTING ESTIMATES

During fiscal 2017-18, as described in Note 2(c), the Society increased the declining balance annual amortization rates for computer equipment from 30% to 60%, and office equipment from 20% to 40%. The effect of the change in the accounting estimates on the current and applicable future periods is not material.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

20. CONTRACTUAL RIGHTS

The Society entered into an agreement with Government of Canada, Department of Natural Resources (NRCan) for a two-year energy efficiency project called, "A practical, culturally relevant approach to delivering home energy efficiency upgrades to homes in First Nation communities." The two-year agreement calls for a maximum annual contribution of \$102,200 expiring on March 31, 2019.

21. COMPARATIVE FIGURES

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

22. SUBSEQUENT EVENTS

Subsequent to year-end, the Society entered into a contribution agreement with GNWT, Department of Infrastructure, for 2018-19 core and program funding for a maximum of \$2,740,000 of which \$2,500,000 is received.

ARCTIC ENERGY ALLIANCE

Schedule I

SCHEDULE OF DEFERRED REVENUE

For the year ended March 31, 2018

Program	Opening balance	Cash funding received	Funding receivable	Repayments	Transfers	Total funding available	Funding expended	Closing balance
CONTRIBUTIONS								
GOVERNMENT OF CANADA								
Department of Natural Resources (NRCan)								
Home Energy Efficiency Upgrades	\$ -	\$ 53,440	\$ 46,560	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
Northern Smart Energy Communities Pilot	-	41,546	60,654	-	-	102,200	102,200	-
Total Government of Canada	-	94,986	107,214	-	-	202,200	202,200	-
GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)								
Department of Environment and Natural Resources (ENR)								
Energy Efficiency Incentive Program (EEIP)	24,920	-	-	(24,920)	-	-	-	-
Department of Infrastructure (INF)								
Base Funding	-	1,376,000	240,000	-	33,213	1,649,213	1,649,213	-
Alternative Energy Technologies Program (AETP)	-	200,000	-	-	(7,947)	192,053	192,053	-
Biomass Energy	-	90,000	-	-	(34,225)	55,775	55,775	-
Commercial Energy Conservation & Efficiency Program (CECEP)	-	200,000	-	-	(15,033)	184,967	184,967	-
Community Government Energy Retrofits (CGERP)	-	200,000	-	-	-	200,000	200,000	-
Community Renewable Energy Program (CREP)	-	100,000	-	-	(42,500)	57,500	57,500	-
Community Wood Stove Program	-	150,000	-	-	1,239	151,239	151,239	-
Energy Efficiency Incentive Program (EEIP)	-	200,000	20,000	-	65,026	285,026	285,026	-
Energy Rating Services Support (ERS)	-	150,000	-	-	227	150,227	150,227	-
Home Energy Retrofit Program - Jean Marie River	-	60,000	-	-	-	60,000	60,000	-
Total INF	-	2,726,000	260,000	-	-	2,986,000	2,986,000	-
Department of Public Works and Services (PWS)								
Base Funding	32,860	-	-	(1,344)	-	31,516	22,059	9,457
Alternative Energy Technologies Program (AETP)	236	-	-	-	-	236	236	-
Biomass Energy	1,618	-	-	-	-	1,618	1,618	-
Commercial Energy Conservation & Efficiency Program (CECEP)	236	-	-	-	-	236	236	-
Energy Efficiency Incentive Program (EEIP)	12,452	-	-	(22,792)	-	(10,340)	(10,340)	-
Energy Rating Services Support (ERS)	553	-	-	-	-	553	553	-
REACHE LED & Energy Efficiency Retrofits	9,934	-	-	(9,934)	-	-	-	-
Regional Offices	3,191	-	-	-	-	3,191	3,191	-
Total PWS	61,080	-	-	(34,070)	-	27,010	17,553	9,457
Total GNWT	86,000	2,726,000	260,000	(58,990)	-	3,013,010	3,003,553	9,457
Total contributions (note 9)	\$ 86,000	\$ 2,820,986	\$ 367,214	\$ (58,990)	\$ -	\$ 3,215,210	\$ 3,205,753	\$ 9,457

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF BASE FUNDING AND ENERGY PROGRAMS

Schedule II

For the year ended March 31, 2018

	Total	Base Funding	NRCan Home Energy Efficiency Upgrades	NRCan Northern Smart Energy Communities Pilot	Alternative Energy Technologies Program (AETP)	Biomass Energy
REVENUES						
Contributions from GNWT	\$ 3,003,553	\$ 1,666,766	\$ -	\$ 60,000	\$ 192,053	\$ 55,775
Contributions from Canada	202,200	-	100,000	102,200	-	-
Other source income	108,101	65,255	-	18,462	-	-
Membership fees	277,500	277,500	-	-	-	-
Interest income	12,900	12,900	-	-	-	-
	3,604,255	2,022,421	100,000	180,662	192,053	55,775
EXPENDITURES						
Advertising and promotion	33,429	26,907	2,513	-	-	59
Consulting fees	91,946	41,723	-	42,461	-	2,049
Equipment rental	3,279	3,279	-	-	-	-
Facility rental and tradeshow fees	9,622	5,816	1,806	2,000	-	-
Fees and dues	6,795	5,968	-	-	427	329
Hospitality	6,725	4,443	1,271	1,011	-	-
Insurance	12,546	12,546	-	-	-	-
Interest and bank charges	4,032	4,032	-	-	-	-
Office	53,313	50,611	-	-	-	-
Professional development	32,773	32,773	-	-	-	-
Professional fees	24,309	24,309	-	-	-	-
Project materials	163,070	(263)	-	69,849	-	-
Rebates	651,729	(13,751)	-	-	135,569	-
Rent and utilities	154,416	154,416	-	-	-	-
Telephone, Internet and Website	38,466	38,466	-	-	-	-
Travel and accommodation	205,295	127,560	27,991	21,375	27	3,334
Wages and benefits	1,991,333	1,375,888	64,909	52,669	56,030	50,004
	3,483,078	1,894,722	98,490	189,366	192,053	55,775
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	121,177	127,699	1,510	(8,704)	-	-
TRANSFERS						
Amortization of tangible capital assets	(30,804)	(30,804)	-	-	-	-
Acquisition of prepaid expenses	27,191	26,030	-	-	-	-
Use of prepaid expenses	(30,097)	(29,806)	-	-	-	-
Amortization of government assistance	3,706	3,706	-	-	-	-
	(30,003)	(30,874)	-	-	-	-
EXCESS (DECIENCY) OF REVENUES OVER EXPENSES	\$ 91,174	\$ 96,825	\$ 1,510	\$ (8,704)	\$ -	\$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF BASE FUNDING AND ENERGY PROGRAMS

Schedule II

For the year ended March 31, 2018

	Commercial Energy Conservation & Efficiency Program (CECEP)	Community Government Energy Retrofits (CGERP)	Community Renewable Energy Program (CREP)	Community Wood Stove Program	Energy Efficiency Incentive Program (EEIP)	Energy Rating Services Support (ERS)
REVENUES						
Contributions from GNWT	\$ 184,967	\$ 200,000	\$ 57,500	\$ 151,239	\$ 285,025	\$ 150,227
Contributions from Canada	-	-	-	-	-	-
Other source income	-	13,776	-	1,609	-	9,000
Membership fees	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
	<u>184,967</u>	<u>213,776</u>	<u>57,500</u>	<u>152,848</u>	<u>285,025</u>	<u>159,227</u>
EXPENDITURES						
Advertising and promotion	-	1,500	-	730	1,720	-
Consulting fees	-	-	-	3,810	1,903	-
Equipment rental	-	-	-	-	-	-
Facility rental and tradeshow fees	-	-	-	-	-	-
Fees and dues	-	-	-	-	-	71
Hospitality	-	-	-	-	-	-
Insurance	-	-	-	-	-	-
Interest and bank charges	-	-	-	-	-	-
Office	118	-	-	-	-	2,584
Professional development	-	-	-	-	-	-
Professional fees	-	-	-	-	-	-
Project materials	-	-	-	93,483	-	-
Rebates	126,964	95,775	57,500	12,117	237,556	-
Rent and utilities	-	-	-	-	-	-
Telephone, Internet and Website	-	-	-	-	-	-
Travel and accommodation	1,372	11,131	-	11,914	-	592
Wages and benefits	56,513	104,699	-	30,794	43,846	155,981
	<u>184,967</u>	<u>213,105</u>	<u>57,500</u>	<u>152,848</u>	<u>285,025</u>	<u>159,227</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	671	-	-	-	-
TRANSFERS						
Amortization of tangible capital assets	-	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	1,162	-
Use of prepaid expenses	-	-	-	-	(290)	-
Amortization of government assistance	-	-	-	-	-	-
	-	-	-	-	871	-
EXCESS (DECIENCY) OF REVENUES OVER EXPENSES	\$ -	\$ 671	\$ -	\$ -	\$ 871	\$ -

See accompanying notes.



June 18, 2018

The Honourable Robert C. McLeod
Minister of Environment and Natural Resources
Government of the Northwest Territories
P.O. Box 1320
Yellowknife, NT X1A 2L9

Dear Minister McLeod:

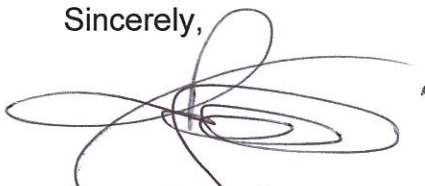
Inuvialuit Water Board 2017 – 2018 Annual Report and Financial Statements

As per the *Waters Act* Section 57 (1), the Inuvialuit Water Board is pleased to provide you with its 2017 – 2018 Annual Report and attached Financial Statements.

As outlined in our report, in addition to ongoing water licensing activities the IWB was active throughout the year in communicating and working with communities, GNWT departments and other regulatory bodies on issues of common interest or concern regarding the conservation, development and utilization of waters within the Inuvialuit Settlement Region.

The Board will be pleased to respond to any questions or concerns you may have regarding these documents.

Sincerely,



Roger Connelly
Chairperson

Attachments

cc: Dr. Joe Dragon, Deputy Minister - Environment and Natural Resources (ENR)
Dennis Marchiori, Director – Corporate Services - ENR



Inuvialuit Water Board Annual Report April 1, 2017 – March 31, 2018

1.0 Overview

The mandate of the Inuvialuit Water Board (IWB) is described in the *Waters Act* (s. 24) as being: “*To provide for the conservation, development and utilization of waters in a manner that will provide the optimum benefit for all Canadians in general and, in particular, for the residents of the portion of the Inuvialuit Settlement Region located in the Northwest Territories for which the Board is authorized to issue licences.*”

While the IWB operates within the authority and direction of the *Waters Act* and *Waters Regulations*, its activities are also subject to the requirements of the *Canadian Environmental Assessment Act 2012* (CEAA) and the *Inuvialuit Final Agreement* (IFA). Before the IWB may issue a water licence, the environmental and socio-economic impacts of any proposed development must be assessed as set out in CEAA and the IFA. The results of these assessment processes are used by the IWB members in their consideration of water licence applications and the potential terms and conditions to be included.

It is important to note that while the IWB issues water licences, it is not responsible for the enforcement of the terms and conditions included in those licences. Enforcement of the terms and conditions of water licences is the responsibility of the Government of the Northwest Territories (GNWT) Department of Environment and Natural Resources (ENR).

2.0 IWB Board Membership and Operations

The IWB is composed of a Board, made up of five members including a Chairperson, and an administrative structure established to support the IWB’s mandated activities. Board members are appointed by the GNWT Minister of ENR. Two members of the Board are appointed based upon nominations from the Inuvialuit Regional Corporation, and one member of the Board is appointed on the nomination of the authorized federal Minister. All members of the Board hold office for a term of three years.

The Chairperson of the Board serves as the Chief Executive Officer of the IWB.

As of March 31, 2018, the members of the IWB were:

- Mr. Roger Connelly, Chairperson
- Mr. Richard Binder, member
- Mr. Mark Cleveland, member
- Mrs. Elizabeth Arey, member
- Mr. Louis Covello, alternate member

During the year the Board met six (6) times as follows:

Meeting 431	July 13, 2017	Teleconference
Meeting 432	August 20 – 22, 2017	Inuvik, NT
Meeting 433	November 16, 2017	Teleconference
Meeting 434	December 19, 2017	Teleconference
Meeting 435	January 19, 2018	Teleconference
Meeting 436	February 22 – 23, 2018	Inuvik, NT

3.0 IWB Operations

Based in Inuvik, NT, the IWB administrative personnel are members of the GNWT Public Service. The staff members are:

- Mardy Semmler – Executive Director
- Freda Wilson – Office Administrator
- Bijaya Adhikari, PhD – Science and Regulatory Coordinator

The IWB also utilized casual staff during the fiscal year who contributed to the ongoing daily activities of the IWB. The casual staff were:

- Kendra Tingmiak – Summer Student Administrative Assistant; and
- Delores Harley – Administrative Assistant – Office move support.

Core funding of IWB activities is provided through a contribution agreement between the GNWT (ENR) and the IWB. In addition, in any particular year, the IWB may also receive financial support from various organizations and/or governments for specific projects or activities. During 2017/2018 the IWB received \$913,000 under the contribution agreement with ENR. In addition, non cash contribution for office facilities with a value of \$48,000 was provided by GNWT. Financial details related to IWB activities during the past year are outlined in the IWB's 2017/2018 audited financial statements. The financial statements are enclosed with this report.

IWB's auditor for the 2017/2018 year was the firm of Crowe MacKay LLP, chartered accountants, located in Yellowknife, NT.

In support of its mandate, the IWB has established standardized licensing rules and procedures. These include documentation to guide administrative licensing matters as well as specific rules to guide the conduct of water licence application reviews and assessments.

To promote public understanding of the mandate and ongoing activities of the IWB, a newsletter is published on a periodic basis. The IWB Newsletters – July 2017 and April 2018 – were distributed to GNWT and Federal departments, Inuvialuit organizations and other stakeholders. The newsletters can also be viewed on the IWB website (www.inuvwb.ca).

4.0 IWB Water Licensing Activities 2017 – 2018

Water Licensing

The IWB issues Type A and Type B Water Licences. A determination of the type of licence to be issued is largely dependent upon the volume of water and waste involved.

In general terms:

- Type A Water Licences - larger scale industrial and commercial developments such as the Inuvik to Tuktoyaktuk Highway
- Type B Water Licences - Municipalities Water/Waste Services and smaller scale developments such as many environmental clean-ups

As of March 31, 2018, there were thirty-five (35) water licences recorded in the area for which the IWB holds responsibility. Of this number, twelve (12) were considered active licences with the remainder, although expired, have not been closed pending a required final inspection.

Type A or B Water Licences Issued (New)

- The IWB issued one (1) new water licence during the 2017/18 fiscal year:
 - N3L1-1839 – Hamlet of Aklavik – Bridge Construction and Culvert Installation – Bickish Road
- The IWB received several other water licence enquiries and applications for new water licences during the year. Upon review by the IWB, none of these enquiries and applications met the criteria described in Water Regulations Schedule D through H that would make it necessary for a water licence to be obtained.

Type A or B Water Licences Issued (Renewed):

- Type B Licence N7L3-1531, issued with a related Reasons for Decision to the Hamlet of Sachs Harbour on November 17, 2017. This licence renewed a prior licence and authorized the use of water and the deposit of waste, including both solid waste and sewage in established facilities operated by the Hamlet.

Prior to licence renewal the IWB Board and senior staff members visited the community of Sachs Harbour, toured the fresh water intake, solid waste and sewage disposal facilities and met with the Mayor, hamlet councillors and staff to discuss a broad range of issues related to the provision of water and waste services in their community. The ENR Environmental Protection Officer also accompanied the Board on the community tour.

Type A or B Water Licence Assignment, Cancellation, Amendment or Closure

- The IWB received one amendment application during the 2017/2018 fiscal year:
 - N7L1-1834 – Shell Canada, Camp Farewell – Request for Extension

Following consideration of the comments received from reviewing bodies, the IWB members approved the amendment request extending the licence to July 17, 2029 which includes eight years of monitoring following closure and reclamation.

- The IWB received a request for closure of three (3) water licences:
 - N7L1-1826 – MGM Energy Corporation, Umiak, N-05 Seismic Program;
 - N7L1-1828 – MGM Energy Corporation, Aput C-43 Site; and
 - N7L1-1829 – MGM Energy Corporation, West Langley Drilling Program.

Following consideration of final inspection reports and recommendations from the GNWT Water Resources Officer, these licences were closed through Board motion on November 16, 2017.

Type A or B Water Licences Expiring During the Year

- Other than the licence renewals noted above, no Type A or B Water Licences expired during this fiscal year.

Licence Management Activities

In addition to processing licence applications, the IWB is charged with reviewing and approving management plans associated with licences as well as reviewing water licence inspection reports and annual reports from licence holders.

Management Plan reviews and approvals

N7L1-1835 – GNWT – Department of Transportation (DOT) – Inuvik to Tuktoyaktuk (ITH) Highway

- Embankment Height Modification - Long Term Impacts and Mitigative Measures
- 2016 - 2017 ITH Annual Report

N5L8-1837 – Repsol Oil and Gas Canada Inc. – Prince Patrick Island – Site Remediation

- SNP Plan
- Spill Contingency Plan
- Pre-Design, Construction Specifications – Quality Assurance and Quality Control (QA/QC) Plan
- Reclamation, Closure and Monitoring Plan
- Remedial Action Plan
- SNP QA/QC Plan
- Waste Management Plan - revised

- Trench Design Deviation documents
- Design Change of Containment Structure - Notice of Modifications
- 2017 Annual Report

N3L8-1838 – Northwest Territories Power Corporation, Aklavik Former Site Remediation Project

- SNP QA/QC Plan – Analyst approved
- Bio-Augmentation documents
- Remediation and Reclamation Action Plan
- Effluent Criteria Change request
- 2017 Annual Report

Annual and Sump Monitoring Reports Reviewed

- N3L3-0570 – Hamlet of Aklavik – 2016 Annual Report – additional information
- N3L3-0570 – Hamlet of Aklavik – 2017 Annual Report
- N5L3-0714 – Hamlet of Tuktoyaktuk – 2016 Annual Report
- N7L3-1525 – Hamlet of Ulukhaktok – 2016 Annual Report
- N7L3-1619 – Hamlet of Paulatuk – 2016 Annual Report
- N7L3-1619 – Hamlet of Paulatuk – Sewage Waste Disposal Facility Operation and Maintenance Plan - revised
- N7L3-1619 – Hamlet of Paulatuk – Solid Waste Disposal Facility Operation and Maintenance Plan - revised
- N7L3-1619 – Hamlet of Paulatuk – Spill Contingency Plan – revised
- N7L1-1834 – Shell Canada, Camp Farewell – 2016 Annual Report
- N7L1-1836 – Imperial Oil Resources, Bar “C” - 2017 Annual Report
- N7L1-1836 – Imperial Oil Resources, Bar “C” – Site Remediation Closure Report
- N7L1-1787 – Chevron Canada Ltd (submitted by MGM Energy Corporation) – 2016 Environmental Site Monitoring Report
- N7L1-1797 – MGM Energy Corporation – 2016 Environmental Site Monitoring Report
- N7L1-1802 – MGM Energy Corporation – 2016 Environmental Site Monitoring Report
- N7L1-1815 – MGM Energy Corporation – 2016 Environmental Site Monitoring Report
- N7L1-1835 – GNWT – Department of Transportation (DOT) ITH - 2016/2017 Annual Report, including SNP Results

Inspection Reports Received and Reviewed

- N3L3-0570 – Hamlet of Aklavik – August 24, 2017
- N5L3-0714 – Hamlet of Tuktoyaktuk – September 11, 2017
- N7L1-1769 – Japex Canada Limited, Mallik Sump – August 2, 2017
- N7L1-1797 – MGM Energy Corporation, Burnt Lake – Umiak N-16 Sump – August 2, 2017
- N7L1-1802 – MGM Energy Corporation, Umiak N-05 Drilling Sump – August 2, 2017

- N7L1-1826 – MGM Energy Corporation, Umiak Seismic Program – August 2, 2017
- N7L1-1828 – MGM Energy Corporation, Aput C-43 Well Site – August 2, 2017
- N7L1-1829 – MGM Energy Corporation, West Langley Drilling – August 2, 2017
- N7L1-1835 – GNWT – DOT – ITH – four (4) inspections between August 18, 2017 – November 22, 2017

5.0 Other IWB Activities

During the year the IWB was engaged in a number of additional activities in support of its mandate. These included:

IWB Communication Strategy

The IWB approved a Communications Strategy on March 24, 2016. The strategy, when implemented, will ensure that all participants in water licensing processes, including communities, industry and governments, have a sound understanding of water licensing requirements, the Board's mandate and procedures, and the responsibilities of applicants and licence holders.

A major component identified in the IWB's Communications Strategy is the restructuring and updating of the IWB website. During the fiscal year, the IWB's website was modernized and redesigned in user-friendly format.

Municipal Water and Waste Management Workshop

The Inuvialuit Water Board (IWB) hosted the Annual Municipal Water and Waste Management Workshop in Inuvik on February 21 – 22, 2018. These annual workshops provide information to assist municipal governments in providing adequate, safe and reliable water and waste services while ensuring the provision of these services do not negatively impact waters in the receiving environment:

The specific objectives of the annual workshops are:

1. To increase the collective awareness of current issues and concerns related to the provision of municipal water and waste services;
2. To identify actions to address or mitigate these concerns (updated at each meeting);
3. To provide a forum for the exchange on evolving standards, emerging issues and new initiatives related to municipal water and waste services; and
4. To promote and support community understanding and compliance with water licensing requirements.

The 2018 workshop was attended by representatives from the Hamlets of Aklavik, Sachs Harbour, Paulatuk and Ulukhaktok. Representatives from the Hamlet of Tuktoyaktuk were also invited but could not attend due to road closures. GNWT departmental representatives from the Departments of Municipal and Community Affairs (MACA) and ENR provided presentations related to their ongoing projects and activities related to

water licensing in the region. The Northwest Territories Association of Communities also presented their work with standards development for the NWT with the Canada Standards Association.

The workshop was successful in bringing together all the parties involved in the provision of municipal water and waste services and in identifying areas of concern and subsequent actions to be undertaken by the parties in attendance at the workshop.

Roles and Responsibilities – Community Water and Waste Management

In concert with all parties involved in the provision of municipal water and waste services, from water intake at source to solid waste site runoff and sewage outflow, the IWB finalized and distributed a document that describes the respective roles and responsibilities of all organizations and agencies involved - municipal governments, GNWT departments and regulators. The document was also produced in a poster format and distributed. These documents serve, on an on-going basis, as 'easy reference' tools for all involved parties.

Devolution Agreement Chapter 6 Waste Sites Workshop

Responsibility for the ongoing management of water and waste throughout the Northwest Territories moved from the federal government to the Government of the Northwest Territories (GNWT) in 2014 through the "Land and Resources Devolution Agreement". Chapter 6 of the Agreement outlines the provisions related to waste sites identification, management and environmental remediation.

In order to ensure the IWB was fully aware of the impacts of Chapter 6 on its operations, including the need to ensure that any water licence issued by the IWB would not inadvertently effect a transfer of environmental liability from the federal government to the GNWT, the IWB requested the GNWT to develop and present an information sharing workshop on this chapter of the Agreement.

A Waste Sites workshop, coordinated by the IWB and attended by environmental review and other licensing authorities within both the Inuvialuit Settlement Region and the Gwich'in Settlement Area, was subsequently held in Inuvik on September 12, 2017 with presentations by the GNWT Department of Lands and the Department of Environment and Natural Resources.

Inuvialuit Water Board Governance and Administrative Review

As a quasi-judicial agency under GNWT legislation, the IWB recognizes the importance of ensuring the operations of both the IWB Board and administration are undertaken in an objective and efficient manner consistent with enabling legislation, regulation and Ministerial directive. To this end the IWB arranged, through a public Request for Proposal process, for an arm's length review and evaluation of the IWB activities. The review was undertaken by Avery Cooper Ltd. and completed during the period October 2017 to February 2018. A copy of the evaluation report and recommendations, along with the IWB responses to the recommendations, can be viewed on the IWB website.

NWT Board Forum

The IWB and the Gwich'in Land and Water Board co-hosted the 23rd meeting of the NWT Board Forum in Inuvik from November 27 - 30, 2017. The Board Forum provides an opportunity for senior representatives of regional and territorial environmental review, licensing/permitting, wildlife management and land use planning authorities to meet and discuss a broad range of issues related to their collective mandates.

Common Objectives include:

- a. Increasing mutual awareness among Forum members regarding their respective activities;
- b. Identifying and developing collaborative approaches to resolve issues of common concern;
- c. Collaborating on strategic and operational planning initiatives;
- d. Identifying opportunities to share resources and expertise;
- e. Providing a venue for Forum members to hear from industry, governments and other interested parties on issues of common interest; and
- f. Pursuing collaborative training and development initiatives.

Participants also enjoyed the opportunity to view first hand two significant development activities - the newly constructed Inuvik Water Treatment Plant and a drive on the recently opened Inuvik to Tuktoyaktuk all weather highway.

Review of Waters Act (NWT)

To assist in gaining a full and accurate understanding of its mandate and authorities, the IWB undertook a thorough review of the current *Waters Act and Waters Regulations*. This review identified several areas of the legislation in which further clarification may be required to ensure accurate and consistent application of the law. The findings of this review were forwarded to the Department of ENR. Correspondence and discussions between the IWB and ENR related to this review continued during the fiscal year. A Technical Working Group has now been established by GNWT to review the *Waters Act and Regulations* and the IWB has been participating as the review progresses.

Involvement in Meetings and Conferences

IWB Board members and staff are regularly asked to participate in meetings and conferences related to the IWB mandate. Some of the meetings and conferences attended in the past year include:

- ITH Regulatory meetings – April to November 2017
- ITH Working Group meetings – April and November 2017
- Imperial Oil Resources meetings – Bar C / Tununuk Point Remediation Project, December 2017
- Pan Territorial Regulatory Forum – August 2017
- NWT Board Forum – November 27 – November 30, 2017
- Arctic Oil and Gas Symposium – March 2018
- Waters Act Legislation review – June - March 2018

Activities with other Regulatory Boards within the NWT

The IWB has been in discussions and is participating with the Mackenzie Valley Land and Water Board and ENR in the development of Hydrocarbon Contaminated Soil Treatment Facilities Guidelines.

Other Administrative and Board Activities

The IWB maintains a Public Register (all documents related to all water licence applications, licensing and reporting). The Public Register is housed in the Inuvik IWB office. The IWB maintains a copy of the Public Register on-line and can be accessed through the IWB website (www.inuvwb.ca). All documents related to a water licence application or licence are posted on a timely basis.

IWB Office Relocation

The IWB office facilities are provided in kind by the GNWT Department of Infrastructure. Due to space availability, the IWB relocated offices from the Professional Building to the Mack Travel Building in March 2018.

6.0 Areas of Focus for 2018/2019

During the 2018/2019 year the IWB will focus on the following priorities:

- As per Goal 1 of the IWB Strategic Plan, the IWB will make efficient, effective and timely decision in all licensing processes: will develop clear policies and procedures that are generally consistent with other jurisdictions and reflect best practices; and will engage in regulatory improvement processes and discussions related to water and waste management.
- As per Goal 2 of the IWB Strategic Plan, the IWB will implement the communications strategy to ensure all parties are aware of the IWB's processes, decisions and actions and the responsibilities of applicants and licence holders - including but not limited to the development of fact sheets and brochures for general distribution.
- As per Goal 3 of the IWB Strategic Plan, the IWB will continue to work in partnership with government, resource management boards and communities with the aim of collaboratively improving community capacity in water use management.
- As per Goal 4 of the IWB Strategic Plan, the IWB will review its staffing requirements including a reassessment of the positions required to ensure the IWB is functioning efficiently and effectively.
- Follow up on commitments made during the 2018 Municipal Water and Waste Management Workshop and planning for the next Water and Waste Management Workshop in February 2019.

- In advance of considering a renewal of the community of Tuktoyaktuk water licence (that expires in November 2018), Board members and senior staff will tour the communities municipal water and waste management facilities and meet with the Mayor, Council members and senior staff to discuss issues related to the provision of water and waste services in their community.

7.0 Conclusion

In addition to fulfilling its core-mandated responsibilities, the IWB channelled significant time and effort throughout the year in communicating with and discussing issues of shared interest or concern with other regional and territorial parties holding contributing responsibilities in the overall management of the regional and territorial environment. This beneficial sharing of information and coordination of approach and effort will continue throughout 2018.

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Inuvialuit Water Board

Financial Statements

March 31, 2018

Inuvialuit Water Board

Financial Statements

March 31, 2018

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Management's Responsibility for Financial Reporting

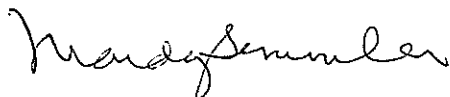
June 07, 2018

**To the Directors of
Inuvialuit Water Board**

The accompanying financial statements were prepared by management in accordance with Canadian Public Sector Accounting Standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, with the information contained in the financial statements.

Inuvialuit Water Board maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Board acts in accordance with the laws of the Northwest Territories. The Board's management recognizes its responsibility for conducting the Board's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an organization of this type.

The external auditors annually provide an independent, objective audit for the purposes of expressing an opinion on the financial statements. They also consider whether transactions which come to their notice in the course of this audit are, in all significant respect, in accordance with the specified legislation.



Mardy Semmler
Executive Director
Inuvialuit Water Board



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Independent Auditors' Report

To the Directors of Inuvialuit Water Board

We have audited the accompanying financial statements of the Inuvialuit Water Board, which comprise of the statement of financial position as at March 31, 2018, and the statements of operations, change in accumulated surplus 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 preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether to due 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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Inuvialuit Water Board as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

A handwritten signature in black ink that reads "Crowe MacKay LLP".

**Yellowknife, Northwest Territories
June 15, 2018**

Chartered Professional Accountants

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget	2018	2017
Revenue			
Government of the Northwest Territories	\$ 913,000	\$ 913,000	\$ 913,000
Expense reimbursement - special project	-	11,047	-
Donation in kind	48,000	48,000	48,000
Other revenue	-	47	5,499
Total revenues before contribution repayable	-	972,094	966,499
Contribution repayable	-	(113,197)	(164,574)
Total revenues	961,000	858,897	801,925
Expenses			
Advertising	2,000	3,829	7,246
Amortization	3,000	15,144	10,286
Board Review and Evaluation	25,000	35,873	-
Board Travel and Training	28,000	21,954	13,366
Communications	6,000	25,321	24,134
Communication Strategy Implementation	35,000	8,809	33,825
Community Capacity Initiative	35,000	29,719	30,630
Community Tour	15,000	9,349	16,062
Conferences	-	7,210	2,983
Consulting	20,000	11,340	8,825
Equipment Maintenance	1,000	1,861	877
Equipment Rental	6,000	5,028	5,038
Honoraria	89,300	83,214	76,708
Hospitality	-	776	613
Interest and Bank Charges	1,000	561	561
Office Supplies	35,700	44,122	4,099
Policy Development	-	-	5,000
Postage	2,000	1,786	1,398
Professional Fees	55,000	41,873	54,262
Rent	48,000	48,000	48,000
Roles and Responsibilities Document	-	47	3,840
Salaries and Benefits	515,000	419,376	411,545
Special project - Board forum	-	11,046	-
Staff Training	4,000	-	388
Staff Travel	35,000	22,699	12,104
Strategic Plan Updates	-	431	2,613
Total expenses	961,000	849,368	774,403
Surplus (deficit) before other items	-	9,529	27,522
Operating surplus of revenues over expenses	-	9,529	27,522
Transfer to capital assets	-	(9,006)	(22,023)
Surplus	\$ -	\$ 523	\$ 5,499

Inuvialuit Water Board

Statement of Accumulated Surplus

For the year ended March 31,	2018			2017
	Capital Asset Fund	Operating Fund	Total	Total
Balance, beginning of year	\$ 28,865	\$ 290,434	\$ 319,299	\$ 291,777
Operating surplus	-	9,529	9,529	27,522
Acquisition of tangible capital assets	24,150	(24,150)	-	-
Amortization	(15,144)	15,144	-	-
Balance, end of year	\$ 37,871	\$ 290,957	\$ 328,828	\$ 319,299

Inuvialuit Water Board

Statement of Change in Net Financial Resources

For the year ended March 31,	2018	2017
Operating surplus	\$ 9,529	\$ 27,522
Acquisition of tangible capital assets	(24,150)	(32,309)
Amortization of tangible capital assets	15,144	10,286
Net change in financial resources	523	5,499
Net financial resources at beginning of year	290,434	284,935
Net financial resources at end of year	\$ 290,957	\$ 290,434

Inuvialuit Water Board

Statement of Financial Position

As at March 31, 2018 2017

Assets

Cash	\$ 554,264	\$ 561,747
Accounts receivable (Note 4)	6,104	6,905
	560,368	568,652

Liabilities

Accounts payable and accrued liabilities	156,214	113,644
Repayable contributions (Note 5)	113,197	164,574
	269,411	278,218

Net financial resources **290,957** 290,434

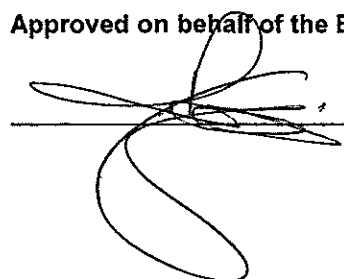
Non-Financial Assets

Tangible capital assets (Note 6)	37,870	28,865
	37,870	28,865

Accumulated surplus **\$ 328,828** \$ 319,299

Commitments (Note 8)

Approved on behalf of the Board



Director



Director

Inuvialuit Water Board

Statement of Cash Flows

For the year ended March 31,	2018	2017
Cash provided by (used in)		
Operating activities		
Surplus (deficit)	\$ 9,529	\$ 27,522
Item not affecting cash		
Amortization	15,144	10,286
Change in non-cash operating working capital		
Accounts receivable	801	467
Accounts payable and accrued liabilities	42,570	(39,036)
Repayable contributions	(51,377)	139,167
	16,667	138,406
Capital activity		
Investment in tangible capital assets	(24,150)	(32,309)
Change in cash position	(7,483)	106,097
Cash position, beginning of year	561,747	455,650
Cash position, end of year	\$ 554,264	\$ 561,747

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2018

1. Organization and Jurisdiction

The Inuvialuit Water Board (the "Board") is established under the *Northwest Territories Waters Act* (Federal) and continued under the *Waters Act* (Territorial). It monitors and approves water use and disposal of waste in that portion of the Northwest Territories located in the Inuvialuit Settlement Region.

The Board is exempt from income tax under section 149(1)(d) of the *Income Tax Act*.

2. Accounting Policies

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS") as established by the Public Sector Accounting Board of the Canadian Chartered Professional Accountants. The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Financial Instruments

The Board classifies its financial instruments at cost or amortized cost. The Board's accounting policy for this financial instrument category is as follows:

This category includes cash, accounts receivable, accounts payable and accrued liabilities, and repayable contributions. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(b) Tangible Capital Assets

Tangible capital assets are recorded in the capital asset fund at cost. Amortization is recorded in the capital asset fund using the declining balance method at the annual rates set out in Note 6.

(c) Fund Accounting

The Board uses fund accounting to segregate transactions between its Operating and Capital Asset Fund. The Operating Fund accounts for the Board's operating and administrative activities. The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to capital assets.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2018

2. Accounting Policies (continued)

(d) Revenue Recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and its collection is reasonably assured. Restricted contributions which are not used in the current year are set up as refundable contributions and must be repaid to the contributor.

Funding received for restricted purposes that has not been expended is required to be deferred.

The Board receives services in kind. The Board has estimated the value of these services and recognized them as donation in kind revenue.

Other revenue is recognized when services and goods are provided.

(e) Allocation of Expenses

The Board allocates expenditures according to their function, and are classified as core expenditures.

(f) Use of Estimates

The preparation of financial statements in conformity with Public Sector Accounting Standards 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 updated amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(g) Government Transfers

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2018

3. Future Accounting Standards

Restructuring Transactions, Section PS 3430

PSAB approved Section PS 3430, Restructuring Transactions. This Section establishes standards on how to account for and report restructuring transactions such as but not limited to amalgamations of entities or operations within the government entity, amalgamation of local governments, and shared service arrangements entered into by local governments in a region, by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

This Section is effective for fiscal periods beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to this accounting standard has not yet been determined.

4. Accounts Receivable

	2018	2017
Accounts Receivable	\$ 103	\$ 1,390
Goods and Services Tax	6,001	5,515
	\$ 6,104	\$ 6,905

As at March 31, 2018 allowance for doubtful accounts is nil (2017 - nil).

5. Repayable Contributions

	2018	2017
Government of Northwest Territories	\$ 113,197	\$ 164,574

6. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2018 Net Book Value	2017 Net Book Value
Furniture and equipment	20%	\$ 40,503	\$ 12,669	\$ 27,834	\$ 9,690
Computer equipment	30%	93,434	83,398	10,036	19,175
Computer software	100%	609	609	-	-
		\$ 134,546	\$ 96,676	\$ 37,870	\$ 28,865

7. Economic Dependence

The Board is dependent upon funding in the form of contributions from the Government of the Northwest Territories. Management is of the opinion that if the funding was reduced or altered, operations would be significantly affected.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2018

8. Lease Commitments

The Board's total commitments under various operating leases are as follows:

2018	4,746
2019	3,559
	<hr/>
	\$ 8,305

9. Risk Management

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

(i) Credit risk

Credit risk is the risk of financial loss to the Board if a debtor fails to make payments of interest and principal when due. The Board is exposed to this risk relating to its, cash and accounts receivable.

Accounts receivable are due from various governments, government agencies and corporations. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable required impairment.

The Board's maximum exposure to credit risk is represented by the financial assets balance for a total of \$560,368 (2017 - \$568,652)

(ii) Concentration of credit risk

Concentration risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Board in the event of a default. The Board does not have concentration risk.

Concentration risk is the risk that a significant proportion of the Board's cash is held with one financial institution, exposing the Board to the risk that this institution may not have the liquidity to honour withdrawals of the Board's funds. At March 31, 2018, 100% (2017 - 100%) of the Board's cash were held with in one of Canada's chartered banks. This risk has not changed from the prior year.

(iii) Liquidity risk

Liquidity risk is the risk that the Board will not be able to meet all cash outflow obligations as they come due. The Board does have a liquidity risk in accounts payable and accrued liabilities \$269,411 (2017 - \$278,218). The Board mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All of the Board's financial assets and financial liabilities at March 31, 2018 mature within the next six months. The Board has disclosed future financial liabilities and commitments in Note 8.

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

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2018

10. Related Party Transactions

During the year, honoraria and travel expenditures were paid to members of the Board of Directors. These expenditures were in the normal course of the Board's operations and were measured at the exchange amount.

The Board regularly transacts with the Government of the Northwest Territories including contribution funding, salaries and wages, donation in kind and rent expense. These transactions were in the normal course of the Board's operations and were measured at the exchange amount.

11. Budget Amounts

The budget figures presented are unaudited, and are those approved by the Board.

Northwest Territories Business Development and Investment Corporation

Consolidated Financial Statements

For the year ended

March 31, 2018

Northwest Territories Business Development and Investment Corporation

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation (the Corporation) are the responsibility of the Corporation's management and have been reviewed and approved by its board of directors.

Management is responsible for preparing these consolidated financial statements in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these consolidated financial statements.

In discharging its responsibility for the integrity, fairness and quality of the consolidated financial statements, management is responsible for maintaining financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, proper records are maintained, and the Corporation complies with applicable laws and conflict of interest rules. These controls and practices help to ensure the orderly conduct of business, the accuracy of the accounting records, the timely preparation of financial information, and adherence to the Corporation's policies and statutory requirements.

The board of directors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. It exercises this responsibility through the Audit Committee, which is comprised of members who are not employees of the Corporation. The Audit Committee meets with management on a regular basis. The external auditors also have full and free access to the Audit Committee.

The Corporation's independent external auditor, the Auditor General of Canada, is responsible for auditing the transactions and consolidated financial statements of the Corporation and for issuing his report thereon.



Pawan Chugh
Chief Executive Officer



Leonard Kwong
Director, Finance and Programs

August 27, 2018



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Business Development and Investment Corporation

I have audited the accompanying consolidated financial statements of the Northwest Territories Business Development and Investment Corporation, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Business Development and Investment Corporation as at 31 March 2018, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in cursive script that reads "David Irving".

David Irving, CPA, CA
Principal
for the Auditor General of Canada

27 August 2018
Edmonton, Canada

Northwest Territories Business Development and Investment Corporation**Consolidated Financial Statements (March 31, 2018)**


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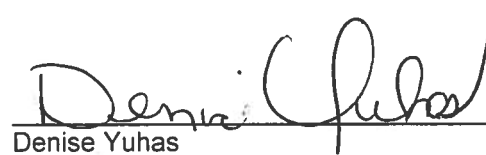
Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Financial Position (000's)**

	March 31, 2018	March 31, 2017
	\$	\$
Financial Assets		
Cash (Note 3)	15,574	19,385
Accounts receivable	103	78
Inventories held for resale (Note 4)	566	552
Loans receivable (Notes 5 and 6)	38,497	37,038
	<u>54,740</u>	<u>57,053</u>
Liabilities		
Accounts payable and accrued liabilities (Note 10)	1,209	1,272
Post-employment benefits (Note 8)	321	278
Advances from the Government (Note 9)	20,935	24,794
Asset retirement obligations	25	24
	<u>22,490</u>	<u>26,368</u>
Net financial assets	<u>32,250</u>	<u>30,685</u>
Non-financial assets		
Tangible capital assets (Schedule A)	243	275
Prepaid expenses	26	9
	<u>269</u>	<u>284</u>
Accumulated surplus	<u>32,519</u>	<u>30,969</u>

Venture investments (Note 7)

Commitments and contingencies (Notes 12 and 13)

*The accompanying notes and Schedule A are an integral part of these consolidated financial statements.***Approved by:**

Darrell Beaulieu
Chairperson of the Board of Directors

Denise Yuhas
Chairperson of the Audit Committee

Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Change in Net Financial Assets (000's)**

For the year ended March 31	Budget 2018	Actual 2018	Actual 2017
	\$	\$	\$
Annual surplus	1,767	1,550	2,022
Acquisition of tangible capital assets	-	(7)	(39)
Disposal of tangible capital assets	-	-	1
Amortization of tangible capital assets	40	39	44
	40	32	6
Acquisition of prepaid expenses	-	(26)	(9)
Use of prepaid expenses	-	9	1
	-	(17)	(8)
Increase in net financial assets	1,807	1,565	2,020
Net financial assets, beginning of year	30,685	30,685	28,665
Net financial assets, end of year	32,492	32,250	30,685

The accompanying notes and Schedule A are an integral part of these consolidated financial statements.

Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Operations and Accumulated Surplus (000's)**

For the year ended March 31	Budget 2018	Actual 2018	Actual 2017
	\$	\$	\$
Revenues			
Interest on loans receivable	2,300	2,054	2,394
Sales and other income	754	773	814
Interest on pooled cash (Note 3)	-100	224	152
Dividends	-	-	1
	3,154	3,051	3,361
Government transfers (Note 10)	3,753	3,695	4,189
	6,907	6,746	7,550
Expenses (Note 11)			
Lending and investments	3,808	3,778	4,178
Retail and manufacturing	1,332	1,418	1,350
	5,140	5,196	5,528
Annual surplus	1,767	1,550	2,022
Accumulated surplus, beginning of year	30,969	30,969	28,947
Accumulated surplus, end of year	32,736	32,519	30,969

The accompanying notes and Schedule A are an integral part of these consolidated financial statements.

Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Cash Flows (000's)**

For the year ended March 31	2018	2017
	\$	\$
Operating transactions		
Cash received from:		
Governments	2,782	3,056
Customers	776	883
Interest	2,275	2,578
Dividends	-	1
	<hr/> 5,833	<hr/> 6,518
Cash paid for:		
Compensation and benefits	2,261	2,268
Payments to suppliers	1,149	1,322
Interest on advances from the Government	341	179
Grants and contributions	186	217
	<hr/> 3,937	<hr/> 3,986
Cash provided by operating transactions	<hr/> 1,896	<hr/> 2,532
Capital transactions		
Acquisition of tangible capital assets	(7)	(39)
Cash (used for) capital transactions	<hr/> (7)	<hr/> (39)
Investing transactions		
Loans receivable disbursed	(6,738)	(4,081)
Loans receivable repaid	4,897	5,679
Redemptions of venture investments	-	7
Cash (used for) provided by investing transactions	<hr/> (1,841)	<hr/> 1,605
Financing transactions		
Repayment of advances from the Government	(3,859)	(321)
Cash (used for) financing transactions	<hr/> (3,859)	<hr/> (321)
(Decrease) increase in cash	<hr/> (3,811)	<hr/> 3,777
Cash, beginning of year	19,385	15,608
Cash, end of year	<hr/> 15,574	<hr/> 19,385

The accompanying notes and Schedule A are an integral part of these consolidated financial statements.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2018

1. The Corporation

(a) Authority

The Northwest Territories Business Development and Investment Corporation (the Corporation) was established on April 1, 2005 pursuant to the *Northwest Territories Business Development and Investment Corporation Act* (the Act).

The Corporation is a territorial corporation of the Government of the Northwest Territories (the Government) named in Schedule B of the *Financial Administration Act* (the FAA). Accordingly, the Corporation operates in accordance with Part 3 of the FAA, the Act and its regulations, and any directives issued to it by the Minister responsible for the Corporation (the Minister) under Section 4 of the Act.

(b) Mandate

The mandate of the Corporation is to support the economic objectives of the Government by encouraging the creation and development of business enterprises in the Northwest Territories and by providing information and financial assistance to, and making investments in, such enterprises.

(c) Government transfers and advances

In accordance with Section 30 of the Act, the Corporation must annually submit a corporate plan, operating budget and capital budget identifying the transfers requested from the Government for approval by the Financial Management Board (the FMB) prior to the commencement of the fiscal year. The transfers received from the Government are for the purposes of financing the Corporation's general operations; making capital investments in, and providing working capital advances and operating subsidies to, business enterprises based on need; providing transfers for business development projects; and purchasing tangible capital assets for the Corporation. The transfers are repayable to the Government if not completely spent within the fiscal year in which they were provided.

The Corporation and its organizations are economically dependent upon the transfers received from the Government for their ongoing operations (Note 17).

Section 26 of the Act also authorizes the Government to advance to the Corporation an amount out of the Consolidated Revenue Fund not exceeding \$150 million for the purposes of providing financial assistance to, or making investments in, business enterprises. These advances are repayable to the Government on demand.

(d) Taxes

The Corporation and its organizations are exempt from the payment of municipal and territorial taxes pursuant to Section 35 of the Act and federal income tax pursuant to Section 149 of the *Income Tax Act* of Canada.

(e) Budget

The consolidated budget figures have been derived from the budgets approved by the FMB and the Corporation's board of directors. Other budgeted amounts have been approved by the Corporation's senior management.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2018**

2. Summary of significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board (the PSAB).

(a) Measurement uncertainty

The preparation of the consolidated financial statements, in accordance with PSAS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect on the consolidated financial statements of changes to such estimates and assumptions in future periods could be significant, although at the time of preparation of these consolidated financial statements, management believes the estimates and assumptions to be reasonable.

The more significant estimates relate to the determination of the allowance for credit losses, the provision for termination and removal benefits, and services received without charge. A variation in the quality of the loan portfolio or economic conditions under which these estimates are made could result in significant changes in these management estimates.

The significant accounting policies followed by the Corporation in the preparation of these consolidated financial statements are summarized below:

(b) Principles of consolidation

The consolidated financial statements include the assets, liabilities, revenues and expenses of the reporting entity, which includes the Corporation and the organizations it controls. All inter-entity transactions and balances have been eliminated upon consolidation. These consolidated financial statements include the accounts of the following organizations:

Organization	Location	Percentage Ownership	Incorporation Date
Light manufacturing			
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	Fort McPherson, NT	100%	September 25, 1991
Aklavik & Tuktoyaktuk Furs Ltd.	Tuktoyaktuk, NT	100%	June 30, 1997
Dene Fur Clouds Ltd.	Fort Providence, NT	100%	December 18, 1997
Fine arts and souvenirs			
Acho Dene Native Crafts Ltd. 5983 N.W.T. Ltd. (o/a Ulukhaktok Arts Centre)	Fort Liard, NT	100%	October 15, 1992
	Ulukhaktok, NT	100%	February 12, 2008
Wholesale/retail stores			
Arctic Canada Trading Co. Ltd.	Yellowknife, NT	100%	June 28, 1997
Muskox Harvesting			
6355 N.W.T. Ltd.	Sachs Harbour, NT	100%	May 12, 2011

2. Summary of significant accounting policies (continued)**(c) Cash**

Cash is comprised of bank account balances (net of outstanding cheques). Surplus cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets which can be withdrawn at any time, and are not restricted by maturity dates on investments made by the Government. Cash also includes funds and reserves subject to restrictions as described in Note 3.

(d) Inventories

Inventories held for resale consist of finished goods, work-in-process and raw material and are carried at the lower of cost and net realizable value, with cost being determined on a first in, first out basis.

(e) Loans receivable

Loans receivable are initially recognized at cost. Valuation allowances are used to adjust the carrying amount of loans receivable to the lower of cost and net recoverable value. Loans are classified as impaired when, in management's opinion, there is no longer reasonable assurance of the timely collection of the full amount of principal and interest. When payment is three months past due (unless the loan is fully secured), or six months past due (regardless of whether or not the loan is fully secured), the underlying loan is classified as impaired.

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated net recoverable value through an adjustment to the allowance for credit losses. Changes in the estimated net recoverable value arising subsequent to initial impairment are adjusted through the allowance for credit losses.

Interest income is recognized on an accrual basis using the effective interest rate method until such time as the loan is classified as impaired. All payments received (i.e. recoveries) on an impaired loan are credited against the carrying amount of the loan and recognized as an adjustment to the allowance for credit losses. The loan reverts to performing status when all provisions for credit losses are reversed and, in management's opinion, the ultimate collection of principal and interest is reasonably assured. At that time, previously non-accrued interest income is recognized as interest income.

In accordance to the updated FAA that came into effect on April 1 2016, the Corporation's board of directors may approve the write-off of debts owing to the Corporation. An account that has been written off is still subject to collection action. An account can only be approved for forgiveness by the board of directors (\$500 or less) or the FMB (over \$500). Once an account has been forgiven, no further collection action is possible.

(f) Allowance for credit losses

The allowance for credit losses represents management's best estimate of the probable credit losses existing in the loan portfolio. In determining the allowance for credit losses, management segregates probable credit losses into two components: specific and general.

2. Summary of significant accounting policies (continued)

(f) Allowance for credit losses (continued)

The specific allowance is established on an individual loan basis to recognize credit losses. When a loan is considered impaired, the carrying amount of the loan is reduced to its estimated net recoverable value by discounting the expected future cash flows at the effective interest rate inherent in the loan. If the expected future cash flows cannot be reasonably determined, the fair value of the underlying security of the loan is used to determine net recoverable value.

The general allowance is established using management's best judgement to reflect the probable losses on performing loans which cannot yet be specifically identified as impaired. The general allowance is based on the Corporation's historical loan loss experience, aggregate exposure to particular industries or geographical regions and prevailing economic conditions.

The allowance for credit losses is an accounting estimate based on historical loan loss experience and an assessment of current economic conditions. Events may occur that render the underlying assumptions invalid and thus cause actual credit losses to vary significantly from management's best estimate.

The allowance is increased or decreased by changes in the estimated net recoverable values during the current period and is reduced by recoveries and loan write-offs.

(g) Venture investments

Venture investments are recognized at cost less any write-downs to reflect impairment in value.

Gains and losses on disposal are recognized in income when realized. Where there has been a significant and other than temporary decline in value, the investment is written down to recognize the loss. Dividends from venture investments are included in revenue when received. When they are received they are deposited to the Venture Investment Fund to be used for additional investments in venture activities.

There is no active quoted market.

(h) Asset retirement obligations

The fair value of an asset retirement obligation is recognized in the period in which the obligation is incurred and is discounted from the expected date of settlement back to its present value using the Corporation's credit-adjusted risk-free rate. The fair value of the estimated obligation is recognized as a liability, with a corresponding increase in the carrying amount of the related asset.

The costs capitalized to the related assets are amortized to earnings in a manner consistent with the amortization of the underlying asset. The liability amount is increased in each reporting period due to the passage of time and the amount of accretion is charged to earnings in the period. Revisions to the estimated timing of cash flows or to the original estimated undiscounted costs could also result in an increase or decrease to the obligation. Actual costs incurred upon settlement of a retirement obligation are charged against the obligation to the extent of the liability recognized.

2. Summary of significant accounting policies (continued)**(i) Government transfers**

Government transfers are recognized as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

The Government provides certain services without charge to the Corporation. The estimated cost of these services is recognized as services received without charge, which is included in government transfers, and is included in the Corporation's expenses.

(j) Employee future benefits

i) Pension benefits: Substantially all of the employees of the Corporation 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 Corporation to cover current service cost. Pursuant to legislation currently in place, the Corporation 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 Corporation.

ii) Termination and removal benefits: Employees are entitled to termination benefits and reimbursement of removal costs, as provided for under labour contracts and conditions of employment, based upon years of service. The benefits are paid upon resignation, retirement or death of an employee. The cost of these benefits is accrued as employees render the services necessary to earn them. Termination benefits are also recognized when employees are identified for lay-off. The cost of the benefits has been determined based on an actuary assessment.

(k) Tangible capital assets

Tangible capital assets are carried at cost less accumulated amortization and write-downs. Amortization is recognized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	20 years
Vehicle and Equipment	4 years
Leasehold improvements	4 years
Computer equipment	4 years

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

(l) Financial instruments

The Corporation's financial instruments consists of cash, accounts receivable, loans receivable, venture investments, accounts payable and accrued liabilities, and the advances from the Government. These financial instruments are measured at cost.

2. Summary of significant accounting policies (continued)**(m) Non-financial assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in 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 revenues over expenses, provides the change net financial assets during the year.

(n) Segment disclosure

The Corporation presents segment information for lending and investment and retail and manufacturing activities. Lending and investment represents the activities of the Corporation and retail and manufacturing represents the activities of the organizations the Corporation controls. All revenues except for sales and other income are generated from lending and investment activities.

(o) New accounting standards

The Corporation adopted the following handbook sections which became effective on April 1, 2017, Related party disclosures (PS 2200) (Note 14), Inter-entity transactions (PS 3420) (Note 14 and 15) and Contractual Rights (PS 3380) (Note 19). The adoption of these standards did not have a material impact on the Corporation's financial statements.

(p) Future accounting changes

The PSAB issued a new section that applies to fiscal year beginning on or after April 1, 2018 with earlier adoption permitted. The Corporation is currently assessing the impact of the following section:

Section PS 3430, "Restructuring Transactions": This section establishes standards on how to record assets, liabilities, revenues and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor. The Corporation does not expect this new standard to impact the financial statements.

3. Cash

Cash is comprised of cash held by the Corporation for operations, in funds and reserves established under the Act, and for employee future benefits, as well as cash held by the Corporation's organizations. Cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. Cash can be withdrawn at any time, and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service Limited. The Corporation's average investment yield was 1.42% during the year (2017: 1.05%).

In accordance with Section 27 of the Act, the Corporation is required to establish a Loan and Investments Fund for its lending and investing activities. The Program, Projects and Services Continuation Regulations (Regulations) of the Corporation specifies in Part 1 Section 4 (2), that a Loans and Bonds Fund will be used to record the lending operations while in Part 2 Section 19 (2), a Venture Investment Fund will be used to record the venture investment operations. Furthermore, under the Regulations Part

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2018

3. Cash (continued)

2 Section 18 (2), the Corporation has the obligation to continue to maintain a Capital Fund and the Subsidy Fund.

In addition to these funds, the Corporation is required under the Regulations Part 2 Sections 18 (6) and 19 (5) to establish a Capital Reserve Fund and Venture Reserve Fund respectively. The Corporation will continue to deposit to the reserve funds an amount equal to 10% of each capital or venture investment made. The Corporation may use the reserve funds for further investment or financing for its organizations and venture investments through approved drawdowns.

The Corporation is responsible for administering post-employment benefits including the cash held (Note 8b).

	000's	
	2018	2017
	\$	\$
Cash held by the Corporation for operations	6,984	6,993
Cash held by the Corporation's organizations	1,433	1,334
Cash held for post-employment benefits	321	278
	8,738	8,605
Venture Investment Fund	4,190	4,190
Capital Fund	873	873
Subsidy Fund	485	471
Venture Reserve Fund	486	486
Loans and Bonds Fund	655	4,613
Capital Reserve Fund	147	147
	6,836	10,780
	15,574	19,385

4. Inventories

	000's	
	2018	2017
	\$	\$
Inventories held for resale:		
Arts and crafts	307	293
Canvas products	259	259
	566	552

During the year, \$59,000 of inventories were written down (2017: \$97,000) and no inventories were pledged as security. Also during the year, the Corporation had \$9,000 recoveries on inventory that had been previously written down (2017: \$24,000). Inventory write-downs and recoveries are included in the cost of goods sold.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2018

5. Loans receivable

The Corporation provides variable and fixed rate loans for periods up to five years with the amortization period not to exceed twenty-five years.

The Corporation charges its clients prime plus 2%, 3%, or 4%, depending on the security provided, client's management ability, the client's investment, and the amortization period. The Corporation holds various types of security on its loans, including real property, aircraft, heavy equipment, and general security agreements.

Loans receivable are expected to mature as follows:

		000's			
		2018		2017	
		Rate	Balances	Rate	Balances
		%	\$	%	\$
Performing	1 year	5.39	4,161	5.62	4,141
loans due	1-2 years	5.48	5,287	5.08	2,896
within:	2-3 years	5.49	5,365	5.43	5,969
	3-4 years	5.06	11,878	5.46	6,420
	over 4 years	5.42	10,703	5.06	16,035
			37,394		35,461
Accrued loan interest receivable			153		169
Impaired loans			4,477		6,771
			42,024		42,401
Less: allowance for credit losses (Note 6)			3,527		5,363
			38,497		37,038

In 2018, nine accounts totalling \$3,329,000 were written off by the board of directors (2017: five accounts totalling \$839,000). There were no accounts forgiven (2017: none) and recoveries on loans previously written off totalled \$21,000 (2017: \$26,000).

Concentration of credit risk

Concentration of credit risk may arise from exposure to groups of debtors having similar characteristics such that their ability to meet their obligations may be affected similarly by changes in economic or other conditions. The concentrations of performing loans and impaired loans by geographic and enterprise concentrations are displayed in the following tables:

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2018

5. Loans receivable (continued)

Enterprise concentration

Enterprise	000's			
	2018		2017	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
Construction	10,103	208	7,636	103
Retail trade	6,924	306	6,272	779
Real estate and rentals	5,811	-	4,291	-
Accommodations, food and beverage	5,500	1,684	6,219	3,225
Transportation and storage	3,595	63	4,317	-
Other services	1,613	86	1,600	86
Wholesale trade	934	-	1,961	-
Manufacturing	860	21	888	26
Management of companies	475	-	548	-
Communication	418	-	454	-
Arts and craft	393	-	380	-
Finance and insurance	386	84	410	129
Business services	255	370	450	268
Fisheries and wildlife	110	-	-	40
Travel and tourism	13	1,282	22	1,571
Forestry and logging	4	-	13	-
Oil and gas	-	334	-	484
Educational services	-	39	-	60
	37,394	4,477	35,461	6,771

The loans receivable balance contains one loan, value at \$0 that was made to a venture investee (2017: \$2,000). This loan is in addition to the venture investments shown in Note 7.

Geographic concentration

Region	000's			
	2018		2017	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
South Slave	19,792	1,368	18,204	2,085
Dehcho	7,318	-	8,167	2
North Slave	5,320	2,418	5,677	3,920
Sahtu	2,804	285	1,920	68
Inuvik	2,160	406	1,493	696
	37,394	4,477	35,461	6,771

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2018**

5. Loans receivable (continued)

The following table illustrates performing loans outstanding classified by the Corporation's credit risk rating system:

Credit risk rating	000's	
	2018	2017
	\$	\$
Low	22,884	21,875
Medium	13,941	12,904
High	569	682
	37,394	35,461

The Corporation considers a loan past due when a client has not made a payment in accordance with the payment terms. The following table presents the carrying value of loans that are past due but not classified as impaired because they did not meet the criteria of impairment:

Loans past due but not impaired	000's	
	2018	2017
	\$	\$
31 – 60 days	10	27
61 – 90 days	6	14
Over 90 days	1	-
	17	41

The risk exposure relating to loans is directly impacted by the clients' ability to meet their obligations. Among other factors, this ability is impacted by the clients' exposure to fluctuations in the economy of the Northwest Territories. To mitigate this risk, the Corporation limits the concentration of loans with any individual client. Under its regulations, the maximum the Corporation can lend to or invest in any one business enterprise or group of related enterprises is \$2 million. Amounts greater than \$2 million must be approved by the FMB. There were no loans approved by the FMB in 2018 (2017: nil).

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2018

6. Allowance for credit losses

	000's	
	2018	2017
	\$	\$
Balance, beginning of year	5,363	5,141
Provision for credit losses	713	746
Loans written off	(2,226)	(346)
Recoveries from repayments	(323)	(178)
Balance, end of year	3,527	5,363
Comprised of:		
Specific allowance	2,779	4,654
General allowance	748	709
	3,527	5,363

7. Venture investments

The Corporation's portfolio of venture investments is focused on providing financing in the form of preferred shares and debt to companies in the Northwest Territories. As at March 31, 2018, the Corporation does not have significant influence in the companies in which it has invested.

	000's	
	2018	2017
	\$	\$
Balance, beginning of year	-	7
Recoveries	-	-
Redemptions	-	(7)
Balance, end of year	-	-

The total cumulative venture investments at March 31, 2018 was \$654,000 (2017: \$654,000) with accumulated write-downs of \$654,000 (2017: \$654,000). In 2018, no venture investments were approved for write-off (2017: nil) or forgiveness (2017: nil).

Preferred shares and dividends

Investments in preferred shares carry the right of conversion to common shares. This right, if exercised, may result in the holding of a controlling interest under certain circumstances. Preferred shares are redeemable at the option of the Corporation, and earn dividends at variable rates. Investment yields vary from year to year due to the amount and timing of the dividends received.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2018

8. Employment and post-employment benefits**(a) Pension benefits**

Substantially all of the employees of the Corporation are covered by the Plan (Note 2(j)(i)). Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The required employer contribution rate is dependent on the employee's employment start date. For employment start dates before January 1, 2013, the Corporation's contribution rate effective at year-end was 1.3 times (2017: 1.5) the employee's contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate effective at year-end was 1.0 times (2017: 1.3) the employee's contribution. Total contributions of \$192,000 (2017: \$214,000) were recognized as an expense in the current year. The Corporation's and employees' contributions to the Plan for the year were as follows:

	000's	
	2018	2017
	\$	\$
Corporation's contributions	192	214
Employees' contributions	155	150

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada Pension Plan and they are indexed to the increase in the Consumer Price Index.

(b) Termination, removal benefits and leave

The Corporation provides termination benefits to employees based on years of service and final salary (Note 2(j)(ii)). It also provides removal assistance, along with sick and special leave to employees, as provided under labour contracts. This benefit plan is pre-funded from current contributions and recognized as part of cash.

The most recent actuarial valuation was completed as at March 31, 2018. This valuation was based on data completed as at February 17, 2017 that has been extrapolated to year-end. The values presented below are for the benefits under the severance, removal and compensated absences for the Corporation.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2018**

8. Employment and post-employment benefits (continued)**(b) Termination, removal benefits and leave (continued)****Change in Obligation**

	000's	
	2018	2017
	\$	\$
Accrued benefit obligation, beginning of year	434	306
Current period benefit cost	15	10
Interest cost	13	8
Benefit payments	(5)	(7)
Actuarial (gain) loss	(119)	117
Accrued benefit obligation, end of year	338	434
Unamortized net actuarial gain (loss)	(17)	(156)
Accrued benefit liability (asset)*	321	278

*Total retirement, post-employment, and other leave benefits includes \$264,004 (2017 - \$226,104) related to severance and removal and \$56,867 (2017 - \$52,377) related to compensated absences.

Benefit Expense

	000's	
	2018	2017
	\$	\$
Current period benefit cost	15	10
Interest cost	13	8
Amortization of actuarial (gain) loss	20	5
Post-employment benefits	48	23

The discount rate used to determining the accrued benefit obligation is an average of 3.80% (2017: 3.30%). The assumed rate of compensation increase is 2% (2017: 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8 years (2017: 8 years). No inflation was applied.

9. Advances from the Government

The Act authorizes the Corporation to borrow, for the purpose of providing financial assistance to or making investments in business enterprises, up to \$150 million from the Government through advances. Increases to the outstanding balance of the advances must be approved by the FMB based on the needs of the Corporation. The balance was not to exceed \$45 million (2017: \$45 million) as at March 31, 2018.

Interest on the advances is based on the rate set during the last week of each month for the Government of Canada 3-year bonds, compounded annually. The rate varied from 0.75% to 1.96% (2017: 0.51% to 0.99%) during the year.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2018

10. Government transfers

	000's					
	Lending/ Invest- ments	2018 Retail/ Manufac- turing	Total	Lending/ Invest- ments	2017 Retail/ Manufac- turing	Total
	\$	\$	\$	\$	\$	\$
Government:						
Operations and maintenance	2,154	665	2,819	2,568	645	3,213
Services received without charge (Note 15)	779	-	779	786	-	786
	2,933	665	3,598	3,354	645	3,999
Federal programs	97	-	97	190	-	190
	3,030	665	3,695	3,544	645	4,189

At the end of the fiscal year, the Corporation had no unspent funds from the Government (2017: \$105,000). A stipulation included in the agreement is for any unspent funds to be repaid to the Government. The 2017 unspent amount was recognized in accounts payable and accrued liabilities and repaid through a reduction in the 2018 contribution.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2018

11. Expenses by object

	000's					
	2018		Total	2017		Total
	Lending/ Invest- ments	Retail/ Manu- factur- ing		Lending/ Invest- ments	Retail/ Manu- factur- ing	
\$	\$	\$	\$	\$	\$	
Advertising and promotion	23	20	43	25	10	35
Amortization	5	34	39	11	33	44
Asset retirement	-	1	1	-	1	1
Bad debts (recovery)	-	(4)	(4)	-	(14)	(14)
Bank charges and interest	2	25	27	2	27	29
Board members	26	1	27	25	1	26
Business Development Fund	186	-	186	221	-	221
Business Service Centre	245	-	245	239	-	239
Computers and communications	105	22	127	88	19	107
Cost of goods sold	-	801	801	-	806	806
Credit losses (net)	390	-	390	568	-	568
Insurance	-	26	26	-	26	26
Interest expense on advances from the Government	341	-	341	179	-	179
Office and general	30	21	51	49	30	79
Professional services	80	51	131	197	76	273
Rent	183	16	199	200	16	216
Repairs and maintenance	-	18	18	-	20	20
Salaries and benefits	2,155	253	2,408	2,342	240	2,582
Site clean up	-	50	50	-	-	-
Training and workshops	1	1	2	10	-	10
Travel	6	33	39	22	4	26
Utilities	-	49	49	-	55	55
	3,778	1,418	5,196	4,178	1,350	5,528

12. Commitments

As at March 31, 2018, loans to businesses approved but not yet disbursed, totalled \$2.0 million at a weighted average interest rate of 4.7% (2017: \$2.8 million at a weighted average interest rate of 4.2%). These loans do not form part of the loans receivable balance until disbursed. Also as at March 31, 2018, contributions to businesses approved but not yet disbursed totalled \$18,000 (2017: \$8,000).

13. Contingencies

Loans

The Corporation has four outstanding loans to three Northern Community Futures organizations for their own lending purposes totalling \$471,000 (2017: four outstanding loans totalling \$538,000). Loans provided by these three organizations may be assigned to the Corporation when impaired. If assigned,

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements
March 31, 2018**

13. Contingencies (continued)

the Corporation would then write off the Northern Community Futures organization loan balance and would attempt to recuperate its loss directly from the borrowers. In 2018, no accounts were assigned to the Corporation (2017: nil).

Letters of credit

The Corporation has three outstanding irrevocable standby letters of credit. The amounts of these letters of credit totalled \$2,101,000 (2017: \$2,155,000) and expire in fiscal 2019 (3). Payment by the Corporation is due from these letters in the event that the applicants are in default of the underlying debt. To the extent that the Corporation has to pay out to third parties as a result of these agreements, these payments will be owed to the Corporation by the applicants. Each letter of credit is secured by promissory note, general security agreement, guarantee or collateral mortgage. During the year, no payments were made (2017: nil).

14. Related party transactions

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations, public agencies, its board of directors and key management personnel and their close family members. The Corporation enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services are provided without charge (Note 15).

Transactions with related parties during the year and balances at year end are as follows:

	000's	
	2018	2017
	\$	\$
Revenues		
Sales	28	42
Government transfers (Note 10)	3,598	3,999
Expenses		
Purchases	241	208
Interest on advances from the Government	341	179
Balances at year end		
Accounts receivable	6	1
Accounts payable and accrued liabilities	135	137
Advances from the Government	20,935	24,794

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2018

15. Services received without charge

The Corporation records the estimated cost of services provided by the Government without charge. Services received without charge from the Government include regional and human resource services and office accommodation. The estimated cost of such services is as follows:

	000's	
	2018	2017
	\$	\$
Staff support	549	558
Accommodation	230	228
	779	786

16. Budgeted figures

Budgeted figures have been derived from the budgets approved by the Minister and the FMB. The budget figures for the Corporation's organizations have been approved by the Corporation's senior management.

The 2018 and 2017 budgeted expenses are as follows:

	000's					
	2018			2017		
	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total
	\$	\$	\$	\$	\$	\$
Advertising and promotion	25	12	37	22	9	31
Amortization	6	34	40	6	27	33
Bad debts	-	6	6	-	5	5
Bank charges and interest	-	27	27	-	26	26
Board members	40	2	42	45	1	46
Business Development Fund	200	-	200	200	-	200
Business Service Centre	220	-	220	194	-	194
Computers and communications	115	18	133	91	19	110
Cost of goods sold	-	786	786	-	745	745
Freight and courier	-	2	2	-	4	4
Insurance and licenses	-	26	26	-	25	25
Interest expense	165	-	165	180	-	180
Office and general	40	22	62	45	18	63
Professional services	80	54	134	90	80	170
Provision for credit losses, net	100	-	100	100	-	100
Rent	237	16	253	237	16	253
Repairs and maintenance	-	11	11	-	11	11
Salaries and benefits	2,530	248	2,778	2,536	238	2,774
Travel and vehicles	50	30	80	90	20	110
Utilities	-	38	38	-	55	55
	3,808	1,332	5,140	3,836	1,299	5,135

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2018

17. Economic dependence

The Corporation received 53.3% (2017: 53.0%) of its revenues in the form of a contribution and services without charge from the Government. The Corporation's continued operations are dependent on these arrangements.

18. Risk management

The Corporation is exposed to the following risks as a result of holding financial instruments:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet its obligations.

The risk associated with cash is minimized substantially by ensuring that these financial assets are placed with well-capitalized financial institutions.

Credit granting and loan management are based on established credit policies. The maximum exposure to credit risk from borrowers and investees is limited to the carrying amount of the loans and investments. The Corporation's management of credit exposures from borrowers and investees includes:

- a standardized credit risk rating classification system established for all loans;
- credit policies and directives, communicated to lending officers whose activities and responsibilities include credit granting and monitoring client performance;
- independent review of loan applications in excess of \$1 million; and,
- limiting the concentration of loans and investments with any one business enterprise or group of related enterprises to \$2 million. Amounts greater than \$2 million must be approved by the FMB.

The principal collateral held as security and other credit enhancements for loans include: (i) real estate; (ii) equipment; (iii) corporate and personal guarantees; and (iv) assignment of leases.

As at March 31, 2018, \$334,000 (2017: \$559,000) of the impaired loans are secured by assets the Corporation has the ability to sell in order to satisfy borrowers' commitments. There were no significant changes to the Corporation's credit risk management policies and practices from the prior year.

The table below illustrates the maximum credit exposure to the Corporation if all counterparties defaulted on March 31, 2018:

	000's	
	2018	2017
Cash	\$ 15,574	\$ 19,385
Accounts receivable	103	78
Loans receivable	38,497	37,038
Letters of credit	2,101	2,155

18. Risk management (continued)**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is exposed to interest rate risk in that changes in market interest rates will cause fluctuations in the future cash flows of the advances from the Government, fluctuations in the fair value and future cash flows of loans receivable, and interest revenue from cash.

The Corporation's borrowing from the Government is based on a variable market rate and it lends to the majority of its clients at fixed term rates. The Corporation's interest rate margin or spread widens when interest rates fall and it narrows when interest rates rise.

The Corporation manages its interest rate risk by paying down the advances from the Government with cash available from the Loans and Bonds fund. During the year, the Corporation repaid \$3,859,000 (2017: \$321,000) to the Government.

Based on the Corporation's advances from the Government as at March 31, 2018 and the monthly cash balance on hand, a 100 basis point increase in interest rates would decrease annual surplus by \$49,000 (2017: \$90,000). A 100 basis point decrease in interest rates would increase annual surplus by \$41,000 (2017: \$18,000).

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with its financial liabilities. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows.

The advances from the Government are due on demand with no fixed repayment terms. Repayment on advances is made whenever the Corporation has sufficient cash on hand which is not earmarked for lending purposes.

19. Contractual rights

In March 2018, the Corporation entered into a shared cost agreement with the Canadian Northern Economic Development Agency (CANNOR) to co-fund the operations of the Canada-NWT Business Service Centre (Centre) for one year beginning on April 1, 2018. The Corporation is responsible for managing the Centre and operational costs above CANNOR's share of up to \$97,100.

20. Subsequent events

In May 2018, the FMB approved the forgiveness of three accounts totalling \$253,000. Two were loan accounts totalling \$192,000 and one was a venture investment account in the amount of \$61,000.

In June 2018, the Legislative Assembly approved an amendment to the Act. The amendment authorizes the Corporation to use monies received from loan interest in one year be used for operational needs in the following year subject to conditions.

21. Comparative Figures

Certain comparative figures have been reclassified to conform to current year's presentation.

Northwest Territories Business Development and Investment Corporation

Consolidated Schedule of Tangible Capital Assets

Schedule A
000's

	Land	Buildings	Vehicle and Equipment	Leasehold Improvements	Computer Equipment	March 31, 2018	March 31, 2017
Cost of tangible capital assets, opening	\$ 80	\$ 1,950	\$ 695	\$ 457	\$ 20	\$ 3,202	\$ 3,164
Acquisitions	-	-	-	3	4	7	39
Disposals	-	-	-	-	(8)	(8)	(1)
Cost of tangible capital assets, closing	80	1,950	695	460	16	3,201	3,202
Accumulated amortization, opening	-	1,809	647	451	20	2,927	2,883
Amortization expense	-	14	21	3	1	39	44
Disposals	-	-	-	-	(8)	(8)	-
Accumulated amortization, closing	-	1,823	668	454	13	2,958	2,927
Net book value	80	127	27	6	3	243	275

NORTHWEST TERRITORIES HERITAGE FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

(unaudited)

Northwest Territories Heritage Fund

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These accompanying financial statements of the Northwest Territories Heritage Fund ("the Fund") have been prepared by management in accordance with Canadian public sector accounting standards. Management is responsible for the integrity and objectivity of the data in these financial statements and, where appropriate, the financial statements include estimates based on careful consideration of the information available to management.

Management maintains financial and management systems and practices which are designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, proper books of account are maintained, reliable financial information is available on a timely basis, and the Fund complies with the relevant authorities and policies approved by the Financial Management Board. Management also recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and for maintaining the standards of conduct that are appropriate for a public agency of the Government of the Northwest Territories.

On behalf of the Northwest Territories Heritage Fund



Sandy Kalnaukar, CPA, CGA
Deputy Secretary of the Financial Management Board
Government of the Northwest Territories

Yellowknife, Northwest Territories
June 15, 2018

Northwest Territories Heritage Fund

Statement of Financial Position (unaudited)

as at March 31, 2018

	2018 \$	2017 \$
Financial assets:		
Cash (Note 3)	17,144,155	10,604,340
Accounts Receivable	26,209	9,457
	17,170,364	10,613,797
Liabilities	-	-
Net financial assets	17,170,364	10,613,797
Accumulated surplus	17,170,364	10,613,797

Approved:



Robert C. McLeod
Chairman of the Financial Management Board



Sandy Kalgutkar
Deputy Secretary of the Financial Management Board

Northwest Territories Heritage Fund

Statement of Change in Net Financial Assets (unaudited)

for the year ended March 31, 2018

	2018	2017
	\$	\$
Net financial assets, beginning of year	10,613,797	5,525,415
Items affecting net financial assets:		
Annual surplus	6,556,567	5,088,382
Net financial assets, end of year	17,170,364	10,613,797

Northwest Territories Heritage Fund

Statement of Operations and Accumulated Surplus (unaudited)

for the year ended March 31, 2018

	2018 Budget \$	2018 Actual \$	2017 Actual \$
Revenues:			
Interest	136,000	212,464	88,002
Contribution from GNWT	7,600,000	6,344,103	5,000,380
	7,736,000	6,556,567	5,088,382
Expenses	-	-	-
Annual surplus	7,736,000	6,556,567	5,088,382
Accumulated surplus, beginning of year	10,613,797	10,613,797	5,525,415
Accumulated surplus, end of year	18,349,797	17,170,364	10,613,797

Northwest Territories Heritage Fund

Statement of Cash Flow (unaudited)

for the year ended March 31, 2018

	2018 \$	2017 \$
Cash provided by (used in) Operating transactions		
Annual surplus for the year	6,556,567	5,088,382
Changes in non-cash assets and liabilities:		
Increase in accounts receivable	(16,752)	(4,534)
Increase in cash	6,539,815	5,083,848
Cash, beginning of year	10,604,340	5,520,492
Cash, end of year	17,144,155	10,604,340

Northwest Territories Heritage Fund

Notes to Financial Statements (unaudited)

March 31, 2018

1. AUTHORITY AND OPERATIONS

The Northwest Territories Heritage Fund ("the Fund") was established by the Government of the Northwest Territories (the Government) under the *Northwest Territories Heritage Fund Act* to set aside a portion of resource revenues to provide financial resources for the Government to fund long-term investments that would allow Northwest Territories residents to receive benefits from the development of the territory's non-renewable resources. Oversight of the Fund's operations is provided by the Financial Management Board. Administration of the Fund is the responsibility of the Secretary of the Financial Management Board, appointed by the Minister of Finance under subsection 3(5) of the *Financial Administration Act*. The Fund's single objective is to maximize the long-term growth in the Northwest Territories Heritage Fund while avoiding undue risk. The investment management will be guided by the Government's approved investment principles. The Fund is not subjected to taxation under the *Income Tax Act* of Canada.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances and short-term highly liquid investments that are readily convertible to cash with an original maturity date of 90 days or less.

(c) Interest income

Interest income is recognized when earned.

3. Cash and cash equivalents

The Fund's cash balances are held in a trust account. The Fund's yield for the year ended March 31, 2018 was 1.80% (2017 - 1.05%). Investments made by the Fund are subject to the Investment Regulations of the *Financial Administration Act*.

4. Financial Instruments

Financial instruments consist of cash and cash equivalents and accrued interest receivable. It is management's opinion that the Fund is not exposed to significant interest rate, market, currency, credit, liquidity, cash flow, or other price risks. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

**Northwest Territories
Housing Corporation
Annual Report
2017/2018**

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MESSAGE FROM THE MINISTER



The past fiscal year for the Northwest Territories Housing Corporation (NWT HC) has been ambitious, exciting, and very busy in planning, revitalizing, and accomplishing improvements and enhancements under the NWT HC's Strategic Renewal plan and actions.

Changes have begun under our Strategic Renewal, and efforts will continue as we work with other partners that provide housing-related services, to align and improve program policies and services. This Strategic Renewal is informed by the results of the 2017 Housing Engagement Survey. The findings of the 2017 Survey helped inform on the needs and priorities of stakeholders in every NWT community. A survey report was released, *Voices on Housing*, in which the facts, issues, and perspectives of the diverse representation of participants were considered.

Some of the new initiatives include the Fuel Tank Replacement Initiative, the Seniors-Aging-in-Place Retrofit Program and the Community Housing Support Initiative. The Community Housing Support Initiative shows promise to be one of the flagship programs for the NWT HC going forward.

The initiative involves working closely with communities to address their housing needs. Partnering with Indigenous and community governments on meeting their housing aspirations is the type of forward-thinking approach to housing that northerners expect from their government.

Strategic Renewal began in 2017-18, but will continue over the next few years. Looking ahead, the direction to support communities in the development of Community Housing Plans will be transformational. Communities, governments, stakeholders, investors and residents will have the housing planning information they require at their disposal in order to more effectively impact their community's housing future.

As always, I would like to express appreciation for the work of the NWT HC staff and our partners in Local Housing Organizations. We have made significant changes towards improved customer service and implementing actions based on public input informed by the results of the 2017 Housing Engagement Survey.

I am proud of the work we have done this year but much remains to be done. I am confident that our work to improve the quality of life for people with low-to-moderate incomes in the NWT, along with the hard work and dedication of everyone at the NWT HC and our other partners, we will continue to take further major strides to achieve our goals through renewal and revitalization of the NWT HC.

The Honourable Alfred Moses

Minister Responsible for the Northwest Territories Housing Corporation

MESSAGE FROM THE PRESIDENT AND CEO



In 2017-2018, the Northwest Territories Housing Corporation (NWTHC) continued to engage in addressing the GNWT housing-related mandate commitments as set out by the 18th Legislative Assembly, and in completing many actions in its Strategic Renewal process. We continue to fulfill our mission of implementing northern solutions for northern housing to ensure access to affordable, adequate, and suitable housing for NWT residents.

In 2017-18, the NWTHC spent over \$97 million on housing operations in the NWT. In addition to this amount, the NWTHC expended approximately \$19 million on capital investments that included the construction of 8 Market Housing Units; 17 Public Housing replacements and 92 major modernization and improvement projects. These investments included much needed market housing for community workers in a number of our communities, such as Fort Simpson, a new 9-unit seniors independent living complex in Whati, a 4-unit transitional supportive house in Fort Simpson and a 4-plex in Tuktoyaktuk, which is the first project delivered under the NWTHC's strategic partnership with the Inuvialuit Regional Corporation. During this past year, the NWTHC also completed a renovation project for the Centre for Northern Families in Yellowknife delivering 8 additional semi-independent units for the community and advanced the construction of two additional transitional supportive housing projects for Behchoko and Aklavik that are scheduled for completion this coming year.

Many Strategic Renewal initiatives and activities were rolled out in 2017-18. The new Community Housing Support Initiative, which involves partnerships with Indigenous governments, and other orders of government supports innovative, and environmentally safe and responsible, housing projects that meet their housing aspirations. We enjoyed a particularly strong partnership with the Salt River First Nation this year that resulted in the creation of two homes on the Salt River First Nation reserve.

The NWTHC also introduced a Seniors Aging-in-Place retrofit program, which provides up to \$10,000 annually to make the homes of seniors more durable and energy-efficient. A Fuel Tank Replacement Initiative was also rolled out, which supports homeowners in replacing their aging fueling tanks preempting high environmental clean-up costs down the road should their tanks have failed. Also, to make repair programming more accessible, the co-pay requirement was removed for low-to-modest income households.

As the NWTHC interacts with all kinds of people across the NWT, from students to seniors and everyone in between, a renewed commitment to customer service was made. This year, all frontline staff and all senior managers have received up-to-date customer service training to improve our interactions with the public. I would like to thank all of the staff of the NWTHC and the Local Housing Organizations for their work in this area.

I am pleased with the progress we have made, and I am confident in our efforts to face our challenges, celebrate our achievements, and accomplish the work we have ahead of us.

Mr. Tom R. Williams

President and CEO

Northwest Territories Housing Corporation

Corporate Profile

Mission Statement

The Northwest Territories Housing Corporation (NWT HC) works in partnership with residents to ensure access to adequate, suitable and affordable housing.

Goals

- Ensure a sufficient supply of adequate, suitable and affordable housing to address the housing needs of NWT residents.
- Promote personal responsibility and accountability for housing.
- Provide homeownership and rental programs and services that are effective and appropriate.
- Help address homelessness through supporting the infrastructure needs of emergency shelters and transitional housing.
- Acquire housing in an effective and efficient manner for program delivery through appropriate designs, land planning and acquisition, and appropriate construction standards.
- Enhance the long term sustainability of NWT HC housing assets through on-going maintenance and repairs and implementing energy efficiency technologies.



Corporate Structure

Corporate Summary

The NWTHC provides social and market housing programs and services including subsidized rental and homeownership programs (including purchase and repairs), and unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating appropriate programs to address the core housing need of NWT residents and promote self-reliance. The NWTHC incorporates energy-efficient technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. The NWTHC also works in partnership with the Canada Mortgage and Housing Corporation to cost-share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations, and municipal and Aboriginal governments, to manage and administer community housing services in 33 communities

Branches

- **The Executive**, comprised of the President's Office and the Strategic Planning, Policy and Communications Division, manages the implementation of the Government's direction related to housing services.
 - o **The President's Office** - The President's Office is responsible for supporting the Minister Responsible for the Northwest Territories Housing Corporation, providing overall strategic and operational direction, leading the senior management team, and managing the human and financial resources of the NWTHC.
 - o **Policy and Planning** - The Policy and Planning Division provides support with regard to long-term strategic direction and planning for the NWTHC. This Division is also responsible for strategic and business planning, policy development, qualitative and quantitative research, corporate communications and homelessness initiatives. This section represents the NWTHC on a Federal/Provincial/Territorial level, on interdepartmental working groups, and on other committees.
- **Finance & Infrastructure Services:** The Finance and Infrastructure Services Branch is comprised of the Finance and Administration Division, Financial Planning Section, Information Services Section, and the Infrastructures Services Division.
 - **Finance and Administration Division** - The Finance and Administration Division is responsible for the overall financial affairs of the NWTHC. This includes the provision of accounting and advisory services, reporting and monitoring, treasury services, mortgage administration and the management of own source revenues and federal funding.
 - **The Financial Planning Section** - The Financial Planning Section leads the development of the infrastructure, revenues and operating budgets for the NWTHC, including the annual business plan and main estimates, and on-going variance analysis and reporting.
 - **The Information Services Section** - The Information Services Section utilizes the latest in information management tools and methodologies support the business processes of the Corporation and its community partners. This section develops NWTHC-specific information tools as well as system training, critical to the delivery of housing programs and services.
 - **The Infrastructure Services Division** - The Infrastructure Services Division is responsible for the overall delivery of the NWTHC's capital infrastructure projects, as well as the acquisition of suitable land for

the delivery of housing programs and services and the overall maintenance management of the NWTHC's housing portfolio.

- **Programs & District Operations**, The Programs and District Operations Branch oversees the development, implementation, monitoring, and delivery of programs and initiatives that support the NWTHC's responsiveness to housing needs in the NWT. The Branch provides corporate support, training, and oversight to the NWTHC's five District Offices for the delivery of housing programs and services in order to ensure a continuity of approach to program delivery.
 - **Program Development and Implementation** - The Program Development and Implementation section works closely with District Offices and LHOs to ensure compliance with existing program policies and procedures. This section also develops and updates ongoing operational policies and procedures to ensure housing programs remain updated and responsive, and to ensure that District Offices and LHOs have the support, training and capacity required to effectively and efficiently deliver the NWTHC's programs and services.
 - **District Operations** - District Operations is responsible for the administration of district capital, program delivery, maintenance, training, assisting in land acquisitions and development, and working closely with stakeholders at the community level. In addition, they also work with LHOs and NWT residents to identify options for programming to assist individuals and families in decision making regarding their housing needs. This assistance includes the delivery of the Corporation's Providing Assistance for Territorial Homeownership (PATH), Contributing Assistance for Repairs and Enhancements (CARE), Contributing Assistance for Repairs and Enhancements Preventive Maintenance (CARE PM), Contributing Assistance for Repairs and Enhancements Mobility for Seniors (CARE Mobility), and Securing Assistance for Emergencies (SAFE) homeownership programs.
 - **North Slave District Office:**

This District Office supports the communities of: Behchoko, Detah/N'dilo, Gamètì, Lutselk'e, Wekweètì, Whatì and Yellowknife.
 - **South Slave District Office:**

This District Office supports the communities of: Enterprise, Hay River, K'at'l'odeeche First Nation, Kakisa, Fort Providence, Fort Resolution and Fort Smith.
 - **Nahendeh District Office:**

This District Office supports the communities of: Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Smbaa K'e and Wrigley.
 - **Sahtu District Office:**

This District Office supports the communities of: Colville Lake, Deline, Fort Good Hope, Norman Wells and Tulita.
 - **Beaufort Delta District Office:**

This District Office supports the communities of: Aklavik, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk and Ulukhaktok.

- **Local Housing Organizations (LHOs)** – The NWTHC, in partnership with 23 LHOs, and community organizations, administers approximately 2,400 social housing units in 33 communities across the NWT. The LHOs, under agreement with the NWTHC, provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. LHOs have an advisory board that oversees its operations. The NWTHC’s district offices are responsible for these operations in communities where an LHO has not been established.

LHOs, operating as agents of the NWTHC, are responsible for the administration of Public, Homeownership Entry Level Program (HELP) and Market housing rental units in the majority of communities across the NWT. Public housing units were developed under the Social Housing Agreement between the NWTHC and the Canada Mortgage and Housing Corporation. The Public Housing Program is a rental program designed for individuals and families who do not have the financial resources to access shelter on their own. Affordable housing includes both our leased subsidized HELP units, and our unsubsidized Market Housing units that are used to house critical staff in NWT communities.

The following is a list of all LHOs:

Aklavik Housing Association	Lutsel K’e Housing Authority
Behchokö Ko Gha K’òodèe	Norman Wells Housing Authority
Deline Housing Association	Paulatuk Housing Association
Fort McPherson Housing Association	Radilih Koe Housing Association
Fort Providence Housing Association	Sachs Harbour Housing Association
Fort Resolution Housing Authority	Tsiigehtchic Housing Association
Fort Simpson Housing Authority	Tuktoyaktuk Housing Association
Fort Smith Housing Authority	Tulita Housing Association
Gameti Housing Authority	Ulukhaktok Housing Association
Fort Liard Housing Association	Whati Housing Association
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik Housing Authority	

RENTAL

The NWT HC provides opportunities for residents to access rental units in all NWT communities. The administration and management of these units are conducted through service contracts with Local Housing Organizations. There is a wide variety of rental programming offered by the NWT HC that suits the differing needs of resident. These programs include subsidized social housing, rental housing as a transition to homeownership, market rental housing for community workers and a rent supplement program to improve affordability.

Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. The NWT HC provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of the NWT HC. The NWT HC utilizes management/services agreements with LHOs or community services organizations to manage its affordable housing portfolio. Currently, the NWT HC operates approximately 2,400 public housing units, which are managed by LHOs and community organizations, located in 33 communities throughout the NWT.

HELP (Homeownership Entry Level Program)

The NWT HC provides affordable rental housing through the delivery of the Homeownership Entry Level Program (HELP) and the Market Housing Program throughout the NWT. In 2017-18, the NWT HC had approximately 222 units in the HELP. The HELP Program assists prospective first-time homebuyers who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners, by providing the opportunity to lease subsidized units from the NWT HC at affordable standardized rents based on geographic zones.

Tenants are responsible for the payment of utilities. The program also offers homeownership educational opportunities through Solutions to Educate People (STEP) courses. A unit is leased to eligible applicants (tenant) who pay a subsidized rent depending on the Community they reside in. After completing a six-month lease period, the tenant is eligible to receive an "equity contribution" of up to \$20,000, to purchase a unit, provided that the tenant: is not in default of the HELP Agreement or the Residential Tenancy Agreement, has no outstanding rental arrears or tenant related damages and has completed the required courses of the STEP Program.

Market Rental

A lack of market housing options in small communities has been a key challenge in delivering GNWT programs and services, especially in the case of front-line workers like teachers and nurses. In order to support our communities, the NWT HC operates approximately 177 units under the Market Housing Program, providing rental housing units at market rental rates to increase the availability of housing for essential workers in smaller communities.

Transitional Rent Supplement Program

The Transitional Rent Supplement Program (TRSP) is designed to provide short-term support to Northwest Territories residents who pay more than 30% of their household income towards rent in private market rentals. This program fills an important gap in assisting working families challenged by affordability issues.

HOMEOWNERSHIP

The NWT HC provides an opportunity for NWT residents to access government support through programming for the purchase of a modest private home, repair their homes to ensure a safe and healthy residence and to increase the useful economic life of their home, or access a rental program that allows them to experience the commitments required to be a successful homeowner.

The simplified structure of the homeownership programs offers flexible delivery options to NWT residents and also meets the needs of seniors, and those with accessibility challenges. These programs use education and counselling to help residents in becoming successful homeowners.

Recently, program application intake changed to a year-round intake to better provide timely supports to residents in need. These one-on-one discussions between residents and staff of the NWT HC are necessary in order to explore program requirements, help individuals in identifying their housing needs and to determine the program that will best fit an individual's or a household's needs.

The following housing programs help us to achieve our goals to improve housing in the NWT.

- Solutions To Educate People (STEP)
- Providing Assistance for Territorial Homeownership (PATH)
- Contributing Assistance for Repairs & Enhancements (CARE)
- Contributing Assistance for Repairs & Enhancements - Mobility (CARE Mobility)
- Contributing Assistance for Repairs & Enhancements - Preventative Maintenance (CARE PM)
- Securing Assistance For Emergencies (SAFE)

STEP (Solutions to Educate People)

STEP provides education and counseling assistance consisting of four courses designed to prepare participants for the responsibilities of homeownership. STEP aims to increase homeownership applicants' financial skills, as well as, their knowledge of the home purchase process, basic home maintenance and repairs.

STEP courses are not only offered to NWT HC applicants and clients, but also to NWT residents at large. Although priority is given to applicants/clients, space permitting, residents are encouraged to sign up for the courses through their District Offices.

PATH (Providing Assistance for Territorial Homeownership)

PATH allows clients the opportunity to become homeowners by assisting in the construction or purchase of a modest home. Clients obtain additional funding from an approved financial institution or other verifiable sources. Assistance levels are determined by a zone approach that provides a level of subsidy to roughly equalize shelter costs for dwellings of a similar age and quality within non-market communities, and range between 5% and 55% of the purchase price or the Maximum Construction Cost (MCC), whichever is less. Applicants with moderate income, but income over the Core -Need Income Threshold (CNIT), will be eligible for 50% of the subsidy. Assistance is provided through a forgivable loan. The forgiveness period of the loan is dependent on the amount of assistance provided.

CARE (Contributing Assistance for Repairs and Enhancements)



CARE assists existing homeowners in making necessary repairs to their home to ensure a safe and healthy residence and to increase the remaining economic life of their home. Assistance of up to \$100,000 is provided in the form of a forgivable loan to subsidize the cost of preventative maintenance checks, repairs and renovations for their existing home. The forgiveness period is dependent on the amount of assistance being provided. Co-pay may be required depending on household income.

CARE Mobility

CARE Mobility assists low-income homeowners with disabilities by providing up to \$100,000 to carry out modifications to their home to improve accessibility and support independent living. Again, co-pay may be required depending on household income.

- Modifications may include:
- The construction of wheelchair access ramps;
- The installation of grab bars in bathrooms; and
- Creating better access to bathtubs, showers, and the kitchen.
- Modifications must be directly related to the disability of the homeowner or a family member residing in the unit.

CARE PM (Preventative Maintenance)

CARE PM provides assistance for preventative maintenance and minor repairs. Clients can apply for up to \$3,000 annually and can apply for this support on a year-round basis.

SAFE (Securing Assistance for Emergencies)

SAFE is an emergency repair program. Clients are eligible for up to \$10,000 for emergency repairs to their private home to ensure health and safety standards are met, and are able to make applications for SAFE funding at any time. SAFE is designed to assist eligible homeowners with emergency repairs to their private home based on a partnership model (copayment) between the NWTCH and the homeowner.

HOMELESSNESS

The NWTCH supports the Minister Responsible for Homeownership in a secretariat role, monitoring and taking inventory of the numerous homelessness interventions taken across GNWT departments. The NWTCH also direct delivers its own homelessness programming, which ranges from capital support for shelters, fostering small community homelessness solutions and working with GNWT case managers and referral agents to help prevent homelessness.

SEF (Shelter Enhancement Fund)

Recognizing that shelters often struggle to find resources for repairs, renovation or important equipment purchases, the NWTCH created the Shelter Enhancement Fund. This ongoing fund provides one-time funding for repairs and capital purchases based on proposals by shelter proponents. This fund supports shelters to maintain health and safety standards as well as to purchase important equipment and supplies to continue their operations.

SCHF (Small Community Homelessness Fund)

Communities are often best placed to identify solutions to address homelessness or assist homeless people. Sometimes these supports can come in the form of food security initiatives such as soup kitchens, food vouchers or food hampers. Sometimes communities want support to conduct their own planning to address homelessness. The Small Community Homelessness Fund, in its flexible funding design allows for communities to implement their own homelessness initiatives.

HAF (Homelessness Assistance Fund)

The Homelessness Assistance Fund works cooperatively with GNWT case managers and referral agents to support homeless residents to access housing, prevent tenants from being evicted or provide assistance for residents to return to more stable housing situations in their home community.

Housing First

The NWT HC provides an ongoing contribution to support the sustainability of a Housing First program in Yellowknife. The Housing First philosophy involves taking a two-fold approach to addressing homelessness: opportunities for independent rental housing and the provision of wrap around supports to address underlying homelessness factors.

NWTHC Program Approvals**Beaufort Delta District**

Program	Number of Programs
CARE Major	-
CARE PM	62
CARE Mobility	-
Fuel Tank Replacement	
HELP	3
PATH	1
SAFE	15
Seniors Aging-in-Place	1
Total	82

Sahtu District

Program	Number of Programs
CARE Major	1
CARE PM	17
CARE Mobility	-
Fuel Tank Replacement	-
HELP	4
PATH	-
SAFE	24
Seniors Aging-in-Place	4
Total	50

Nahendeh District

Program	Number of Programs
CARE Major	-
CARE PM	27
CARE Mobility	-
Fuel Tank Replacement	1
HELP	5
PATH	1
SAFE	22
Seniors Aging-in-Place	3
Total	59

South Slave District

Program	Number of Programs
CARE Major	2
CARE PM	67
CARE Mobility	1
Fuel Tank Replacement	-
HELP	1
PATH	2
SAFE	41
Seniors Aging-in-Place	4
Total	118

North Slave District

Program	Number of Programs
CARE Major	7
CARE PM	256
CARE Mobility	1
Fuel Tank Replacement	4
HELP	15
PATH	5
SAFE	131
Seniors Aging-in-Place	36
Total	455

Northwest Territories

Program	Number of Programs
CARE Major	4
CARE PM	83
CARE Mobility	-
Fuel Tank Replacement	3
HELP	2
PATH	1
SAFE	29
Seniors Aging-in-Place	24
Total	146

NWTHC Program Delivery in a Snapshot

Public Housing Program

Expenditures for the Public Housing Program in 2017-2018 totaled approximately \$60.8 million. Public Housing refers to public programs that provide income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver Public Housing on behalf of the NWTHC. The NWTHC has signed Partnership Agreements with LHOs to manage the Public Housing portfolio. The Partnership Agreements between LHOs and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of Public Housing in the NWT. Currently the NWTHC operates approximately 2,400 Public Housing units located in 33 communities throughout the NWT, which are managed by LHOs and community service agents.

Public Housing Unit Condition Ratings

Each year, the NWTHC and LHOs conduct unit condition ratings on NWTHC owned public housing units.

Unit condition ratings provide the NWTHC with valuable information as to the state of its assets. The ratings are one source of information that helps support the NWTHC on how best to utilize its financial resources to improve the quality of housing across the NWT.

The unit condition ratings influence the capital planning process. The yearly capital planning process directs future modernization and improvements projects based on the condition of our existing public housing stock. These projects are done in order to maintain the quality of housing for our tenants.

Condition ratings are also done to determine when older units need to be replaced or scheduled for demolition. In addition, the data collected through the unit condition ratings allows a planned approach to mitigate the financial pressures in the longer term while maintaining our assets in good condition. A systematic walk-through inspection is conducted to complete the condition rating of a unit. A standardized condition rating form is used that lists the components that make up the unit. The condition of each component is documented to assist in prioritizing repairs and estimating their cost.

The NWTHC has also implemented a training, monitoring, and reporting process so this annual inspection can be utilized as an opportunity for both quality control in ensuring that all LHOs across the NWT are completing the inspections consistently as per NWTHC guidelines and a training opportunity where required.

Units with low condition ratings undergo a more detailed evaluation. This additional evaluation determines the cost benefit of investing further dollars to modernize and improve the unit to extend its useful life or to dispose of the unit and replace it.

The NWTHC plans for a 50-year life of new units with two major renovation/repair milestones; the first at 20 years and the second at 35 years. As well, regular maintenance is performed on its public housing assets.

The table provides a snapshot of the condition of the public housing stock for the fiscal year 2017-2018. Unit condition ratings are finalized in the month of October of each year.

PUBLIC HOUSING CONDITION RATINGS

District/Community	Below 60%	60% - 69%	70% and higher	Total No. Ratings
Beaufort Delta	49	82	699	830
Aklavik	1	4	133	138
Fort McPherson	14	27	98	139
Inuvik	31	18	154	203
Paulatuk	1	2	36	39
Sachs Harbour	1	7	17	25
Tsiigehtchic	0	0	27	27
Tuktoyaktuk	1	24	144	169
Ulukhaktok	0	0	90	90
Nahendeh	0	1	107	108
Fort Liard	0	0	35	35
Fort Simpson	0	1	54	55
Jean Marie River	0	0	5	5
Nahanni Butte	0	0	0	0
Trout Lake	0	0	5	5
Wrigley	0	0	8	0
North Slave	23	16	597	636
Behchoko	4	8	204	216
Dettah	0	1	42	43
Gameti	2	1	27	29
Lutselk'e	1	2	64	67
N'Dilo	0	2	28	30
Wekweeti	0	0	9	9
Whati	0	1	40	41
Yellowknife	17	1	183	201
Sahtu	36	37	234	307
Colville Lake	0	0	7	7
Deline	17	21	62	100
Fort Good Hope	3	0	53	56
Norman Wells	1	1	57	59
Tulita	15	15	55	85
South Slave	17	69	468	554
Fort Providence	2	24	94	120
Fort Resolution	3	13	78	94
Fort Smith	2	5	149	156
Hay River	5	26	141	172
Kakisa	0	1	2	3
K'atloodeeche First Nation	5	0	4	9
Total NWT	125	205	2105	2435

Project Focus – Habitat for Humanity



The NWTCH has worked with Habitat for Humanity NWT (HFH-NWT) over the past three years to support their affordable homeownership model that empowers families. In 2017-18, the NWTCH provided a funding contribution to Habitat for Humanity NWT to assist with the construction of a single family dwelling in Yellowknife. In previous years, the NWTCH provided assistance to HFH-NWT to construct a duplex. These homes provided three families with affordable housing. The development of these units is really a community effort with contributions from private industry, government, volunteer work by private residents and not the least of which, sweat equity by the eventual owners.



Strategic Renewal 2017-2018

The Northwest Territories Housing Corporation began its Strategic Renewal process in early 2017 with the release of the Housing Engagement Survey. This survey played a critical role in directing and informing the Strategic Renewal process within the NWTHC.

Strategic Renewal is a long-term, sometimes challenging process, but one that will significantly reduce core need and provide the best possible housing system for residents of the NWT. The process will involve all aspects of the Housing Corporation including the establishment of new initiatives and projects, as well as the reevaluation of current programs.

Over the past year a significant number of actions were undertaken as part of this Strategic Renewal process, including:

- Seniors Aging-in-Place Retrofits (discussed in more detail later in the report).
- Community Housing Support Initiative (discussed in more detail later in the report).
- The removal of the co-pay requirement for low-to-modest households, where these households formerly needed to pay for a portion of their home repairs.
- The Fuel Tank Replacement Initiative, which replaces older fuel tanks of private homeowners in order to mitigate potential environmental damage and significant remediation costs;



- The creation of an assumption agreement under the Family Home Transfer Program, which facilitates the transfer of a home to a loved one when a resident is required to relocate to another community for uncontrollable reasons like accessing long-term health care.
- A redesign of the Transitional Rent Supplement Program that will address issues with previous rent supplement programs in order to more effectively serve our residents;
- An NGO Supportive Rental Program or Rapid Rehousing Program, which is geared towards partnering with NGOs to provide rental housing support to their program participants;
- Students in Public Housing changes that provide greater program support for students living in Public Housing by not requiring them to fulfill a residency requirement upon returning to their home community;
- Customer Service Improvements that will involve meaningful customer service training for all front-line staff and senior management.

These programs and initiatives are good first steps, but there is still a lot of work to be done. As the Strategic Renewal Process moves forward there will be more changes coming, all of which will be done with the goal of making sure everyone in NWT has an affordable, appropriate, and safe place to call home.

The Community Housing Support Initiative 2017-2018

The Community Housing Support Initiative (CHSI) is a partnership program between the Northwest Territories Housing Corporation and Indigenous and local governments. The CHSI is a three year pilot program that will allow local and Indigenous governments address housing and homelessness issues in their communities with their own locally developed solutions.

These innovative, locally developed projects reflect the GNWT's commitment to supporting the housing aspirations of local and Indigenous governments across the NWT. This program recognizes that local and Indigenous governments are often best placed to develop potential solutions to housing issues in their communities. Also, in some cases, innovative projects may be easier for communities to take on as opposed to a government entity.

Support for this project is flexible: it can be a financial or in kind, whichever best assists the community to implement appropriate housing solutions. This program is also intended to leverage existing community supports, in conjunction with what the NWTHC contributes.

Among the successes of this program was the recent partnership between the NWTHC and the Salt River First Nation (SRFN). The NWTHC allocated \$360,000 of building material to the SRFN, which supported the construction of two homes. The SRFN contributed to the project by providing the labour to build the homes as well as the land. This initiative has provided homes to members of the Salt River First Nations, created training opportunities for community residents, supported an Indigenous government in managing their own housing initiatives and increased economic development in the community.

Seniors Aging in Place 2017-2018

The Mandate of the 18th Assembly has committed the Government of the Northwest Territories to lowering the cost of living and ensuring that seniors are able to live in their home communities for as long as possible. With the population of seniors in NWT projected to rise by 25% over the next five years, work towards this commitment is of immediate importance.

The Northwest Territories Housing Corporation is fully supportive of this commitment and is working diligently on programs that will allow seniors to stay in their own homes and communities for as long as possible. To this end the NWTHC has implemented the Seniors Aging in Place initiative that will keep seniors in their own homes longer through energy-efficient repairs and retrofits.

The object of this initiative is increase sustainability and energy efficiency in homes – while lowering utility costs – thereby making it easier for seniors to stay in their own homes as long as possible. The initiative provides a forgivable loan of up to \$10,000 to put towards repairs or retrofits. Seniors participating in this initiative are still able to access other NWTHC home repair programs in addition to Seniors Aging in Place.

Beyond the repair and retrofit aspects of Seniors Aging in Place, the NWTHC – in partnership with the Department of Health and Social Services – is also investing in new seniors' independent living facilities. These facilities allow seniors to live independently, but also have easy access to supportive services like home care. The new facilities were allocated to communities after a needs and population-based assessment was carried out.

Initiatives like Seniors Aging in Place are key parts of the NWTHC's Strategic Renewal process while also directly supporting the Mandate of the 18th Assembly. The NWTHC will continue to work with all stakeholders in order to ensure that seniors across the NWT are able to stay in their homes and home communities for as long as possible.



Staff Profiles

Staff Profile - Kelcy McDonald

In August 2006 the NWTHC welcomed Kelcy McDonald as Programs Advisor. Little did she know, it would be the start of a long career with the NWTHC's Beaufort Delta District Office (BDDO) in Inuvik. She became manager in 2011. Originally, from Inuvik, Kelcy went to Edmonton to attend post-secondary school, but returned to Inuvik afterwards.

"My father's family is one of the original of Inuvik," she explained, after they had been relocated from Aklavik. Her grandmother is from the Sahtu and her grandfather is from Fort Chipewyan.

She said she loves that her job allows her to "work with clients" and "try to address housing needs." She added she also likes being able to travel and visit the communities. "It's always busy."

Kelcy currently has two programs advisors who work under her. She said the job involves good team work. The BDDO covers the most remote communities and biggest land area, presenting unique challenges. There is also the coastal communities, which have different needs than the Delta communities. "What we deal with is vastly different from what other divisions work with," she said. The challenges that come up are very wide ranging. "You have to think outside the box," she adds, "I get satisfaction that we're making a difference."

Previously Kelcy had worked in the private sector for a family business. "I just wanted a change," she said of her switch to working in housing. She said having spent so much of her life in the area she does have a connection with many people in the region, which brings a familiarity/common ground for the clients she works with.

Staff Profile - Bonnie Leonardis

Bonnie Leonardis has been with the NWTHC for 17 years. She spent 12 years working in Finance at the head office. Wanting a change, she moved to the North Slave District Office, in Yellowknife. She has been working in programs for the last five years.

"Dealing with people, you feel like you make a difference," Bonnie said.

Bonnie, a born and raised Yellowknifer, has an eclectic work history. A journeyman hairstylist, she previously worked at Stanton Territorial Hospital as a clinical clerk. She also attended Aurora College for management studies. She said she hadn't thought about housing as a career until getting the job with the NWTHC.

"One of the best parts of my job is the PATH (Providing Assistance for Territorial Homeownership) program and helping (residents) buy their first home." She said she received a big thank-you email recently, a rewarding feeling.



Bonnie works in a team that splits up the travel to communities. There are seven total, Bonnie works in Behchoko and Whati. She says working in a team that is supportive and work well together is a major motivator.

She described a scenario recently in which a man in Whati had no bathtub for a year. He had been unable to bathe in his home. An emergency repair to get him a working bathtub. "When you helped somebody, that's the best part," She said.

Staff Profile - Ruth McKeown

Ruth McKeown is a Policy Analyst in Strategic Planning, Policy, and Communications for the NWT HC's head office in Yellowknife. Ruth previously worked in developing and coordinating mental health services and teaching in the elementary, secondary, and post-secondary college systems in Ontario.

Ruth started with the NWT HC on April 3, 2016. She has been in Yellowknife for seven years. She said she enjoyed coming onto the team when it was implementing the strategic renewal, noting it was an interesting time and felt good to bring new ideas. "It was a good time to come to housing."

An educational background in mental health and social work, she was first hired by the GNWT in the winter of 2012. Ruth worked as the Supported Living and Persons with Disabilities Consultant in the Continuing Care Division of the Health Department. From there, she became the Manager of NWT Victim Services in the Department of Justice. Ruth was subsequently hired by Aurora College to teach adult students from N'dilo, Detah, and Lutsel K'e at the Adult Learning Centre in Ndilo.



Ruth said she was always interested in housing; her father had worked in the housing field in Ontario and Manitoba. He spent two years with Canada Mortgage and Housing Corporation. She said housing is a big issue and "everyone I have met (at NWT HC) has been very hard working."

Staff Profile - Lisa Maurice

Lisa Maurice has spent 20 years working in finance with the NWT HC's South Slave District Office (SSDO) in Hay River. Recently she was given the opportunity to complete a developmental transfer as a Program Advisor. She moved into programs in June 2017.

"I went for it and I have no regrets," she said. "It's a very nice change."

Lisa is born and raised in Hay River. She previously held the title of Senior Finance Officer, which involved various tasks like budgeting and reporting on financials. She said initially she was reluctant to move out of finance and into programs and turned the offer down. However, she was given the opportunity a second time and decided to go for it.

"Who gets a second chance?" she said. "I'm really enjoying this position and I have no regrets."

Lisa said she enjoys the change of getting to travel and meet community members. She said part of her job is the review of applications and to go out and meet the qualifying applicants. As part of a team working in programs, she has specific communities assigned to her. Lisa works with clients in Fort Resolution, Fort Providence, Kakisa and Enterprise.



Lisa said she is always striving to improve effectiveness and efficiency in the way programs are delivered. She also added that having such a good working knowledge of how finance works within the NWT HC gives her a broad knowledge of how the NWT HC operates overall.

LHO Profile – Tulita Housing Association

Tulita's Local Housing Organization has undergone a great deal of change in the past few years. After a big upheaval in staff changes, the LHO is now flourishing under new management. Tulita is located in the Sahtu, which means they are part of the NWTHC's Sahtu District Office.

The current manager, Sasha Doctor, and the Tenant Relations Officer, Dusty Yakeleya, are local hires. They have gone out of their way to work with community members and keep people in the community successful in meeting their housing goals.

Doctor has been in the manager role since early 2017. She said the best part of her job is "Knowing we are trying our best to improve the conditions of the Units for local residents."

Recently, a tenant had a large amount of arrears owing. She was also facing a cancer diagnosis. The LHO staff worked hard with this client in order to keep her in her house and keep her housed, despite the large amount of arrears.

Management Discussion and Analysis

Management Discussion and Analysis – Fiscal Year 2017/18

Managing Risk / Pressures

There are both external and internal pressures and risks that influence how the NWT HC delivers its housing programs and services. In response to these challenges, the NWT HC has employed various mitigation strategies to help manage these risks, to the extent possible.

CMHC Funding

Base funding for social housing operations from CMHC is scheduled to decline to zero by 2038-39. This funding continues to decline at varying amounts annually, depending on when the housing stock was initially constructed in partnership with the federal government. Over the term of the 18th Legislative Assembly, CMHC federal funding will decline by \$1.4 Million.

The NWT HC continues to work with CMHC to minimize the impacts of this declining funding. Under Federal Budget 2016, the NWT HC received approximately \$20 million for fiscal years 2016-17 and 2017-18. This incremental funding assisted the NWT HC significantly in responding to CMHC funding declines in these years. The NWT HC continues to lobby CMHC for stable, long-term funding for our social housing programs.

The NWT HC also participates in the Provincial – Territorial Housing Forum that leads the inter-jurisdictional efforts to engage the federal government in meaningful discussions regarding sustainable social housing. One mitigation strategy that the NWT HC will be implementing is the expansion of the market rent program to accommodate RCMP Members stationed in various NWT communities. This initiative will not only increase the availability of affordable, adequate, and suitable market housing but will also contribute additional revenues to help offset CMHC's declining funding.

In addition, the NWT HC will continue to provide opportunities for tenants to take greater responsibility for their utility consumption. On September 1, 2018, tenants will be paying the same electricity rates as private households as established under the GNWT's Territorial Power Support Program. This initiative supports tenant self-reliance and assists the NWT HC in responding to the continued decline in CMHC funding.

Core Need (Quality of Housing and Affordability)

The level of core housing need in the NWT, according to *the 2014 NWT Community Survey*, is 19.8%. To assist in addressing this situation, the NWT HC continues to make capital investments to replace and retrofit older and less energy-efficient housing units. In addition to these investments in existing housing stock, the NWT HC continues to address core housing need by delivering a wide range of housing programs. For example, the Rent Supplement Program used to address market rental housing challenges of the working poor and the Securing Assistance for Emergencies (SAFE) repair program that provides access to financial assistance emergency repairs for low to moderate-income households.

Utility Costs

The NWT HC continues to invest in improving the overall quality and energy-efficiency of its owned housing assets. New construction for the replacement of aging, single detached Public Housing is now primarily multi-unit buildings, resulting in reduced utility

costs. Our standards for retrofits and new units require that projects meet, or exceed, EnerGuide for Housing (EGH) 80 design standards. The NWT HC has also invested in numerous energy efficiency technologies, such as biomass and photovoltaic solar systems, to help offset the high cost of energy.

The NWT HC has recently designed and implemented a system to improve detailed tracking of utility consumption and pricing. This system continues to undergo enhancements and improved business processes to provide useful information for analysis and reporting purposes.

Land Development

Land availability for both current and future housing construction projects is an ongoing challenge. Land development in many Northwest Territories communities has not kept pace with the ongoing demand for suitable building lots. The NWT HC continues to work with community governments to identify and develop suitable land for residential construction.

Credit Risk

The NWT HC is exposed to credit risk from tenants and mortgage clients. Several LHOs have had challenges with collections resulting in accumulated arrears over several years. The NWT HC has increased support to enhance rent collections, including establishing a Collections Unit, to further support LHOs with their ongoing collection activity. Our Territorial Housing System (THS) gives the NWT HC the ability to closely monitor tenant collection matters.

Since 2012-13, the NWT HC has worked with clients to restructure their mortgages with a view to improving overall collections rates. Working with program participants, the NWT HC was able to restructure existing mortgages to assist homeowners in satisfying their mortgage payment obligations.

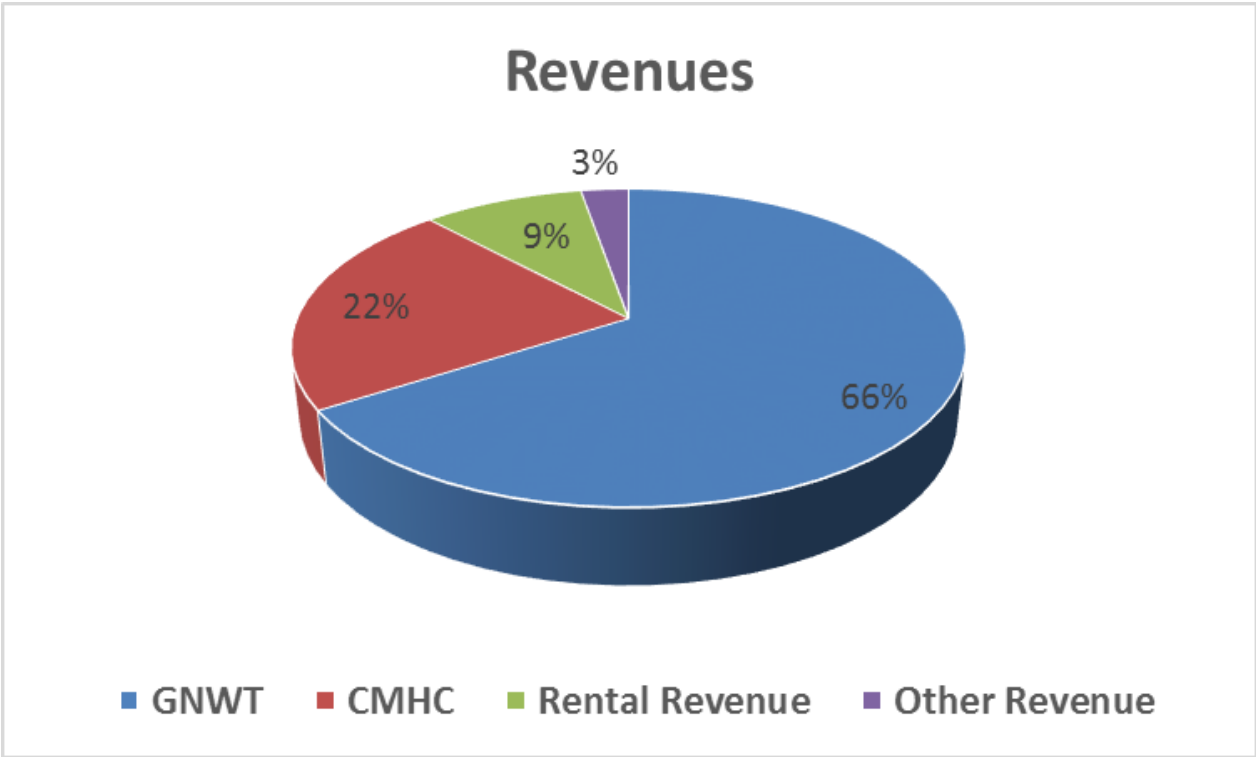
Financial Results

Revenues

The total revenues for the Corporation in 2017-18 were \$113.6 million, a decrease of \$8.9 million from the previous year's total of \$122.5 million.

Government funding from the GNWT and CMHC decreased by \$10.3 million, from \$110.3 million to \$100 million. The net decrease is due to reduced funding received under CMHC Investment in Affordable Housing Agreement and GNWT sunset funding.

Revenue generated from operations amounted to \$13.6 million in 2017-18, an increase of \$1.4 million over the \$12.2 million in revenue generated in 2016-17. This increase was primarily related to higher rental revenues from the HELP and market housing rental programs and an increase in other revenues and recoveries.



Expenses

The Corporation’s total operating expenditures for 2017-18 were \$97.4 million, a 2.4% increase over the 2016-17 year’s expenses of \$95.1 million. The cost of operating the Public Housing program decreased by than 2.9%. The Public Housing program costs continue to be the largest component of the Corporation’s expenses, representing 62.4% of the annual operating expenditures, including amortization of the public housing units.

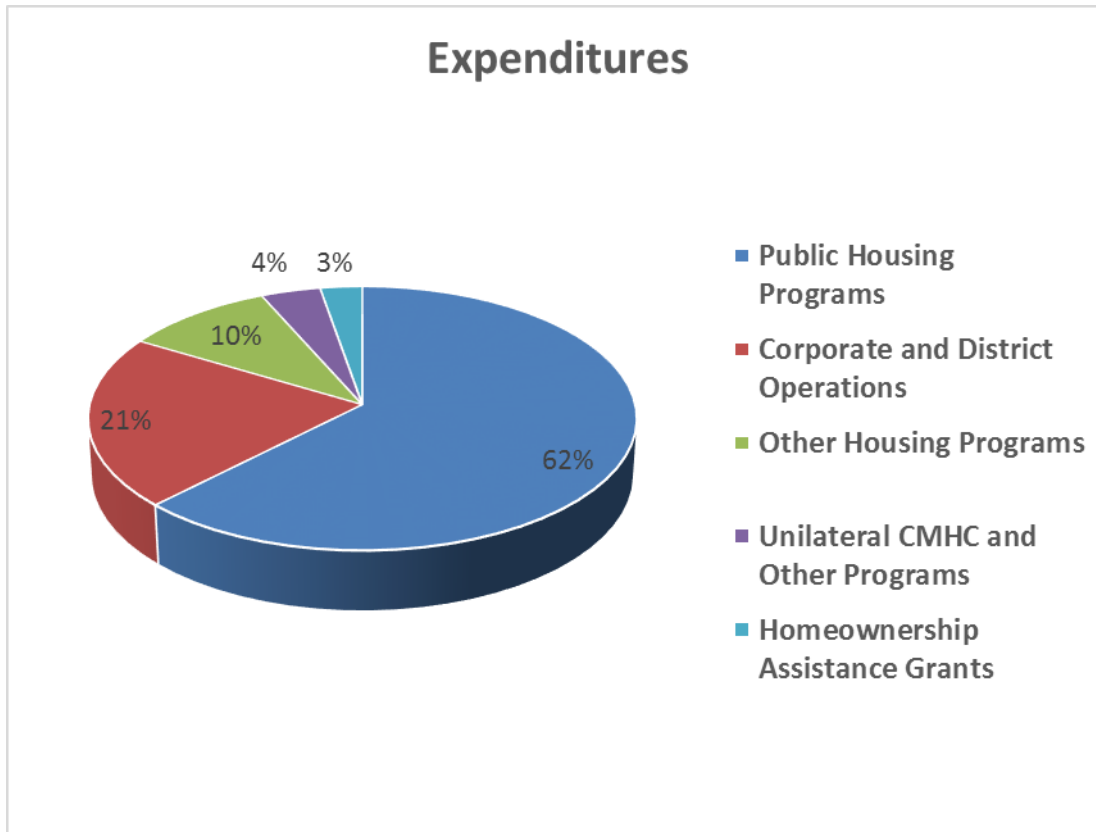
Expenditures for the HELP and market housing programs were \$7.9 million in 2017-18 including amortization, a \$1.7 million or 27.4% increase over the \$6.2 million expended in 2016-17. The increase was attributable to factors such as additional repairs and maintenance activities and increased amortization due to the construction of additional market housing units. The NWTCH also contributed \$3.8 million to unilateral CMHC programs and other programs, an increase of 40.7% over the \$2.7 million contributed in 2016-17. This increase primarily related to additional funding for maintenance projects.

Homeownership assistance grants were \$2.7 million in 2017-18, an increase of \$0.2 million or 8.0% over the previous year’s amount of \$2.5 million. This funding provides homeownership grants and contributions to support increased homeownership units, and improvements to existing homeownership units. Funding provided by the NWTCH is subject to the receipt of qualified applicants.

The Corporation had losses from disposals of tangible capital assets of \$0.3 million compared to the gains of \$0.3 million in 2016-17. Losses resulted from buildings disposed of where proceeds were lower than the net book value of the units.

The Corporation spent \$20.6 million on corporate and district operations in 2017-18, an increase of \$2.0 million or 10.7% from the \$18.6 million expended in 2016-17. Costs include program development and delivery and technical and administrative support at the district office and headquarters; including approximately \$1.0 million additional investment in environmental projects.

The acquisition or construction of new housing assets and the renovation of existing housing is funded by the GNWT, CMHC, and the NWTHC's own source revenues. During the year, revenues, including NWTHC generated revenues, exceeded expenses resulting in an annual surplus of \$16.2 million. Annual surpluses are used to support NWTHC's capital investments and housing programming.



Financial Position

The Corporation continued to maintain a sound financial position in 2017-18, with net financial assets of \$71.8 million, an increase of \$11.4 million over the prior year. The requirement for the Corporation to maintain a positive net financial resources position is necessary to ensure future obligations can be met, particularly related to capital projects and contractual commitments, and to mitigate financial risk associated with the \$14.4 million third party loans that the Corporation administers on behalf of the CMHC. The Corporation indemnifies and holds harmless the CMHC from all losses, costs, and expenses related to these loans, as provided under the Social Housing Agreement (SHA). The Corporation has also provided loan guarantees to private sector companies and households in support of new construction or improvements in residential housing across the north. The total outstanding balance of loans guaranteed was \$15.2 million as at March 31, 2018.

The cash and cash equivalents balance of \$43.9 million (\$16.9 million at March 31, 2017) represents the March 31, 2018 bank balance for 23 LHOs and the Corporation. The Corporation invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2018, \$42.8 million (\$56.4 million at March 31, 2017) was invested in portfolio investments with a weighted average rate of return of 2.06%. These cash reserves will be used to support the NWTHC's capital investments and housing programs.

Since 2012-13, the Corporation has been assisting mortgage program participants in restructuring their loans. This approach has assisted homeowners in satisfying their mortgage payment obligations while supporting the on-going delivery of housing programs and services. The total mortgage and loans receivable balance, net of allowances, decreased from \$4.2 million as at March 31,

2017, to \$3.6 million as at March 31, 2018. This decrease is due in part to the continued collection of principal balances.

Investment in Housing

As at March 31, 2018, the Corporation had \$288.6 million of investments in land and buildings and other property and equipment, representing the amortized book value of approximately 2,600 owned public housing, homeownership rental, and market rental units. During the year, the NWTCHC incurred \$18.7 million in capital expenditures.

Summary of Financial Results (in millions of dollars)

	2013-2014	2014-2015	2015-2016	2016-2017	2016-2017 (Restated ¹)	2017-2018
Revenues						
GNWT	69.3	85.1	85.8	81.6	81.6	74.9
CMHC	17.5	17.4	17.3	28.7	28.7	25.1
Other	16.8	15.1	12.6	12.2	12.2	13.6
Total Revenues	103.6	117.6	115.7	122.5	122.5	113.6
Expenses²						
Public Housing Programs	52.7	52.7	54.0	53.2	53.2	50.8
Other Housing Programs	9.2	8.3	7.7	8.3	8.3	9.9
Homeownership Assistance Grants	5.2	5.6	2.9	2.5	2.5	2.7
Impairment/Disposal Loss on TCAs	1.1	1.6	0.6	-	-	0.5
Amortization ¹	12.2	11.7	12.8	13.3	12.6	13.0
Corporate and District Operations	19.6	19.8	19.8	18.5	18.5	20.5
Total Expenses	100.0	99.7	97.8	95.8	95.1	97.4
Annual Surplus (Deficit)	3.6	17.9	17.9	26.7	27.4	16.2

1. The restatement is a result of a change in accounting policy to align with the amortization policy of the GNWT (refer to Note 3 to the Consolidated Financial Statements).

2. Amortization reported separately.



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

I have audited the accompanying consolidated financial statements of the Northwest Territories Housing Corporation, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Housing Corporation as at 31 March 2018, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

August 28, 2018
Edmonton, Canada

Northwest Territories Housing Corporation
Consolidated Financial Statements
March 31, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These accompanying consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the Corporation complies with applicable laws and regulations. These controls and practices ensure the orderly conduct of business, the preparation of reliable financial information, and adherence to the Corporation's statutory requirements and policies.

The Corporation's external auditor, the Auditor General of Canada, conducts an independent audit, in accordance with Canadian general accepted auditing standards, and expresses his opinion on the consolidated financial statements. The Corporation's external auditor has full and free access to financial management of Northwest Territories Housing Corporation.

On behalf of the Northwest Territories Housing Corporation



Tom R. Williams
President and CEO



Jim Martin, FCPA, FCGA, MBA, MA
Vice President
Finance and Infrastructure Services

Yellowknife, Northwest Territories
August 28, 2018

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Financial Position As at March 31, 2018 (in thousands)

	2018	2017 (Restated - Note 3)
Financial assets		
Cash (Note 4)	\$ 43,896	\$ 16,886
Portfolio investments (Note 5)	42,825	56,444
Accounts receivable (Note 6)	13,431	13,503
Mortgages and loans receivable (Note 7)	3,611	4,172
	<u>103,763</u>	<u>91,005</u>
Liabilities		
Accounts payable and accrued liabilities (Note 8)	19,941	17,852
Deferred revenue	360	256
Loans and mortgages payable to Canada Mortgage and Housing Corporation (Note 9)	8,256	9,063
Environmental liabilities (Note 10)	461	615
Retirement, post-employment, and other leave benefits (Note 11)	2,897	2,805
	<u>31,915</u>	<u>30,591</u>
Net financial assets	71,848	60,414
Non-financial assets		
Tangible capital assets (Schedule A)	288,646	283,800
Inventories held for use	2,657	3,009
Prepaid expenses	284	43
	<u>291,587</u>	<u>286,852</u>
Accumulated surplus	<u>\$ 363,435</u>	<u>\$ 347,266</u>

Contractual obligations and contingencies (Notes 16 and 17)

Approved by:



Alfred Moses
Minister Responsible for the
Northwest Territories Housing Corporation



Tom R. Williams
President and CEO

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Change in Net Financial Assets For the year ended March 31, 2018 (in thousands)

	2018 Budget	2018 Actual	2017 Actual (Restated - Note 3)
Net financial assets, beginning of the year	\$ 60,414	\$ 60,414	\$ 44,090
Items affecting net financial assets:			
Annual surplus	8,752	16,169	27,390
Acquisition of tangible capital assets	(24,302)	(18,668)	(24,003)
Amortization	15,550	13,038	12,612
Proceeds from disposal of tangible capital assets	-	277	814
Loss (gain) from disposal of tangible capital assets	-	261	(314)
Write-down of tangible capital assets	-	246	-
Acquisition of inventories held for use	-	(1,311)	(1,692)
Consumption of inventories held for use	-	1,663	1,526
Acquisition of prepaid expenses	-	(292)	(36)
Consumption of prepaid expenses	-	51	27
Increase in net financial assets	-	11,434	16,324
Net financial assets, end of the year	\$ 60,414	\$ 71,848	\$ 60,414

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Operations and Accumulated Surplus

For the year ended March 31, 2018

(in thousands)

	2018 Budget	2018 Actual	2017 Actual (Restated - Note 3)
Revenues			
Government funding:			
Government of the Northwest Territories	\$ 74,878	\$ 74,883	\$ 81,611
Canada Mortgage and Housing Corporation (CMHC) (Note 12)	25,214	25,105	28,673
	100,092	99,988	110,284
Generated revenues:			
Rental revenue	9,741	10,480	9,125
Recoveries from mortgages and loans (Note 7)	475	795	940
Income from portfolio investments	626	1,105	1,188
Gain on disposal of tangible capital assets	1,400	-	314
Other revenue and recoveries	19	1,080	506
Interest revenue on mortgages and loans	120	122	136
	12,381	13,582	12,209
	112,473	113,570	122,493
Expenses (Note 18)			
Public housing program (Note 13)	65,716	60,753	62,566
Unilateral CMHC programs and other programs	3,268	3,779	2,738
HELP and market housing (Note 14)	7,163	7,906	6,172
Non-residential building operations	254	654	596
Rent subsidy program	600	215	254
Homelessness fund program	1,386	794	1,612
Homeownership assistance grants	7,017	2,665	2,519
Corporate and district operations (Note 15)	18,317	20,635	18,646
	103,721	97,401	95,103
Annual surplus	\$ 8,752	\$ 16,169	\$ 27,390
Accumulated surplus, beginning of year	347,266	347,266	319,876
Accumulated surplus, end of year	\$ 356,018	\$ 363,435	\$ 347,266

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Consolidated Statement of Cash Flow For the year ended March 31, 2018 (in thousands)

	2018	2017 (Restated - Note 3)
Cash provided by (used in) operating transactions		
Annual surplus	\$ 16,169	\$ 27,390
Items not affecting cash:		
Amortization	13,038	12,612
Write-down of tangible capital assets	246	-
Loss (gain) from disposal of tangible capital assets	261	(314)
Loss on disposal of portfolio investments	368	267
Non-cash portfolio investment (loss) income	(172)	171
Non-cash mortgage funding	(24)	-
Change in valuation allowance for doubtful accounts	(903)	(457)
Change in valuation allowance for mortgages and loans receivable	102	(544)
	12,916	11,735
Change in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	975	(7,154)
Decrease (increase) in inventories held for use	352	(166)
Increase in prepaid expenses	(241)	(9)
Increase (decrease) in accounts payable and accrued liabilities	4,001	(1,916)
Increase in deferred revenue	104	108
Decrease in environmental liabilities	(154)	(68)
Increase in retirement, post-employment, and other leave benefits	92	27
	5,129	(9,178)
Cash provided by operating transactions	34,214	29,947
Capital transactions		
Acquisition of tangible capital assets	(20,580)	(29,550)
Proceeds from disposal of tangible capital assets	277	811
Cash used for capital transactions	(20,303)	(28,739)
Financing transactions		
Repayment of loans payable to CMHC	(807)	(848)
Repayment of obligations under capital leases	-	(53)
Cash used for financing activities	(807)	(901)
Investing transactions		
Proceeds from sale of portfolio investments	16,242	47,601
Acquisition of portfolio investments	(2,819)	(53,653)
Repayments of mortgages and loans receivable	483	812
Cash provided by (used for) provided by investing transactions	13,906	(5,240)
Increase (decrease) in cash	27,010	(4,933)
Cash at beginning of the year	16,886	21,819
Cash at end of the year	\$ 43,896	\$ 16,886

Total interest paid during the year was \$533 (2017 - \$592).

Total interest received during the year was \$1,473 (2017 - \$1,416).

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation (the "Corporation") is a territorial corporation, established under the *Northwest Territories Housing Corporation Act* (the "Act") and named in Schedule B of the *Financial Administration Act* (FAA) of the Northwest Territories (NWT). Accordingly, the Corporation operates in accordance with its Act and regulations, the FAA, and any directives issued to it by the Minister responsible for the Corporation. The Corporation is exempt from income tax but is subject to Goods and Services Tax.

The Corporation's mandate is to ensure, where appropriate and necessary, that there is a sufficient supply of affordable, adequate, and suitable housing stock to meet the housing needs of residents in the NWT. The Corporation works in partnership with the local communities in the NWT to ensure residents have access to housing that supports a healthy, secure, independent, and dignified lifestyle.

The Corporation's public housing program is delivered by twenty-four community-based local housing organizations (LHOs). Each LHO has a board of directors and management and staff who are responsible for the day-to-day activities associated with the delivery of the program in the communities. Agreements are in place between the Corporation and the LHOs which outline the roles and responsibilities of each party.

The Corporation and the LHOs are economically dependent upon the Government of the NWT (the "Government") for the funds required to finance the net cost of their operations and capital acquisitions.

2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The significant accounting policies are as follows:

Measurement uncertainty

The preparation of the consolidated financial statements in accordance with Canadian public sector accounting standards requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from the estimates. The more significant management estimates relate to the allowance for impaired mortgages and loans receivable, the amortization of tangible capital assets, retirement, post-employment and other leave benefits, and contingencies.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses, change in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of the Corporation and the accounts of the following twenty-three LHOs, via consolidation, which are controlled by the Corporation:

Aklavik Housing Association	Lutsel K'e Housing Authority
Behchokö Kô Gha K'òdèè	Norman Wells Housing Authority
Deline Housing Association	Paulatuk Housing Association
Fort Liard Housing Authority	Radilih Koe Housing Association
Fort McPherson Housing Association	Sachs Harbour Housing Association
Fort Providence Housing Association	Tsiigehtchic Housing Association
Fort Resolution Housing Authority	Tuktoyaktuk Housing Association
Fort Simpson Housing Authority	Tulita Housing Association
Fort Smith Housing Authority	Ulukhaktok Housing Association
Gameti Housing Authority	Whati Housing Authority
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik Housing Authority	

The Yellowknife Dene First Nation (Housing Division) has been excluded from the reporting entity since it is considered to be part of a separate level of government and thus should be excluded from the reporting entity of any other government or government organization.

All inter-entity balances and transactions have been eliminated in the preparation of the consolidated statements.

Revenue recognition

The Corporation receives funding for operating and capital purposes from the Government of the Northwest Territories (Government).

The Corporation also receives funding from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement and other agreements between CMHC and the Corporation for the operation and maintenance of the various public housing programs, the acquisition of public housing and to provide assistance to eligible homeowners and landlords for repair and rehabilitation of properties.

Government transfer revenues, including funding provided by the Government and CMHC, are recognized as revenue in the period in which events giving rise to the transfer occurred as long as:

- i. the transfer is authorized;
- ii. eligibility criteria have been met;
- iii. there are no stipulations that give rise to a liability; and,
- iv. a reasonable estimate of the amount can be made.

Transfers received before these criteria are fully met are recorded as a liability.

Rental revenue is recognized on an accrual basis. An allowance is recognized for any rental amounts owing which are deemed uncollectible.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs

a) Contributions for public and affordable housing (HELP and market housing programs)

The Corporation provides income-based subsidies for the rental of housing for residents in need. The Corporation provides financial, administrative, maintenance, construction and repair to its public and affordable housing units. The Corporation operates multiple public housing units located in NWT communities.

b) Contributions for unilateral CMHC programs and other programs

The Corporation provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recognized based on actual or estimated costs incurred by each sponsor group in the year.

c) Homeownership assistance grants

The Corporation, under section 44(1) of its Act, may make a homeownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. The conditional grants, which vary in amount depending on the income or community of the applicant and are not expected to be repaid unless certain conditions are not met, are expensed in the year the grant is approved. Any recoveries on the conditional grants are recognized in the year the amount is recovered from the borrower (Note 7).

The Corporation is not currently providing any new repayable mortgages/loans or loan guarantees to eligible homeowners under its Homeownership Assistance program.

Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short-term investments that have terms to maturity of less than or equal to 90 days from the date of acquisition.

Portfolio investments

Portfolio investments are investments in debt securities of organizations that do not form part of the reporting entity and are accounted for using the amortized cost method.

Investment income is recognized on the accrual basis; premiums and discounts arising on purchase are amortized over the term of the respective investment, and capital gains and losses are recognized when realized. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Mortgages and loans receivable

The net carrying amount of the mortgages and loans receivable represents the present value of the expected future principal and interest payments to be received, net of the grants provided to the borrowers, any restructuring costs, and the allowance for impairment. Interest income on mortgages and loans receivable is recognized when earned. The costs related to a mortgage or loan restructuring, if any, are expensed in the year of the restructuring.

A mortgage or loan is considered to be impaired when, in management's opinion, there is reasonable doubt as to the collection of principal and interest or when six months of arrears have accumulated. When a mortgage or loan has six months of arrears an allowance for impairment of 100% is established to reduce the carrying amount to an estimated recoverable value of nil based on management's best judgment and the Corporation's historical loss experience. The recognition of interest income also ceases on a mortgage or loan identified as impaired.

The Corporation also performs an annual assessment of mortgages and loans with payments in arrears between one and six months. A partial allowance is recorded on these mortgages and loans based on the average collection rate on similar mortgages and loans.

A mortgage or loan receivable reverts to performing status when, in management's opinion, the ultimate collection of principal and interest is reasonably assured and in the case of a mortgage or loan restructuring, when at a minimum twelve months has passed since the restructuring and payments are not more than six months in arrears.

Borrowers in arrears may choose to settle their obligation with a quit claim. A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer ownership of the housing unit back to the Corporation for a nominal fee. The fair value of the housing unit acquired through the quit claims process is determined to be the original purchase price or construction costs (if available) less amortization from the original purchase date to the date the quit claim occurred. This is considered to be a reasonable estimate of the fair value of the assets recovered. Quit claim units are evaluated for suitability for delivery of programs and if suitable are added to tangible capital assets at a value as described above. Where suitability criteria are not met the units are disposed of by sale to a third party or demolished and are written down to their residual value if any.

Loan guarantees

An obligation and expense is recognized related to a loan guarantee when it is likely that a loss will be incurred, and the amount of the loss can be reasonably estimated. When estimating the amount of contingent loss, management considers the value of any security (properties) which could be sold to cover the loan guarantee. Provisions for losses are reviewed annually.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Tangible capital assets

a) Land and buildings

Land and housing units constructed or purchased by the Corporation are recorded at cost. Housing units previously transferred from CMHC or the Government were recognized at net book value which was considered a reasonable estimate of fair value at the time of the transfer. Housing materials are also recorded at cost and included in construction in progress.

When the Corporation enters into lease agreements where the risks and benefits of ownership are transferred to the Corporation, the Public and affordable (HELP and market) housing units are recorded as capital leases. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs.

Housing units are amortized at an annual rate of 5% on a declining balance basis. Amortization begins in the year the housing unit is placed into service. Work in progress is not amortized.

b) Property and equipment

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

Warehouses and offices	Declining balance	5%
Office furniture and equipment	Declining balance	20%
Mobile equipment	Declining balance	20%
Software	Straight-line over 10 years	
Leasehold improvements	Straight-line over term of lease	

Inventories held for use

Inventory held for use consists of materials and supplies to be used for the maintenance or minor modifications of buildings. The inventory is valued on a weighted average basis at the lower of cost and replacement value.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee future benefits

a) Pension benefits

All eligible employees of the Corporation are covered in 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 Corporation to cover current service cost. The Corporation's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

b) Retirement, post-employment, and other leave benefits

Under the terms and conditions of employment, government employees may earn non pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee.

Employees earn other benefits including maternity and parental leave and non-vesting accumulating sick leave benefits. Accumulating non-vesting and special leave are recognized in the period the employee provides services, whereas parental and maternity leave are event driven and are recognized when the leave commences.

An actuarial valuation of the cost of these benefits has been prepared under the projected unit credit methodology using data provided by management and assumptions based on management's best estimate.

c) Northern Employee Benefits Service (NEBS) Pension Plan

Eligible employees of the following LHOs are covered by the Northern Employee Benefits Services Pension Plan ("NEBS"). This plan is a multi-employer contributory defined benefit plan and accordingly contributions are expensed as incurred. NEBS is a member owned, not-for-profit, corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north.

Behchokö Kö Gha K'òdèè	Inuvik Housing Authority
Deline Housing Association	Lutsel K'e Housing Authority
Fort McPherson Housing Association	Radilih Koe' Housing Association
Fort Resolution Housing Authority	Tulita Housing Association
Fort Simpson Housing Authority	Whati Housing Authority
Fort Smith Housing Authority	Yellowknife Housing Authority
Gameti Housing Authority	

NEBS establishes contribution rates for participating employers/employees, and contributions are remitted to NEBS on a regular basis throughout the year. Contributions are recorded as an expense in the year when the employees have rendered service.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Environmental liabilities

Contaminated sites are a result of contamination that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation:
 - is directly responsible; or
 - accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability is recognized net of any expected recoveries.

Related Party Transactions

The Corporation is related to all Government of the Northwest Territories departments, territorial corporations and public agencies; and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

a) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following: when inter-entity transactions are undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where costs provided are recovered, they are measured at the exchange amount.

b) Other related party transactions

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

c) Services provided without charge

The Corporation receives services provided by the Government without charge which include legal, human resource and other services. The Corporation does not recognize any amounts related to these services.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new accounting standards

Effective April 1, 2017, the Corporation adopted Public Sector Accounting Handbook Sections PS 2200 - Related party disclosures, PS 3210 - Assets, PS 3320 - Contingent assets, PS 3380 - Contractual rights, and PS 3420 - Inter-entity transactions. There was no significant impact on the consolidated financial statements as a result of adopting these new standards.

3. CHANGE IN ACCOUNTING POLICY

In prior years, the Corporation amortized acquisitions of tangible capital assets using the full annual rate in the year they were put into service. In the current year, the Corporation reviewed and changed this policy. As a result, acquisitions of tangible capital assets are now amortized in the first year using a prorated annual rate based on the date they are put into service. This change was made to align the Corporation's amortization policy with the Government's amortization policy. The effect of the change in the current year has been to decrease amortization of tangible capital assets by \$415. The change in policy has been applied retroactively, and prior periods have been restated, resulting in a \$4,508 decrease in opening accumulated amortization of tangible capital assets (Schedule A). The following table presents the impact of these restatements on the financial statements for the year ended March 31, 2017.

	<u>2017 as previously reported</u>	<u>Restatement</u>	<u>2017 restated</u>
Consolidated Statement of Financial Position			
Tangible capital assets	\$ 279,292	\$ 4,508	\$ 283,800
Accumulated surplus	342,758	4,508	347,266
Consolidated Statement of Change in Net Financial Assets			
Annual surplus	26,727	663	27,390
Amortization	13,275	(663)	12,612
Consolidated Statement of Operations and Accumulated Surplus			
Public housing program	62,788	(222)	62,566
HELP and market housing	6,606	(434)	6,172
Non-residential building operations	603	(7)	596
Annual surplus	26,727	663	27,390
Accumulated surplus, beginning of year	316,031	3,845	319,876
Accumulated surplus, end of year	342,758	4,508	347,266
Consolidated Statement of Cash Flow			
Annual surplus	26,727	663	27,390
Amortization	13,275	(663)	12,612

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

4. CASH

Included in cash are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust in the amount of \$2,628 (2017 - \$2,528) which are also included in accounts payable and accrued liabilities (Note 8).

5. PORTFOLIO INVESTMENTS

Issuer	2018		2017	
	Stated interest rate	Remaining term	Carrying amount	Carrying amount
Fixed income investments:				
Banker acceptances, fixed rate	1.35% to 5.63%	33 to 273 days	\$ 419	\$ 37,936
Banker's acceptances, fixed rate	1.80% to 2.00%	2 to 4 years	25,384	-
Banker's acceptances, fixed rate	1.70% to 2.65%	5 to 8 years	14,750	9,434
Provincial governments bonds, fixed rate	2.19%	2 years	949	7,784
Ontario Hydro Zero Coupon Bonds, fixed rate	2.60%	4 years	<u>1,323</u>	<u>1,290</u>
			<u>\$ 42,825</u>	<u>\$ 56,444</u>

The weighted average effective yield of this portfolio in 2018 was 2.06% (2017 – 2.54%). Investments in bankers' acceptances are highly liquid investments with original terms to maturities of greater than 90 days.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

6. ACCOUNTS RECEIVABLE

	2018	2017
Trade accounts receivable	\$ 2,752	\$ 2,693
Tenant rents receivable	<u>11,954</u>	<u>12,993</u>
	14,706	15,686
Less allowance for doubtful accounts	<u>(11,666)</u>	<u>(12,569)</u>
	3,040	3,117
Receivables from CMHC	10,384	10,270
Receivables from related parties:		
Government of the Northwest Territories	<u>7</u>	<u>116</u>
	<u>\$ 13,431</u>	<u>\$ 13,503</u>

7. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable

	2018	2017
Corporate loans, repayable in monthly installments at interest rates of 0.00% and 3.00%, secured, with an original term of 10 years	\$ 454	\$ 499
Mortgages based on Income Assessment, repayable in monthly installments at interest rates varying between 6.35% and 10.50%, secured by registered charges against real property, with a term over a maximum of 15 years	451	553
Loans based on Income Assessment, repayable in monthly installments at interest rates varying between 0.00% and 12.00%, unsecured, with a term over a maximum of 15 years	3,666	3,782
Restructured mortgages, repayable in monthly installments at an interest rate of 3.00%, secured by registered charges against real property, with a term over a maximum of 25 years	1,124	980
Restructured loans, repayable in monthly installments at interest rates varying between 3.00% and 7.20%, unsecured, with a term over a maximum of 25 years	<u>8,468</u>	<u>8,808</u>
Mortgages and loans receivable	14,163	14,622
Less allowance for impaired mortgages and loans receivable	<u>(10,552)</u>	<u>(10,450)</u>
	<u>\$ 3,611</u>	<u>\$ 4,172</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

7. MORTGAGES AND LOANS RECEIVABLE (continued)

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is \$922 (2017 - \$1,484). There were no write-offs in the current year (2017 - none).

The allowance for impaired mortgages and loans that were restructured is \$6,800 (2017 - \$6,473) and the allowance for impaired subsidized mortgages and loans advanced based on Income Assessment is \$3,752 (2017 - \$3,977).

Homeownership assistance grants

Conditional grants have been provided by the Corporation to eligible homeowners, which are fully forgivable on the condition that the property remain the principal residence and the annual income remain below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Corporation. Conditional grants comprise the Homeownership Assistance grants of \$2,274 (2017 - \$2,519), which are expensed on the consolidated statement of operations and accumulated surplus.

Net recoveries on mortgages, loans receivable, and conditional grants

	2018	2017
Recoveries on impaired mortgages and loans	\$ 375	\$ 352
Adjustment to allowance for impaired mortgages and loans	(76)	93
Recoveries from conditional grants	496	495
	\$ 795	\$ 940

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Trade payables	\$ 9,750	\$ 7,396
Contractor holdbacks	1,372	2,913
Tender and security deposits	415	393
Wages and employee benefits	1,756	2,515
Accrued interest	110	120
Damage deposits	2,213	2,135
Payables to related parties:		
Trade payables to Government of the Northwest Territories	4,325	2,380
	\$ 19,941	\$ 17,852

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

9. LOANS AND MORTGAGES PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	2018		2017	
	Debt balance	CMHC funded portion	Net debt balance	Net debt balance
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2019 to 2038, at interest rates from 5.94% to 19.00% (2017 - 5.94% to 19.00%).	\$ 22,535	\$ (22,535)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2017 - 6.97%). These loans are guaranteed by the Government.	13,156	(7,309)	5,847	6,401
Mortgages payable to CMHC for three housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 2.78% to 3.68%, (2017 - 2.78% to 3.68%).	<u>2,409</u>	<u>-</u>	<u>2,409</u>	<u>2,662</u>
	<u>\$ 38,100</u>	<u>\$ (29,844)</u>	<u>\$ 8,256</u>	<u>\$ 9,063</u>

Under the terms of the 1999 Social Housing Agreement (SHA), CMHC originally provided funding to the Corporation to build public housing assets in the form of long-term mortgages payable to CMHC (referred to as National Housing Act (NHA) Section 79 debt under the SHA) and loans payable to CMHC (referred to as National Housing Act (NHA) Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation to reduce 100% of the NHA Section 79 debt and to reduce by 5/9th the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of \$3,443 in 2018 (2017 - \$3,570) and would have made additional principal long-term debt repayments to CMHC of \$1,466 in 2018 (2017 - \$1,453).

The above mortgages and loans payable to CMHC are not secured.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

9. LOANS AND MORTGAGES PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC) (continued)

Principal repayments and interest requirements over the life of the outstanding loans are as follows:

	Principal	Interest	Total
2019	\$ 1,801	\$ 476	\$ 2,277
2020	597	407	1,004
2021	585	370	955
2022	620	335	955
2023	658	297	955
2023 - 2028	3,212	855	4,067
2029 - 2038	783	121	904
	\$ 8,256	\$ 2,861	\$ 11,117

10. ENVIRONMENTAL LIABILITIES

The Corporation has identified six fuel spills sites and no other contaminated site (2017 - eight fuel spill sites and no other contaminated site) for which an environmental liability has been recorded. The liability is calculated as costs remaining to remediate the spills to the required environmental standard. The spills are expected to be remediated within the twelve months subsequent to year end. The estimated amount of recoveries is nil (2017 - nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS

Pension benefits

Employees of the Corporation participate in Canada's Public Service Pension Plan (the "Plan"). 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 legislation; they are not based on the financial status of the pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

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. The Corporation's contribution rate effective at the end of the year is 1.01 times (2017 - 1.01) the employee's contribution for employees who started prior to January 2013 and 1.00 times (2017 - 1.00) the employee's contribution for all other employees. The Corporation's and employees' contributions for the year were \$1,337 and \$1,339 (2017 - \$1,094 and \$1,089 respectively). Total contributions of \$1,337 (2017 - \$1,094) were recognized as an expense in the current year.

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced early retirement pensions, and disability pensions.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS (continued)

Other employee future benefits and compensated absences

In addition to pension benefits, the Corporation provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Corporation's employees based on the type of termination (e.g. resignation versus retirement) and inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Accrued compensated absence benefits were valued using the projected unit credit methodology and an expected valuation methodology.

Valuation results

The most recent actuarial valuation was completed as at March 31, 2018. This valuation was based on data completed as at February 17, 2017 that has been extrapolated to year-end. The values presented below are for all of the benefits under the severance and removal and compensated absences for the Corporation.

Changes in Obligation

	2018	2017
Accrued benefit obligation, beginning of year	\$ 2,797	\$ 2,481
Current period benefit cost	243	86
Accrued interest	47	39
Benefits payments	(269)	(154)
Amortization of actuarial (gains)/losses	(397)	260
Accrued benefit obligation, end of year	2,421	2,712
Unamortized net actuarial loss	476	93
Retirement, post-employment, and other leave benefits*	\$ 2,897	\$ 2,805

*Total retirement, post-employment, and other leave benefits includes \$2,549 (2017 - \$2,502) related to severance and removal and \$348 (2017 - \$303) related to compensated absences.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS (continued)

Benefits Expense

	2018	2017
Current period benefit cost	\$ 243	\$ 86
Accrued interest	47	39
Amortization of actuarial (gains)/losses	(14)	(46)
	\$ 276	\$ 79

The discount rate used to determine the accrued benefit obligation is an average of 3.80% (2017 - 3.30%). The assumed rate of compensation increase is 2% (2017 – 2%). Unamortized actuarial gains and losses are amortized straight line over the expected average remaining service lives of active employees which is 8 years (2017 – 8 years). No inflation rate was applied.

Northern Employees Benefits Services (NEBS) Pension Plan

Eligible employees of member LHOs are covered by the Northern Employee Benefits Services (NEBS) Pension Plan, a contributory defined benefit plan. NEBS is a member owned, not-for profit corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north. The employer and employee contribution rates effective at year end were both 8% (2017 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were \$405 and \$405 (2017 - \$375 and \$375 respectively).

The plan serves 1,700 Employee Members and 115 Employer Members. As of April 2004, the Office of the Superintendent of Financial Institutions (OSFI) exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). NEBS has agreed to voluntarily comply with PBSA until the plan can be registered under Territorial legislation. The Governments of the NWT and Nunavut passed the NEBS Pension Plan Protection Act in February 2014 which sets rules to protect Plan Members funds. As of December 31, 2017, the plan had a surplus of \$31,927 (December 31, 2016 - \$25,122).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

12. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	2018	2017
Funding received from the CMHC recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	\$ 9,262	\$ 9,894
Contributions to non-profit housing sponsor groups and cooperatives	3,916	3,918
Repairs, maintenance and other costs	1,294	1,364
Agreement for Investment in Affordable Housing	10,633	13,467
Agreement for Energy Construction Monitoring	-	30
	\$ 25,105	\$ 28,673

Under the terms of the 1999 Social Housing Agreement with CMHC, the Corporation assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to the Corporation to manage these programs. The SHA and the funding expire in 2038.

On December 20, 2011 the Corporation and CMHC signed the Agreement for Investment in Affordable Housing. This \$11,627 three year agreement amalgamated two existing agreements between the Corporation and CMHC: the Housing Renovation Program Agreement and the Affordable Housing Agreement Extension. Funding under this agreement can be utilized under four specific housing programs: CARE, PATH, HELP and Shelter Enhancement. This Agreement was extended on February 2, 2015 for a period of five years (2014/2015 to 2018/2019) for \$18,400. The annual funding is cost shared with CMHC and the Corporation each contributing \$1,840 per year for this program. Both parties to the Agreement will provide a total of \$14,720 over the eight year period from 2011/2012 to 2018/2019.

On September 29, 2016 the Corporation signed the Amended Social Infrastructure Fund Agreement under the Investment in Affordable Housing Agreement with the CMHC. Under this Agreement, \$20,420 in funding has been allocated to the Corporation from 2016 to 2018 of which the Corporation will be required to cost share \$3,866. The Amended Agreement had \$15,000 removed from the original \$35,000 Federal allocation under the Social Infrastructure Fund Agreement signed on June 8, 2016. The total funding earned under this agreement during the year is \$8,792 (2017 - \$11,627).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

13. PUBLIC HOUSING

	2018	2017 (Restated - Note 3)
Utilities, taxes, land and rental housing leases	\$ 29,647	\$ 31,826
Repairs, maintenance and other costs	7,384	7,737
Compensation and benefits	11,249	11,168
Administration	824	935
Contribution for public housing	1,233	955
Interest on long-term debt	444	579
Amortization	9,465	9,366
Loss from disposal of tangible capital assets	261	-
Write-down of tangible capital assets	246	-
	\$ 60,753	\$ 62,566

14. HELP AND MARKET HOUSING

	2018	2017 (Restated - Note 3)
Utilities, taxes, land and rental housing leases	\$ 1,099	\$ 1,217
Repairs, maintenance and other costs	826	625
Compensation and benefits	2,485	1,150
Contribution for affordable housing	250	228
Amortization	3,246	2,952
	\$ 7,906	\$ 6,172

15. CORPORATE AND DISTRICT OPERATIONS

	2018	2017
Compensation and benefits	\$ 14,348	\$ 13,543
Building and equipment rentals	2,397	2,308
Professional and special services	1,386	356
Training and workshops, travel and other support	1,406	1,282
Computer services	480	498
Material and supplies	287	318
Communications	202	200
Amortization	129	141
	\$ 20,635	\$ 18,646

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

16. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Included in the contractual obligations below are ongoing maintenance contributions funded by the Government of Northwest Territories. Also included in the 2019 contractual obligations are construction commitments of \$20,063 (2017 - \$13,133).

	<u>Total</u>
2019	\$ 23,969
2020	3,242
2021	2,065
2022	1,748
2023	1,588
After	<u>1,385</u>
	<u>\$ 33,997</u>

17. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of \$30,000 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2018 a total of 17 (2017 - 17) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$751 (2017 - \$870). In 2018, one of these loans was a corporate loan guarantee with a total outstanding balance of \$47 (2017 - \$64). All of these loans are secured by registered charges against real property.

The period covered by these guarantees extends up to 2028.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, cost and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2018 was \$14,415 (2017 - \$16,534).

The period covered by these related loans extends up to 2029.

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. The obligation under loan guarantees as at March 31, 2018 is nil (2017 - nil).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

18. EXPENSES BY OBJECT

	2018	2017 (Restated - Note 3)
Amortization	\$ 13,038	\$ 12,612
Compensation and benefits	28,190	27,937
Computer costs	485	168
Contract services	5,621	7,542
Controllable assets	95	30
Fees and payments	300	421
Grants and contributions	6,180	5,357
Interest on long-term debt	522	571
Housing operations and maintenance	37,939	37,144
Materials and supplies	2,412	2,097
Other expenses	240	215
Purchased services	706	620
Travel	703	724
Valuation allowances	463	(335)
Write-down of tangible capital assets	246	-
Loss from disposal of tangible capital assets	261	-
	\$ 97,401	\$ 95,103

19. FINANCIAL RISK MANAGEMENT

The Corporation's financial instruments consist of cash, portfolio investments, accounts receivable, mortgages and loans receivable, accounts payable and accrued liabilities, and loans payable to CMHC and are measured at amortized cost. The Corporation has exposure to the following risks from its use of financial instruments:

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities or cash outflow obligations as they come due. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The Corporation does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities. The table below shows when various financial liabilities mature.

	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total
Financial Liabilities					
Accounts payable and accrued liabilities	\$ 19,941	\$ -	\$ -	\$ -	\$ 19,941
Loans payable to CMHC	1,801	-	2,460	3,995	8,256
Total liabilities	\$ 21,742	\$ -	\$ 2,460	\$ 3,995	\$ 28,197

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

19. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

The Corporation is exposed to credit risk on its cash, portfolio investments, accounts receivable and mortgages and loans receivable.

Cash and portfolio investments

Credit risk on cash and portfolio investments arises from the possibility that the counter-party to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk is \$86,721 (2017 - \$73,330).

Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. In order to manage this risk, the Corporation actively monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk is \$13,431 (2017 - \$13,503).

Mortgages and loans receivable

Credit risk on mortgages and loans receivable arises from the possibility that the borrower fails to meet their obligations. In order to manage this risk, the Corporation actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. In 2013 the Corporation developed the Revised Mortgage Approach to determine new repayable loan amounts. The maximum exposure to credit risk is \$3,611 (2017 - \$4,172).

As at March 31, 2018, \$1,098 (2017 - \$1,948) of the impaired mortgages and loans are secured by homes the Corporation has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The value of the security is not readily determinable.

As at March 31, 2018, the following financial assets were past due but not impaired:

Financial assets	<u>30 days</u>	<u>60 days</u>	<u>90 days</u>	<u>120+ days</u>
Tenants rent receivable	\$ 260	\$ 263	\$ 125	\$ 517
Trade accounts receivable	138	78	3	907
Mortgages and loans receivable	307	198	136	281

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 2018 (in thousands)

19. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate in the future because of interest rate changes. The Corporation is exposed to interest rate risk primarily through its investment in fixed income investments. Fluctuations in interest rates can affect the fair value of the fixed income investments, as well as shift investor preferences among asset classes. Because the Corporation accounts for its fixed rate instruments at amortized cost, a change in interest rates would not affect the consolidated statement of operations and accumulated surplus with respect to these fixed rate instruments.

Interest rate risk is minimized by actively managing the duration of the fixed income investments.

Term	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	Carrying Value	
						2018	2017
Portfolio Investments	\$ 419	\$ -	\$ 27,656	\$ 14,750	\$ -	\$ 42,825	\$ 56,444

The Corporation does not face cash flow interest rate risk on its loans payable to the Canada Mortgage and Housing Corporation because these interest rates are fixed for the full term of the loans. Because the Corporation accounts for these loans at amortized cost, a change in interest rates would not affect the consolidated statement of operations and accumulated surplus with respect to these loans payable.

20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Corporation's financial assets and liabilities is estimated as follows:

	2018		2017	
	Carrying amount	Fair Value	Carrying Amount	Fair Value
Portfolio investments	\$ 42,825	\$ 68,989	\$ 56,444	\$ 56,054
Loans payable to CMHC	5,847	6,282	6,401	7,779
Mortgages payable to CMHC	2,409	2,417	2,662	2,695

The estimated fair value of the portfolio investments are the quoted market values as at March 31.

The estimated fair value of loans and mortgages payable to CMHC is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland and Labrador and applying this yield to present value the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt and the province of Newfoundland and Labrador would be considered to have a similar risk profile.

The fair value of the mortgages and loans receivable is estimated to be the carrying amount due to the significant valuation allowances provided.

The fair values of the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts because of their short term to maturity.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements **For the year ended March 31, 2018** (in thousands)

21. RELATED PARTY TRANSACTIONS

In addition to the related party transactions previously disclosed, some employees of the Corporation are paid by the Government. The Corporation reimburses the Government for these costs which are incurred on the Corporation's behalf. Reimbursements are measured at the exchange amount and are included in compensation and benefits expenses. During the year, the Corporation reimbursed the Government for \$14,348 (2017 - \$13,543).

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

23. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the Main Estimates approved by the Legislative Assembly.

NORTHWEST TERRITORIES HOUSING CORPORATION

Schedule A

Consolidated Schedule of Tangible Capital Assets
As at March 31, 2018
(in thousands)

Lands and Buildings:	Cost			Accumulated amortization			Net Book Value		
	Opening balance	Acquisitions	Write-downs and Transfers*	Closing balance	Opening balance (Restated - Note 3)	Amortization	Disposals	Closing balance	2017 (Restated - Note 3)
Land	\$ 8,263	\$ -	\$ 348	\$ 8,611	\$ -	\$ -	\$ -	\$ 8,611	\$ 8,263
Public Housing	324,462	-	13,734	337,193	150,350	8,896	(770)	158,476	174,112
HELP and market housing	89,530	-	3,300	92,502	24,096	3,246	(119)	27,223	65,434
Non-residential properties	6,408	-	1,640	8,048	3,352	198	-	3,550	3,056
Work in progress	24,606	18,668	(19,548)	23,726	-	-	-	-	24,606
Sub-total	453,269	18,668	(526)	470,080	177,798	12,340	(889)	189,249	280,831
Property and equipment:									
Warehouses and offices	12,660	-	-	12,408	5,778	339	(156)	5,961	6,882
Mobile equipment	2,611	-	-	2,611	1,661	170	-	1,831	950
Leasehold improvements	771	-	-	771	737	5	-	742	34
Office furniture and equipment	5,597	-	280	5,877	5,204	173	-	5,377	393
Software	114	-	-	114	44	11	-	55	70
Sub-total	21,753	-	280	21,781	13,424	698	(156)	13,966	8,329
Total	\$475,022	\$ 18,668	\$ (246)	\$491,861	\$ 191,222	\$ 13,038	\$ (1,045)	\$ 203,215	\$ 283,800

* There was a \$246 write-down in the current year (2017 - nil).

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2018

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2018

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Independent Auditors' Report

To the Commission Members of Northwest Territories Human Rights Commission

We have audited the accompanying financial statement of Northwest Territories Human Rights Commission, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets 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 for government not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Independent Auditors' Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northwest Territories Human Rights Commission as at March 31, 2018 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

We further report in accordance with the *Financial Administration Act* of the Northwest Territories that, in our opinion, proper books of account have been kept by the Commission, the financial statements are in agreement therewith, and the transactions that have come under our notice have, in all material respects, been in accordance with the *Financial Administration Act*.

A handwritten signature in black ink that reads "Crowe MacKay LLP".

**Yellowknife, Northwest Territories
July 13, 2018**

Chartered Professional Accountants

Northwest Territories Human Rights Commission

Statement of Operations

For the year ended March 31,	2018	2017
Revenue		
Government of the Northwest Territories ("GNWT")		
- Operating grant	\$ 250,000	\$ 250,000
- Expense reimbursement (Note 5)	(23,306)	(22,899)
- Refunded to GNWT	-	(11,000)
	226,694	216,101
Expenses		
Accounting	6,793	6,793
Advertising and promotion	15,163	10,875
Benefits and pension	1,875	2,253
Catering	1,372	4,550
Contracts	5,050	-
Contributions and donations	3,134	5,588
Events	12,533	6,642
Honorarium - commission chair	20,941	22,205
Honorarium - commission members	30,115	35,718
Legal expenses	131,468	87,098
Membership fees	3,978	2,500
Office and Administration	135	1,018
Professional development (Note 6)	11,538	2,712
Telephone	161	256
Translation & interpretation	6,981	-
Website	-	107
	251,237	188,315
Excess revenue (expenses)	\$ (24,543)	\$ 27,786

Northwest Territories Human Rights Commission

Statement of Changes in Net Assets

For the year ended March 31,	2018		2017
	General Fund	Total	Total
Balance, beginning of year	\$ 178,710	\$ 178,710	\$ 150,924
Excess revenue	(24,543)	(24,543)	27,786
Balance, end of year	\$ 154,167	\$ 154,167	\$ 178,710

Northwest Territories Human Rights Commission

Statement of Financial Position

As at March 31, **2018** **2017**

Assets

Current

Cash	\$ 148,174	\$ 172,246
Due from GNWT - Legislative Assembly (Note 5)	8,994	9,401
Prepaid expenses	3,888	3,834
	\$ 161,056	\$ 185,481

Liabilities

Current

Accounts payable and accrued liabilities	\$ 6,889	\$ 6,771
--	----------	----------

Net Assets

General Fund	154,167	178,710
	\$ 161,056	\$ 185,481

Contingency liability (Note 8)

Approved on behalf of NWT Human Rights Commission



Commission Chair



Commission Member

Northwest Territories Human Rights Commission

Statement of Cash Flows

For the year ended March 31,	2018	2017
Cash provided by (used in)		
Operating activities		
Excess revenue (expenses)	\$ (24,543)	\$ 27,786
Change in non-cash operating working capital		
Due from GNWT - Legislative Assembly	407	(6,490)
Prepaid expenses	(54)	(2,935)
Accounts payable and accrued liabilities	118	(3,334)
Change in cash	(24,072)	15,027
Cash, opening	172,246	157,219
Cash, closing	\$ 148,174	\$ 172,246

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2018

1. Nature of Operations

The Northwest Territories Human Rights Commission (the "Commission") was established to promote human rights through education and advocacy and to provide the administration of the complaints process. The Commission was established by the *Human Rights Act* of the Northwest Territories which came into effect on July 1, 2004. The Commission is exempt from income taxes and GST on the basis that they are an entity of the Government of the Northwest Territories ("GNWT").

2. Accounting Policies

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations ("PSA-GNPO") as issued by the Public Sector Accounting Board ("PSAB"). The following is a summary of the significant accounting policies used by management in the preparation of these financial statements.

(a) Financial Instruments

The Commission classifies its financial instruments at cost or amortized cost. The Commission's accounting policy for this financial instrument category is as follows:

This category includes cash, due from GNWT - Legislative Assembly, and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently measured at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(b) Fund accounting

Revenue and expenses for general operating activities are reported in the General Fund.

(c) Revenue recognition

The Commission follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Funds received and not expended are neither deferred nor repayable to the funding organization.

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2018

2. Accounting Policies (continued)

(d) Measurement uncertainty

The preparation of financial statements in conformity with Canadian Public Sector Accounting Standards for Government Not-for-Profit Organizations 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 updated amounts of revenues and expenses during the period. Actual results could differ from those estimates.

(e) Contributed Services

These financial statements only report the funding and expenditures relating to the contribution funding from the Legislative Assembly of the Government of the Northwest Territories. The Legislative Assembly makes expenditures on behalf of the Commission and the expenditures are not included in these financial statements. The salaries for Director, Deputy Director, and staff, rent and office expenses are paid directly by the Legislative Assembly and are not reflected in these financial statements.

3. Future Accounting Changes

(a) Restructuring Transactions, Section PS 3430

This new section establishes standards on how to record assets, liabilities, revenues and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor.

This Section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

(b) Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1201

This standard will establish how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative financial instruments. Governments should adopt Section PS 3450 in the same fiscal year Section PS 2601, Foreign Currency Translation, is adopted.

This Section is effective for fiscal periods beginning on or after April 1, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2018

3. Future Accounting Changes (continued)

(c) Foreign Currency Translation, Section PS 2601

This section is replacing existing Section PS 2600, Foreign Currency Translation. Governments should adopt Section PS 2601 in the same fiscal year Section PS 3450, *Financial Instruments*, is adopted.

This Section is effective for fiscal periods beginning on or after April 1, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management and is not considered significant.

The impact of the transition to these accounting standards is not expected to be significant.

4. Transfer of Assets

The equipment that was previously held and recorded in the Commission has been transferred to the GNWT. This has been done to enable the GNWT to consolidate their tangible capital assets for reporting purposes.

5. Expense Reimbursement

The Commission gave the GNWT a portion from its funding to pay for travel expenses on behalf of the Commission. In the current year, \$32,300 of the \$250,000 funding was given to the GNWT for travel. The GNWT spent \$23,306 on behalf of the Commission and \$8,994 is shown as a receivable.

5784 - Travel Commission Chair
5785 - Travel Commission Member
5786 - Travel Staff Member
5892 - Registration - Commission Member
5893 - Registration - Commission Chair
5615 - Advertising

	Account 5784	Account 5785	Account 5892	Account 5893	Account 5615	TOTAL 2018	TOTAL 2017
					\$ -		
HRC Meetings	\$ -	\$ 3,605	\$ -	\$ -	\$ 128	\$ 3,733	\$ 4,466
CASHRA	7,002	8,939	1,715	571	-	18,227	11,962
Community Visits	-	-	-	-	-	-	6,214
Community Events	715	40	-	-	591	1,346	257
Total	\$ 7,717	\$ 12,584	\$ 1,715	\$ 571	\$ 719	\$ 23,306	\$ 22,899

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2018

6. Professional Development

The expense represents professional development for restorative practices:

- Two plenary presentations and two half-day workshops for teachers at the territories teachers' conference;
- A two day workshop in restorative practice training for CM's, commission staff, adjudicators, and 11 NGO organizations; and
- A one day workshop for the Adjudication Panel

7. Financial Instruments

The Commission is exposed to credit risks from its financial instruments. Qualitative and quantitative analysis of the significant risk from the Commission's financial instruments by type of risk is provided below:

(a) Credit risk

Credit risk is the risk of financial loss to the Commission if a debtor fails to make payments of interest and principal when due. The Commission is exposed to this risk relating to its, cash and due from the GNWT - Legislative Assembly.

The Commission has a credit risk in cash \$148,174 (2017 - \$172,246) as a result of having funds in excess of insurable limit with one financial institution. In the event of default, the Commission's cash is insured up to \$100,000.

Credit risk related to amount due from the GNWT - Legislative Assembly is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that no impairment was required.

The Commission's maximum exposure to credit risk is represented by the financial assets for a total of \$157,168 (2017 - \$181,647)

(b) Concentration of credit risk

The Commission does have concentration risk. At March 31, 2018, receivables from one government agency comprised \$8,994 (2017 - \$9,401) 100% of the total outstanding accounts receivables. The Commission reduces this risk by monitoring overdue balances.

The Commission also has concentration risk of credit as deposits are held in one Canadian chartered bank above the insurable limit of \$100,000.

8. Contingent Liability

During the year, a complaint was filed against the Commission. The likelihood or amount of any liability related to the complaint cannot be reasonably determined and as such no liability has not been accrued in these financial statements.

**NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018**



INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Hydro Corporation

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Northwest Territories Hydro Corporation, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations and accumulated surplus, consolidated statement of changes in net debt and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Hydro Corporation as at 31 March 2018, and 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.

Report on Other Legal and Regulatory Requirements

In my opinion, proper books of account have been kept by the Northwest Territories Hydro Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Hydro Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* of the Northwest Territories and regulations, the *Northwest Territories Hydro Corporation Act* and regulations and the by-laws of the Northwest Territories Hydro Corporation.



Lana Dar, CPA, CA
Principal
for the Auditor General of Canada

26 June 2018
Vancouver, Canada

NORTHWEST TERRITORIES HYDRO CORPORATION

Management's Responsibility for Financial Reporting


The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 2 to the consolidated financial statements. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Northwest Territories Hydro Corporation (NT Hydro) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further NT Hydro's objectives, are protected from loss or unauthorized use and that NT Hydro acts in accordance with the laws of the Northwest Territories and Canada. Management recognizes its responsibility for conducting NT Hydro's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the territorial government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing his opinion on the consolidated financial statements. He also considers whether the transactions that come to his notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors appoints certain members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.



Jay Grewal
Chief Executive Officer



Belinda Whitford
Chief Financial Officer

Hay River, NT
June 26, 2018

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31 (in thousands of dollars)

	2018	2017
Financial assets		
Cash	\$ 9,077	\$ 9,831
Revenues receivable (Note 3)	12,983	12,683
Loan receivable (Note 4)	13,393	14,395
Sinking fund investments (Note 5)	6,278	5,800
Investment in Aadrii Ltd.	403	385
	42,134	43,094
Liabilities		
Accounts payable and accrued liabilities	20,150	15,303
Capital lease obligations (Note 4)	17,671	18,120
Debenture debt (Note 5)	226,393	230,265
Asset retirement obligations and environmental liabilities (Note 6)	18,944	17,943
Other employee future benefits (Note 7)	3,122	3,077
	286,280	284,708
Net debt	\$ (244,146)	\$ (241,614)
Non-financial assets		
Tangible capital assets (Note 8)	358,845	348,739
Inventories (Note 9)	8,459	8,284
Prepaid expenses	1,331	1,316
	368,635	358,339
Accumulated surplus / equity (Note 10)	\$ 124,489	\$ 116,725

Contractual obligations (Note 17)

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board:


Paul Guy, Chairman of the Board


David Stewart, Director

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

For the year ended March 31

(in thousands of dollars)

	2018 Budget	2018 Actual	2017 Actual
Revenues			
Sale of power (Note 11)	\$ 107,920	\$ 106,356	\$ 102,405
Other revenue and customer contributions (Note 12)	1,945	1,957	1,898
Interest income (Note 14)	1,459	1,573	1,525
Income (Loss) from investment in Aadrii Ltd.	75	18	(8)
Insurance proceeds	-	-	70
Fuel rider refunds (Note 1)	(984)	(250)	(763)
	110,415	109,654	105,127
Expenses (Note 13)			
Thermal generation	59,788	59,959	61,813
Hydro generation	20,772	17,638	23,055
Corporate services	16,057	14,267	15,300
Transmission, distribution and retail	12,455	10,640	11,005
Alternative power generation	224	266	424
Purchased power	2,102	201	2,604
	111,398	102,971	114,201
Surplus (Deficit) for the year before government contributions	(983)	6,683	(9,074)
Government contributions			
Other government contributions (Note 15)	217	1,081	903
GNWT extreme low water contributions	-	-	1,726
	217	1,081	2,629
Surplus (Deficit) for the year	\$ (766)	\$ 7,764	\$ (6,445)
Accumulated surplus / equity, beginning of year	116,725	116,725	123,170
Accumulated surplus / equity, end of year	\$ 115,959	\$ 124,489	\$ 116,725

The accompanying notes are an integral part of these consolidated financial statements.

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT For the year ended March 31 (in thousands of dollars)

	2018 Budget	2018 Actual	2017 Actual
Surplus (Deficit) for the year	\$ (766)	\$ 7,764	\$ (6,445)
Tangible capital assets			
Additions	(26,131)	(22,065)	(14,812)
Capitalized overhead	(3,200)	(3,470)	(3,696)
Capitalized interest (Note 14)	(580)	(303)	(571)
Disposals	-	(484)	3,850
Amortization (Note 8)	17,869	16,216	16,016
	(12,042)	(10,106)	787
Additions of inventories	(5,772)	(8,620)	(6,028)
Use of inventories	5,630	8,445	6,725
Additions to prepaids	(2,200)	(1,616)	(1,633)
Use of prepaids	2,100	1,601	1,373
	(242)	(190)	437
Increase in net debt for the year	\$ (13,050)	\$ (2,532)	\$ (5,221)
Net debt, beginning of year	(241,614)	(241,614)	(236,393)
Net debt, end of year	\$ (254,664)	\$ (244,146)	\$ (241,614)

The accompanying notes are an integral part of these consolidated financial statements.

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended March 31 (in thousands of dollars)

	2018	2017
Cash provided by (used in) operating activities		
Cash receipts from customers	\$ 107,722	\$ 105,550
Cash paid to suppliers	(42,128)	(53,241)
Cash paid to employees	(27,454)	(26,954)
Interest paid	(11,795)	(11,331)
Interest received	234	95
Government contributions received	1,117	5,508
Government contributions returned	-	(5,771)
	26,696	13,856
Cash provided by (used in) investing activities		
Loan receivable receipts (Note 4)	227	174
Sinking fund installments (Note 5)	(478)	(428)
Sinking fund investment redemptions (Note 5)	-	2,616
	(251)	2,362
Cash provided by (used in) capital activities		
Acquisition and development of tangible capital assets	(24,233)	(19,089)
	(24,233)	(19,089)
Cash (used in) provided by financing activities		
Repayment of capital lease obligation (Note 4)	(44)	(43)
Repayment of debenture debt	(3,922)	(11,339)
Issuance of debenture debt	-	60,000
Early redemption penalty	-	(4,552)
Payments made on operating line of credit	-	(32,600)
	(3,966)	11,466
(Decrease) Increase in cash	\$ (754)	\$ 8,595
Cash, beginning of year	9,831	1,236
Cash, end of year	\$ 9,077	\$ 9,831

The accompanying notes are an integral part of these consolidated financial statements

NORTHWEST TERRITORIES HYDRO CORPORATION

1. The Corporation

a) Authority and corporate information

The Northwest Territories Hydro Corporation (NT Hydro) was established under the *Northwest Territories Hydro Corporation Act*. NT Hydro is a public agency under Schedule B of the *Financial Administration Act* of the Northwest Territories and is exempt from income tax. The Government of the Northwest Territories (GNWT) owns all shares of NT Hydro (Note 10).

NT Hydro's primary asset is its 100% ownership interest in Northwest Territories Power Corporation (NTPC), which owns and operates hydroelectric, diesel, natural gas and photovoltaic generation facilities to provide utility services in the Northwest Territories. NTPC is a regulated company, established under the *Northwest Territories Power Corporation Act* and controls one wholly-owned subsidiary, the Northwest Territories Energy Corporation Ltd. (NWTEC). NWTEC, under the authority of the *Northwest Territories Power Corporation Act*, financed the Dogrib Power Corporation in 1996 for the construction of a 4.3 MW hydro facility (Note 4). NWTEC is also responsible for the joint operation and shared ownership (50%) in one residual heat project in Fort McPherson, Aadrii Ltd.

NT Hydro has another subsidiary, the Northwest Territories Energy Corporation (03) Ltd. (NTEC(03)). See Government Contributions (Note 15) for additional details on transactions between NTPC and NTEC(03).

b) Regulated activities

The activities of NTPC are regulated by the Public Utilities Board (PUB) of the Northwest Territories pursuant to the *Public Utilities Act*. The PUB regulates matters covering rates, financing, accounting for regulatory purposes, construction, operation and service area. As the PUB is a board appointed by the GNWT, and NTPC is a public agency of the GNWT, NTPC and the PUB are related parties.

The PUB is required to review the affairs, earnings and accounts of NTPC a minimum of every three years. The regulatory hearing process used to establish or change rates typically begins when NTPC makes a General Rate Application (GRA) for its proposed electricity rate changes. Normally, NTPC applies for rates in advance of the applicable fiscal years (Test Years) to which the new rates will apply. In addition to GRAs, interim rate applications may be used between GRAs to deal with circumstances which could result in the use of interim rates or riders until the next GRA, when rates are reviewed and set as final.

The PUB uses cost of service regulation to regulate NTPC's earnings on a return on equity basis. On December 15, 2017 in Decision 16-2017 the PUB approved a return on equity for 2017-18 of 8.00%. The approved return on equity will remain in effect until it is reassessed at the time of the next GRA. As actual operating conditions will vary from forecast, actual returns achieved may differ from approved returns.

NTPC filed its 2016/19 GRA on June 30, 2016. This application requests a change to NTPC's amortization rates as well as its energy rates charged to customers. The PUB issued a final decision in May 2018.

The PUB approved NTPC's 2016-17 Interim Rate Application requesting a 4.8% increase to base energy rates for all customers effective August 1, 2016. NTPC filed a 2017-18 Interim Rate Application, proposing a 4% increase to the 2016-17 rates effective April 1, 2017. The PUB approved this application on March 31, 2017. The 2016-17 and 2017-18 interim rates were approved as final rates on May 28, 2018 in Decision 8-2018.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 1. The Corporation (continued)

On April 29, 2016 NTPC filed a refund rider application to refund the balance of the RSF to customers resulting from the world wide decrease in fuel prices over the previous two years. The PUB's Decision 6-2016 approved the refund rider of \$ 0.36/kWh effective June 1, 2016. On May 31, 2017 NTPC applied to the PUB to turn off this refund rider effective July 1, 2017. The PUB approved the application on June 30, 2017.

c) Economic dependence

NT Hydro has historically been dependent on the GNWT to maintain its operations and meet its liabilities. It is expected that the ongoing operations of NT Hydro will depend on continued financial support from GNWT.

2. Significant accounting policies

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as recommended by the Public Sector Accounting Board (PSAB). The accounting policies set out below have been applied in preparing the consolidated financial statements.

a) Basis of consolidation

The consolidated financial statements of NT Hydro consist of the consolidation of NT Hydro and its wholly-owned subsidiaries, from the date that control commences until the date that control ceases. NT Hydro's investment in a government business partnership, resulting from NWTEC's 50% shared ownership in Aadrii Ltd. is accounted for using the modified equity method using NWTEC's 50% share of Aadrii Ltd. to record its investment, net income and other changes in equity.

Inter-entity transactions and balances with wholly owned subsidiaries are eliminated upon consolidation. The inter-entity transactions and balances of the subsidiaries accounted for using the modified equity basis are not eliminated.

The consolidated budget figures presented in these financial statements were approved by the Board of Directors and include adjustments to eliminate budgeted inter-entity revenues and expenses. The budget figures do not reflect any forecast changes made throughout the year.

b) Measurement uncertainty

To prepare these consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities. Significant estimates include the estimated useful life, impairment and the value of future economic benefits associated with the tangible capital assets, the provision for other employee future benefits and the provision for asset retirement obligations and environmental liabilities.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available.

Measurement uncertainty exists in these consolidated financial statements. Actual results could differ significantly from these estimates.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

c) Inventories

Inventories are only held for use and consist mainly of materials, supplies, lubricants, critical spare parts and fuel. Inventories are recorded at cost. Cost is determined using the weighted average cost method. Impairments, when recognized, result in write-downs to net realizable value.

d) Financial instruments

The financial instruments of NT Hydro are classified and measured at amortized cost using the effective interest method and include the following: cash, revenues receivable, sinking fund investments, loan receivable, accounts payable and accrued liabilities, the operating line of credit, and the debenture debt.

A provision for impairment of revenues receivable and the loan receivable is established when there is objective evidence that NT Hydro will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy or financial reorganization, and default or delinquency in payment are considered indicators that revenue receivables are impaired. The carrying amount of the receivable is reduced through the use of an allowance account, and the amount of the loss is recognized in the consolidated statement of operations and accumulated surplus as bad debt expense. When a receivable is deemed uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognized in the consolidated statement of operations and accumulated surplus.

All financial assets are tested annually for impairment or more frequently if indicators of impairment exist. When these financial assets are impaired, impairment losses are recorded in the consolidated statement of operations and accumulated surplus. Such impairment is not reversed following a subsequent increase in value. Transaction costs, with respect to financial assets and liabilities carried at amortized cost, are added to the initial cost of the acquired financial asset or financial liability.

e) Tangible capital assets

Tangible capital assets represent property, plant and equipment and are recorded at historical cost less accumulated amortization. Costs include amounts that are directly related to the acquisition, design, construction, development, improvement and betterment of the assets. Costs include contracted services, materials and supplies, direct labour, attributable overhead costs, and capitalized interest directly attributable to construction or development (IDC). Capitalization of interest ceases when no construction or development is taking place or when a tangible capital asset is ready for use. The IDC rate for 2017-18 was 5.08% (2016-17 – 5.676%). Gains or losses on disposition are included in the consolidated statement of operations and accumulated surplus.

i) *Leased tangible capital assets*

Leases that transfer substantially all of the benefits and risks incidental to ownership of tangible capital assets are accounted for as leased tangible capital assets and a lease liability. The value of the leased tangible capital asset and lease liability is recorded at the inception of the lease based upon the present value of the minimum lease payments, excluding executory costs.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

ii) Transfers of tangible capital assets

Tangible capital assets received as contributions from third parties are recorded as assets and revenue at their fair value at the date of receipt, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value.

iii) Impairment

When conditions indicate that a tangible capital asset no longer contributes to NT Hydro's ability to provide services, or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the carrying value of the tangible capital asset is reduced to reflect that a permanent decline in the value of the asset has occurred. The related expense is recorded in the consolidated statement of operations and accumulated surplus and is not reversed if conditions subsequently change.

iv) Amortization

For 2017-18 management has utilized amortization rates approved by the PUB in Decision 8-2018 (Note 1(b)). The cost, less residual value, of tangible capital assets, excluding land, is amortized on the straight-line average group useful life basis.

Annual amortization rates are as follows:

	2018	2017
	Rates (%)	Rates (%)
Electric power plants	1.00 – 4.86	1.00 – 4.86
Transmission and distribution systems	1.54 – 6.67	1.54 – 6.67
Warehouse, equipment, motor vehicles and general facilities	1.31 – 20.00	1.31 – 20.00
Electric power plant under capital lease	1.00 – 4.86	1.00 – 4.86

Assets under construction are not amortized until they are ready for their intended productive use. NT Hydro uses amortization studies and other information to assess amortization rates and substantiate amortization rate changes. Amortization rate changes are accounted for on a prospective basis.

f) Government contributions

Government contributions are recognized as revenue when the contributions are authorized and any eligibility criteria are met, except to the extent that stipulations of a contribution give rise to an obligation that meets the definition of a liability in which case the contribution is recorded as a deferred government contribution and subsequently recognized as revenue when the stipulations are met.

g) Customer contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of cash contributions from customers. These contributions are recorded as revenues when all external restrictions or

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

stipulations imposed by an agreement with the external party related to the contribution have been satisfied, generally when the resources are used for the purposes intended.

h) Public service pension plan

All eligible employees participate in the Public Service Pension Plan ("the Plan"), administered by the Government of Canada. The Plan is a multi-employer contributory defined benefit plan established through legislation. NT Hydro's contributions to the Plan are charged as an expense on a current year basis and represent the total pension obligations. NT Hydro is not required under present legislation to make contributions with respect to actuarial deficiencies of the Plan.

i) Other employee future benefits

The expected cost of providing these benefits is actuarially determined using assumptions based on management's best estimates and are recognized as employees render service. The benefit plans are not funded and thus have no assets, resulting in plan deficits equal to the accrued benefit obligation.

i) Severance and ultimate removal benefits

Under the terms and conditions of employment, eligible employees may earn severance and removal benefits based on employee start dates, years of service, final salary and point of hire. The benefits are paid upon resignation, retirement or death of an employee.

ii) Sick leave benefits

NT Hydro provides certain sick leave benefits that are available to be used in future periods when claimed by the employee upon becoming sick. The sick leave benefits accumulate but do not vest and are not paid out to employees upon resignation, retirement or death of an employee.

j) Asset retirement obligations

On an annual basis, NT Hydro identifies legal obligations associated with the retirement of its tangible capital assets. Management's best estimate of the future expenditures required to settle the legal obligations are recognized to the extent that they can be reasonably estimated and are calculated based on the estimated future cash flows necessary to discharge the legal obligations, discounted using NT Hydro's cost of borrowing for maturity dates that coincide with the expected future cash flows.

The estimated asset retirement obligation (ARO) is recorded as a liability and a corresponding increase to tangible capital assets. The liability for AROs is increased annually for the passage of time by calculating accretion on the liability based on the discount rates implicit in the initial measurement. Changes in the obligation resulting from revisions to the timing or amount of the estimated undiscounted future cash flows or revisions to the discount rate are recognized as an increase or decrease in the related carrying amount of the related tangible capital asset.

NT Hydro has identified other sites where NT Hydro expects to maintain and operate these assets indefinitely and therefore no related ARO has been recognized.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

k) Environmental liabilities

Environmental liabilities consist of the estimated costs related to the monitoring, maintenance and remediation of environmentally contaminated sites. NT Hydro recognizes environmental liabilities when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, NT Hydro is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made.

Environmental liabilities are discounted for the time value of money. NT Hydro reviews its estimates of future environmental liabilities on an on-going basis.

l) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. All realized exchange gains and losses are included in surplus for the year according to the activities to which they relate.

m) Revenues

Revenues for the sale of power and fuel rider refunds are recognized in the period earned based on cyclical meter readings. Sale of power revenues and fuel rider revenues (refunds) include accruals for electricity sales not yet billed.

Interest, contract, contribution and other revenues are recognized on the accrual basis.

n) Expenses

Expenses are recognized on an accrual basis.

o) Contractual obligations and contingencies

The nature of NT Hydro's activities require entry into contracts that are significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations pertain to funding commitments for operating and capital projects. Contractual obligations are obligations of NT Hydro to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingencies of NT Hydro are potential liabilities, which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount of the liability cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming future event is not determinable, the contingency is disclosed.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

p) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in 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 revenues over expenses, provides the change in net debt during the year.

q) Future accounting changes

The Public Sector Accounting Board issued new standards PS 2200 Related Party Disclosures, PS 3420 Inter-Entity Transactions, PS 3210 Assets, PS 3320 Contingent Assets and PS 3380 Contractual Rights. NT Hydro has adopted these standards effective April 1, 2017. No significant changes were required as a result of implementing these new standards.

3. Revenues receivable

At March 31, 2018, the aging of revenues receivable was as follows:

	2018			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	\$ 11,536	\$ 728	\$ 308	\$ 12,572
Non-utility	197	264	222	683
Allowance for doubtful accounts	-	-	(272)	(272)
	\$ 11,733	\$ 992	\$ 258	\$ 12,983

At March 31, 2017, the aging of revenues receivable was as follows:

	2017			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	\$ 9,317	\$ 1,062	\$ 424	\$ 10,803
Non-utility	1,174	50	918	2,142
Allowance for doubtful accounts	-	-	(262)	(262)
	\$ 10,491	\$ 1,112	\$ 1,080	\$ 12,683

The changes in the allowance for doubtful accounts were as follows:

	2018	2017
Balance, beginning of the year	\$ (262)	\$ (318)
Receivables written off	46	91
Change to allowance	(56)	(35)
Balance, end of the year	\$ (272)	\$ (262)

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 3. Revenues receivable (continued)

Revenues receivable on utility and non-utility accounts are generally due in 45 days and interest is charged after 28 and 30 days, respectively, at rates in the terms of service agreement. As at March 31, 2018, NT Hydro provided an allowance for doubtful accounts for some of its revenues receivable accounts with amounts outstanding longer than 90 days. Additional disclosures on NT Hydro's exposure and management of credit risk associated with revenues receivable can be found in Note 18.

4. Loan receivable and capital lease obligations

Loan receivable

NWTEC loaned \$22,900 to the Dogrib Power Corporation (DPC) to finance the construction of a hydroelectric generating plant on the Snare River (Snare Cascades) in the NWT between 1994 and 1996. The loan bears interest at an annual rate of 9.6%, which is the average rate of interest on NWTEC's debenture debt issued to finance the loan. It is due July 2026 and is repayable in equal monthly blended principal and interest payments of \$195.

Loan receivable payments and the capital lease payments for the Snare Cascades are settled on a net basis and are presented segregated on the consolidated statement of cash flows. Loan receivable principal payments of \$1,002 (2016-17 - \$911) and interest income of \$1,339 (2016-17 - \$1,430) were offset by capital lease principal payments of \$405 (2016-17 - \$405) and interest expense of \$1,697 (2016-17 \$1,762). As a result, the net cash receipt of \$239 (2016-17 - \$174) is disclosed in the consolidated statement of cash flows as loan receivable receipts.

Capital lease obligations

Snare Cascades

NTPC has an initial 65-year lease from the DPC for the Snare Cascades at an imputed interest rate of 9.6% until 2061. The lease can be renewed at NTPC's option subject to the same covenants, obligations and agreements except for the monthly rental price which shall be determined by arbitration. The renewal term will be based on the end of the useful life of the property or the expiry of the Ground Lease, whichever comes first. To reflect the effective acquisition and financing nature of the lease, the Snare Cascades is included in electric power plant under capital lease (Note 8).

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 4. Loan receivable and capital lease obligations (continued)

A \$4,000 guarantee from DPC's parent company, the Tlicho Investment Corporation and a blocked account agreement established by DPC provide collateral for the loan receivable. NWTEC has signing authority and full control over the blocked account in the event of default. At the beginning of each fiscal year, the balance in the blocked account must be equal to the top up payments (the difference between the loan payment made by DPC to NWTEC and the lease payment received by DPC from NTPC) required for the next 12 months.

Colville Lake Office

In 2016, NTPC entered into a capital lease arrangement for an office in Colville Lake with minimum monthly payments of \$4 until June 1, 2020. The present values of the minimum lease payments required for the capital lease obligation over the next five years and thereafter are as follows:

	Snare Cascades	Colville Lake Office	Total
2019	\$ 2,051	\$ 48	\$ 2,099
2020	1,998	48	2,046
2021	1,944	8	1,952
2022	1,886	-	1,886
2023	1,827	-	1,827
Thereafter	41,231	-	41,231
	50,937	104	51,041
Less: amounts representing imputed interest	(33,366)	(4)	(33,370)
Total capital lease obligations	\$ 17,571	\$ 100	\$ 17,671

Additional disclosures on NT Hydro's exposure and management of risk associated with the loan receivable and associated capital lease obligations can be found in Note 18.

NORTHWEST TERRITORIES HYDRO CORPORATION

5. Debenture debt, related sinking fund investments and line of credit

	<u>2018</u>	<u>2017</u>
3.982% amortizing debenture, due February 17, 2047	\$ 58,935	\$ 60,000
5.16% amortizing debenture, due September 13, 2040	44,535	45,566
5.443% debenture, due August 1, 2028	25,000	25,000
5.995% debenture, due December 15, 2034	25,000	25,000
3.818% debenture, due November 25, 2052	25,000	25,000
5% debenture, due July 11, 2025	15,000	15,000
6.42% amortizing debenture, due December 18, 2032	10,000	10,667
6.33% sinking fund debentures, due October 27, 2018	10,000	10,000
9.11% debenture series 3, due September 1, 2026 repayable in equal monthly payments of \$73	5,139	5,528
9.75% debentures series 2, due October 1, 2025 repayable in equal monthly payments of \$69	4,366	4,743
10% debenture series 1, due May 1, 2025 repayable in equal monthly payments of \$70	4,251	4,645
	<u>\$ 227,226</u>	<u>\$ 231,149</u>
Less: Unamortized premium, discount and issuance costs	(833)	(884)
	<u>\$ 226,393</u>	<u>\$ 230,265</u>

The GNWT guarantees NT Hydro's debenture debt.

Principal repayments for future years are as follows:

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>Thereafter</u>	<u>Total</u>
\$ 14,136	\$ 4,364	\$ 4,613	\$ 4,879	\$5,167	\$194,067	\$ 227,226

Line of credit

NTPC has a \$40,000 (2016-17 - \$50,000) operating line of credit with its bank. The operating line of credit allows NTPC to borrow using Bankers' Acceptances or other advances directly against the line of credit.

There was no amount drawn on the operating line of credit as at March 31, 2018 (2016-17 - nil).

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 5. Debenture debt and related sinking fund investments (continued)

Sinking fund investments and requirements

Sinking fund investments are held by the Trustee restricted for the redemption of debentures. The agreements require annual installments to retire debt at maturity. NTPC's sinking fund policy allows only Canadian fixed-income investments with investment grade credit. All asset classes are measured at cost or amortized cost, and market value approximates cost due to the short-term to maturity of the investments. Additional disclosures on NTPC's exposure and management of risk associated with sinking fund investments can be found in Note 18.

The weighted average effective rate of return for the year was 0.87% (2016-17 - 0.47%)

Estimated sinking fund investment requirements for 2018-19, the final remaining year of contributions is \$388.

In 2016-17, NTPC redeemed an \$8.7 million face value 8.41% debenture in full at a price of \$152.994, including unpaid accrued interest, per \$100 face value. The full amount of the associated sinking fund, \$2,616, was redeemed and used to repay the debenture with the remainder, including a loss on redemption of \$4,552, coming from NTPC's main operating account.

6. Asset retirement obligations and environmental liabilities

	2018			2017		
	ARO	Env. Liability	Total	ARO	Env. Liability	Total
Opening balance	\$ 7,171	\$ 10,772	\$ 17,943	\$ 6,846	\$ 10,828	\$ 17,674
Liabilities settled	(30)	(316)	(346)	(92)	(197)	(289)
Accretion Expense	238	-	238	180	-	180
Valuation Adjustment	36	952	988	185	141	326
Additions	171	-	171	219	-	219
Disposals	(50)	-	(50)	(167)	-	(167)
Balance, end of year	<u>\$ 7,536</u>	<u>\$ 11,408</u>	<u>\$ 18,944</u>	<u>\$ 7,171</u>	<u>\$ 10,772</u>	<u>\$ 17,943</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 6. Asset retirement obligations and environmental liabilities (continued)

AROs include costs related to the disposal of generating plants on leased land, storage tank systems and the associated piping for petroleum products in all communities served by NTPC and the remediation of contaminated sites. Following is a summary of the key assumptions upon which the carrying amount of the AROs is based:

- Total expected future cash flows - \$49,179 (2016-17 - \$48,192)
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 72 years with the majority occurring after 2040.
- The discount rate is the cost of borrowing rate of 3.12% (2016-17 – 2.64%) for those obligations to be settled in less than 10 years and 3.42% (2016-17 – 3.57%) for those obligations to be settled in 10 years or longer.

Environmental protection legislation (Environmental Guideline for Contaminated Site Remediation, Northwest Territories Department of Environment and Natural Resources, 2003) establishes maximum standards for concentrations of petroleum hydrocarbons in soil to protect environmental quality and human health from the long-term effect of exposure to them. Legislation requires a responsible party to perform remediation activities if the concentrations exceed standard levels. NT Hydro estimates that it has 24 sites (2016-17 - 24 sites) which have contaminated soil that exceed the accepted maximum standard in the Northwest Territories. NT Hydro is responsible for remediation of the contaminated site upon sale of the land or termination of the lease.

Management estimates that over 75% of the contamination occurred prior to May 5, 1988 when the Government of Canada controlled Northern Canada Power Commission (NTPC's predecessor company). There is no provision recorded in these consolidated financial statements for a potential recovery from the Government of Canada.

7. Other employee future benefits

a) Public Service Pension Plan:

The employees of NT Hydro participate in the Plan. 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 1.00 times (2016-17 – 1.01) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2016-17 – 1.00) the employees' contributions for all other employees. Employer contributions of \$2,120 (2016-17 - \$2,249) were recognized as an expense in the current year. The employees' contribution to this plan was \$1,935 (2016-17 - \$1,894).

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 to an employer - employee cost sharing ratio of 50:50 arrived at in 2017.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 7. Other employee future benefits (continued)

b) Other employee future benefits:

Summary of other employee future benefit liabilities:

	2018			2017		
	Severance and Removal Obligation	Accumulated Sick time Obligation	Total	Severance and Removal Obligation	Accumulated Sick time Obligation	Total
Opening net future obligation	\$ 3,030	\$ 47	\$ 3,077	\$ 3,012	\$ 44	\$ 3,056
Less prior year unamortized net actuarial (gain) loss	221	219	440	(60)	72	12
Accrued benefit obligation, beginning of the year	3,251	266	3,517	2,952	116	3,068
Benefits earned	284	20	304	273	10	283
Interest	65	5	70	70	3	73
Benefits paid	(345)	(35)	(380)	(318)	(19)	(337)
Actuarial gains (losses)	(466)	(38)	(504)	274	156	430
Accrued benefit obligation, end of year	2,789	218	3,007	3,251	266	3,517
Unamortized net actuarial (gain) loss	270	(155)	115	(221)	(219)	(440)
Net Future obligation	<u>\$ 3,059</u>	<u>\$ 63</u>	<u>\$ 3,122</u>	<u>\$ 3,030</u>	<u>\$ 47</u>	<u>\$ 3,077</u>

NT Hydro provides accumulating sick leave employee benefits of one and one quarter days of sick leave per month which will require funding in future periods when claimed upon an employee becoming sick. Sick leave can only be used for paid time off for illness of the employee. Sick leave taken is paid at the employee's normal rate of pay. The sick leave benefits are not paid out to an employee upon termination of employment, resignation or retirement. Unused sick days accumulate and there are no limits to the accumulation. Sick leave benefits accumulate over the periods of service provided by employees and are recognized as services are performed to earn them.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 7. Other employee future benefits (continued)

Total expenses related to the severance, removal benefit and sick leave plan include the following components:

	<u>2018</u>	<u>2017</u>
Current benefits earned	\$ 304	\$ 283
Interest	70	73
Amortization of net actuarial loss	52	2
	<u>\$ 426</u>	<u>\$ 358</u>

The actuarial valuation reflects management's best estimate based upon a number of assumptions about a number of future events including:

	<u>2018</u>	<u>2017</u>
Expected inflation rates	2%	2%
Discount rate used to determine the accrued benefit obligation	3.20%	2.00%
Expected average remaining service life of related employee groups (EARSL)	<u>8.4 years</u>	<u>8.5 years</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

8. Tangible capital assets

March 31, 2018						
	Electric power plants	Transmission and Dist. systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	\$ 335,589	\$ 93,832	\$ 60,637	\$ 28,507	\$ 12,030	\$ 530,595
Additions	171	-	-	-	25,667	25,838
Transfers – completed projects	13,309	4,317	5,080	226	(22,932)	-
Disposals	(2,673)	(139)	(804)	-	-	(3,616)
Closing balance	346,396	98,010	64,913	28,733	14,765	552,817
Accumulated amortization						
Opening balance	(112,883)	(31,254)	(29,418)	(8,301)	-	(181,856)
Amortization	(9,804)	(2,288)	(3,664)	(460)	-	(16,216)
Disposals and adjustments	3,379	194	527	-	-	4,100
Closing balance	(119,308)	(33,348)	(32,555)	(8,761)	-	(193,972)
Net book value	\$ 227,088	\$ 64,662	\$ 32,358	\$ 19,972	\$ 14,765	\$ 358,845

March 31, 2017						
	Electric power plants	T&D systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	Construction work in progress	Total
Cost						
Opening balance	\$ 324,949	\$ 89,907	\$ 60,070	\$ 26,891	\$ 16,766	\$ 518,583
Additions	102	950	-	-	18,027	19,079
Transfers – completed projects	14,295	3,200	2,934	2,334	(22,763)	-
Disposals	(3,757)	(225)	(2,367)	(718)	-	(7,067)
Closing balance	335,589	93,832	60,637	28,507	12,030	530,595
Accumulated amortization						
Opening balance	(105,174)	(28,637)	(27,186)	(8,060)	-	(169,057)
Amortization	(9,465)	(2,402)	(3,721)	(428)	-	(16,016)
Disposals	1,756	(215)	1,489	187	-	3,217
Closing balance	(112,883)	(31,254)	(29,418)	(8,301)	-	(181,856)
Net book value	\$ 222,706	\$ 62,578	\$ 31,219	\$ 20,206	\$ 12,030	\$ 348,739

NORTHWEST TERRITORIES HYDRO CORPORATION

9. Inventories

	<u>2018</u>	<u>2017</u>
Materials, supplies and lubricants	\$ 4,661	\$ 4,567
Critical spare parts	3,458	3,424
Fuel	340	293
	<u>\$ 8,459</u>	<u>\$ 8,284</u>

Inventories are used to make repairs, complete overhauls or generate electricity. Production fuel inventory is only held in five of NTPC's operating plants. The liquefied natural gas (LNG) fuel requirement for NTPC's Inuvik plant is managed under the LNG fuel supply agreement described in Note 17. Diesel fuel requirements for the remaining 20 plants are all managed under the fuel management services agreement described in Note 17.

10. Accumulated surplus / equity

	<u>2018</u>	<u>2017</u>
Share capital, common and preferred shares	\$ 43,129	\$ 43,129
Accumulated operating surplus / equity	81,360	73,596
	<u>\$ 124,489</u>	<u>\$ 116,725</u>

The authorized share capital of NT Hydro is comprised of one common share without par value and one preferred, non-cumulative share without par value. As at March 31, 2018, 1 common share (2016-17 – 1 common share), at \$43,129 per share, (2016-17 – \$43,129 per share), has been issued and fully paid, and one preferred share at one dollar. NT Hydro may only issue its shares to the GNWT.

11. Sale of power

	<u>2018</u>	<u>2017</u>
Power sales to external customers	\$ 78,156	\$ 75,770
Power sales to GNWT and related parties	16,077	14,820
GNWT HSP payments	6,252	6,230
GNWT TPSP payments	5,871	5,585
	<u>\$ 106,356</u>	<u>\$ 102,405</u>

Sale of power includes GNWT support program payments received by NTPC on behalf of customers. The GNWT offers these support programs to both NTPC and Northland Utilities Ltd. customers.

The GNWT Territorial Power Support Program (TPSP) payments subsidize residential power rates to the rate paid in Yellowknife for energy used within a specified threshold.

The GNWT Housing Support Program (HSP) payments subsidize the difference between the specified rate paid by GNWT residential customers living in public housing and the PUB residential rate for that community.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 11. Sale of power (continued)

NTPC administers these support programs on behalf of the GNWT and invoices the GNWT monthly for the payments. The support payments are subject to the same terms as other utility customers as per NTPC's Terms and Conditions of Service.

12. Other revenue and customer contributions

	<u>2018</u>	<u>2017</u>
Contract work	\$ 531	\$ 446
Heat revenues	422	208
Connection fees	347	266
Contributions in aid of construction	271	162
Pole rental	267	287
Miscellaneous	119	529
	<u>\$ 1,957</u>	<u>\$ 1,898</u>

13. Expenses

The following is a summary of the expenses for the year by object:

	<u>2018</u>	<u>2017</u>
Salaries and wages	\$ 26,741	\$ 26,200
Fuel and lubricants (Note 17)	25,844	27,467
Supplies and services	18,575	20,621
Amortization (Note 8)	16,216	16,016
Interest expense (Note 14)	13,488	12,662
Travel and accommodation	2,352	2,653
Accretion on ARO's (Note 6)	239	180
Net loss on debt (Note 5)	-	4,552
Net (gain) loss on disposal of assets	(484)	3,850
	<u>\$ 102,971</u>	<u>\$ 114,201</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

14. Interest expense and interest income

Interest expense

	<u>2018</u>	<u>2017</u>
Interest on debenture debt and capital leases (Notes 4, 5)	\$ 13,688	\$ 12,673
Short-term debt financing costs	103	560
Capitalized interest during construction	<u>(303)</u>	<u>(571)</u>
	<u>\$ 13,488</u>	<u>\$ 12,662</u>

Interest income

	<u>2018</u>	<u>2017</u>
Income on loan receivable (Note 4)	\$ 1,339	\$ 1,430
Income from overdue accounts and bank balances	181	57
Income from sinking fund investments (Note 5)	<u>53</u>	<u>38</u>
	<u>\$ 1,573</u>	<u>\$ 1,525</u>

15. Government contributions

Other government contributions

In 2017-18 NTPC recognized funding of \$68 related to a contribution agreement with the Government of Canada's Indigenous and Northern Affairs. \$22 of this funding was received in 2017-18 and \$46 is recorded in accounts receivable at March 31, 2018.

NTPC also signed six single-year agreements with the GNWT. All committed funding with matching eligible costs have been recorded as revenue.

The first agreement was to fund the costs associated with expanding the residual heat system in Inuvik, and to install an exhaust gas recovery unit. NTPC received funding for the amount of \$200, of which NTPC incurred an excess of \$200 in eligible costs. The second agreement related to the in-kind contribution from the GNWT to NTPC of a 55kW Solar Photovoltaic project in Aklavik valued at \$604.

The third agreement was to fund \$67 in costs associated with electricity regulation and energy review analysis. The fourth agreement was to fund \$56 in costs associated with investigating energy storage and integration options for Inuvik. NTPC received funding of \$56, of which NTPC incurred \$56 in eligible costs. The fifth agreement was to fund \$69 in costs associated with investigating energy storage and integration options Sachs Harbour and Norman Wells.

NT Hydro's shareholder, the GNWT is in the process of developing a ten-year Energy Strategy and Action Plan. In 2017-18 NT Hydro began working with the GNWT on identifying projects that have the potential to qualify for the Federal Government / GNWT Integrated Bilateral Agreement. As there are many unknowns at this point in time with respect to the risks of the projects, time and effort spent on the initial framework and principles of these projects is being undertaken in the unregulated company, NTEC(03) to protect NTPC's regulated customers from costs that have not been built into rates and may or may not have longer term benefits. NTPC signed contribution agreements with the GNWT for this work and transferred all the costs and offsetting revenues associated with these projects to NTEC(03) as at March 31, 2018.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 15. Government contributions (continued)

In the sixth agreement NTPC received \$17 from the GNWT in apprenticeship training support.

16. Related party transactions and balances

NT Hydro is a Territorial public agency and consequently is related to the GNWT and its agencies and corporations. NT Hydro, through NTPC, provides utility services to, and purchases fuel and other services from, these related parties. These transactions are in the normal course of operations and are at the same rates and terms as those with similar unrelated customers and suppliers.

Transactions with related parties and balances at year-end not disclosed elsewhere in these consolidated financial statements are as follows:

	<u>2018</u>	<u>2017</u>
Revenue		
Other revenue	\$ 439	\$ 978
Expenses		
Purchases of fuel from Fuel Services Division of the GNWT (FSD) (Note 17)	\$ 18,667	\$ 21,002
Other operating expenses	408	243
	<u>19,075</u>	<u>\$ 21,245</u>
Financial assets		
Revenues receivable		
Utility	\$ 1,343	\$ 1,453
Non-utility	162	39
	<u>\$ 1,505</u>	<u>\$ 1,492</u>
Liabilities		
Accounts payable to FSD for fuel (Note 17)	\$ 6,173	\$ 4,232
Other accounts payable and accrued liabilities	63	12
	<u>\$ 6,236</u>	<u>\$ 4,244</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

17. Contractual obligations

NT Hydro has entered into agreements for, or are contractually committed for the following expenses that will be incurred subsequent to March 31, 2018:

	Expiry	2019	2020 and subsequent
Non related parties	2022	\$ 7,249	\$ 1,100

NT Hydro has entered into the following contractual obligations with related parties:

Fuel management services agreement

NTPC has a fuel management services agreement with the FSD. Under this agreement fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC are provided by FSD. The price of fuel under this agreement changes with the change in market price, the cost of freight, the GNWT fuel tax rate and the amount of fuel purchased by NTPC from FSD in a given year. The contract expires March 31, 2021.

LNG purchases

NTPC entered into an agreement with FSD to supply NTPC's Inuvik facilities with LNG until October 31, 2018. The price of LNG under this agreement varies with FSD's costs, which include LNG fuel costs, which are subject to changes in the market price, transportation costs and an administrative fee.

NORTHWEST TERRITORIES HYDRO CORPORATION

18. Financial instruments and risk management

Risks – overview

NT Hydro's financial instruments include cash, revenues receivable, loan receivable, accounts payable and accrued liabilities, debenture debt, sinking fund investments and the operating line of credit.

NT Hydro is exposed to the following risks from its use of financial instruments: credit risk, liquidity risk, and interest rate risk. NT Hydro manages these risk exposures on an ongoing basis.

a) Credit risk

Credit risk is the risk that a third party will cause a financial loss for NT Hydro by failing to discharge its obligation. The following table sets out NT Hydro's maximum exposure to credit risk under a worst case scenario and does not reflect results expected.

	<u>2018</u>	<u>2017</u>
Loan receivable	\$ 13,393	\$ 14,395
Revenues receivable	12,983	12,683
Cash	9,077	9,831
Sinking fund investments	6,278	5,800
	<u>\$ 41,731</u>	<u>\$ 42,709</u>

Loan receivable

The credit risk for the loan receivable for the Snare Cascades hydro project was minimized by security in place. See Note 4 for additional details.

Revenues receivable

NT Hydro minimizes revenues receivable credit risk by having a collections policy and terms and conditions of service consistent with industry standards. Credit risk is minimized by NTPC's large customer base. Thirty-eight percent (2016-17 - 36%) of NTPC's sales are to two other utilities. Twenty-six percent (2016-17 - 27%) of sales, including HSP and TPSP are to the GNWT.

Sinking fund investments and cash

NT Hydro minimizes the credit risk of cash and sinking fund investments by dealing with only reputable financial institutions and investing in securities that meet minimum credit ratings as stipulated by its investment policy and limiting exposure to any one security or asset class. An ongoing review is performed to evaluate changes in the status of counterparties.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 18. Financial instruments and risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that NT Hydro will encounter difficulty in meeting its obligations associated with its financial liabilities. Debt liquidity risk is managed by the use of sinking fund requirements and amortization provisions on six of the eleven debentures. NT Hydro arranges its financing in such a manner that the total amount of debt maturing in any given year does not exceed its ability to borrow in any given year. This practice gives NT Hydro the maximum flexibility over the use of its cash flow such that both its existing capital expenditure program and its ability to consider any future investment opportunities will not be constrained.

Liquidity risk is also managed by continuously monitoring actual and forecast cash flows, having the opportunity to borrow on a short-term basis from its shareholder and by maintaining a \$40,000 operating line with a reputable financial institution. The following table shows the maturities of the operating line of credit, debenture debt, sinking funds, Snare capital lease obligation and the associated loan receivable:

	March 31, 2018				
	Less than 1 year	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	\$ 14,137	\$ 24,498	\$ 129,942	\$ 58,649	\$ 227,226
Sinking fund investments	(6,278)	-	-	-	(6,278)
Snare capital lease obligation	2,099	9,475	21,180	18,287	51,041
Loan receivable	(2,341)	(11,704)	(5,462)	-	(19,507)
	\$ 7,617	\$ 22,269	\$ 145,660	\$ 76,936	\$ 252,482

	March 31, 2017				
	Less than 1 year	Greater than 1 year and not later than 6 years	Greater than 6 years and not later than 20 years	Greater than 20 years	Total
Debenture debt	\$ 3,923	\$ 33,158	\$ 130,218	\$ 63,850	\$ 231,149
Sinking fund investments	-	(5,800)	-	-	(5,800)
Snare capital lease obligation	2,169	9,965	21,374	21,288	54,796
Loan receivable	(2,341)	(11,704)	(7,803)	-	(21,848)
	\$ 3,751	\$ 25,619	\$ 143,789	\$ 85,138	\$ 258,297

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Changes in market interest rates will cause fluctuations in the fair value of the loan receivable, the Snare capital lease obligation, debenture debt, and sinking fund investments as all have fixed rates. The impact on net income due to fluctuations in interest rates on the operating line of credit or sinking fund investments is not significant.

NWT LOTTERY AUTHORITY
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2018

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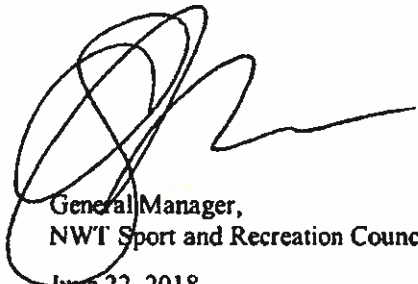
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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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



General Manager,
NWT Sport and Recreation Council

June 22, 2018





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INDEPENDENT AUDITOR'S REPORT

To the Members of
NWT Lottery Authority

We have audited the accompanying financial statements of NWT Lottery Authority, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations, Changes in Net Assets, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of NWT Lottery Authority as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Avery Cooper & Co. Ltd.

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

June 22, 2018



VERY COOPER IS A MEMBER OF MSI, AN INTERNATIONAL ASSOCIATION OF INDEPENDENT PROFESSIONAL FIRMS

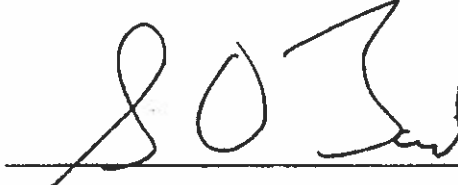
NWT LOTTERY AUTHORITY

STATEMENT OF FINANCIAL POSITION March 31, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash	\$ 141,880	\$ 251,969
Accounts Receivable	-	33,335
Due from Western Canada Lottery Corporation (Note 10)	598,293	579,049
Due from NWT Sport and Recreation Council (Note 3)	6,083	5,755
Cash Holdback (Note 5)	<u>275,000</u>	<u>275,000</u>
	<u>1,021,256</u>	<u>1,145,108</u>
LIABILITIES		
Accounts Payable & Accrued Liabilities	359,320	256,668
Wages & Benefits Payable	18,587	14,362
Accrued termination benefits	5,012	5,012
Due to Nunavut Lottery (Note 4)	<u>187,929</u>	<u>157,175</u>
	<u>570,848</u>	<u>433,217</u>
CONTINGENT LIABILITY (Note 10)		
NET FINANCIAL ASSETS, per page 2	450,408	711,891
NON-FINANCIAL ASSETS		
Prepaid Expenses	<u>7,838</u>	<u>8,483</u>
ACCUMULATED SURPLUS, per page 4 (Note 5)	<u>\$ 458,246</u>	<u>\$ 720,374</u>

Approved:

 Member

 Member

See the accompanying notes.

NWT LOTTERY AUTHORITY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS For the Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ (262,128)	\$ 32,165
Change in Prepaid Expenses	<u>645</u>	<u>5,116</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	(261,483)	37,281
NET FINANCIAL ASSETS, opening	<u>711,891</u>	<u>674,610</u>
NET FINANCIAL ASSETS, closing	<u><u>450,408</u></u>	<u><u>711,891</u></u>

See the accompanying notes.

NWT LOTTERY AUTHORITY

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

	2018 Budget Unaudited	2018 Actual	2017 Actual
REVENUES			
Lottery Revenue, Net - Schedule 1	\$ 5,326,200	\$ 5,435,884	\$ 5,698,430
Nunavut Lottery revenue	(726,827)	(839,111)	(783,177)
Miscellaneous income	-	8,015	7,255
Interest income	-	1,688	667
Management fee revenue	139,265	163,229	151,366
	<u>4,738,638</u>	<u>4,769,705</u>	<u>5,074,541</u>
EXPENSES			
Advertising and promotion	80,000	95,465	66,696
Audit and accounting	9,000	6,607	6,825
Bad debts	-	25,597	-
Communications	5,500	5,320	7,128
Contributions (note 6)	3,650,000	3,950,000	4,200,000
Equipment lease	1,500	2,054	615
Grants to retailers	259,618	259,618	259,618
Insurance	4,100	7,408	4,060
Interest and bank charges	1,200	1,717	1,084
Legal	5,000	-	5,934
Miscellaneous	1,500	1,780	902
Office	61,138	61,809	45,393
Postage and courier	42,500	42,739	37,498
Professional development and training	10,000	2,624	2,195
Professional fees	47,500	9,634	21,091
Repairs and maintenance	3,000	4,766	1,264
Travel	32,500	22,141	19,340
Wages and benefits	524,582	532,554	362,733
	<u>4,738,638</u>	<u>5,031,833</u>	<u>5,042,376</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ (262,128)</u>	<u>\$ 32,165</u>

NWT LOTTERY AUTHORITY

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS For the Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
<u>For the Year Ended March 31, 2018</u>		
ACCUMULATED SURPLUS, opening	\$ 720,374	\$ 688,209
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>(262,128)</u>	<u>32,165</u>
ACCUMULATED SURPLUS, closing (Note 5)	<u>\$ 458,246</u>	<u>\$ 720,374</u>
	<u>2017</u>	<u>2016</u>
<u>For the Year Ended March 31, 2017</u>		
ACCUMULATED SURPLUS, opening	\$ 688,209	\$ 778,377
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>32,165</u>	<u>(90,168)</u>
ACCUMULATED SURPLUS, closing (Note 5)	<u>\$ 720,374</u>	<u>\$ 688,209</u>

See the accompanying notes.

NWT LOTTERY AUTHORITY

STATEMENT OF CASH FLOWS

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from lottery proceeds and other	\$ 4,775,453	\$ 5,018,845
Cash receipts from other revenue	8,015	7,255
Cash paid to suppliers	(411,003)	(366,048)
Contributions to NWT Sport and Recreation Council	(3,950,000)	(4,200,000)
Cash paid to employees	<u>(532,554)</u>	<u>(362,733)</u>
(DECREASE) INCREASE IN CASH	(110,089)	97,319
CASH, opening	<u>251,969</u>	<u>154,650</u>
CASH, closing	<u><u>\$ 141,880</u></u>	<u><u>\$ 251,969</u></u>

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

NWT Lottery Authority (the "Organization") was established by the NWT Sport and Recreation Council (NWTSRC) as per the Western Canada Lottery Regulations, R.R.N.W.T. 1993, c.W-1 as amended (the "Regulations"), for the purpose of assisting the NWTSRC in the performance of its duties under these regulations. As a public service entity, the Authority's function is to support the objectives of the Government of the Northwest Territories (GNWT) by operating the lottery in the Northwest Territories.

The NWTSRC has agreements with the Western Canada Lottery Corporation (Western Canada Lottery Corporation Agreement, signed April 1, 2009) and the Government of the Northwest Territories (Lottery Operations Agreement, signed September 9, 2010) for the purpose of conducting and managing the sale of Western Canada Lottery products pursuant to the Western Canada Lottery Act, R.S.N.W.T. 1988ccW-3 as amended (the "Act") and the Regulations. The Organization is not required to file a tax return.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant policies are detailed as follows:

(a) Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The organization subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(b) Cash equivalents

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

(c) Tangible capital assets

Capital assets purchased during the year are recorded as expenses.

(d) Revenue recognition

Funds received from Western Canada Lottery Corporation are recognized as revenue only when the draw has been completed.

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) Financial assets

Financial assets, consisting of cash, accounts receivable and due from related parties, are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

(f) Non-financial assets

Non-financial assets, consisting of prepaid expenses, are not available to discharge existing liabilities and are held for use in the provision of services in future periods. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(g) Net debt

Net debt is measured as the difference between the Organization's liabilities and financial assets. This difference bears directly on the Organization's future revenue requirements and on its ability to finance its activities and meet its liabilities and contractual obligations.

(h) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: contingent liabilities. Actual results may differ from management's best estimates as additional information becomes available in the future.

3. RELATED PARTY TRANSACTIONS

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

The amount due from NWT Sport and Recreation Council are for expenses paid by NWT Lottery Authority which are billed back to the organization. During the year, the Organization received \$nil (2017 - \$329,957) from NWT Sport and Recreation Council relating to payroll expenses and \$6,083 (2017 - \$5,755) relating to GST. The Organization also paid out \$3,950,000 (2017 - \$4,200,000) in lottery contributions to NWT Sport and Recreation Council.

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

4. DUE TO/FROM NU LOTTERY

The amount due to Nunavut Lottery represents their share of lottery proceeds less expenses paid by NWT Lottery Authority which are billed back to the organization.

5. ACCUMULATED SURPLUS

The cash holdback represents the March 31, 1996 outstanding settlement from the Western Canada Lottery Corporation ("WCLC"). The amount is withheld as an operating cash holdback to finance the continuing operations of WCLC. This holdback will not be recovered in the foreseeable future therefore a reserve has been established in the amount of \$275,000 (2017 - \$275,000) and is included in accumulated surplus as at March 31, 2018 as follows:

	<u>2018</u>	<u>2017</u>
Reserve	\$ 275,000	\$ 275,000
Operating Surplus	<u>183,246</u>	<u>445,374</u>
	<u>\$ 458,246</u>	<u>\$ 720,374</u>

6. CONTRIBUTIONS

The NWT Lottery Authority funds have been distributed to the following organizations during the year:

	<u>2018</u>	<u>2017</u>
NWT Sport and Recreation Council	<u>\$ 3,950,000</u>	<u>\$ 4,200,000</u>

7. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Liquidity risk

The Organization does have a liquidity risk in the accounts payable and accrued liabilities of \$359,320 (2017 - \$256,668). Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due; maintains an adequate line of credit to repay trade creditors and repays long term debt interest and principal as they become due. In the opinion of management the liquidity risk exposure to the Organization is low and is not material.

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

8. NUNAVUT LOTTERY

By an agreement dated April 1, 2009 between Western Canada Lottery Corporation (WCLC) and the NWT Sport and Recreation Council (NWTSRC), NWTSRC was appointed to assist WCLC in the joint marketing of the Western Canada Lottery (the "Lottery") in the Territory of Nunavut. NWTSRC administers the financial accounting and reporting functions in accordance with the schedules to the agreement which detail the allocation of revenues and expenses of the Lottery in Nunavut. This agreement was updated on April 1, 2015 and expires March 31, 2020 unless terminated earlier in accordance with the Agreement or renewed by mutual parties.

9. GRANTS TO RETAILERS

Grants to retailers in aid of administration, represents grants paid to non-profit retailers based on contribution agreements, to assist with their administration costs. Future obligations are as follows:

	<u>Total</u>
2019	\$ 259,618
2020	259,618
2021	<u>259,618</u>
	<u>\$ 778,854</u>

10. CONTINGENT LIABILITIES

The amount due from Western Canada Lottery Corporation (WCLC) is \$598,293. WCLC has advised that due to conversion to International Financial Reporting Standards (IFRS), an adjustment is required to reflect equity and other comprehensive income due to the pension conversion.

A decision by WCLC as to whether or not to collect the negative equity from the provincial organizations has not been made. The NWT Lottery Authority's portion would be \$149,000 reducing the amount receivable and accumulated surplus. As a final decision has not been made by the WCLC, no adjustment has been recorded in these statements.

NWT LOTTERY AUTHORITY

SCHEDULE TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

SCHEDULE OF LOTTERY REVENUE, NET

Schedule 1

	2018 Budget Unaudited	2018 Actual	2017 Actual
SALES			
Lottery ticket sales	\$ 18,000,000	\$ 18,501,241	\$ 18,609,700
Interest and other income	<u>25,000</u>	<u>27,650</u>	<u>26,734</u>
	<u>18,025,000</u>	<u>18,528,891</u>	<u>18,636,434</u>
DIRECT EXPENSES			
Free tickets	1,026,000	888,883	1,004,919
Prizes	9,270,000	9,737,776	9,537,361
Retailer commissions	990,000	1,030,618	1,023,045
Ticket printing	<u>252,000</u>	<u>275,005</u>	<u>264,341</u>
	<u>11,538,000</u>	<u>11,932,282</u>	<u>11,829,666</u>
OPERATING INCOME	<u>6,487,000</u>	<u>6,596,609</u>	<u>6,806,768</u>
EXPENSES			
Amortization	88,000	94,598	78,908
Communications	170,000	181,225	164,901
Cost of premises	26,000	24,966	24,643
Draws and winning numbers publication	4,500	4,500	3,448
Employee development	5,500	3,858	4,870
Equipment	50,000	72,973	43,737
Freight and product transport	3,500	3,508	3,148
Goods and services tax	86,000	112,018	89,815
I. L. C. expense	14,000	19,310	12,073
Insurance and bank charges	1,800	1,796	1,772
Media & advertising	150,000	144,502	145,664
Overhead allocation	-	(222)	(227)
Payment to Government of Canada	190,000	189,946	181,049
Presentations, publications and miscellaneous	4,000	3,626	3,972
Professional fees	60,000	38,690	54,681
Promotion	12,000	1,535	7,719
Supplies	2,500	2,035	2,066
Travel	3,000	2,153	2,295
Wages and benefits	<u>290,000</u>	<u>259,708</u>	<u>283,804</u>
	<u>1,160,800</u>	<u>1,160,725</u>	<u>1,108,338</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 5,326,200</u>	<u>\$ 5,435,884</u>	<u>\$ 5,698,430</u>

N.W.T. SPORT AND RECREATION COUNCIL
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2018

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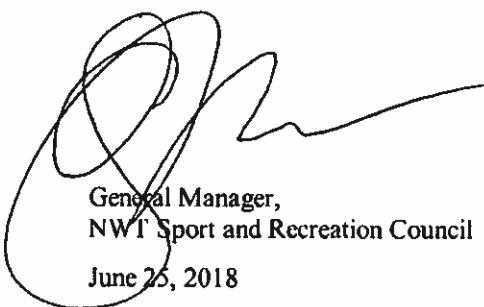
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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian public sector accounting standards. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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



General Manager,
NWT Sport and Recreation Council
June 25, 2018





AVERY COOPER & CO. LTD.

Chartered Professional Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
N.W.T. Sport and Recreation Council

We have audited the accompanying financial statements of N.W.T. Sport and Recreation Council, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations, Changes in Net Assets, 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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization'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 Organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of N.W.T. Sport and Recreation Council as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Avery Cooper & Co. Ltd.

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

June 25, 2018



N.W.T. SPORT AND RECREATION COUNCIL


STATEMENT OF FINANCIAL POSITION

March 31, 2018

	<u>2018</u>	<u>2017</u>
FINANCIAL ASSETS		
Cash (Note 3)	\$ 932,867	\$ 1,204,428
Short-Term Investments (Note 4)	29,780	29,632
Accounts Receivable	8,834	100
Government remittances receivable	6,083	10,803
	<u>977,564</u>	<u>1,244,963</u>
LIABILITIES		
Line of Credit (Note 8)	320,000	-
Accounts Payable & Accrued Liabilities	265,795	9,664
Wages & Benefits Payable (Note 7)	438,468	397,985
Due to related party (Note 5)	6,083	5,755
	<u>1,030,346</u>	<u>413,404</u>
NET FINANCIAL ASSETS	<u>(52,782)</u>	<u>831,559</u>
NON-FINANCIAL ASSETS		
Tangible Capital Assets (Note 6)	<u>1,411</u>	<u>3,362</u>
	<u>1,411</u>	<u>3,362</u>
SUBSEQUENT EVENTS (Note 10)		
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ (51,371)</u>	<u>\$ 834,921</u>

Approved:

 Member

 Member

See the accompanying notes.

N.W.T. SPORT AND RECREATION COUNCIL

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31, 2018**

	<u>2018</u>	<u>2017</u>
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (886,292)	\$ 134,451
Disposition of Tangible Capital Assets	1,087	-
Amortization of Tangible Capital Assets	864	2,123
Change in Prepaid Expenses	<u>-</u>	<u>10,577</u>
DECREASE IN NET FINANCIAL ASSETS	(884,341)	147,151
NET FINANCIAL ASSETS, opening	<u>831,559</u>	<u>684,408</u>
NET FINANCIAL ASSETS, closing	<u><u>\$ (52,782)</u></u>	<u><u>\$ 831,559</u></u>

See the accompanying notes and schedules.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
REVENUES			
Administration - Schedule 1	\$ 225,000	\$ 170,655	\$ 580,243
Investment and Evaluation - Schedule 2	3,872,418	4,137,403	3,615,136
Multi Sport Games - Schedule 3	<u>650,000</u>	<u>650,154</u>	<u>660,439</u>
	<u>4,747,418</u>	<u>4,958,212</u>	<u>4,855,818</u>
EXPENSES			
Administration - Schedule 1	225,000	170,655	580,243
Investment and Evaluation - Schedule 2	4,801,000	4,442,862	3,713,129
Multi Sport Games - Schedule 3	<u>1,079,366</u>	<u>1,230,987</u>	<u>427,995</u>
	<u>6,105,366</u>	<u>5,844,504</u>	<u>4,721,367</u>
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	<u>\$ (1,357,948)</u>	<u>\$ (886,292)</u>	<u>\$ 134,451</u>

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF CHANGES IN ACCUMULATED SURPLUS (DEFICIT)

For the Year Ended March 31, 2018

	Unrestricted Surplus	Building Reserve	Games Reserve	Program Reserve	Total 2018
<u>For the Year Ended March 31, 2018</u>					
ACCUMULATED SURPLUS, opening	\$ 236,153	\$ 255,000	\$ -	\$ 343,768	\$ 834,921
DEFICIENCY OF REVENUES OVER EXPENSES	(886,292)	-	-	-	(886,292)
TRANSFER TO RESERVES	-	-	-	-	-
TRANSFER FROM RESERVES	598,768	(255,000)	-	(343,768)	-
OTHER TRANSFERS	-	-	-	-	-
ACCUMULATED SURPLUS (DEFICIT), closing	<u>\$ (51,371)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (51,371)</u>
<u>For the Year Ended March 31, 2017</u>					
ACCUMULATED SURPLUS, opening	\$ 234,973	\$ 255,000	\$ -	\$ 210,497	\$ 700,470
DEFICIENCY OF REVENUES OVER EXPENSES	134,451	-	-	-	134,451
TRANSFER TO RESERVES	(4,274,395)	-	660,439	3,613,956	-
TRANSFER FROM RESERVES	4,141,124	-	(427,994)	(3,713,130)	-
OTHER TRANSFERS	-	-	(232,445)	232,445	-
ACCUMULATED SURPLUS, closing	<u>\$ 236,153</u>	<u>\$ 255,000</u>	<u>\$ -</u>	<u>\$ 343,768</u>	<u>\$ 834,921</u>

See the accompanying notes and schedules.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF CASH FLOWS

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributions and other	\$ 4,954,198	\$ 4,856,943
Cash paid to grant recipients and other	(5,547,026)	(4,337,793)
Cash paid for salaries	-	(563,268)
	<u>(592,828)</u>	<u>(44,118)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances to related party	-	(70,325)
Changes in amounts due to/from related parties	328	5,755
Line of credit	<u>320,000</u>	<u>(95,000)</u>
	<u>320,328</u>	<u>(159,570)</u>
CASH FLOWS FROM CAPITAL ACTIVITY		
Loss on disposition of tangible capital assets	<u>1,087</u>	<u>-</u>
DECREASE IN CASH	(271,413)	(203,688)
CASH, opening	<u>1,234,060</u>	<u>1,437,748</u>
CASH, closing	<u>\$ 962,647</u>	<u>\$ 1,234,060</u>
REPRESENTED BY:		
Cash	\$ 177,291	\$ 455,435
Restricted cash	755,576	748,993
Short term investment	<u>29,780</u>	<u>29,632</u>
	<u>\$ 962,647</u>	<u>\$ 1,234,060</u>

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

N.W.T. Sport and Recreation Council (SRC) operates to provide leadership and support for the Northwest territories sport and recreation sector. As a public service entity, the Council's function is to support the objectives of the Government of the Northwest Territories (GNWT). In fulfillment of this role, the SRC shall: streamline decision making and improve coordination; plan collaboratively with communities and sport and recreation leaders; effectively use resources that result in opportunities for all NWT residents to access physical activities; be accountable for achieving outcomes; and manage the Western Canada Lottery program in the NWT.

The SRC was incorporated as a Society in accordance with the Societies Act under the statutes of the Northwest Territories on March 10, 2005. The SRC is a "Related Entity" to the Government of the NWT and is exempt from income taxes pursuant to Subsection 149(1)(c) of the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian public sector accounting standards. The significant policies are detailed as follows:

(a) Financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for securities quoted in an active market, which are subsequently measured at fair value.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and mortgages payable.

(b) Capital management

NWT Sport and Recreation Council's objective in managing its net assets is to remain a sustainable operation while fulfilling its overall mandate to provide leadership and support for the Northwest Territories sport and recreation sector. It achieves its objective by strong day-to-day management of its cash flows and by regularly monitoring revenues and expenses against its operating and capital budgets.

(c) Cash equivalents

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

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) Tangible capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Where fair value cannot reasonably be estimated, contributed assets are recorded at nominal value. The cost of capital assets are amortized over the estimated useful lives of assets by category. Estimates of useful life are made as assets are acquired. A full year's amortization is expensed in the year of acquisition. Capital assets are being amortized to expense using the declining balance method at the following rates:

Equipment	30%
Computer equipment	40%
Computer software	50%

(e) Revenue recognition

Revenue on significant contracts, which provide for progress billings and payments as part of the contract, are recognized on the percentage of completion method. Deferred revenue, in current liabilities, represents billings rendered in excess of revenue earned.

Interest is recognized when earned, donations are recognized when received and service contracts are recognized when the funder is invoiced for reimbursement of expenses.

(f) Financial assets

Financial assets, consisting of cash, accounts receivable and due from related parties, are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

(g) Non-financial assets

Non-financial assets, consisting of prepaid expenses, are not available to discharge existing liabilities and are held for use in the provision of services in future periods. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(h) Net debt

Net debt is measured as the difference between the Organization's liabilities and financial assets. This difference bears directly on the Organization's future revenue requirements and on its ability to finance its activities and meet its liabilities and contractual obligations.

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: estimated useful lives of property, plant and equipment. Actual results may differ from management's best estimates as additional information becomes available in the future.

3. CASH

	<u>2018</u>	<u>2017</u>
Cash in bank	\$ 177,291	\$ 455,435
RBC Dominion Securities mutual funds	<u>755,576</u>	<u>748,993</u>
	<u>\$ 932,867</u>	<u>\$ 1,204,428</u>

Cash, in the amount of \$755,576, is restricted for use in the establishment of the reserve funds as outlined in Note 9. At March 31, 2018 restricted cash exceeded reserves by \$755,576.

4. SHORT TERM INVESTMENT

The Council has invested in Cashable GIC's issued by the Royal Bank of Canada with interest rate of .5% and a maturity date of July 27, 2018. The Council anticipates redemption of the investments when rolled into the Government of the Northwest Territories.

	<u>2018</u>	<u>2017</u>
RBC Cashable GIC	<u>\$ 29,780</u>	<u>\$ 29,632</u>

5. DUE TO RELATED PARTIES

(a) During the year, the Organization entered into transactions with the following related parties:

NWT Lottery Authority
Government of the NWT, Department of Municipal and Community Affairs (MACA)

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

5. DUE TO RELATED PARTIES, continued

(b) Transactions

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	2018	2017
Revenue		
MACA - Games funding	\$ 650,000	\$ 650,000
MACA - Other funding	350,000	-
NWT Lottery Authority - Program funding	3,787,403	3,624,311
NWT Lottery Authority - SRC funding	162,597	575,689
	\$ 4,950,000	\$ 4,850,000
 Expenses - NWT Lottery Authority - payroll	 \$ -	 \$ 329,957

(c) Due to related party

	2018	2017
NWT Lottery Authority	\$ 6,083	\$ 5,755

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. TANGIBLE CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated amortization	Net	Net
Equipment	\$ 5,693	\$ 5,383	\$ 310	\$ 824
Computer equipment	15,124	14,023	1,101	2,294
Computer software	-	-	-	244
	\$ 20,817	\$ 19,406	\$ 1,411	\$ 3,362

7. WAGES AND BENEFITS PAYABLE

Wages and benefits payable consists of a wage severance liability for all staff.

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

8. LINE OF CREDIT

In December 2015, a line of credit was authorized by the Board of Directors to a maximum of \$600,000 and bears interest at bank's prime lending rate plus 0.60% per annum and is secured by a borrowing resolution signed by the Board of Directors. Balance as of March 31, 2018 is \$320,000 (2017 \$nil).

9. RESERVES

	Opening Balance	Additions	Expenses	Transfer	2018
Program reserve	\$ 343,768	\$ -	\$ -	\$ (343,768)	\$ -
Building reserve	255,000	-	-	(255,000)	-
	\$ 598,768	\$ -	\$ -	\$ (598,768)	\$ -

GAMES RESERVE FUNDING

The games reserve is established by the SRC to support approved multi-sport games. The games reserve transactions in the current year are as follows:

	2018
GNWT MACA Contribution	\$ 650,000
Interest	154
	650,154
Interest charges	4,694
NAIG 2017	431,412
Arctic Winter Games 2018	691,000
Canada Summer Games 2017	103,881
	1,230,987
Transfer to unrestricted surplus	\$ (580,833)

The Council contributed an additional \$3,539 towards the Canada Summer Games 2017 above the contribution agreement. Since inception, the total approved multi-sport games costs have exceeded the total multi-sport contributions from MACA by \$786,368.

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

9. RESERVES, continued

BUILDING RESERVE FUNDING

The Council is responsible for the distribution of net lottery proceeds which includes the development of a policy on the operation of a building reserve for capital improvements to the administration building owned by Lex Borealis Ltd. Lex Borealis Ltd. is a 100% owned subsidiary of Sport North Federation, a funding recipient of the Council. This policy must include an annual minimum percentage allocation from the net proceeds of the Lottery, a maximum reserve balance of 100% of the assessed value of the building (\$600,000), allocation of 50% of the excess proceeds of the Lottery in excess of the approved allocations and a definition of capital improvements to delineate which items qualify for payment from the reserve. The reserve was reduced to nil in the current year.

PROGRAM RESERVE FUNDING

The program reserve is established by the SRC to be directed toward programs impacting strategic priorities. 30% of the surplus funds shall be allocated to this reserve in any given year. The maximum reserve balance is 10% of net proceeds of the lottery program in any given year. The reserve was reduced to nil in the current year.

10. SUBSEQUENT EVENTS

NWT Sport and Recreation Council will cease to operate once the NWT Lottery Authority is rolled into the Government of the Northwest Territories. The current date for this to occur is September 2018.

In the subsequent year, the NWT Sport and Recreation Council came to an agreement with Sport North Federation regarding payments to Lex Borealis for the building. The payments will all take place in 2018/19.

11. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

12. LOTTERY FUNDING

NWT Sport and Recreation Council received the following amounts from the NWT Lottery Authority during the year:

	<u>2018</u>	<u>2017</u>
Funds transferred from NWT Lottery Authority	<u>\$ 3,950,000</u>	<u>\$ 4,200,000</u>

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

13. TERRITORIAL SPORT ORGANIZATION CONTRIBUTIONS

The sport organizations received the following contributions during the year:

	<u>2018</u>
Archery	\$ 20,000
Arctic Sports/Dene Games	20,000
Aurora Horse	20,000
Badminton	22,200
Basketball	100,000
Biathlon	51,780
Bowling	20,000
Broomball	20,000
Cross Country Skiing	100,000
Curling	82,500
Dog Sledding	47,500
Figure Skating	20,000
Golf	31,000
Gymnastics	54,000
Hockey	106,500
Judo	100,000
Karate	20,000
Kayaking	37,500
School Sports	20,000
Shooting	31,000
Snowboarding	54,000
Soccer	106,500
Softball	82,500
Special Olympics	20,000
Speed Skating	82,500
Squash	65,000
Swimming	100,000
Table Tennis	20,000
Taekwondo	20,000
Tennis	47,500
Track & Field	65,790
Volleyball	89,000
Wrestling	<u>20,000</u>
	<u>\$ 1,696,770</u>

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

14. LOTTERY AUTHORITY

The Lottery Authority was established by SRC as per Section 4(1) of the Western Canada Lottery Act Regulations for the purpose of assisting the SRC in the performance of its duties under the regulations. By agreement dated April 1, 2009, between the Western Canada Lottery Corporation (WCLC) and the SRC, the SRC agreed to jointly market with the WCLC the lottery schemes in the Northwest Territories. By Agreement dated April 1, 2015, provision of marketing the WCLC products in the Nunavut territory has been extended until March 31, 2020.

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

ADMINISTRATION

Schedule 1

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
REVENUE			
Lottery contribution	\$ 225,000	\$ 162,596	\$ 574,509
Interest revenue	-	8,059	5,734
	<u>225,000</u>	<u>170,655</u>	<u>580,243</u>
EXPENSES			
Amortization	-	864	2,125
Audit and accounting fees	-	10,609	11,147
Bank charges	-	245	99
Communications	-	-	908
Contributions	225,000	117,364	-
Insurance	-	-	2,695
Gain/Loss on disposal of assets	-	1,087	-
Wages and benefits	-	40,486	563,269
	<u>225,000</u>	<u>170,655</u>	<u>580,243</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

INVESTMENT AND EVALUATION

Schedule 2

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
REVENUE			
Lottery contribution	\$ 3,522,418	\$ 3,787,403	\$ 3,615,136
MACA Contribution	<u>350,000</u>	<u>350,000</u>	<u>-</u>
	<u>3,872,418</u>	<u>4,137,403</u>	<u>3,615,136</u>
EXPENSES			
Aboriginal Sport Circle of the NWT	800,000	903,391	763,189
Beaufort Delta Sahtu Recreation Association	344,230	-	260,784
Beaufort Delta Sahtu Contributions	-	189,732	-
Mackenzie Recreation Association	360,000	441,778	243,748
NWT Recreation and Parks Association	800,000	845,410	698,104
Sport North Federation	800,000	365,781	1,747,304
Territorial Sport Organizations (note 13)	<u>1,696,770</u>	<u>1,696,770</u>	<u>-</u>
	<u>4,801,000</u>	<u>4,442,862</u>	<u>3,713,129</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (928,582)</u>	<u>\$ (305,459)</u>	<u>\$ (97,993)</u>

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

MULTI SPORT GAMES

Schedule 3

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	<u> </u>	<u> </u>	<u> </u>
REVENUE			
MACA Contribution	\$ 650,000	\$ 650,000	\$ 650,000
Lottery Contribution	-	-	10,356
Interest Revenue	-	154	83
	<u>650,000</u>	<u>650,154</u>	<u>660,439</u>
EXPENSES			
Bank Charges	2,500	4,694	1,264
Contribution to Sport North Federation	592,842	794,881	246,731
Contribution to Aboriginal Sport Circle	484,024	431,412	180,000
	<u>1,079,366</u>	<u>1,230,987</u>	<u>427,995</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (429,366)</u>	<u>\$ (580,833)</u>	<u>\$ 232,444</u>

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

SCHEDULE OF OPERATIONS BY OBJECT

Schedule 4

	2018 Budget (Unaudited)	2018 Actual	2017 Actual
Lottery Revenue	\$ (3,747,418)	\$ (3,950,000)	\$ (4,200,000)
MACA Revenue	(1,000,000)	(1,000,000)	(650,000)
Interest Revenue	-	(8,212)	(5,818)
Amortization	-	866	2,125
Audit and accounting fees	-	10,609	11,147
Communications	-	-	908
Contribution to games	1,076,866	794,881	246,731
Contribution to partners	5,026,000	4,991,637	3,893,130
Insurance	-	-	2,695
Bank charges	2,500	4,938	1,362
Gain/loss on disposal of assets	-	1,087	-
Wages	-	40,486	563,269
	<u>\$ 1,357,948</u>	<u>\$ 886,292</u>	<u>\$ (134,451)</u>

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

AUDITED FINANCIAL STATEMENTS

March 31, 2018

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Financial Statements
Year ended March 31, 2018

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INDEPENDENT AUDITOR'S REPORT

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

FINANCIAL STATEMENTS

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Statement III	Statement of Cash Flow	3
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**YELLOWKNIFE
ACCOUNTING**
PROFESSIONAL CORPORATION

CHARTERED PROFESSIONAL
ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Northwest Territories Surface Rights Board
Yellowknife, NWT

We have audited the accompanying financial statements of Northwest Territories Surface Rights Board, which comprise of the Statement of Financial Position as at March 31, 2018, Statement of Revenue and Expenditures and Accumulated Surplus and Statement of Cash Flow for the year then ended, and a summary of significant accounting policies.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Northwest Territories Surface Rights Board, as at March 31, 2018 and its financial performance and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

EPR Yellowknife Accounting

EPR Yellowknife Accounting Professional Corporation
Yellowknife, NT
June 14, 2018

Paul. [Signature]

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements of Northwest Territories Surface Rights Board are the responsibility of management and have been approved by the Board.

The financial statements have been prepared by management in accordance with Canadian accounting standards for not for profit organizations as recommended by the board of the Canadian Institute of Chartered Professional Accountants and as such include amounts that are the best estimates and judgments of management.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

The board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the financial statements.

The board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the financial statements and the external auditor's report.

The external auditors, EPR Yellowknife Accounting Professional Corporation., conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Northwest Territories Surface Rights Board and meet when required.

On behalf of Northwest Territories Surface Rights Board

A handwritten signature in blue ink, appearing to read "Doug Rankin". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

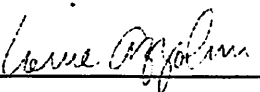
Doug Rankin, Board Coordinator
Northwest Territories Surface Rights Board
May 28, 2018

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
STATEMENT OF FINANCIAL POSITION
As At March 31, 2018

Statement I

	2018		2017
ASSETS			
Current Assets			
Cash	\$ 123,503	\$	80,050
Accounts receivable (Note 3)	74		29,592
Prepaid Expenses	1,262		1,350
	124,839		110,992
CAPITAL ASSETS (Note 2b)	-		-
TOTAL ASSETS	\$ 124,839	\$	110,992
LIABILITIES			
Current liabilities			
Accounts Payable and Accrued Liabilities	\$ 46,775	\$	44,132
Deferred Revenue (Note 4)	78,064		66,860
TOTAL LIABILITIES	124,839		110,992
EQUITY			
Accumulated Surplus	-		-
Investment in capital assets (Note 1b)	-		-
	-		-
TOTAL LIABILITIES AND NET ASSETS	\$ 124,839	\$	110,992

APPROVED ON BEHALF OF BOARD

 Director

 Director

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
STATEMENT OF REVENUE AND EXPENDITURE AND ACCUMULATED SURPLUS
For the Year Ended March 31, 2018

Statement II

	2018	2017
REVENUE		
Government of NWT Contributions	297,478	293,900
Transfer from (to) deferred revenue	(11,204)	46,729
Interest revenue	173	250
Other revenue	-	1,023
TOTAL REVENUE	286,447	341,902
OPERATING EXPENSES		
Professional fees	122,799	138,107
Honorarium	51,371	63,866
Board travel and other costs	19,755	46,354
Wages and Benefits	49,721	38,118
Information technology and computer costs	6,690	25,696
Rent	17,818	16,007
Advertising and external communication	5,575	4,190
Office and other supplies	4,698	3,968
Telephone, fax and Internet	3,226	3,120
Staff Travel and training	2,851	1,540
Bank charges and interest	172	486
Insurance	1,771	450
EXCESS REVENUE (EXPENDITURE) FOR THE YEAR	286,447	341,902
ACCUMULATED SURPLUS, BEGINNING OF YEAR	-	-
ACCUMULATED SURPLUS, END OF YEAR	\$ -	\$ -

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
STATEMENT OF CASH FLOW
For the Year Ended March 31, 2018

Statement III

	2018	2017
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure	\$ -	\$ -
Decrease (increase) in accounts receivable	29,518	(25,889)
Decrease (increase) in prepaid expenses	88	(1,350)
Increase (decrease) in accounts payable	2,643	(14,348)
Increase (decrease) in deferred revenue	11,204	(46,729)
	43,453	(88,316)
Net increase (decrease) in cash and equivalents	43,453	(88,316)
Cash and equivalents at beginning of Year	80,050	168,366
CASH AND EQUIVALENTS AT END OF YEAR	123,503	80,050
Cash consists of :		
Cash in bank	98,503	55,050
GIC	25,000	25,000
	\$ 123,503	\$ 80,050

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

1. NATURE OF ORGANIZATION

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD (The “Board”) was created upon the enactment of the Surface Rights Board (Northwest Territories) by the fifth session of the seventeenth Legislative Assembly of the Northwest Territories, commencing April 2016. The objective of the Board is to fairly and equitably resolve disputes regarding access to lands in the Northwest Territories and waters overlying those lands in the Mackenzie Valley. The Board’s objectives are based on the plan developed by the Government of the Northwest Territories Department of Lands. The Board’s activities are in accordance with the requirements of the Northwest Territories Surface Rights Board Act (Canada), in accordance with the requirements of the Northwest Territories Land and Resource Devolution Agreement. The Board is exempt from income taxes under Section 149 of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standard for Not-For-Profit Organizations (ASNPO).

2a) Use of Estimates

The preparation of financial statements necessarily involves the use of estimates, which have been made using careful judgment. Actual results could differ from these estimates and any differences will be reflected in the financial statements in the period in which they are known. The financial statements have, in the opinion of management, been properly prepared within the reasonable limits of materiality and the framework of the significant accounting policies summarized below.

2b) Capital Assets

Capital assets, when purchased, are recorded in the Capital Fund at cost minus accumulated amortization, and offset by the Investment in Capital Assets and any related debt. Amortization is provided to reduce the Investment in Capital Assets over the expected useful lives of the particular assets. Amortization is recorded using the diminishing balance method. At March 31, 2018, the Board had not acquired any capital assets.

2c) Revenue and Expenditure Recognition

Government Contracts and Contribution Agreements:

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fund accounting

Revenues and expenses related to Board operations delivery and administrative activities are reported in the Operating Fund. The net book value of capital assets is reported in the Capital Fund, offset by Investment in Capital Assets and any related debt.

2d) Financial Instruments

All significant financial assets, financial liabilities and equity instruments of the organization are either recognized or disclosed in the Financial Statements together with available information for a reasonable assessment of future cash flows, interest rate risk and credit risk. Where practicable, the fair values of financial assets and financial liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

Financial Instruments (Contd...)

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will affect the organization’s revenue, the organization’s expenses and the organization’s financial instruments. The Board does not own a significant number of interest earning assets and the Board does not have a significant number of interest bearing liabilities.

Liquidity Risks

Liquidity risk is the risk that the Board will not be able to meet its financial obligations as they become due. The Board manages liquidity risk by reviewing forecasted cash flows from operating activities, forecasted financing activities and forecasted investing activities including budgeted capital expenditures and related financing.

Fair Values

The methods and assumptions followed to disclose fair value are inherently matters of judgment. Accordingly, fair values do not necessarily reflect the amounts that would be recovered or paid under the circumstances that immediate settlement of the financial instruments were required. The use of different methods of estimating and different assumptions could have a material effect on the estimated fair value amounts. Due to the short-term nature of accounts receivable, accounts payable and accrued liabilities the carrying amounts approximate fair value.

2e) Risk Management

The Board reviews financial risks and sets appropriate limits and controls when necessary.

2f) Going Concern

Financial Statements, under Canadian generally accepted accounting standards, are prepared on the assumption that the entity is a going concern, meaning that it will continue in operations for the foreseeable future and that it will be able to realize assets and discharge liabilities in the normal course of its operations.

3. ACCOUNTS RECEIVABLE

	2018	2017
GNWT Department of Lands	\$ -	\$ 29,592
Office Compliments	74	-
	\$ 74	\$ 29,592

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

4. DEFERRED REVENUE

Pursuant to Contribution Agreement Paragraph 7.3, any unspent amount of the Contribution, or amount repayable in accordance with the Agreement, shall be recorded as a liability in the accounts and records of the Board until the amounts have been spent in accordance with the Agreement or repaid to the GNWT, as applicable.

	2018	2017
Balance, beginning of period	\$ 66,860	\$ 113,589
Deferred Revenue recognized as revenue during for the year	11,204	(46,729)
Balance, end of period	78,064	66,860
Comprised of:	-	-
Deferred revenue for processing applications	50,000	50,000
Deferred revenue, general	28,064	16,860
	\$ 78,064	\$ 66,860

5. ECONOMIC DEPENDENCE

Revenues

The Board derives a material amount of its revenues from contribution agreements with the Government of the Northwest Territories. Interruption of this funding would materially affect the operations of the Board.

Supplies and Expenditures

The Board may purchase all of the resources necessary for its operations at fair market values from available vendors deemed to provide best value to the Board.

The Board does not engage in the employment services of skilled individuals who could not be replaced in the labour market.

6. CONTINGENT LIABILITIES

The Board has determined that there have been no events that confirm that an asset has been impaired or liability incurred as at the financial statement date.

The continued operations of the Board is dependent upon the Board securing financing by maintaining a volume of contribution funding. The Board has entered into a long term funding agreement with the Government of the Northwest Territories ending on March 31, 2020.

7. COMMITMENTS

Effective May 1, 2016, the Board entered into an obligation under a 2 year lease for office space. Annual minimum payments for rent are \$13,758.

8. SUBSEQUENT EVENTS

The Board has determined that there have been no subsequent events that provide further evidence of conditions which existed at the financial statement date, and/or which are indicative of conditions which arose subsequent to the financial statement date.

**Status of Women Council
of the Northwest Territories
Yellowknife, NT**

**Financial Statements
March 31, 2018**

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Status of Women Council of the N.W.T.

P.O. Box 1320, Yellowknife, NWT X1A 2L9

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Status of Women Council of the Northwest Territories are the responsibility of the management and have been approved by the directors.

The financial statements have been prepared by the management in accordance with generally accepted accounting principles for the public sector and include some amounts that are necessarily based on management's best estimates and judgment. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

The Council maintains systems in internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Council's assets are appropriately accounted for and adequately safeguarded.

The directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and are ultimately responsible for reviewing and approving the financial statements. The directors carry out this responsibility principally through review of the annual budgets, comparison of actual results to budgets on a periodic basis, approval of the financial statements, and engagement of the external auditor.

The auditor annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with generally accepted auditing standards.

Violet Camsell-Blondin
President

Yellowknife, Northwest Territories
May 31, 2018



Independent Auditor's Report

To the Directors of the Status of Women Council of the Northwest Territories

I have audited the financial statements of The Status of Women Council of the Northwest Territories, which comprise the statement of financial position as at March 31 2018, and the statements of operations, changes in net financial assets, 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 audits. I conducted my audits 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 of 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.

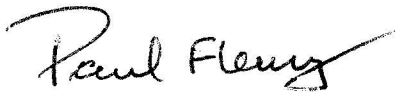
Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Status of Women Council of the Northwest Territories as at March 31, 2018, and the results of its operations, changes in net financial assets, and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

As required by the Financial Administration Act of the Northwest Territories, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied.

Further in my opinion, proper books of account have been kept by the Status of Women Council of the Northwest Territories and the financial statements are in agreement therewith. In addition, the transactions of the Status of Women Council of the Northwest Territories that have come to my notice during my audits of the financial statements have, in all significant respects, been in accordance with Part 1X of the Financial Administration Act of the Northwest Territories and regulations; the Status of Women Council Act (Act) and regulations; the by-laws of the Council; and any directives issued to the Council by the Minister under the FAA or the Act.



Paul Fleury, Chartered Professional Accountant-cga
Yellowknife, NWT
May 31 2018

Status of Women Council of the Northwest Territories

Statement of Financial Position

As at March 31,

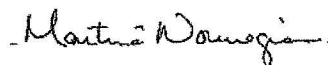
2018

2017

	\$	\$
Financial assets		
Cash and cash equivalents (Note 2b & 3)	226,637	125,037
Accounts receivable (Note 4)	-	9,114
Prepaid expense	-	981
	<u>226,637</u>	<u>135,132</u>
Liabilities		
Accounts payable and accrued expenses (Note 5)	15,939	17,113
Vacation payable	7,589	16,459
Employee deductions payable	1,737	2,018
Deferred revenue (Note 10)	96,574	-
Funding refundable	24,990	-
Benefits fund (Note 6)	38,661	38,402
Contingency fund (Note 7)	43,221	42,930
	<u>228,711</u>	<u>116,922</u>
Net Financial assets	(2,074)	18,210
Non-Financial assets		
Tangible capital assets-Council (Note 8)	2,178	2,913
-Projects (Note 8)	280	386
	<u>2,458</u>	<u>3,299</u>
Accumulated Surplus (Note 9)	384	21,509

Approved on behalf of the Board

 _____ President

 _____ Director

The accompanying notes and supplementary schedules are an integral part of the financial statements

Contingencies (Note 16)

Commitments (Note 18)

**Status of Women Council of the Northwest Territories
Statement of Operations
Year ended March 31,**

	Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
REVENUE			
Contributions			
Government of the NWT-Core	394,000	394,000	394,000
Government of the NWT-Other	-	92,223	104,600
Government of Canada	-	173,000	86,800
Deferred revenue	-	(96,574)	-
Other Revenue			
Administration fees & miscellaneous	-	10,800	6,865
Contributed Rent	70,870	70,870	70,870
	464,870	644,319	663,135
EXPENDITURES			
Core	464,870	487,852	477,869
Administration and service revenue	-	5,000	-
Donations	-	-	2,156
Family Violence Week	-	49,737	46,250
Gender Equality	-	43,426	-
Leadership	-	-	40,000
Victim Awareness Week	-	8,000	6,000
What Will It Take	-	26,823	-
Dignity Bags	-	-	22,800
FV Educational Series	-	-	42,000
New Horizons	-	25,000	25,000
NGO Stabilization Fund	-	19,500	9,350
	464,870	665,338	671,425
EXCESS REVENUE (EXPENDITURES)	-	(21,019)	(8,290)

The accompanying notes and supplementary schedules are an integral part of the financial statements

Status of Women Council of the Northwest Territories
Statement of Change in Net Financial Assets
Year ended March 31,

	2018	2017
	\$	\$
Annual (deficit) surplus	(21,019)	(8,290)
Effect of change in tangible capital assets		
Amortization of tangible capital assets	735	1,000
Increase (decrease) in net financial assets	(20,284)	(7,290)
Net financial assets at beginning of year	18,210	25,500
Net financial assets at end of year	(2,074)	18,210

The accompanying notes and supplementary schedules are an integral part of the financial statements

Status of Women Council of the Northwest Territories
Statement of Cash Flows
Year ended March 31,

	2018	2017
	\$	\$
Operating Activities		
Excess revenue/ (expenditure)	(21,019)	(8,290)
Interest earned	550	74
Amortization	735	1,000
	(19,734)	(7,216)
Accounts receivable	9,114	30,486
Prepaid expenses	981	(981)
Payables	(1,174)	(19,672)
Vacation Payable	(8,870)	455
Employee deduction payable	(281)	(6,500)
Funding refundable	24,990	-
Deferred revenue	96,574	-
Change in cash position	101,600	(3,428)
Cash and cash equivalents, beginning of year	125,037	128,465
Cash and cash equivalents, end of year	226,637	125,037
Represented by		
Cash in bank	132,976	31,926
Investment in cash account	93,661	93,111
	226,637	125,037

The accompanying notes and supplementary schedules are an integral part of the financial statements

Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018

1. Authority and Mandate

The Council was established by the consolidation of *Status of Women Council Act*, S.N.W.T. 1990(1).c.6. that was proclaimed in force on April 4, 1990 by SJ-006-90 by the Government of the Northwest Territories.

The objectives of the Council are:

- a) to develop public awareness of issues affecting the status of women;
- b) to promote a change in attitudes within the community in order that women may enjoy equality;
- c) to encourage discussion and expression of opinion by residents of the Northwest Territories on issues affecting the status of women;
- d) to advise the Minister on issues that the Minister may refer to the council for consideration;
- e) to review policies and legislation affecting women and to report its findings to the relevant government departments or agencies;
- f) to provide assistance to the Minister in promoting changes to ensure the attainment of equality of women; and
- g) to provide the appropriate assistance to organizations and groups whose objectives promote the equality of women.

The Council may:

- a) receive and hear submissions and suggestions from individuals and groups concerning the status of women;
- b) research matters relating to the status of women;
- c) suggest research areas in relation to matters relating to the status of women that may be studied by any interested persons;
- d) recommend and participate in programs concerning the status of women;
- e) recommend legislation, policies and practices to improve the equality of opportunity for women and to improve the status of women;
- f) publish any reports, studies or recommendations that the Council considers advisable;
- g) present reports to the Minister to be laid before the Legislative Assembly;
- h) contract and be contracted in the name of the Council; and
- i) make bylaws to regulate the affairs of the Council.

Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018

2. Significant Accounting Policies

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards (“PSAS”) as established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The significant accounting policies are detailed as follows:

a) Fund accounting

The Council follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization’s program delivery and administrative activities. This fund reports unrestrictive resources and restricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Council’s capital assets.

b) Cash and cash equivalents

Cash equivalents are comprised of highly liquid deposits that are readily convertible to cash.

c) Financial instruments

The Board classifies its financial instruments at cost or amortized cost. The Board’s accounting policy for this financial instrument category is as follows:

This category includes accounts receivable, accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

d) Capital assets

Capital assets are recorded at cost. Capital assets are amortized following the declining balance method at the following annual rates.

Equipment	20%
Computers	30%

Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018

2. Significant accounting policies (continued)

e) Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires the Status of Women Council of the Northwest Territories to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. At the time of preparation of these statements, the Council believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to amortization, non-monetary transactions, and revenue accruals.

f) Employee future benefits

Employees are entitled to severance benefits, as provided under labour contracts and conditions of employment, based upon years of service. The benefits are paid upon resignation, retirement or death of an employee.

The costs of severance benefits are recorded as expenses in the year paid.

g) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be recorded can be reasonably estimated and collection is reasonably assured.

h) Contributed services.

Any time contribute by volunteers to assist the Council in carrying out its service delivery activity are not recognized in the financial statements because of the difficulty in determining their fair value.

i) Government contributions-services received without charge.

The Government of the Northwest Territories provided the Council with office premises. The estimated value of these rental premises are recognized as expenses with an offsetting credit to revenues in order to reflect the full cost of the Council's operations in the financial statements.

Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018

2. Significant accounting policies (continued)

j) Contract services

Contract services acquired by the Council are recognized as expenses in the year the services are rendered.

k) Allocation of expenditures

The Council allocates expenditures according to the contribution agreement to which the expenditure relates. The expenditures are any direct cost related to the fulfillment of the contribution agreement. The costs are then allocated to the contribution agreement based on the actual amount of the expenditure.

Office administrative costs are allocated to contribution agreements that allow such costs to be allocated. Office administrative costs are allocated based on the percentage of staff time required to fulfill that contribution agreement.

l) Funds and reserves

Certain amounts, as approved by the Board, are set aside in accumulated surplus for future operating and capital purposes. Transfers to and from funds and reserves are an adjustment to the respective fund when approved.

m) Income taxes

The Council is exempt from income taxes under section 149(1) (e) of the Income Tax Act.

Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018

3. Cash and Cash Equivalents

Cash balances are made up as follows:	<u>2018</u>	<u>2017</u>
	\$	\$
Cash	132,976	31,926
Investment Cash Account	93,661	93,111
	<hr/>	<hr/>
Total cash and cash equivalents	226,637	125,037

4. Accounts Receivable

	<u>2018</u>	<u>2017</u>
	\$	\$
Department of Justice Canada	-	4,200
RCMP	-	3,800
PSAC	-	300
GNWT	-	510
Reimbursement	-	304
	<hr/>	<hr/>
Total accounts receivables	-	9,114

5. Accounts Payable

	2018	2017
	\$	\$
Suppliers	1,325	188
Wages Payable	3,614	5,925
Accrued Audit Fees	11,000	11,000
	<hr/>	<hr/>
Total accounts payable	15,939	17,113

6. Benefits Fund

The Council, under its amended contribution agreement, is allowed to create a Maternity and Parental Leave Benefit Fund, using 100% of its annual unexpended core contribution to a maximum of \$ 40,000.00.

Information about the fund is as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Benefits Fund, beginning of year	38,402	38,367
Interest earned	259	35
	<hr/>	<hr/>
Benefits Fund, end of year	38,661	38,402

**Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2018**

7. Contingency Fund

The Council created a contingency fund to protect against funding cutbacks.

Information about the fund is as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Contingency Fund, beginning of year	42,930	42,891
Interest earned	291	39
Contingency Fund, end of year	43,221	42,930

8. Tangible Capital Assets

Council assets

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2018	2017
Furniture	4,870	3,758	1,112	1,391
Projector	1,125	1,079	46	65
Computer	30,517	29,497	1,020	1,457
Total Council assets	36,512	34,334	2,178	2,913

Project assets

Computers	13,664	13,384	280	386
Total assets	50,176	47,718	2,458	3,299

9. Accumulated Surplus

	2018	2017
	\$	\$
Balance, opening April 1,	21,509	29,965
Operating surplus (deficit)	(21,019)	(8,290)
Tangible capital asset addition	-	-
Amortization tangible capital assets-projects	(106)	(166)
Balance, closing March 31,	384	21,509

Status of Women Council of the Northwest Territories
Notes to the Financial Statements
March 31, 2018

10. Deferred Revenue	\$
Project Funding-Received in 2018 Gender Equality	140,000
Expended during year	43,426

Deferred Revenue **96,574**

This project extends over a three year period. The sum of \$ 140,000.00 remains to be received for this project.

11. Wages and Benefits.

Included in wages and benefits are: \$

Severance Pay	18,637
Vacation Pay	19,723
Lieu Time	11,876

50,236

12. Travel.

Projects	30,867
Staff	5,344
Board	30,744
F/P/T	4,761

71,716

13. Contributed Rent

\$
Rent contributed by Government of the GNWT **70,870**

14. Consultant Fees.

Staff Training	8,715
Other	4,442

13,157

14(b)Project Management

Advance Gender Equality	25,000
New Horizon	6,000
Family Violence Awareness Week	19,000

50,000

Status of Women Council of the Northwest Territories
Notes to the Financial Statements
March 31, 2018

15. Financial Instruments

The Council uses risk management to monitor and manage its risk arising from financial instruments. These risks include credit risk, interest risk, liquidity risk, and market risk.

The Council does not use any derivative financial instruments to mitigate these risks.

Credit Risk

Credit risks arise from three sources: cash and cash equivalents, investment in interest bearing securities and accounts receivable. Cash and cash equivalents are deposited with reputable major financial institutions to limit the credit risk exposure. Investment in interest bearing securities are with high-credit quality financial institutions. The credit risk from counter parties not paying accounts receivable is not considered to be significant.

Interest Rate Risk

The Council is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents, investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows relating to interest income and expense.

Liquidity Risk

Liquidity risk exposure is dependent on the receipts of funds from the Government of The Northwest Territories and other sources to enable the Council to pay its liabilities as they become due. History has shown that funding from the Government of The Northwest Territories and other funders to be consistent. Nevertheless, Council has established a reserve to protect against funding cut-backs.

Market Risk

The Council is not exposed to market risk as it has no investment in publicly traded companies.

16. Contingent Liabilities

Management is not aware of any contingent liabilities outstanding against the Status of Women Council

Status of Women Council of the Northwest Territories
Notes to the Financial Statements
March 31, 2018

17. Related Parties

The Council receives contributions from the Government of The Northwest Territories and services provided without or with charge.

	2018	2017
	\$	\$
Operating contributions received	394,000	394,000
Other project contributions	92,223	104,600
<u>Operating premises received without charge</u>	<u>70,870</u>	<u>70,870</u>
	557,093	569,470
<u>Mail support services received with charge</u>	<u>4,814</u>	<u>9,141</u>

18. Commitments

The Council is committed to office equipment leases of \$ 2,379.86 per quarter with the following remaining payments:

		\$
	2019	9,519
	2020	9,519
	2021	4,761
		<u>23,799</u>

19. Comparative Figures

Certain prior year figures have been reclassified for comparative purposes to conform to current year figures.

20. Budget

The budget figures presented are unaudited, and are those approved by the Board

21. Going Concern

The Council is dependent on government funding for continued operation.

Status of Women Council of the Northwest Territories
Notes to the Financial Statements
March 31, 2018

22 Expenses by Object

The following is a summary of expenses by object.

Year ended March 31,	2018	2017
	\$	\$
Wages and benefits-(Note 11)	303,606	310,846
Professional development, staff	7,436	2,825
Board	8,000	-
Contracted Services	17,586	9,424
Honoraria	27,700	13,300
Office supplies & photocopies	12,255	6,303
Computer services	3,736	-
Supplies and workshops	13,663	42,380
Travel -(Note 12)	71,716	68,681
Food service special events	10,758	15,278
Facility rental	8,823	5,655
Contributed rent-(Note 13)	70,870	70,870
Bank charges	506	1,325
Audit, Legal and accounting	16,125	11,000
Consultant fees-(Note 14)	13,156	-
Advertising	10,944	17,406
Meetings and conferences	1,156	6,969
Dues & fees	47	2,325
Telephone, fax, internet & website	7,221	9,007
Mail services	4,814	9,141
Design & printing	368	35,795
Project management-(Note 14b)	50,000	25,330
Amortization	735	1,000
Administration fees	4,117	6,565
	665,338	671,425

**Status of Women Council of the NWT
Schedule 1- Core**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
GNWT - DAAIR Core Funding	394,000	394,000	394,000
Contributed Rent	-	70,870	70,870
	394,000	464,870	464,870
Expenditures			
Wages & Benefits	305,604	294,770	302,502
Professional Development – Staff	3,000	7,436	1,025
Professional Development – Board	4,500	-	1,800
Facilitators /Contractors	1,600	4,436	5,566
Honoraria	7,500	27,700	12,100
Books	700	-	-
Office Supplies	8,900	4,841	4,769
Facility / Equipment Rental	-	-	1,750
Travel Council Directors	14,600	19,801	-
Travel-staff	-	480	-
Travel Community Worker	3,000	-	-
Travel F/P/T	5,400	4,761	36,611
Bank Charges	800	506	1,325
Audit and legal	9,000	11,125	8,900
Consultant	-	13,156	-
Advertising & Promotion	7,806	6,439	528
Telephone & Fax	5,600	3,707	5,471
Postage , Courier , mail service	5,500	789	1,400
Meeting Expenses/Conference Fees	-	1,203	450
Food Service Special Events	1,490	8,384	6,859
Materials,Resources/Subscriptions	-	2,444	8,557
Workshop Expenses	-	-	2,094
Design & Printing	3,500	-	2,561
Computer Services and Internet	5,500	3,736	1,731
Amortization	-	734	1,000
Contributed Rent	-	70,870	70,870
	394,000	487,318	477,869
Excess revenue (expenditures)	-	-22,448	-12,999

**Status of Women Council of the NWT
Schedule 2 -Service revenue, donations**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
Service Revenue	-	8,448	6,565
Donations, Events Grants	-	510	300
	-	8,958	6,865
Expenditures			
Advertising and Promotion	-	-	1,059
Materials,Resources,/Subscriptions	-	-	107
Workshop Expenses	-	-	70
Food Service - Special Events	-	-	920
Legal fees	-	5,000	-
	-	5,000	2,156
Excess revenue (expenditures)	-	3,958	4,709

**Status of Women Council of the NWT
Schedule 3 - Advance Gender Equality**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
Government of Canada	-	140,000	-
Deferred Revenue	-	-96,574	-
	-	43,426	-
Expenditures			
Project Management	-	25,000	-
Telecommunications	-	282	-
Travel-project	-	7,578	-
Travel-staff	-	1,566	-
Wages & benefits-staff	-	7,500	-
Materials and resources	-	500	-
Administration fees	-	1,000	-
	-	43,426	-
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 4 - Family Violence Week**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
GNWT- HSS	-	24,000	24,750
GNWT - Justice (Victims Assistance Fund)	-	21,900	21,500
Donations,Events and Grants	-	1,309	-
		47,209	46,250
Expenditures			
Office supplies - Small Equipment	-	3,067	1,014
Design and Printing	-	367	7,308
Community Events	-	19,000	19,750
Advertising and promotion	-	3,852	9,593
Telecommunications	-	1,381	242
Mail Service	-	3,215	4,162
Travel-Staff	-	3,299	-
Materials,Resources,/Subscriptions	-	7,333	903
Facility / Equipment Rental	-	7,223	215
Food Service-Special Events	-	-	1,840
Administration Fees	-	1,000	1,223
		49,737	46,250
Excess revenue (expenditures)	-	-2,528	-

**Status of Women Council of the NWT
Schedule 5 - Leadership**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
GNWT -DAAIR	-	-	40,000
Donations, Events, Grants	-	-	-
	0	0	40,000
Expenditures			
Office supplies - Small Equipment	-	-	-
Advertising and promotion	-	-	3,814
Telecommunications	-	-	707
Mail Service	-	-	219
Travel Expenses - General	-	-	19,959
Salaries & Wages	-	-	90
Honoraria Board	-	-	1,200
Materials, Resources/Subscriptions	-	-	707
Workshop Expenses	-	-	1,134
Computer Service	-	-	181
Meeting Expenses	-	-	6,511
Research and Contract Fees	-	-	-
Facility / Equipment Rental	-	-	-
Food Service-Special Events	-	-	5,163
Awards & Gifts and Hospitality	-	-	315
	-	-	40,000
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 6 - Victim Awareness Week**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
Department of Justice Canada	-	8,000	6,000
		8,000	6,000
Expenditures			
Office Supplies	-	339	-
Telecommunications	-	618	-
Mail Service	-	497	-
Workshop Expenses	-	-	2,962
Materials, Resources, Subscriptions	-	131	-
Research/Contract Fees	-	5,000	-
Facility / Equipment Rental	-	250	1,310
Food Service	-	1,120	-
Administration fees	-	45	1,728
	-	8,000	6,000
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 7 - What Will It Take**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
GNWT- HSS	-	26,823	-
	-	26,823	-
Expenditures			
Office Supplies	-	2,540	-
Mail Service	-	313	-
Travel Expenses - Project	-	23,162	-
Materials, Resources/Subscriptions	-	40	-
Food Services	-	248	-
Administration fees	-	520	-
	-	26,823	-
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 8 - Dignity Bags**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
RCMP	-	-	13,800
GNWT- Justice	-	-	9,000
	-	-	22,800
Expenditures			
Design and Printing	-	-	1,136
Travel Expenses - General	-	-	696
Materials, Resources/Subscriptions	-	-	18,025
Mail Service	-	-	1,316
Salaries & Wages	-	-	613
Administration Fees	-	-	1,014
	-	-	22,800
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 9 - FV Educational Series**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
Dept of Justice Canada	-	-	42,000
	-	-	42,000
Expenditures			
Design and Printing	-	-	18,612
Meeting Expenses	-	-	59
Mail Service	-	-	1,825
Accounting & Legal	-	-	2,100
Computer Service	-	-	181
Travel Expenses - General	-	-	11,435
Materials, Resources/Subscriptions	-	-	5,700
Workshop Expenses	-	-	706
Telecommunications	-	-	612
Research and Contract Fees	-	-	175
Facility / Equipment Rental	-	-	595
	-	-	42,000
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 10 - New Horizons**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
Government of Canada ESDC	-	25,000	25,000
	-	25,000	25,000
Expenditures			
Office Supplies - Small Equipment	-	1,468	520
Design and Printing	-	-	1,935
Project Management	-	6,000	5,000
Advertising and Promotion	-	653	2,413
Telecommunications	-	1,234	1,346
Mail Service	-	-	219
Computer Service	-	-	181
Travel-Projects	-	127	-
Salaries & Wages	-	-	7,641
Research/ Contracts Fees	-	8,150	-
Material, Resources/Subscriptions	-	1,128	610
Workshop Expenses	-	1,502	489
Facility / Equipment Rental	-	1,350	1,785
Food Service - Special Events	-	1,006	496
Administration Fees	-	2,382	2,365
	-	25,000	25,000
Excess revenue (expenditures)	-	-	-

**Status of Women Council of the NWT
Schedule 11 - NGO Stabilization Fund**

Year ended March 31,	2018 Budget (Unaudited)	2018 Actual	2017 Actual
	\$	\$	\$
Revenue			
GNWT - Municipal & Community	-	19,500	9,350
	-	19,500	9,350
Expenditures			
Design and Printing	-	-	4,243
Travel Board	-	10,916	-
Telecommunications	-	-	629
Materials, Resouces/Subscriptions	-	584	-
Professional Development Board	-	8,000	-
Research / Contract Fees	-	-	4,243
Administration Fees	-	-	235
	-	19,500	9,350
Excess revenue (expenditures)	-	-	-

FUR MARKETING SERVICE REVOLVING FUND

FOR THE YEAR ENDED MARCH 31, 2018

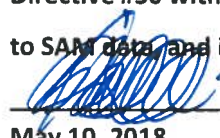
Fur Marketing Service Revolving Fund

Purpose: To provide working capital for the operation of a fur advance system. Trappers receive interest free advances on fur sent to southern auction houses. Approximately 1,000 trappers take advantage of this program.

(thousands of dollars)

	2017/18 Actuals	2017/18 Revised Estimates	2017/18 Main Estimates	2016/17 Actuals
Authorized Limit	1,500	1,500	1,500	1,500
Opening Accounts Receivable	719	719	267	536
Advances to Trappers	1,116	650	805	694
Repayment of Fur Account Loans	(634)	(740)	(900)	(511)
Closing Accounts Receivable	1,201	629	172	719
Cash	(2,384)			(1,881)
Other Asset Accounts	1			2
Liability Accounts	(231)			(27)
Clearing Accounts	63			63
Closing Balance Fund 12	(1,349)			(1,124)
Authorized limit	1,500			1,500

The information provided within this working paper addresses all requirements of YE Directive #50 with regards to content, format, completeness, analysis and reconciliation to SAM data, and its due date of May 10th, 2018.



Hilda Balsillie, A/DFA

May 10, 2018

MARINE TRANSPORTATION SERVICES REVOLVING FUND

FINANCIAL STATEMENTS

FOR THE PERIOD JUNE 2, 2017 TO MARCH 31, 2018

*Marine Transportation Services Revolving Fund
Financial Statements
For the period June 2, 2017 to March 31, 2018*

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Management's Responsibility for Financial Statements

To the Minister of Infrastructure

Government of the Northwest Territories

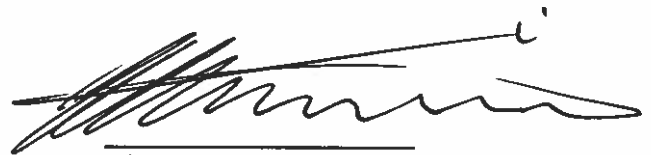
Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgements based on careful consideration of the information available to management. Management accepts responsibility for these financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorised, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Marine Transportation Services Revolving Fund (the "Fund").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of their audit are, in all significant respects, in accordance with specified legislation.



Derrick Briggs
Director
Marine Transportation Services



Alex Mulooki
Comptroller
Marine Transportation Services



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Independent Auditors' Report

**To the Minister of Infrastructure
Government of Northwest Territories**

We have audited the accompanying financial statements of the Marine Transportation Services Revolving Fund, which comprise the Statement of Financial Position as at March 31, 2018, and the statements of changes in net financial debt, operations and accumulated surplus and cash flow for the period June 2, 2017 to March 31, 2018, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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.

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



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Independent Auditors' Report (continued)

Basis for Qualified Opinion

Compensation and related benefits paid to employees of the Marine Transportation Services Revolving Fund are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories' audit. Our audit scope was limited as we did not audit the components of compensation and benefits expenditures and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to compensation and benefits expenditures, payroll liabilities, employee future benefits, net financial resources, and accumulated surplus as well as note disclosures associated with transactions and period-end balances relating to compensation and benefits.

We were appointed as auditors of Marine Transportation Services Revolving Fund on April 18, 2018 and thus did not observe the counting of the physical inventories at the March 31, 2018. We were unable to satisfy ourselves by alternative means concerning inventory quantities held at March 31, 2018. Since opening and closing inventories enter into the determination of the financial performance and cash flows, we were unable to determine whether adjustments might have been necessary in respect of the annual surplus for the year reported in the statement of operations and the net cash flows from operating activities reported in the statement of cash flow.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material aspects, the financial position of the Marine Transportation Services Revolving Fund as at March 31, 2018, and the results of its operations, changes in its net financial assets and its cash flows for the period June 2, 2017 to March 31, 2018 in accordance with Canadian public sector accounting standards.

Yellowknife, Northwest Territories
October 2, 2018

A handwritten signature in black ink that reads "Crowe MacKay LLP".

Chartered Professional Accountants

*Marine Transportation Services Revolving Fund
 Financial Statements
 For the Period June 2, 2017 to March 31, 2018
 Statement of Financial Position*

	Note	June 2, 2017-March 31, 2018 \$
Financial Assets		
Cash and Cash equivalents	10	26,786,173
Accounts receivable	11	1,472,309
Inventories		508,005
Total Financial Assets		<u>28,766,487</u>
Liabilities		
Accounts payable and Accrued liabilities	12	1,588,714
Employee Future Benefits	13	49,566
Due to Government of Northwest Territories	14	39,207,026
Total Liabilities		<u>40,845,306</u>
Net Financial Debt		<u>(12,078,819)</u>
Non Financial Assets		
Tangible Capital Assets	17	12,958,524
Total Non Financial Assets		<u>12,958,524</u>
Accumulated Surplus		<u>879,705</u>



Derrick Briggs
 Director
 Marine Transportation Services



Alex Mulooki
 Comptroller
 Marine Transportation Services

Marine Transportation Services Revolving Fund
Financial Statements
For the Period June 2, 2017 to March 31, 2018

Statement of Changes in Net Financial Debt

	June 2, 2017- March 31, 2018 \$
Operating Surplus	879,705
Change in Tangible Capital Assets	<u>(12,958,524)</u>
Increase in Net Financial Debt being net financial debt at end of period	<u>(12,958,524)</u>

*Marine Transportation Services Revolving Fund
Financial statements
For the period June 2, 2017 to March 31, 2018*

Statement of Operations and Accumulated Surplus

	Note	Jun 2, 2017-March 31, 2018 Budget (Unaudited) \$	Jun 2, 2017- March 31 2018 Actual \$
Revenue			
Cargo Delivery		3,008,921	3,400,206
Fuel Delivery		9,026,764	10,263,900
Fuel Sales		9,495,000	9,197,549
Charter Services		5,075,000	5,496,387
Shipyard Services		190,000	460,860
Other		0	90,613
		<u>26,795,685</u>	<u>28,909,515</u>
Cost of Sales			
Cargo Delivery		2,708,029	1,841,321
Fuel Delivery		8,124,087	8,209,656
Fuel sales		9,495,000	9,362,381
Shipyard Services		165,300	263,021
Charter Services		4,415,250	4,396,324
Others		0	48,216
	15	<u>24,907,667</u>	<u>24,120,919</u>
Gross Margin		1,888,019	4,788,597
Operating costs			
Selling, General Administrative Costs	16	1,618,500	3,908,892
Operating Surplus before other items		<u>269,519</u>	<u>879,705</u>
Grant in Lieu			
Grant in Lieu	18		283,775
Financing charges			(283,775)
Annual Surplus			879,705
Accumulated Surplus beginning of period		0	0
Accumulated Surplus end of period		<u>269,519</u>	<u>879,705</u>

Marine Transportation Services Revolving Fund
Financial statements
For the period June 2, 2017 to March 31, 2018

Statement of Cash flow

	June 2, 2017-March 31, 2018
	\$
Cash Provided/Used in Operating Activities	
Operating Surplus	879,705
Changes in non-cash assets and liabilities	
Accounts receivable	(1,472,309)
Inventories	(508,005)
Accounts payable and Accrued liabilities	1,588,714
Employees Future Benefits	49,566
Cash from operating activities	<u>537,671</u>
Financing	
Financing from GNWT	26,248,502
Cash from financing	<u>26,248,502</u>
Increase in Cash and Cash equivalents	26,786,173
Cash and cash equivalents at the beginning of the year	<u>0</u>
Cash and cash equivalents at the end of the year	<u>26,786,173</u>

NOTES

1 Nature of operations

The Marine Transportation Services Revolving Fund (the "Fund") was established on June 2, 2017 after the closure of the Northern Transportation Company Limited (NTCL) in December 2016. The Fund was established with the main purpose of meeting the capital, operating and maintenance requirements of providing marine transportation services for the movement of cargo to communities on Great Slave Lake, the Mackenzie River and throughout the Arctic coastal region.

Under the Government of Northwest Territories Revolving Funds Act "the Act", the Fund can receive working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The authorised limit of the Fund, being the maximum amount by which the assets may exceed the liabilities which is \$35 million. The balance of the Fund is reported as due to or from the Government on the statement of financial position as applicable.

This being the first year of operation for the Fund, there are no comparatives in the Financial Statements to previous year.

2 Significant Accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board. The significant accounting policies used are as follows:

a) Revenue recognition

Revenue is recognised when it is probable that all economic benefits will flow to the Fund and; delivery of service has occurred, the price is fixed or determinable and collectability is reasonably assured.

Fuel sales revenue is recognised in the period in which the fuel is delivered to the client premises. Revenue is recognised on the actual volume of fuel delivered at predetermined rates between the Fund and the client, and when all discharge documents have been acknowledged and signed by the client.

Cargo and fuel delivery revenue is recognised in the period when the Fund fulfills delivery requirements and when both fuel and cargo have been delivered at the client premises and all discharge documents acknowledged and signed by the client. Both fuel and cargo delivery rates are pre determined.

Charter services revenue is recognised when there is use of the Fund's vessels for a specified period of time under specified conditions at pre determined prices. Revenue is recognised in the period when the Fund provides the required vessels to the client as specified in the contract.

Shipyard services revenue is recognised in the period when the Fund performs services for any other client outside the normal Fund's activities. Revenue is recognised in the period that the Fund completes and delivers such services to the client.

b) Inventories

Inventories consisted of 801,174 litres of diesel. The fuel is used for internal consumption and running of the Fund's vessels. Fuel inventories are recorded at the lower of average weighted average cost and net realisable value. Weighted average cost is determined by;

(Cost of opening fuel inventory+Cost of fuel purchased in the year for own consumption) divided by (Volume of opening inventory+volume of fuel purchased in the year in litres)

NOTES

Significant Accounting Policies.

c) 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 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 are subsequently measured at fair value are expensed.

The Fund subsequently measures all its financial assets and financial liabilities at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Financial assets measured at amortised cost include accounts receivable with exception of Federal Excise Tax refunds while liabilities include trade accounts payable with exception of GST, and amounts due to the Government of Northwest Territories.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

d) Measurement uncertainty

The preparation of these financial statements in conformity with Canadian public sector accounting standards require management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the period. Management makes accounting estimates when determining the useful life of its tangible capital assets, valuation of accounts receivable and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

e) Non-pension employee future benefits and compensated absences

Under the terms and conditions of the labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary. The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

NOTES

Significant Accounting Policies.

f) Related parties

The Fund initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Fund subsequently measures related party balances in accordance with the Fund's policies for financial instruments as set out in note 2 (c).

The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies. These include:

Departments

- Department of Education, Culture and Employment
- Department of Environment and Natural Resources
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs

Boards and Agencies

- Education Authorities
- Health and Social Services Authorities
- Aurora College
- NWT Business Development & Investment Corporation
- NWT Housing Corporation
- Northwest Territories Power Corporation
- Tlicho Community Services Agency
- Workers' Safety and Compensation Commission
- NWT Sports and Recreation
- Northwest Territories Heritage Fund
- Status of Women Council of the NWT
- NWT Human Rights Commission
- Arctic Energy Alliance
- Inuvialuit Water Board
- NWT Surface Rights Board
- Stanton Foundation
- NWT Environmental Studies Research Fund
- NWT Liquor Commission
- NWT Liquor Licensing Board

The Fund enters into transactions with these entities in the normal course of business at the specified market rates for services provided with exception of the Fuel Service Division (FSD) which is part of the Department of Infrastructure. FSD is charged for fuel deliveries made by the Fund at non market rates prepared by the Fund's management and communicated to FSD management.

NOTES

Significant Accounting Policies.

g) Pension employee future benefits

The Fund and its employees, who are part of the Government of Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. The Fund contributes an equivalent of what employees contribute in a ratio of 1:1.

During the period June 02, 2017 to March 31, 2018, the Fund contributed \$46,863. The contributions are expensed on a current year basis. The total employee future to the Fund of \$49,566 as of March 31, 2018 is reflected in the statement of financial position. Any changes to the balance in subsequent years will be reflected as an expense in the subsequent year. The Fund is not required under the present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

h) Liability for contaminated sites

Contaminated sites are as a result of contamination being introduced into air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. The Fund recognises liability for remediation of contaminated sites when the following criteria have been met.

- a) an environment standard exists;
- b) contamination exceeds the environment standard;
- c) the Fund is directly responsible or accepts responsibility;
- d) it is expected that the future benefits will be given up;
- e) a reasonable estimate of the amount can be made.

The best estimate of the liability includes all costs directly attributable to remediation activities and reduced by the expected net recoveries based on information available. At each financial reporting date, management reviews the carrying amounts of the liability. Any revision required to the amount previously recognised is accounted for in the period revisions are made. As of March 31, 2018, the Fund does not have conclusive evidence to determine if liability related to contaminated sites exists.

i) Amortisation

Marine assets are amortised over their useful life on a straight line basis. Useful life for marine assets is determined using industry standards and professional judgement. Marine assets include vessels, barges and tugs.

Vessels acquired from NTCL are being amortised over a useful life of 12.5 years while barges acquired in April 2017 are being amortised over a period of 55 years.

Work in progress comprises expenditure of capital nature not yet capitalised and is amortised when the expenditure is capitalised and the asset put to use.

3 Contractual Rights

The Fund has a contract with Imperial Oil Limited (IOL) starting from June 1, 2017 to December 31, 2019. The Fund is required to deliver on average 13,500,000 litres of fuel to various outlets of IOL in the Northwest Territories at an average delivery price of \$0.325 per litre. When this contract is fulfilled, the Fund expects to realise an estimated revenue of \$4,387,500

4 Contractual Obligations

The Fund has an agreement with Offshore Recruiting Services Inc. (ORSI) starting March 31, 2018 to December 31, 2018. ORSI The Contractor shall provide the GNWT with services related to the recruitment and employment of all skilled, qualified and where required licensed personnel necessary for the marine transportation services which the GNWT will be conducting during the 2018 shipping season. The contract sum entirely depends on the staffing requirements by the Fund for the season.

NOTES

6 Related Party Transactions

- a) Under Section 2.2 (2) of the Government of Northwest Territories (GNWT) Revolving Funds Act (The "Act") the Fund can receive working capital advances from the CRF to finance inventory, accounts receivable and operating expenses up to a maximum of \$35,000,000. Amounts provided attract no interest and are to be repaid from the proceeds of the Fund's operations.

The Fund received \$26,248,502 from the CRF as working capital advances and tangible capital assets worth \$12,958,524 from the GNWT as reflected in note 14. Funds provided for working capital advances have been categorised as short term loan while value of tangible capital assets categorised as long term loan. Terms and conditions for repayment are still pending.

b) Services provided to related parties

The Fund earned revenue by delivering cargo and fuel to related parties below:

Government of the Northwest Territories

Fuel Services Division (Department of Infrastructure)	5,936,811
Department of Infrastructure	72,839
Department of Environment and Natural Resources	5,303
Department of Industry Tourism & Investment	3,314

Boards and Agencies

NWT Housing Corporation	629,201
Health and Social Services Authorities	318
NWT Power Corporation	<u>3,3704</u>
Total	<u>6,681,490</u>

7 Services Provided by the Government of the Northwest Territories

a) Payroll, insurance and records management

The GNWT provides services for payroll processing for the Fund's senior managers who are part of the GNWT, insurance and risk management, records storage as well as computer operations at no cost to the Fund. The cost of these services can not be estimated at this point in time and is not recorded in these financial statements .

b) Other services

Prior to June 2, 2017, GNWT carried out various services in preparation for the inception of the Fund amounting to \$1,230,416 as payables. The Fund took over and paid the outstanding balance during the period June 2, 2017 to March 31, 2018. This balance has been included in the Fund's accounts payable by March 31, 2018 reducing the working capital advances received from the GNWT by \$1,230,416.

NOTES

8 Risk Management

The Fund is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Fund's financial instruments is provided below:

a) Credit risk

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable.

The Fund's maximum exposure to credit risk is represented by the financial assets balance for a total of \$1,472,309. Accounts receivable are due from various customers and Federal Excise Tax refunds not yet claimed from Canada Revenue Agency. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. At March 31, 2018, the trade receivable past due are immaterial and only \$2,673 was impaired due to death of the customer. The balance was written off as a bad debt and accounts receivable adjusted.

Management believes that the Fund's risk exposure related to amounts due from CRA in terms of Federal Tax refunds and amounts due from the Housing Corporation is minimal given their stability and strong credit worthiness.

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of a default. The Fund does not consider the concentration risk as being material at this moment in time. At March 31, 2018, receivables from three customers, totalled 62% of the total outstanding accounts receivables. These customers are considered stable and credit worthy by the Fund's management. The Fund reduces this risk by monitoring overdue balances.

b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The Fund's maximum exposure to liquidity risk is represented by its financial liabilities for a total of \$40,845,306. Financial liabilities consist of accounts payable and accrued liabilities, pension and employee benefits as well as amounts due to GNWT. These have been disclosed in notes 12-14.

NOTES

9 Future accounting changes

a) Restructuring transactions

This section establishes standards on how to record assets, liabilities, revenues and expenses relating to restructuring transactions as well as disclosure requirements for the recipient and transferor. This section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been assessed by management.

b) Asset retirement obligations

This section will establish the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites. This section applies to fiscal years beginning on or after April 1, 2021. The impact of the transition to these accounting standards has not yet been assessed by management.

c) Inter entity transactions

This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section applies to fiscal years starting after April 1, 2017. The impact of this accounting standard will be reported in the fiscal year starting April 1, 2018

10 Cash and Cash equivalents

Cash and cash equivalents consists of bank balance with the Royal Bank of Canada RBC

31-Mar-18

RBC Bank

26,786,173

Marine Transportation Services Revolving Fund
Financial statements
For the period June 2, 2017 to March 31, 2018

NOTES

11 Accounts receivable

Trade receivable represent balance not paid by customers as of March 31, 2018. Federal Excise tax refunds represent GST paid by the Fund and not yet claimed from Canada Revenue Agency. The amount is claimable as a refund since the Fund is exempt from GST.

	31-Mar-18
NWT Housing Corporation	629,201
Other Trade receivables	225,858
Federal Excise Tax refunds	<u>617,250</u>
Total	<u>1,472,309</u>

12 Accounts payable and Accrued Liabilities

Accounts payable and Accrued Liabilities consist of balances payable to suppliers and service providers, GST collected by the Fund and not remitted to CRA by March 31, 2018 as well as penalty for non compliance. GST penalties have been computed based on the monthly outstanding balances and penalty rates provided on the Canada Revenue Agency (CRA) website. Trade accounts payable made consideration of opening balance as of June 2 2017 of \$1,230,419 paid by the Fund but should have been paid by GNWT.

	31-Mar-18
Trade Accounts payable	419,075
GST collected not remitted	1,135,006
GST return penalties non filing	<u>34,633</u>
Total	<u>1,588,714</u>

13 Employee future benefits

Employee Future benefits as of March 31, 2018 consists of:

	31-Mar-18
Removal Benefits	10,553
Resignation Benefits	25,688
Sick Leave Liability	12,163
Special Leave Liability	<u>1,162</u>
Total	<u>49,566</u>

14 Due to GNWT

GNWT provided operational and working capital funds to the Fund at no interest. The funds are to be repaid by the Fund from the day to day operational revenues.

		31-Mar-18
Working Capital advances		26,248,502
Tangible Capital Assets	Note 17	<u>12,958,524</u>
Total		<u>39,207,026</u>

NOTES

15 Cost of Sales

Cost of sales relates to direct costs allocated to each category of revenue center. These have been further categorised as follows:

	June,2 2017 - March 31, 2018
Fuel Sales	9,362,381
Delivery	311,237
Personnel Costs	10,403,610
Operating costs	2,994,395
Maintenance	876,425
Administrative costs	172,871
Total	<u>24,120,919</u>

16 Selling, General Administrative Costs

Personnel Costs	2,008,654
Operating costs	200,590
Administrative costs	1,699,648
Total	<u>3,908,892</u>

NOTES

17 Due to GNWT (Tangible Capital Assets)

GNWT acquired tangible capital and controllable assets worth \$10,656,509 and \$643,490 respectively prior to commencement of the Fund. The assets included Marine assets and terminal equipment. Tangible assets included the following:

Item	Cost
Real Property	1,630,302
Vessels	5,226,421
Barges	3,799,786
	<u>10,656,509</u>

Controllable assets included barges, terminal support, terminal equipment, office and administrative equipment that had an individual cost of less than \$50,000.

Vessels acquired from NTCL are being amortised over a useful life of 12.5 years while Barges acquired in April 2017 are being amortised over a useful life of 55 years.

Work In Progress comprises of expenditure of capital nature not yet capitalised. Capital Work In progress will be amortised after being capitalised and put to use during the fiscal year 2019.

	Land	Other	Total
Opening cost of capital assets	0	0	0
Additions during the year	1,630,302	9,026,207	10,656,509
Disposals	0	0	0
Cost of tangible capital assets March 31,	<u>1,630,302</u>	<u>9,026,207</u>	<u>10,656,509</u>
Accumulated Amortisation			
Opening Amortisation	0	0	0
Add annual amortisation	0	406,000	406,000
Closing amortisation	<u>0</u>	<u>406,000</u>	<u>406,000</u>
Net Book Value	<u>1,630,302</u>	<u>8,620,207</u>	<u>10,250,509</u>
Work in progress	0	2,708,015	2,708,015
Total	<u>1,630,302</u>	<u>11,328,222</u>	<u>12,958,524</u>

18 Grant in Lieu

Financing charges

Management estimated that the Fund required up to \$31 million in working capital with an estimated annual financing cost of \$283,775. This has been considered as a grant in kind to the Fund. The financing cost is based upon the average monthly balance due to the GNWT at a rolling average interest rate of prime +0.35% per annum.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Financial Statements

Year ended March 31, 2018

NORTHWEST TERRITORIES LIQUOR COMMISSION

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March 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Northwest Territories Liquor Commission (Commission) is the responsibility of the Commission'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 Commission 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 Commission, 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 Commission.



Peter Maher
Director, Liquor Operations
Northwest Territories Liquor Commission
June 29, 2018

Chris Polselli, Chartered Accountant

5 Deer Park Point
Spruce Grove, AB, T7X 4N6

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Liquor Commission

Report on the Financial Statements

I have audited the accompanying financial statements of the Northwest Territories Liquor Commission, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, accumulated surplus, change in net financial resources 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 Commission as at March 31, 2018 and the results of its operations, changes in its net financial resources, 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 Commission and the financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Liquor Commission 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.', is displayed on a light green rectangular background.

June 29, 2018
Spruce Grove, Canada

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Financial Position

As at March 31 (\$000)	2018	2017
Financial Assets		
Cash	\$ 4,166	\$ 3,539
Accounts receivable	89	61
Inventories for resale (note 3)	3,628	3,906
	<u>7,883</u>	<u>7,506</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 7)	2,597	2,026
Pension and other employee benefits (note 4)	92	80
Due to the NWT Liquor Licensing Board (note 5)	198	87
	<u>2,887</u>	<u>2,193</u>
Net Financial Resources	4,996	5,313
Non-Financial Assets		
Tangible capital assets (note 6)	569	569
Prepaid expenses	57	30
	<u>626</u>	<u>599</u>
Accumulated Surplus	\$ 5,622	\$ 5,912

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

Approved by the Northwest Territories Liquor Commission:



Peter Maher
Director of Liquor Operations

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Operations

For the year ended March 31 (\$000)	2018	2018	2017
	Budget	Actual	Actual
Sales			
Beer	\$ 21,353	\$ 21,081	\$21,505
Spirits	19,528	21,505	20,875
Wine	7,464	8,430	8,264
Coolers and Ciders	2,110	2,488	2,354
	<u>50,455</u>	<u>53,504</u>	<u>52,998</u>
Cost of goods sold			
Beer	8,567	8,516	8,715
Spirits	5,455	6,133	5,835
Wine	3,343	3,705	3,645
Coolers and ciders	907	1,082	1,031
	<u>18,272</u>	<u>19,436</u>	<u>19,226</u>
Gross profit on sales	<u>32,183</u>	<u>34,068</u>	<u>33,772</u>
Other income			
Government contribution - services provided without charge (note 7)	-	8	6
Import fees and Income	9	7	7
	<u>9</u>	<u>15</u>	<u>13</u>
Expenses (notes 7)			
Commissions to agents	6,188	6,477	6339
Salaries, wages and employee benefits	892	988	793
Administration	506	563	580
Travel	35	48	62
Rent	230	232	241
Amortization of tangible capital assets (note 6)	90	111	89
	<u>7,941</u>	<u>8,419</u>	<u>8,104</u>
Annual surplus	<u>\$ 24,251</u>	<u>\$ 25,664</u>	<u>\$25,681</u>

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Accumulated Surplus

For the year ended March 31 (\$000)	2018	2018	2017
	Budget	Actual	Actual
Accumulated surplus, beginning of the year	\$ 5,912	\$ 5,912	4,416
Annual surplus	24,251	25,664	25,681
Amounts transferred to the Consolidated Revenue Fund	(23,545)	(25,326)	(23,566)
Amounts Transferred to the NWT Liquor Licensing Board (note 5)	(706)	(628)	(619)
Increase in accumulated surplus	-	(290)	1,496
Accumulated surplus, end of year	\$ 5,912	\$ 5,622	5,912

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Change in Net Financial Resources

For the year ended March 31 (\$000)	2018	2018	2017
	Budget	Actual	Actual
Net financial resources, beginning of the year	\$ 5,313	\$ 5,313	\$ 3,752
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	(290)	1,496
Net investment in tangible capital assets:			
Acquisitions	-	(111)	(38)
Amortization expense	90	111	89
Increase in prepaid expenses	-	(27)	14
Net financial resources, end of year	\$ 5,403	4,996	\$ 5,313

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flow

For the year ended March 31 (\$000)	2018	2017
Operating activities		
Cash received from customers	\$ 53,483	\$ 52,987
Cash paid to employees and suppliers	(26,902)	(27,780)
Cash provided by operating activities	26,581	25,207
Capital activities		
Purchase of tangible capital assets	(111)	(38)
Financing activities		
Cash transferred to the Consolidated Revenue	(25,326)	(23,566)
Cash transferred to the NWT Licensing Board	(517)	(803)
Cash provided by financing activities	(25,843)	(24,369)
Increase in cash	627	800
Cash, beginning of year	3,539	2,739
Cash, end of Year	\$ 4,166	\$ 3,539

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

1. Authority and operations

The Northwest Territories Liquor Commission (the "Commission") was established under the *Liquor Act* (the "Act") for the purposes of operating liquor stores and distributing liquor in the Northwest Territories (the "NWT"). The Northwest Territories Liquor Licensing Board (the "Board") was also established under the same 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 activities of the Board are administered by the Commission.

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 may also 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, 2018 the Fund's assets exceeded the liabilities by \$4,996 (2017 - \$5,313).

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

2. Significant accounting policies

(a) Basis of accounting

The financial statements of the Commission 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.

(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 estimation of the useful life of the tangible capital assets.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

2. Significant accounting policies (continued)

(c) Revenue recognition

The Commission recognizes revenue on an accrual basis (i.e. when the goods are shipped and the customer assumes all risks of ownership and the collection of any amounts receivable is considered probable).

(d) Services provided without charge

The Commission 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) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. Cost includes invoiced cost, freight, duties and taxes.

(f) Tangible capital assets

Tangible capital assets are recorded at cost. Amortization is determined on a straight-line basis using the following rates:

Asset	Rate
Furniture and fixtures	20%
Computer hardware and software	30%
Leasehold improvements	Over the life of the lease plus any additional renewal period

(g) Pension benefits

The employees of the Commission 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 Commission to cover current service cost. Pursuant to legislation currently in place, the Commission 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.

(h) 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 cost of these benefits were actuarially determined using the projected unit credit valuation methodology and expected utilization methods.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

3. Inventories for resale

	2018	2017
Spirits	\$ 1,388	\$ 1,523
Beer	1,208	1,292
Wine	877	929
Coolers and ciders	155	162
	<hr/> \$ 3,628	<hr/> \$ 3,906

4. Pension and other employee benefits

a) Pension benefits

The employees of the Commission participates 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 (2017 - 1.01) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2017 - 1.01) the employees' contributions for all other employees. The Employers contributions and the Commission's employees' contribution for the year were as follows:

	2018	2017
Commission's contributions (recognized as expense)	\$ 77	\$ 71
Employees' contribution	79	64

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.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits

	2018			2017		
	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	\$ 95	\$ 14	\$ 109	\$ 78	\$ 10	\$ 88
Current period benefit cost	4	1	5	3	1	4
Accrual (gains) loss	(10)	(1)	(11)	60	3	63
Accretion in liability	3	-	3	2	-	2
Benefits paid during the year	-	-	-	(48)	(1)	(49)
	\$ 92	\$ 14	\$ 106	\$ 95	\$ 13	\$ 108
Unamortized net actuarial gain (loss)	(23)	9	(14)	(37)	9	(28)
Accrued benefit obligation, end of the year	\$ 69	\$ 23	\$ 92	\$ 58	\$ 22	\$ 80

The Commission provides severance benefits to its employees based on years of service and final salary. The Commission 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 Commission 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, 2018 for the Commission's other employee future benefit plans using the projected benefits method prorated on services.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

The actuarial valuation at March 31, 2018 reflects management's best estimate based upon a number of future orientated assumptions including:

	<u>2018</u>	<u>2017</u>
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	3.8%	3.3%
Expected average remaining service life of related employee groups (EARSL)	8.0	8.0
Expected age at termination	58.7	58.7

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

2019	\$	8
2020		7
2021		41
2022		24
2023		12
2024 and beyond		<u>34</u>
	\$	<u>126</u>

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

5. Due to the NWT Liquor Licensing Board

As explained in Note 1, the financial activities of the Board are administered by the Commission. 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 capital assets for use by the Board and Enforcement without charge.

6. Tangible capital assets

	Furniture and fixtures	Computer hardware and software	Leasehold improvements	2018	2017
Cost:					
Opening balance	\$ 118	\$ 719	\$ 848	\$ 1,685	\$ 1,671
Acquisitions	2	109	-	111	38
Disposals and write-downs	(1)	(24)	-	(25)	(24)
Closing balance	119	804	848	1,771	1,685
Accumulated Amortization:					
Opening balance	(97)	(631)	(388)	(1,116)	(1,051)
Amortization	(7)	(71)	(33)	(111)	(89)
Disposals and write-downs	1	24	-	25	24
	(103)	(678)	(421)	(1,202)	(1,116)
Net book value	\$ 16	\$ 126	\$ 427	\$ 569	\$ 569

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

7. Related party transactions

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

The Commission incurred \$988 (2017 – \$793) related to salaries, wages, and employee benefits for the Commission’s employees. The Commission reimburses the Department of Finance for these costs.

The Department of Justice provides the Commission with legal services without charge. The total cost of these services has been estimated to be \$8 (2017 – \$6). 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 \$179 (2017 – \$174) for bottle deposits payable to the Department of Environment and Natural Resources, \$370 (2017 – \$29) for salaries, wages, and employee benefits payable to the Department of Finance, and \$0 (2017 - \$4) other various Government Departments.

8. Contractual obligations

The Commission has a five year lease agreement ending April 30, 2021 for its office premises. The Commission also has a ten year lease agreement ending January 31, 2022 with the option of extending the lease for two further terms of five years for the Hay River Liquor Store. The minimum annual lease payments for the leases over the next five year(s) are:

2018/19	\$ 225
2019/20	\$ 225
2020/21	\$ 91
2021/22	\$ NIL

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

9. Financial instruments

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

The commission is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that debtors may experience financial difficulty and be unable to fulfill their obligations. Credit risk is considered minimal as most sales are done on a cash-on-delivery basis.

The carrying value of the financial instrument approximates fair value.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2018 (\$000)

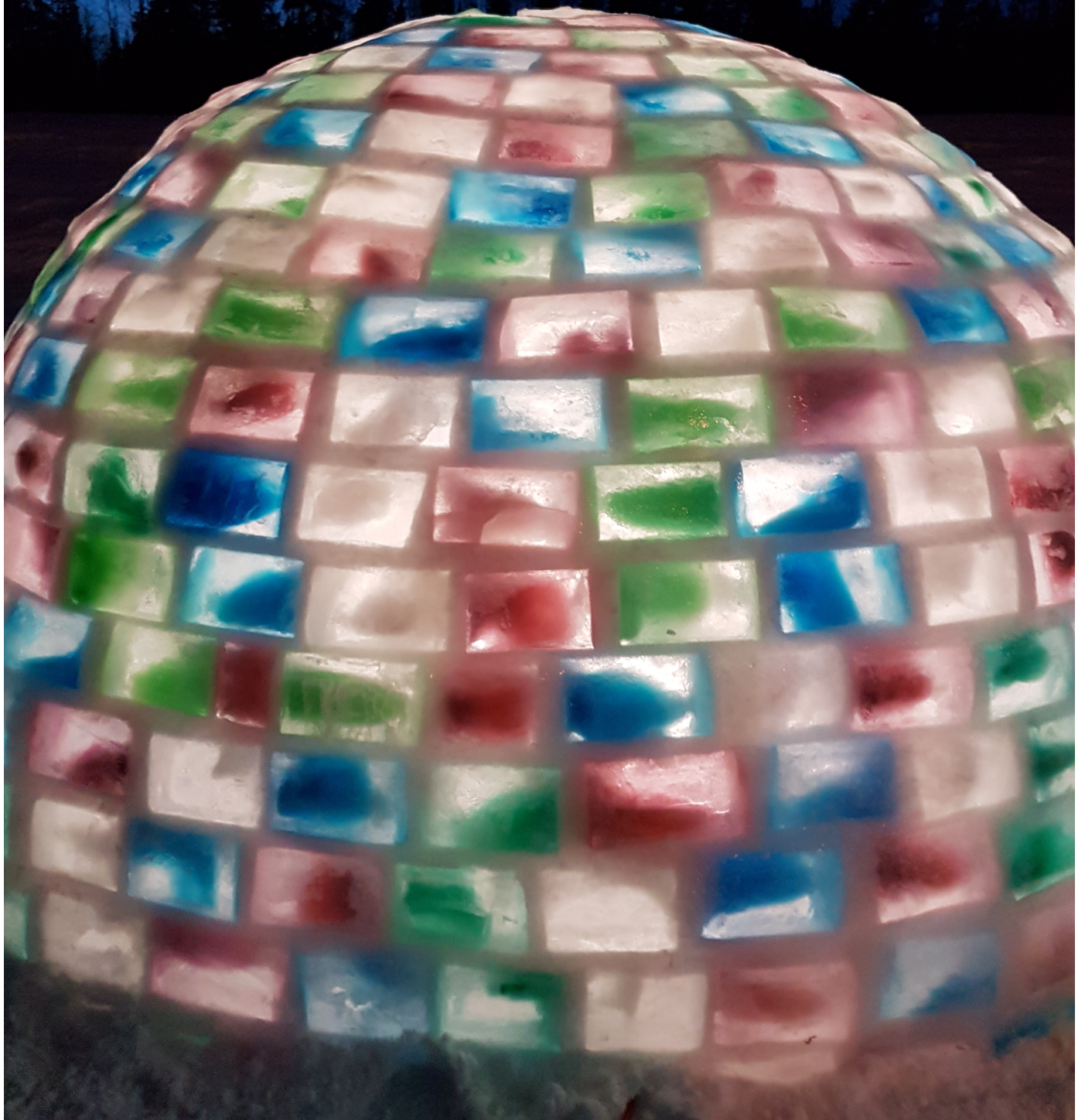
10. Subsequent Events

In June 2018, the GNWT enacted legislation approving the sale of recreational cannabis in the Northwest Territories by the Commission. Money from the sale of cannabis and for the purchase of cannabis will flow through the Liquor Revolving Fund. Retail Cannabis sales and related operations are expected to commence on or about October 17, 2018. The Commission is currently unable to estimate the effect this will have on future operations.

In June 2018, the working capital limit of the Liquor Revolving Fund was increased from \$6,500 to \$12,000.

**Northwest Territories Liquor Licensing Board
64th Annual Report**

2017 - 2018





June 29, 2018

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 2017 - 2018 Annual Report.

Sincerely,

A handwritten signature in blue ink that reads "Sandra Aitken". The signature is written in a cursive, flowing style.

Sandra Aitken
Chairperson

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Chairperson's Message

The Board continues to work towards its goal of ensuring that we deal with applications and proceedings thoughtfully, expeditiously and fairly. Our role is to consider applications, apply the *Liquor Act* and *Liquor Regulations*, and come to fair and balanced decisions. We are aware that Licence Holders are operating businesses and face many challenges. There is a lot of pressure, the demand for hard work, and at times uncertainty, and we are sympathetic to that. It is our intent to facilitate the operations of those businesses within the regulatory framework.

The Board is working on improving interactions with Licence Holders and other NWT residents who are in contact with the Board office. We have worked with the Department of Finance on a survey, which has been sent to all Licence and Permit Holders to obtain feedback on interactions with the Board. The results from the survey will assist the Board in developing policies and procedures to streamline applications and hearings.

In the coming months we hope to improve our online presence. Board decisions and current licences are now posted on our website, making this information readily accessible to Licence and Permit Holders and the public. We will continue to issue regular newsletters to keep Licence and Permit Holders informed of regulatory matters.

I have only recently been appointed to the Liquor Licensing Board, effective December 15, 2017, but from the meetings we have had to date I know that my fellow Board members are both conscientious and committed. In January I had the opportunity of traveling to Hay River to meet with Board staff, and to thank them for their professional and informed assistance to the Board and NWT residents. I also met with our partners in the Liquor Commission and Liquor Enforcement and appreciated the opportunity to discuss our respective functions.

I look forward to working with Board members and the staff, and serving the interests of Licence and Permit holders - and the public - in 2018.

Sincerely,



Sandra Aitken
Chairperson

Board Overview

The Northwest Territories Liquor Licensing Board (the Board) is established under Subsection 2(1) of the Northwest Territories *Liquor Act*. The Minister of Finance 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 liquor laws by Licence Holders.

Board Members and Staff

Sandra Aitken - 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*)

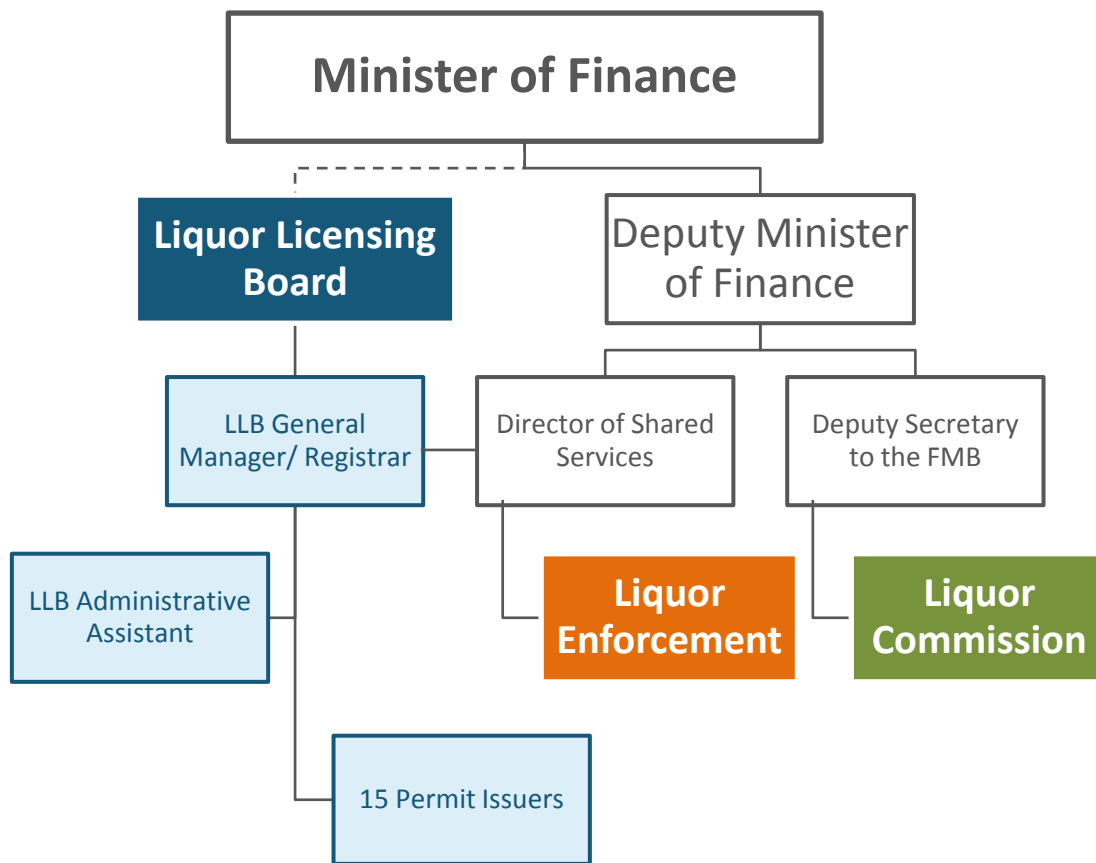
Jaimie Graham – General Manager/Registrar (*Hay River*)

Valerie Daniels – Administrative Assistant (*Hay River*)

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

- Liquor Enforcement – Inspections of licensed premises, educating Licence and Permit Holders, and enforcement of liquor laws and Board conditions.
- Liquor Commission – Purchasing and retail sales of liquor.

Each of the three liquor entities is established by the *Liquor Act* and is **independent from each of the other two**. The Board, while at arm’s length from the Liquor Commission and Enforcement, often interacts with the others on matters of mutual interest.



Board Activity

The Board participated in several teleconferences during this reporting period. The number of teleconferences reflects an increase in issues requiring Board decisions.

Total Meetings

Board Meeting Type	2017-2018	2016-2017
Orientation	1	0
Administrative	1	1
Teleconferences	25	18
Public Hearings	0	0
Compliance Hearings	1	0
Total	28	19

Increase of Board Meetings due to issues requiring Board Decisions.

Administration and Orientation Meetings

One administrative meeting was conducted from September 20 - 21 2017, in Hay River. The focus was the development of new policies and procedures and a review of current policies and procedures. Where possible, the Board meets by teleconference, but it also meets in person where other business such as compliance hearings are scheduled. There was one orientation meeting held on January 4, 2018, in Hay River, providing orientation to the new Chairperson.

Licence Applications and Board Requests

The Board must consider each application for a liquor licence and other specific requests. Most often these are conducted by teleconference, but 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 25 teleconferences, which includes consideration of licence applications and other requests.

Compliance Hearings

Where Liquor Enforcement alleges that 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, as applying that requirement could impact the rights of parties to fair and unbiased decision-making. As there is no cost recovery requirement for policing and the Courts, the cost of administering 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 or regulatory infraction has the right to have the matter heard without undue delay. This can, on occasion, result in the need to ensure 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 was one compliance hearing conducted on November 28, 2017, in Yellowknife.

Licence Holder	Violation (s)	Compliance Penalty
After 8 Pub Incorporated o/a After 8 Pub	Liquor Regulations Section 55 (4) <i>No holder of a premises licence shall allow the number of persons in the licensed premises to exceed the occupant load determined by the Board.</i>	To pay a \$1,000 compliance hearing penalty and a 1 day licence suspension.

Liquor Licences

The Liquor Licensing Board regulates liquor sales and service in licensed premises and special events. The Board also regulates liquor manufacturers. A person, company or organization that holds 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 liquor to patrons 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 liquor to patrons 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 hosts events at various locations, and the Licence Holder’s primary source of revenue is derived 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, the RCMP, and a fire department.
- B & B, Lodge – The Licence Holder operates a bed & breakfast or a remote lodge, and the sale 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 sale or use of liquor is for its authorized patrons.
- Tourist Facility – The Licence Holder operates a tourist facility without a licensed premises, but has 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

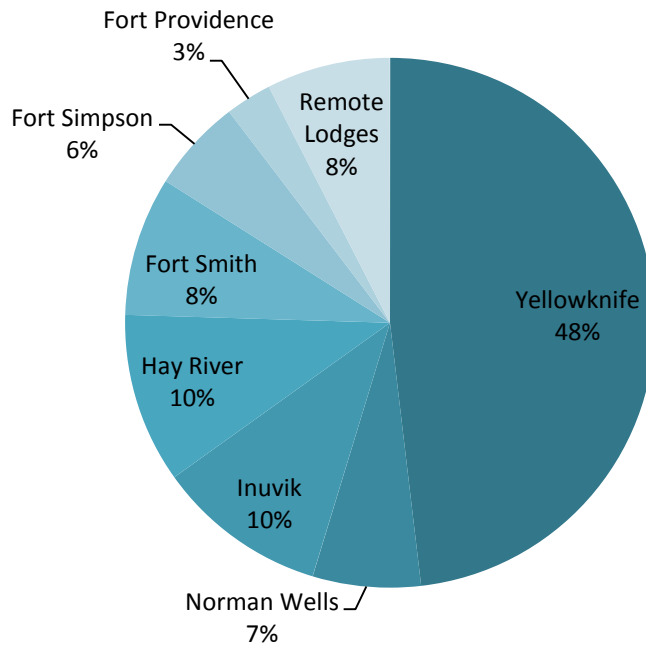
NWT Liquor Commission or to a liquor commission or other similar authority outside the Northwest Territories.

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, including Licence and Permit Holders.

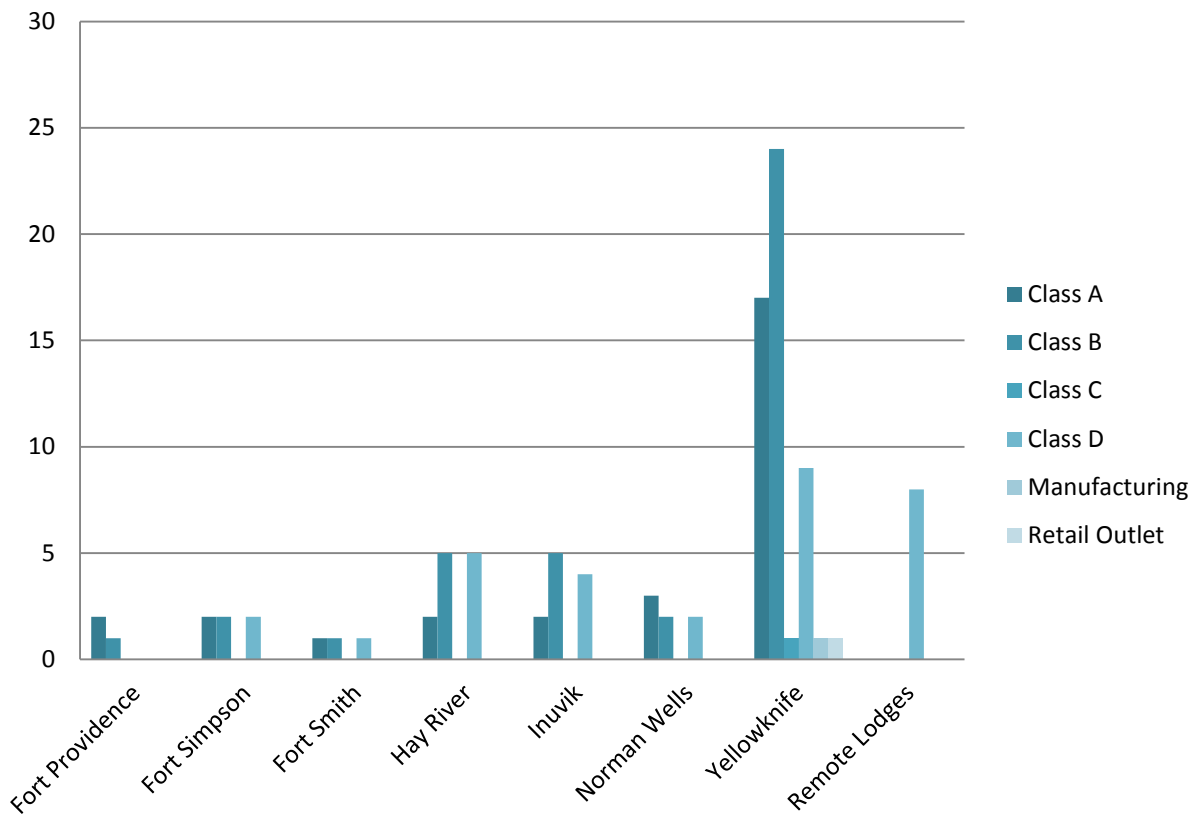
Total Liquor Licences

Community	Class A	Class B	Class C	Class D	MFG.	Retail Outlet	2017-18	2016-17
Fort Providence	2	1	0	0	0	0	3	3
Fort Simpson	2	2	0	2	0	0	6	6
Fort Smith	1	1	0	1	0	0	3	3
Hay River	2	5	0	5	0	0	12	12
Inuvik	2	5	0	4	0	0	11	11
Norman Wells	3	2	0	2	0	0	7	7
Remote Lodges	-	-	-	8	-	-	8	7
Yellowknife	17	24	1	9	1	1	53	57
Total	29	40	1	31	1	1	103	106

Total Liquor Licences % by Community



Total Liquor Licences Class/ Community



Special Occasion Permits

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 must not be an admission charge for the event and 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 and 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 amount a Permit Holder may charge for liquor, and presently, the limit 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 the organizer's 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:
 - i. has been in existence for a period not less than six months before the date of application,
 - ii. has an executive elected by its members, and
 - iii. 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 the proceeds will be put.

NWT Special Occasion Permit Issuers

Patrice Lapointe (Services TNO, Yellowknife)

Savannah Jones (Services TNO, Yellowknife)

Ryan Rowe (Hay River/Norman Wells)

Greg Rowe (Hay River/Norman Wells)

Gladys Wright (Hay River)

Sabine Klahm (Hay River)

Adrian Boulet (Norman Wells)

Tammy Boulet (Norman Wells)

Scott MacBeth (Inuvik)

Brian Richards (Inuvik)

Duncan Canvin (Fort Simpson)

Lionel Nadia (Fort Simpson)

Katherine Dempsey (Fort Simpson)

John Dempsey (Fort Simpson)

Valerie Daniels* (LLB office, Hay River)

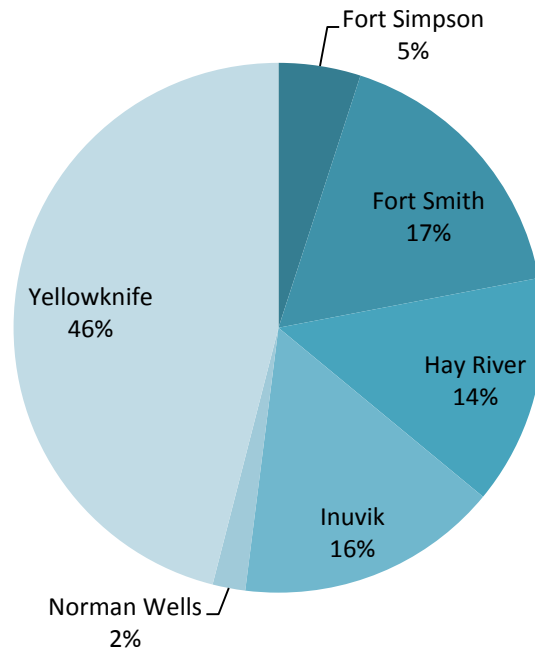
Jaimie Graham (LLB office, Hay River)

**Permits for Yellowknife and other communities not mentioned above are issued directly from the Board office.*

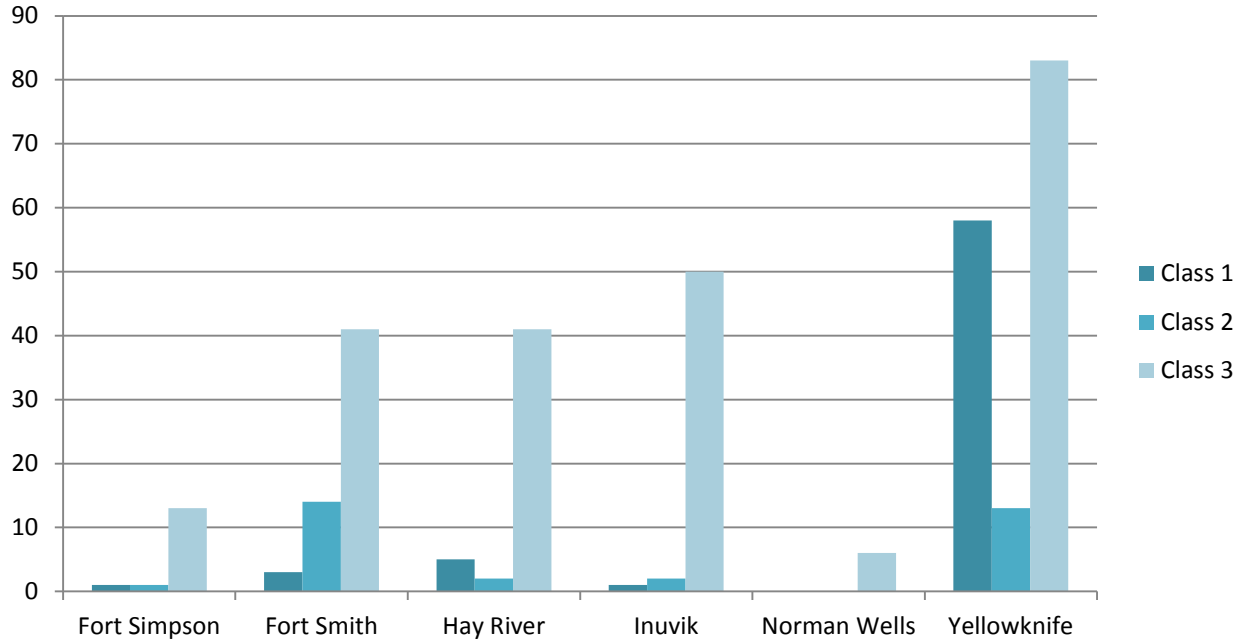
Total Special Occasion Permits

Community	Class 1	Class 2	Class 3	2017-18	2016-17
Enterprise	0	0	1	1	0
Fort Providence	0	0	1	1	3
Fort Simpson	0	1	0	1	1
Fort Smith	3	14	41	58	42
Hay River	5	2	41	48	40
Inuvik	1	2	50	53	29
Norman Wells	0	0	6	6	11
Ulukhaktok	1	0	0	1	1
Yellowknife	58	13	83	154	162
Total	69	33	236	388	306

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 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 two Special Purpose Permits in effect.

Board Office

The Liquor Licensing Board office is located in Hay River.

NWT Liquor Licensing Board

Suite 204 - 31 Capital Drive

Hay River, NT X0E 1G2

Toll-free: 1-800-351-7770

Phone: (867) 874-8715

Email: LLBinfo@gov.nt.ca

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

Northwest Territories

Liquor Enforcement

SUITE 204 – 31 CAPITAL DRIVE

HAY RIVER NT X0E 1G2

PH: 867 874 8719

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 conducting 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 frequency of RCMP inspections completed are not reported to Enforcement. However, violations are reported to Liquor Enforcement when found.

Inspection of Licensed Premises

Community	Inspections	
	2016 - 2017	2017 - 2018
Fort Providence	4	4
Fort Simpson	3	16
Fort Smith	183	149
Hay River	131	249
Inuvik	144	108
Norman Wells	32	37
Yellowknife	510	511
TOTAL	1,007	1,074

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 also order licence holders and their staff to take the course as a condition of their licence. 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 number 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	2016 – 2017	2017 - 2018
Fort Providence	20	2
Fort Simpson	7	4
Fort Smith	14	0
Hay River	40	26
Inuvik	0	8
Norman Wells	13	0
Yellowknife	83	107
Total	177	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

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

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

Restricted Communities

Déłı̄nę	Fort McPherson	Ulukhaktok
Dettah	Fort Simpson*	Tuktoyaktuk
Fort Good Hope	Paulatuk	Sambaa K'e
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.

Dettah

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.

Sambaa K'e

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:

- (a) 2280 ml of spirits;

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

Gamètì

Nahanni Butte

Whatì

Łutselk'e

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 1, 2017 and March 31, 2018 the Minister approved the following Temporary Prohibition Orders:

Community	Event	Duration
Délıne	Hand Games Event	Feb 11-20, 2018
Fort Good Hope	2017 Christmas season	Dec 19-28, 2018
Wrigley	2017 Pehdzéh Kí First Nation Assembly	Sept 8-11, 2017
Fort Good Hope	2017 Rampart Rendezvous	Aug 10-14, 2017
Sachs Harbour	2017 White Fox Jamboree	May 4-8, 2017
Tuktoyaktuk	2017 Beluga Jamboree	April 20-24, 2017

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. Status and 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 2017-2018 there was one request for a Liquor Plebiscite in Tuktoyaktuk. The plebiscite, held on December 11, 2017, indicated that the community wanted to eliminate the restriction of beer and wine, while maintaining restriction on spirits. As such, the new Tuktoyaktuk Liquor Restrictions came into effect on January 29, 2018.

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

Financial Statements

Year ended March 31, 2018

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

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March 31, 2018

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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.



Chairperson, NWT Liquor Licensing Board
June 29, 2018

Chris Polselli, Chartered Accountant

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, 2018, 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, 2018, 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.', is displayed on a light green rectangular background.

June 29, 2018
Spruce Grove, Canada

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

Statement of Financial Position

As at March 31 (\$000)	2018	2017
Financial Assets		
Due from NWT Liquor Commission (note 3)	\$ 198	\$ 87
Pension and other employee benefits (note 4)	22	14
	<u>220</u>	<u>101</u>
Financial Liabilities		
Accounts payable (Note 6)	216	75
Deferred revenue	18	28
	<u>234</u>	<u>103</u>
Net debt	<u>(14)</u>	<u>(2)</u>
Non-financial Assets		
Prepaid Expenses	14	2
Accumulated surplus	<u>\$ -</u>	<u>\$ -</u>

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)	2018	2018	2017
	Budget	Actual	Actual
Revenue			
License fees and permits	\$ 62	\$ 70	\$ 60
Government contribution – services provided without charge (note 6)	-	5	1
	62	75	61
Expenses (notes 5 and 6)			
Salaries, wages and employee benefits	469	462	446
Honoraria	50	64	55
Inspector's fees	68	38	48
Rent	36	30	31
Travel	75	46	43
Professional fees	29	25	13
Administration	41	38	44
	768	703	680
Annual loss	\$ (706)	\$ (628)	\$ (619)

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)	2018		2018		2017	
	Budget		Actual		Actual	
Accumulated surplus, beginning of year	\$	-	\$	-	\$	-
Annual loss		(706)		(628)		(619)
Amounts transferred from the NWT Liquor Commission		706		628		619
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)	2018		2018		2017	
	Budget		Actual		Actual	
Net debt, beginning of the year	\$	(2)	\$	(2)	\$	(2)
Items affecting net financial resources:						
Increase (decrease) in accumulated surplus		-		-		-
Decrease (increase) in prepaid expenses		-		(12)		-
Net debt, end of year	\$	(2)	\$	(14)	\$	(2)

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

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

Statement of Cash Flow

For the year ended March 31, (\$000)	2018	2017
Operating transactions		
Cash received from customers	\$ 60	\$ 74
Cash paid to employees and suppliers	(577)	(877)
Cash provided by operating transactions	(517)	(803)
Financing transactions		
Cash transferred from the NWT Liquor Commission	517	803
Decrease in cash	-	-
Cash, beginning of year	-	-
Cash, end of year	\$ -	\$ -

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

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2018 (\$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 \$4,996 (2017 - \$5,313).

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, 2018 (\$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.

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2018 (\$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.

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 (2017 - 1.01) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2017 - 1.0) the employees' contributions for all other employees. The Employers contributions and the Board & Enforcement's employees' contribution for the year were as follows:

	2018	2017
Employer's contributions (recognized as expense)	\$ 29	\$ 33
Employee's contribution	32	34

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.

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2018 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits

	2018			2017		
	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	\$ 3	\$ 8	\$ -	\$ 5	\$ 5
Current period benefit cost	-	-	-	1	-	1
Accrual (gains) loss	-	12	12	4	-	4
Accretion in liability	-	-	-	-	-	-
Benefits paid during the year	-	(12)	(12)	-	(2)	(2)
	\$ 5	\$ 3	\$ 8	\$ 5	\$ 3	\$ 8
Unamortized net actuarial gain (loss)	(2)	(28)	(30)	(3)	(19)	(22)
Accrued benefit (asset) obligation, end of the year	\$ 3	\$ (25)	\$ (22)	\$ 2	\$ (16)	\$ (14)

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, 2018 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, 2018 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

The actuarial valuation at March 31, 2018 reflects management's best estimate based upon a number of future orientated assumptions including:

	<u>2018</u>	<u>2017</u>
Expected inflation rate	2.0%	2.0%
Discount rate used to determine the accrued benefit obligation	3.8%	3.3%
Expected average remaining service life of related employee groups (EARSL)	8.0	8.0
Expected age at termination	58.7	58.7

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

2019	\$	1
2020		1
2021		-
2022		-
2023		-
2024 and beyond		<u>2</u>
	\$	<u>4</u>

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2018 (\$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		
	2018 Budget	2018 Actual	2017 Actual
Expenses (notes 6 and 7)			
Salaries, wages and employee benefits	\$ 299	\$ 250	\$ 270
Inspector's Fees	54	35	34
Rent	30	17	18
Travel	18	10	14
Professional Fees	5	5	1
Administration	15	24	21
	421	341	358
Annual loss	\$ (421)	\$ (341)	\$ (358)

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 \$462 (2017 - \$446) related to salaries, wages, and employee benefits for the Board's employees and \$64 (2017 - \$55) 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 \$5 (2017 - \$1). 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 \$183 (2017 - \$37) for salaries, wages, board honoraria, 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, 2018 (\$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:

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.

Fuel Services Division

Financial Statements

March 31, 2018

Fuel Services Division

Financial Statements

March 31, 2018

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Management's Responsibility for Financial Reporting

**To the Minister of Infrastructure
Government of the Northwest Territories**

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Fuel Services Division revolving fund (the "Fund").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.



**Curt Snook, Director
Fuel Services Division
Yellowknife, Northwest Territories
June 29, 2018**



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Independent Auditors' Report

To the Minister of Infrastructure Government of the Northwest Territories

We have audited the accompanying financial statements of Fuel Services Division, which comprise the statement of financial position as at March 31, 2018, and the statement of change in net financial resources, the statement of operations, and the statement of accumulated surplus 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 misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 controls 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 of the effectiveness of the entity's internal controls. An audit also included 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.



Independent Auditors' Report (continued)

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fuel Services Division as at March 31, 2018, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report in accordance with the *Financial Administration Act* that, in our opinion, proper books of account have been kept by Fuel Services Division, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of Fuel Services Division.

A handwritten signature in black ink that reads "Crowe MacKay LLP".

**Yellowknife, Northwest Territories
June 29, 2018**

Chartered Professional Accountants

Fuel Services Division

Statement of Financial Position

As at March 31, 2018 2017

Financial Assets

Accounts receivable (note 4)	\$ 9,036,001	\$ 8,671,363
Inventories for resale (note 5)	26,942,039	23,814,641
	35,978,040	32,486,004

Liabilities

Accounts payable and accrued liabilities (note 6)	4,960,298	7,564,419
Employee future benefits payable (note 7)	210,593	186,517
Due to the Government of the Northwest Territories (note 8)	30,522,637	23,940,404
	35,693,528	31,691,340

Net Financial Resources **284,512** 794,664


Accumulated Surplus **\$ 284,512** \$ 794,664

Commitments (note 13)

Approved:



Curt Snook, Director



Trevor Ryhorchuk, Comptroller

Fuel Services Division

Statement of Changes in Net Financial Resources

March 31,	2018 Budget	2018 Actual	2017 Actual
Annual surplus (deficit)	\$ (100,000)	\$ (510,152)	\$ 185,335
Increase (decrease) in net financial resources	\$ (100,000)	(510,152)	185,335
Net financial resources, beginning of year	\$ 724,000	794,664	609,329
Net financial resources, end of year	\$ 624,000	\$ 284,512	\$ 794,664

Fuel Services Division

Statement of Operations

For the year ended March 31,	2018 Budget	2018 Actual	2017 Actual
Revenues			
Sales of petroleum products (note 9)	\$ 37,000,000	\$ 35,005,157	\$ 37,894,392
Cost of sales			
Cost of goods sold (note 5)	30,000,000	28,638,837	31,252,475
Commissions	2,600,000	2,364,251	2,592,440
	32,600,000	31,003,088	33,844,915
Gross margin	4,400,000	4,002,069	4,049,477
	11.9 %	11.4 %	10.7 %
Expenses			
Bad debts (recovered)	-	3,175	(29,434)
Contracts and purchased services	-	637,714	704,733
Inventory write-off (note 5)	-	135,987	163,529
Operating and maintenance costs	2,400,000	757,990	549,855
Miscellaneous	-	79,257	55,505
Salaries, wages and employee benefits	2,100,000	2,059,303	1,951,290
Travel	-	438,554	323,664
Utilities	-	467,689	477,118
	4,500,000	4,579,669	4,196,260
Deficiency of revenues over expenses before other items	(100,000)	(577,600)	(146,783)
Other revenue (expenses)			
Other revenues (note 10)	-	67,448	332,118
Grant-in-kind, Government assets provided at no cost (note 11)	-	2,779,615	2,702,444
Financing charges (note 11)	-	(444,523)	(299,252)
Tangible capital assets - rent expenses (note 11)	-	(2,335,092)	(2,403,192)
	-	67,448	332,118
Excess (deficiency) of revenues over expenses	\$ (100,000)	(510,152)	\$ 185,335

Fuel Services Division**Statement of Accumulated Surplus**

March 31,	2018	2017
Accumulated surplus, beginning of year	\$ 794,664	\$ 609,329
Annual surplus (deficit)	(510,152)	185,335
Accumulated surplus, end of year	\$ 284,512	\$ 794,664

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

1. Authority and Operations

Fuel Services Division revolving fund (the "Fund") was established in 1973 for the distribution of petroleum products in the Northwest Territories. The Fund operates under the authority of the Revolving Funds Act (the "Act") and the Northwest Territories *Financial Administration Act*. The Fuel Services Division of the Department of Infrastructure of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund receives working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The Fund's purchases of petroleum products and operating expenses are paid from the CRF and funds received by the Fund are deposited in the CRF. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities is \$55 million. The balance of the fund is reported as a current liability due to the Government of the Northwest Territories.

The prices for the Fund's petroleum products are approved by the Government. It is the expectation of the Government that the Fund's cost of goods sold and operating expenses will be recovered through the price structure to achieve a break-even operation. Under the Act, there is a special account in the CRF called the Petroleum Products Stabilization Fund to which profits of the Fund shall be credited and losses shall be charged. The debit or credit amount in the Stabilization Fund shall not exceed \$1,000,000 at the end of any fiscal year. The balance in the Stabilization Fund at March 31, 2018 is a surplus of \$284,512 (2017 - surplus of \$794,664).

2. Significant accounting policies

The Fund follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(b) Tangible capital assets

Tangible capital assets are the property of the Government of the Northwest Territories and accordingly are not reported on the financial statements. Use of assets, such as fuel storage facilities and fuel delivery vehicles are accounted for as rent offset by a grant in kind from the Government which is calculated based on the amortization of the assets as described in Note 11.

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

(c) Services provided without charge

Environmental restoration costs

The Fund does not record any future environmental restoration costs, as they are the responsibility of the Government of the Northwest Territories.

Other services provided without charge

The Fund does not record the following services provided without charge by the Government: the procurement of goods and services, the processing of payroll, legal counsel and internal audit services, as it is difficult to estimate them.

(d) Employee future benefits payable

Under the terms and conditions of labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary. The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined using the weighted average method.

(f) Pensions

The Fund and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. *The Fund contributes at a rate of 1.4 times that of the employees. During the year the Fund contributed \$129,764 (2017 - \$135,520) to the plan which was recognized as an expense while employees contributed \$150,418 (2017 - \$146,973). These contributions represent the total pension obligation of the Fund and are expensed on a current year basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.*

(g) Liability for contaminated sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard.

As the Government of the Northwest Territories owns the assets of the Fund, it also accepts responsibility for any contaminated sites. As a result, the Fund does not record any liabilities associated with contaminated sites.

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

(h) Revenue recognition

Revenue from the sale of petroleum products is recognized when the fuel is dispensed or delivered to the customers. The customer assumes all risks of ownership and the collection of any amounts receivable is considered probable. Other revenue is recognized as goods are delivered or services are provided.

(i) Financial instruments

The Fund classifies its financial instruments at cost or amortized cost. The Fund's accounting policy for this financial instrument category is as follows:

This category includes accounts receivable, accounts payable and accrued liabilities and amounts due to the Government of the Northwest Territories. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

2. Significant accounting policies (continued)

(j) Related parties

The Fund initially measures related party balances in accordance with the substance of the transactions that gave rise to them. The Fund subsequently measures related party balances in accordance with the Fund's policies for financial instruments, as set out in note (i).

The Fund is related in terms of common control to all Government of the Northwest Territories departments, boards and agencies. These include:

Departments

- Department of Education, Culture and Employment
- Department of Environment and Natural Resources
- Department of Executive and Indigenous Affairs
- Department of Finance
- Department of Health and Social Services
- Department of Industry, Tourism and Investment
- Department of Infrastructure
- Department of Justice
- Department of Lands
- Department of Municipal and Community Affairs

Boards and Agencies

- Education Authorities
- Health and Social Services Authorities
- Aurora College
- NWT Business Development & Investment Corporation
- NWT Housing Corporation
- Northwest Territories Power Corporation
- Tlicho Community Services Agency
- Workers' Safety and Compensation Commission
- NWT Sports and Recreation
- Northwest Territories Heritage Fund
- Status of Women Council of the NWT
- NWT Human Rights Commission
- Arctic Energy Alliance
- Inuvialuit Water Board
- NWT Surface Rights Board
- Stanton Foundation
- NWT Environmental Studies Research Fund
- NWT Liquor Commission
- NWT Liquor Licensing Board

The Fund enters into transactions with these entities in the normal course of business, with the exception of sales to the Northwest Territories Power Corporation (NTPC). In accordance with an agreement with the Government of the Northwest Territories, NTPC is charged the weighted average cost of petroleum products consumed.

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

3. Future changes to significant accounting policies

Asset Retirement Obligations, Proposed Section PS 3280

This section will be effective for fiscal years beginning on or after April 1, 2021 and is intended to enhance comparability of financial statements among public sector entities by establishing uniform criteria for recognition and measurement of asset retirement obligations, including obligations that may not have previously been reported. This section would require public sector entities to review existing contract, legislation, etc., to identify retirement activities associated with its controlled tangible capital assets.

The impact of the transition to this proposed accounting standard, if any, has not yet been determined.

Restructuring Transactions, Section PS 3430

PSAB approved Section PS 3430, Restructuring Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2018. Earlier adoption is permitted. This Section establishes standards on how to account for and report restructuring transactions such as but not limited to amalgamations of entities or operations within the government entity, amalgamation of local governments, and shared service arrangements entered into by local governments in a region, by both transferors and recipients of assets and/or liabilities, together with related program or operating responsibilities.

The impact of the transition to this accounting standard, if any, has not yet been determined

4. Accounts receivable

	2018	2017
Non-Government	\$ 1,228,200	\$ 1,313,192
Government of Canada	17,352	10,597
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	4,030	823
Health and Social Services Authorities	5,303	6,202
Northwest Territories Housing Corporation	437,371	1,067,921
Northwest Territories Power Corporation	5,952,113	4,979,184
Tlicho Community Services	487	766
Departments		
Department of Education, Culture and Employment	123,226	165,281
Department of Environment and Natural Resources	2,176	1,788
Department of Infrastructure	236,765	259,545
Local (Municipalities, Community Governments)	1,028,978	866,064
	\$ 9,036,001	\$ 8,671,363

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

5. Inventories for resale

	2018	2017
Diesel	\$ 21,318,657	\$ 17,556,273
Gasoline	3,438,681	3,764,581
Jet A1	2,128,959	2,408,769
Naphtha	55,742	85,018
	\$ 26,942,039	\$ 23,814,641

Inventory in the amount of \$28,638,837 (2017 - \$31,252,475) was expensed during the year.

An inventory write-down of \$135,987 (2017 - \$163,529) was expensed during the year. This represents product loss primarily due to evaporation. It is a factor of inventory on hand throughout the year, the type of fuel tanks in which the inventory is held, and weather conditions throughout the year.

6. Accounts payable and accrued liabilities

	2018	2017
Non-Government	\$ 4,469,893	\$ 7,251,698
Government of Canada	442,433	248,201
Government of the Northwest Territories		
Boards and Agencies		
Northwest Territories Power Corporation	47,794	64,342
Departments		
Department of Infrastructure	178	178
	\$ 4,960,298	\$ 7,564,419

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

7. Employee future benefits payable

	2018	2017
Removal benefits	\$ 34,260	\$ 37,192
Resignation benefits	51,459	39,451
Sick leave accrual	24,579	33,723
Special leave accrual	2,541	2,360
Annual leave accrual	78,939	70,454
Lieu time accrual	18,815	3,337
	\$ 210,593	\$ 186,517

Removal benefits, resignation benefits, sick leave accrual and special leave accrual are recorded based on an actuarial valuation. The current actuarial valuation was completed as at March 31, 2018. The effective date of the next actuarial valuation is March 31, 2020. The liabilities were actuarially determined as the present value of the accrued benefits at February 2018 and the results were extrapolated to March 31, 2018.

8. Due to the Government of the Northwest Territories

The amount due to the Government of the Northwest Territories represents the balance in the revolving fund as follows:

	2018	2017
Balance, beginning of year	\$ 23,940,292	\$ 28,519,252
Plus: Payments made by the Government		
Purchases of petroleum products	34,130,486	33,379,973
Other cash disbursements	7,158,996	3,807,221
Less: cash received from the Government	(34,707,137)	(41,766,042)
	\$ 30,522,637	\$ 23,940,404

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

9. Sales of petroleum products

	2018	2017
Non-Government	\$ 7,856,197	\$ 8,882,725
Government of Canada	106,610	94,200
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	16,014	10,356
Health and Social Services Authorities	41,654	45,845
Northwest Territories Housing Corporation	2,725,618	2,617,421
Northwest Territories Power Corporation	18,288,649	20,489,669
Tlicho Community Services Agency	8,656	8,388
Departments		
Department of Education, Culture and Employment	715,767	684,768
Department of Environment and Natural Resources	17,260	18,371
Department of Infrastructure	1,675,957	1,651,287
Local (Municipalities, Community Governments)	3,552,775	3,391,362
	\$ 35,005,157	\$ 37,894,392

10. Other revenues

Other revenues are transactions that generally occur outside of normal operations. They are composed of transactions that have a flow-through effect such as a direct expenditure that is fully charged back to another party, as well as one-time transactions. Other transactions can include charged back revenue where the revenue is not directly related to expenditures, and other miscellaneous revenue transactions such as returned cheque fees.

The transactions consist of the following:

	2018	2017
Barge resupply contract settlement	\$ -	\$ 299,985
Recovery of prior year expenditures	2,508	6,918
Other recoveries	64,940	25,215
	\$ 67,448	\$ 332,118

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

11. Grant in kind

Financing charges

Management estimated that the Fund required up to \$40 million (2017 - \$30 million) in working capital with an estimated annual financing cost of \$444,523 (2017 - \$299,252). The financing cost is based upon the average monthly balance due to the Government at a rolling average interest rate of prime + 0.35% per annum.

Tangible capital assets - rent expenses

Tangible capital assets, i.e. fuel storage facilities and fuel delivery vehicles, are owned by the Government of the Northwest Territories. Tangible capital assets are amortized over the estimated useful life of the assets at the following rates and the expense is recognized as rent:

Buildings	40 years straight line, no salvage
Fuel storage facilities	30 years straight line, no salvage
Fuel delivery vehicles	10 years straight line, no salvage

	Cost	Accumulated Amortization	2018	2017
Fuel storage facilities	\$ 61,563,158	\$ 27,427,126	\$ 34,136,032	\$ 35,739,132
Fuel delivery vehicles	4,700,473	3,085,831	1,614,642	1,350,060
Construction in process	100,413	-	100,413	127,287
Buildings	870,138	86,003	784,135	805,892
Assets under capital lease	1,374,941	1,064,471	310,470	842,706
	\$ 68,609,123	\$ 31,663,431	\$ 36,945,692	\$ 38,865,077

Amortization expense for 2018 is \$2,335,092 (2017 - \$2,403,192).

12. Related party transactions

Sales of petroleum products to related parties are disclosed in note 9.

Significant expenses incurred from related parties are as follows:

	2018	2017
Government of the Northwest Territories		
Department of Infrastructure - Cost of goods sold	\$ 6,000,942	\$ -
Department of Infrastructure - Contracts and purchased services	121,352	68,475
Northwest Territories Power Corporation - Utilities	450,814	461,380
	\$ 6,573,108	\$ 529,855

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

13. Commitments

Fuel resupply contracts

The Fund has entered into contracts with Bluewave Energy Ltd., AFD Petroleum Inc., and Matonabee Petroleum Ltd. for the supply and transportation of bulk petroleum destined for delivery to communities served by road by tanker truck; the carrier for these contracts is Bassett Petroleum Ltd. There are varying contracts with different termination dates; the earliest contract terminates in May 2018 and the latest contract terminates in September 2019.

Community fuel delivery contracts

The Fund provides local fuel delivery services in 16 communities across the Northwest Territories. The contracts for sales, dispensing and delivery services are awarded based on a competitive request for proposal (RFP) process. Contracts are awarded to local residents or businesses. Under these contracts, fixed commission rates are paid.

The total value of all commitments is estimated at \$10,846,029 as follows:

2019	\$	8,688,453
2020		1,168,516
2021		660,941
2022		232,119
2023		96,000
		<hr/>
		\$ 10,846,029

The Fund paid \$2,364,251 (2017 - \$2,592,440) in commissions to local contractors in the 16 communities that they serve.

14. Risk management

The Fund is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Fund's financial instruments is provided below.

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

The Fund is managed to ensure that the cost of goods sold and operating expenses are recovered through the price structure to achieve a break-even operation. In addition, it is the objective of management that the debit or credit amount in the Stabilization Fund shall not exceed \$1,000,000 at the end of any fiscal year.

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

14. Risk management (continued)

(a) Credit risk

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable.

Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection.

The Fund's maximum exposure to credit risk is represented by its accounts receivable for a total of \$9,0361,001 (2017 - \$8,671,363). All accounts receivable are considered current. At March 31, 2018, the Fund's management has determined that no portion of accounts receivable was impaired. Management's assessment was based on specific identification and age of receivables.

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of a default. The Fund does have concentration risk. At March 31, 2018, receivables from three customers comprised 72% of the total outstanding accounts receivables (2017 - 73%). The Fund reduces this risk by monitoring overdue balances.

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

At March 31, 2018, the following accounts receivable were past due:

	30 days	60 days	90 days	Total
	\$ 4,512,088	\$ 289,688	\$ 526,641	\$ 5,328,417

(b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows through budgeting.

The Fund's maximum exposure to liquidity risk is represented by the financial liabilities for a total of \$35,693,528 (2017 - \$31,691,340). Financial liabilities consist of accounts payable and accrued liabilities and amounts due to the Government of the Northwest Territories. All financial liabilities are considered current and mature within 6 months.

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

Fuel Services Division

Notes to the Financial Statements

March 31, 2018

14. Risk management (continued)

(c) Other price risk

Other price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Fund is exposed to other price risks as it purchases and sells petroleum products which are sensitive to price fluctuations. The Fund reduces its exposure to this risk by purchasing and selling the petroleum products at pre-approved rates.

There have been no significant changes from the previous year in the exposure to risk however there has been a change in the policies, procedures, and methods to manage the risk as in the prior year the Fund used derivatives to hedge other price risk and in the current year the Fund did not use derivatives.

15. Statement of Cash Flows

A statement of cash flows has not been presented as these financial statements report the transactions within the revolving fund of the Government of the Northwest Territories. The cash received and payments made by the Government on behalf of the Fund are reported in Note 8.

16. Comparative figures

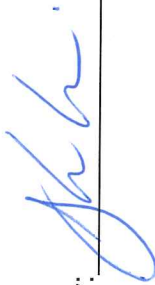
The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

PUBLIC STORES REVOLVING FUND

FOR THE YEAR ENDED MARCH 31, 2018

Schedule of Public Stores Revolving Fund Inventories for the year ended March 31, 2018						
Public Stores	Balance March 31, 2017	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2017
Yellowknife	136,104			0		136,104
SAM		163,239	(104,877)		0	58,363
	136,104	163,239	(104,877)	0	0	194,467

Prepared By: Sharon Cormier

Approved By: 

Yellowknife Airport Revolving Fund

Financial Statements

March 31, 2018

Yellowknife Airport Revolving Fund

Financial Statements

For the period July 1, 2017 to March 31, 2018

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Statement of Changes in Net Financial Assets	6
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Management's Responsibility for Financial Reporting

**To the Minister of Infrastructure
Government of the Northwest Territories**

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statements, which have been prepared in accordance with Canadian public sector accounting standards. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for financial reporting, management maintains and relies on internal control systems and practices, which are designed to provide reasonable assurance that the transactions are authorized, the assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Yellowknife Airport Revolving Fund (the "Fund").

The auditor provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.

A handwritten signature in black ink, appearing to read 'L. Stroman', is written over a horizontal line.

**Lee Stroman, Regional Airport Manager
Yellowknife Airport Revolving Fund
Yellowknife, Northwest Territories
July 20, 2018**



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Independent Auditors' Report

To the Minister of Infrastructure
Government of Northwest Territories

We have audited the accompanying financial statements of the Yellowknife Airport Revolving Fund, which comprise the Cash Flows as at March 31, 2018, and the statements of changes in net financial assets, operations and accumulated surplus and cash flows for the period July 1, 2017 to March 31, 2018, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 Regional Office's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Independent Auditors' Report (continued)

Basis for Qualified Opinion

Compensation and related benefits paid to employees of the Yellowknife Airport Revolving Fund are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories' audit. Our audit scope was limited as we did not audit the components of compensation and benefits expenditures and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to compensation and benefits expenditures, payroll liabilities, employee future benefits, net financial resources, and accumulated surplus as well as note disclosures associated with transactions and period-end balances relating to compensation and benefits.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material aspects, the financial position of the Yellowknife Airport Revolving Fund as at March 31, 2018, and the results of its operations, changes in its net financial assets and its cash flows for the period July 1, 2017 to March 31, 2018 in accordance with Canadian public sector accounting standards.

A handwritten signature in black ink that reads "Crowe MacKay" with a flourish at the end.

Yellowknife, Northwest Territories
July 20, 2018, except as to Note 2, which is as of October 4, 2018

Chartered Professional Accountants

Yellowknife Airport Revolving Fund


Statement of Financial Position

	March 31, 2018	July 1, 2017
Financial Assets		
Accounts receivable	\$ 2,507,289	\$ -
Due from the Government of the Northwest Territories (Note 6)	4,365,662	-
	6,872,951	-
Liabilities		
Accounts payable and accrued liabilities (Note 5)	1,184,338	-
Employee Future Benefits (Note 7)	411,530	-
	1,595,868	-
Net Financial Assets	5,277,083	-
Non-Financial Assets:		
Inventories held for use	84,614	-
Tangible capital assets (Note 9)	118,906	-
Tangible capital assets under construction (Note 8)	107,758	-
Tangible capital assets - transferred from GNWT (Note 10)	22,542,891	-
	22,854,169	-
Accumulated Surplus (Note 12)	\$ 28,131,252	\$ -

Commitments (Note 17)

Approved:


Regional Airport Manager


A/ Manager, Finance & Admin

Yellowknife Airport Revolving Fund

Statement of Changes in Net Financial Assets

For the period July 1, 2017 to March 31,

2018

Operating Surplus	\$ 28,131,252
Change in inventories held for use	(84,614)
Acquisition of tangible capital assets	(118,906)
Change in capital assets under construction	(107,758)
Transfer of tangible capital assets from GNWT	(23,433,489)
Amortization of tangible capital assets	890,598

Increase in Net Financial Assets

5,277,083

Net Financial Assets, beginning of period

-

Net Financial Assets, end of period

\$ 5,277,083

Yellowknife Airport Revolving Fund

Statement of Operations and Accumulated Surplus

For the period July 1, 2017 to March 31,	Budget (Unaudited)	2018
Revenue		
Airport improvement fees		\$ 2,824,025
Apron fees		94,324
Concession fees		166,301
Landing and terminal fees		5,158,051
Leases		1,944,141
Parking		214,679
Recoveries		151,459
	\$ 10,639,924	10,552,980
Expenses		
Amortization	1,605,947	890,598
Computer hardware and software	25,000	72,218
Contract services	2,494,000	857,077
Materials and supplies	117,000	50,083
Office	396,000	113,316
Professional fees	374,000	138,693
Repairs and maintenance	816,000	409,537
Salaries and benefits	4,123,000	3,323,695
	9,950,947	5,855,217
Operating Surplus before other items	688,977	4,697,763
Grant-in-kind, Government assets provided at no cost		1,700,094
Occupancy costs		(1,700,094)
Government transfer - tangible capital assets		23,433,489
	-	23,433,489
Annual Surplus	688,977	28,131,252
Accumulated Surplus, beginning of the period	-	-
Accumulated Surplus, end of the period	\$ 688,977	\$ 28,131,252

Yellowknife Airport Revolving Fund

Statement of Cash Flows

For the period July 1, 2017 to March 31,

2018

Cash provided by (used in)

Operating activities

Operating Surplus	\$ 28,131,252
Items not affecting cash:	
Amortization	890,598
Government transfer - tangible capital assets	(23,433,489)

Changes in non-cash assets and liabilities

Accounts receivable	(2,507,289)
Inventories held for use	(84,614)
Accounts payable and accrued liabilities	1,184,338
Increase / (decrease) in employee future benefits	411,530

Cash from operating activities

4,592,326

Investing activities

Amounts provided to Government of Northwest Territories	(4,365,662)
---	-------------

Cash used in investing activities

(4,365,662)

Capital activities

Acquisition of tangible capital assets	(118,906)
Acquisition of tangible capital assets under construction	(107,758)

Cash used in capital activities

(226,664)

Increase in cash

-

Cash, beginning of period

-

Cash, end of period

\$

-

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

1. Nature of operations

The Yellowknife Airport Revolving Fund revolving fund (the "Fund") was established July 1, 2017 for the purpose of meeting the capital, operating and maintenance requirements of the Yellowknife Airport. The Fund operates under the authority of the *Revolving Funds Act* (the "Act") and the *Northwest Territories Financial Administration Act*. The Yellowknife Airport Division of the Department of Infrastructure of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund can receive working capital advances from the Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities is \$36 million. The balance of the fund is reported as due to or from the Government on the statement of financial position, as applicable.

2. Amendment

These financial statements were amended on October 4, 2018 to reflect the transfer of tangible capital assets from the Government of the Northwest Territories.

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board. The significant accounting policies used are as follows:

(a) Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Fund and delivery or service has occurred, when the price is fixed or determinable and when collectability is reasonable assured.

Airport improvement fee revenue is recognized as income in the period that passengers depart from the Airport. Landing and terminal fees, apron fees, and parking revenues are recognized when the Airport facilities are utilized.

Concession fee revenue is recognized based on the highest of the agreed upon percentage of reported concessionaire sales or the specified minimum rentals in the period in which the rentals occur. Lease revenues are recognized straight-line over the duration of the underlying agreements.

Recoveries are recognized when the service is performed or the goods are provided.

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 the future; or
- expect a direct financial return.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

3. Significant accounting policies (continued)

(a) Revenue recognition (continued)

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 or transfers of restricted funding for tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital assets are acquired or built or eligible expenses incurred.

Transfers of tangible capital assets are recognized as revenue when stipulations are met.

Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized as revenue in the statement of operations as the stipulations are met.

(b) Tangible capital assets

Tangible capital assets of the Yellowknife Airport acquired prior to the establishment of the Fund, July 1, 2017, were the property of the Government and were transferred to the fund at their carrying amounts, accordingly the tangible capital assets are reflected in these financial statements. The Fund amortizes the tangible capital assets over their estimated useful lives at the rates established in the Financial Administration Manual over the following terms:

Buildings	40 years straight line, no salvage
Water/sewer works	15-25 years straight line, no salvage
Machinery, equipment and vehicles	5-15 years straight line, no salvage

Tangible capital assets acquired by the Fund after July 1, 2017 are the property of the Fund and are recorded at cost which includes all amounts directly attributable to the acquisition, construction, development or betterment of the asset. The Fund amortizes tangible capital assets over their estimated useful lives at the rates established in the Financial Administration Manual over the following terms:

Machinery and equipment	15 years
-------------------------	----------

Capital assets under construction are transferred to tangible capital assets when the asset is available for use and amortization will commence at that time.

(c) Inventories of supplies

Inventories of supplies are valued at the lower of cost and replacement value. Inventories of supplies include chemicals, fuel and supplies and are recorded at the lower of historical cost or replacement cost, with cost being determined using the weighted average cost method.

(d) Non-pension employee future benefits and compensated absences

Under the terms and conditions of labour contracts, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs based on years of service and salary. The estimated liability for these benefits is recorded as the benefits are earned by the employees. The benefit plan is not pre-funded.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

3. Significant accounting policies (continued)

(e) Pension employee future benefits

The Fund and its employees, who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute to the cost of the plan. The Fund contributes at a rate of 1.4 times that of the employees. During the year the Fund contributed \$213,399 to the plan which was recognized as an expense while employees contributed \$152,428. These contributions represent are expensed on a current year basis. The total pension obligation of the Fund is reflected in the statement of financial position with any changes from the prior year recognized as an expense in the current year. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

(f) 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 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 Fund subsequently measures all its financial assets and financial liabilities at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Financial instruments measured at amortized cost include accounts receivable, amounts due from the Government of the Northwest Territories and accounts payable and accrued liabilities.

There are no financial instruments subsequently measured at fair value.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

3. Significant accounting policies (continued)

(g) Services provided by the Government of the Northwest Territories

The Fund does not record the following services provided without charge from the Government; payroll processing, insurance and risk management, legal counsel, records storage and computer operations.

The property tax and utilities costs associated with the Airport facilities, transferred from the Government of the Northwest Territories, are accounted for as occupancy costs offset by a grant in kind from the Government. The utilities and property tax costs are based on actual costs to the Government.

(h) Fund accounting

The Fund maintains a General Surplus and the Yellowknife Airport Capital Program Surplus. Transfers between funds are recorded as adjustments to the appropriate fund balance.

(i) General Surplus

Reports the excess of revenues over expenditures relating to the general operations of the Fund excluding the Yellowknife Airport Capital Program.

(ii) Yellowknife Airport Capital Program

Reports the excess of revenues over expenditures relating specifically to the provision of Airport Improvement Fee agreement.

(i) Measurement uncertainty

The preparation of these financial statements in conformity with Canadian public sector accounting standards require management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the period. Management makes accounting estimates when determining the useful life of its tangible capital assets, and significant accrued liabilities. Actual results could differ from those estimates, the impact of which would be recorded in future periods.

4. Future accounting changes

(a) Restructuring Transactions, Section PS 3430

This section establishes standards on how to record assets, liabilities, revenues and expenses relating to restructuring transactions as well as disclosure requirements for the recipient and transferor. This section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

(b) Asset Retirement Obligations, Section PS 3280

This section will establish the reporting of legal obligations associated with the retirement of certain tangible capital assets and solid waste landfill sites. This section applies to fiscal years beginning on or after April 1, 2021. The impact of the transition to these accounting standards has not yet been determined.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

5. Accounts payable and accrued liabilities

	March 31, 2018
Non-Government	\$ 661,063
Government of Canada - GST	523,275
	<u>\$ 1,184,338</u>

6. Due from the Government of the Northwest Territories

The amount due from the Government of the Northwest Territories represents the balance in the revolving fund as follows:

	March 31, 2018
Balance, beginning of year	\$ -
Less: Cash received from the Government	8,045,691
Add: Payments made by the Government	(3,680,029)
Balance, end of year	<u>\$ 4,365,662</u>

7. Employee Future Benefits

The employee future benefits liability is as follows:

	March 31, 2018
Removal	\$ 239,569
Lieu time	6,783
Leave	165,178
	<u>\$ 411,530</u>

Removal benefits are recorded based on an actuarial valuation. The current actuarial valuation was completed as at March 31, 2018. The effective date of the next actuarial valuation is March 31, 2020. The liabilities were actuarially determined as the present value of the accrued benefits at February 2018 and the results were extrapolated to March 31, 2018.

8. Tangible capital assets under construction

Tangible capital assets under construction is comprised of infrastructure related to the Airport capital program.

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

9. Tangible capital assets

Tangible capital assets is comprised of machinery and equipment that was acquired by the fund. Amortization has not been recorded on the tangible capital assets because they were put into use near the end of the period.

10. Tangible capital assets - transferred from GNWT

	Cost	Accumulated Amortization	March 31, 2018
Buildings	18,882,898	556,531	18,326,367
Water/sewer works	453,919	23,996	429,923
Machinery, equipment and vehicles	4,096,672	310,071	3,786,601
	23,433,489	890,598	22,542,891

Amortization expense for 2018 is \$890,598.

11. Yellowknife Airport Capital Program

The Government, acting on behalf of the Fund, entered into a Memorandum of Agreement ("the Agreement") dated July 1, 2017 with Signatory Air Carriers operating from the Airport. The Agreement provides for a consultative process with air carriers regarding the improvement to and expansion of airport facilities and the collection of airport improvement fees ("AIF") by air carriers through their ticketing processes. AIF revenues can only be used for the Yellowknife Airport Capital Program. The Yellowknife Airport Capital Program is for infrastructure projects as outlined in the business plan of the Fund.

Airport improvement fee summary since implementation, July 1, 2017:

	March 31, 2018	July 1, 2017
Cumulative AIF revenue	\$ 2,824,025	\$ -
Cumulative AIF expenditures	(107,758)	-
Surplus of revenue over expenditures	\$ 2,716,267	\$ -

12. Accumulated Surplus

	Yellowknife Airport Capital Program Surplus	General Surplus	Total March 31, 2018
Surplus, beginning of period	\$ -	\$ -	\$ -
Annual surplus	2,716,267	25,414,985	28,131,252
Surplus, end of period	\$ 2,716,267	\$ 25,414,985	\$ 28,131,252

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

13. Government transfers

During the year the Government of the Northwest Territories transferred tangible capital assets to the Fund, comprising the Airport facilities acquired prior to the establishment of the Fund, July 1, 2017. The tangible capital assets were transferred at the Government's carrying amount. The transfer was recognized as revenue in the year.

14. Grant In Kind

Occupancy costs comprised of utility costs of \$1,043,094 and property taxes of \$657,000 related to the Airport facilities transferred to the Fund by the Government of the Northwest Territories were incurred during the period by the Government at no cost to the Fund.

15. Related Party Transactions

In addition to those transactions with related parties disclosed elsewhere in the financial statements, the Fund is related in terms of common ownership to all Government of the Northwest Territories departments, agencies and Crown Corporations. The Fund enters into transactions with these entities in the normal course of business.

16. Budget Information

The budget figures are from the Annual Business Plan and are unaudited. The budget reflects a twelve month fiscal year however, these financial statements reflect a nine month period from July 1, 2017 to March 31, 2018.

17. Contractual obligation

The Fund has commitments for leases and service agreements that will require payment in future years. As at March 31, 2018 the commitments amounted to \$2,109,503. The annual payments for these commitments are as follows:

	2019	2020	2021	2022	2023 and subsequent years
Equipment leases	\$ 21,332	\$ 2,447	\$ -	\$ -	\$ -
Service contracts	1,271,434	1,005,190	76,164	51,464	30,637
Airport capital program contracts	54,132	-	-	-	-
	<u>\$ 1,346,898</u>	<u>\$ 1,007,637</u>	<u>\$ 76,164</u>	<u>\$ 51,464</u>	<u>\$ 30,637</u>

Yellowknife Airport Revolving Fund

Notes to Financial Statements

March 31, 2018

18. Risk management

The Fund is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the significant risks from the Fund's financial instruments is provided below:

(a) Credit risk

Credit risk is the risk of financial loss to the Fund if a debtor fails to make payments of interest and principal when due. The Fund is exposed to this risk relating to its accounts receivable and due from the Government of the Northwest Territories.

The Fund's maximum exposure to credit risk is represented by the financial assets balance for a total of \$6,872,951. Accounts receivable are due from various corporations. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. At March 31, 2018, the accounts receivable past due are immaterial and the Fund's management has determined that no portion of accounts receivable is impaired. Management's assessment was based on specific identification and age of receivables.

Management believes the risk exposure related to amounts due from the Government of Northwest territories is minimal given the Government's stability and strong credit worthiness

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Fund in the event of a default. The Fund does have concentration risk. At March 31, 2018, receivables from three customers comprised 52% of the total outstanding accounts receivables. The Fund reduces this risk by monitoring overdue balances. The Fund also has concentration risk related to the amount due from the Government of the Northwest Territories, which is stable and credit worthy, as stated above.

(b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet all cash outflow obligations as they come due. The Fund mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The Fund's maximum exposure to liquidity risk is represented by its financial liabilities for a total of \$1,595,868. Financial liabilities consist of accounts payable and accrued liabilities, which includes amounts due to the Government of Canada for goods and services tax payable. All of the Fund's financial assets and financial liabilities as at March 31, 2018 mature within the next six months.

The Fund has disclosed future financial liabilities and commitments in Note 17.

ENVIRONMENT FUND
FINANCIAL STATEMENTS
For the year ending March 31, 2018

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Toll-Free: 1-800-661-0787

INDEPENDENT AUDITOR'S REPORT

To the Minister of
the Environmental Fund - Department of Environment and Natural Resources

We have audited the accompanying financial statements of The Environment Fund, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations and Changes in Fund Balances 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 for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund'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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

The Environment Fund relies on reports prepared by distributors, processing centres, and depots for the recording of the beverage container program revenues, deposit handling fees, and refundable deposits. The reports provided by the distributors, processing centres, and depots are not independently verified, and consequently, the review of the review of the accounts related these reports is limited to the amounts indicated in the reports. As a result, there's inability to determine if adjustments are required to the recorded revenues, expenditures, accounts receivable, accounts payable or fund balances.

Wages and benefits paid to the employees of the Fund are administered by the Government of Northwest Territories and are audited as part of the Government of Northwest Territories audit. There was limited scope as the components of wages and benefit expenses and related balances were not audited. Accordingly, the auditor was unable to determine whether any adjustments were required/necessary to wages and benefits expenses, liabilities and fund balances.



INDEPENDENT AUDITOR'S REPORT, continued

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Environment Fund as at March 31, 2018, and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Other Matter

The financial statements of The Environment Fund for the year ended March 31, 2017 were audited by another auditor who expressed a qualified opinion similar to matters described in the Basis for Qualified Opinion paragraph above, on those statements on July 6, 2017.

Avery Cooper & Co. Ltd.

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

June 18, 2018



MANAGEMENT'S RESPONSIBILITY FOR REPORTING

Management is responsible with the reliability, integrity and objectivity of the data in the accompanying financial statement which was been prepared in accordance with Canadian public sector accounting standards for not-for-profit organizations. Where appropriate, the financial statements include estimates and judgments based on careful consideration of the information available to management.

In discharging its responsibility for the integrity for financial reporting, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These control systems and practices ensure the orderly conduct of business, the accuracy of the accounting records, reliability of financial information and compliance to legislation governing the Environment Fund.

Avery Cooper & Co. Ltd., Chartered Professional Accountants provides an independent, objective audit for the purpose of expressing an opinion on the financial statement. The auditor also considers whether the transactions that come to their notice during the course of the audit are, in all significant respects, in accordance with specified legislation.

Dennis Marchiori, Director, Corporate Services,
Department of Environment and Natural Resources

June 18, 2018

THE ENVIRONMENT FUND

STATEMENT OF FINANCIAL POSITION

March 31, 2018

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT		
Due from Treasury (note 3)	\$ 3,941,955	\$ 2,780,578
Accounts receivable (note 4)	931,419	984,151
Loans receivable (note 5)	<u>22,500</u>	<u>22,500</u>
	<u>\$ 4,895,874</u>	<u>\$ 3,787,229</u>

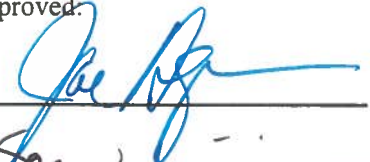
LIABILITIES

CURRENT		
Accounts payable and accrued liabilities	\$ 275,976	\$ 389,438
Unredeemed container liability (note 6)	<u>729,858</u>	<u>840,821</u>
	<u>1,005,834</u>	<u>1,230,259</u>

FUND BALANCES

UNRESTRICTED per page 3	3,360,347	2,039,194
EQUIPMENT REPLACEMENT RESERVE per page 3	<u>529,693</u>	<u>517,776</u>
	<u>3,890,040</u>	<u>2,556,970</u>
	<u>\$ 4,895,874</u>	<u>\$ 3,787,229</u>

Approved:



Deputy Minister

05 July 2018



Director, Corporate Services

THE ENVIRONMENT FUND

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUES		
Beverage Container Program - Schedule 1	\$ 5,736,681	\$ 5,800,724
Electronics Recycling Program - Schedule 2	250,531	153,654
Other Programs and Initiatives - Schedule 3	<u>722,411</u>	<u>680,996</u>
	<u>6,709,623</u>	<u>6,635,374</u>
EXPENSES		
Beverage Container Program - Schedule 1	4,653,309	5,027,690
Electronics Recycling Program - Schedule 2	166,146	171,142
Other Programs and Initiatives - Schedule 3	<u>557,098</u>	<u>976,105</u>
	<u>5,376,553</u>	<u>6,174,937</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 1,333,070</u>	<u>\$ 460,437</u>

THE ENVIRONMENT FUND

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2018

	<u>Unrestricted</u>	<u>Equipment replacement reserve</u>	<u>Total 2018</u>	<u>Total 2017</u>
BALANCE, opening	\$ 2,039,194	\$ 517,776	\$ 2,556,970	\$ 2,096,533
Excess of revenues over expenses per page 2	1,333,070	-	1,333,070	460,437
Transfers (Note 2c)	<u>(11,917)</u>	<u>11,917</u>	<u>-</u>	<u>-</u>
BALANCE, closing	<u>\$ 3,360,347</u>	<u>\$ 529,693</u>	<u>\$ 3,890,040</u>	<u>\$ 2,556,970</u>

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

The Environment Fund (the "Fund") contains all fees and surcharges collected from programs established under the authority of the *Waste Reduction and Recovery Act* (the "Act") of the Northwest Territories. The Act was enacted in October 2003 during the 6th session of the 16th Legislative Assembly. The Act came into force in July 2005 with the establishment of the Environment Fund.

The financial assets of the Fund may be used to pay for:

- the establishment, operation and evaluation of programs in respect of the reduction or recovery of waste;
- education programs related to the reduction or recovery of waste;
- research and development activities related to the reduction or recovery of waste;
- the appropriate disposal of a designated or prohibited material as waste;
- expenses associated with the work of the advisory committee established by the Minister to provide advice and assistance relating to the establishment of programs and operation of programs in respect of the reduction and recovery of waste; and
- other costs associated with programs, initiatives, or activities in respect of the reduction or recovery of waste.

There are three programs that operate under the Environment Fund. The first program, the Beverage Container Program was implemented on November 1, 2005. The second program is the Single-use Retail Bag Program established on January 15, 2010. The Electronics Recycling Program became the third program and was implemented on February 1, 2016. Administration of the three programs rests with the Chief Environmental Protection Officer appointed under the *Environmental Protection Act*.

2. SIGNIFICANT ACCOUNTING POLICIES

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

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(a) Revenue Recognition

- Beverage Container Program revenue, Single-use Retail Bag Program, and Electronics Recycling Program revenue are recognized when beverage containers, single-use retail bags or electronics are distributed or sold in the Northwest Territories. Recoveries are recognized when funds are received. Salvage revenue from recycled materials are recognized when cash is received from the sale of aluminum and plastic.
- Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(b) Tangible Capital Assets

The equipment managed by the fund is not included in these financial statements as they are not the capital assets of the Fund, they are held by the Department of Environment and Natural Resources.

(c) Reserve Funds

Restrictions have been placed on surplus to reserve funds for future operations.

The Equipment Replacement Reserve is equal to 1/10th of the cost of capital equipment including capital equipment purchased with startup funds. In 2018; \$11,917 (2017 - \$11,917) has been reserved for future replacements of capital equipment. The reserve was approved by the Government of the Northwest Territories to be set up for future capital equipment purchases/replacement.

(d) Contributed Services

The Department of Environment and Natural Resources maintains the account of the Environment Fund. The costs associated with the administering and maintaining the accounts are not reflected in these statements as they are reported on the consolidated financial statements of the Government of the Northwest Territories.

(e) Start-up Funding

The Department of Environment and Natural Resources received \$1,143,000 in start up funding from the Government of the Northwest Territories to cover the costs of implementing the Beverage Container Program. The start up costs, which were incurred before the Beverage Container Program came into force on November 1 2005, are not reflected in the financial statements as they are reported on the consolidated financial statements of the Government of the Northwest Territories.

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Cash Flow Statement

As the fund does not maintain a bank account but rather receives working capital advances and finances accounts receivable and operating expenses through the Government's Consolidated Revenue Fund (the "CRF"); a statement of cash flows has not been presented.

(g) Measurement Uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those estimates.

(h) Financial Instruments

The Fund classifies its financial instruments at cost or amortized cost. The Fund's accounting policy for this financial instrument category is as follows:

- This category includes accounts receivable, loans receivable, due from treasury, accounts payable and accrued liabilities, and unredeemed container liability. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.
- Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.
- Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations

3. DUE FROM TREASURY

The Fund is a special purpose fund as defined in *the Financial Administration Act* that forms part of the Government of the Northwest Territories Consolidated Revenue Fund.

In April 2006, the Fund joined the Government of the Northwest Territories investment pool, which consolidates and invests the cash balances for all participants in the money market securities. The monies for these investments flow out of the Consolidated Revenue Fund and do not affect the cash balances of the participants. The investment pool revenues are prorated and allocated to the participants.

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

4. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Accounts receivable	\$ 751,945	\$ 733,626
Due from GNWT - ENR	-	76,603
Due from NWT Liquor Commission	<u>179,474</u>	<u>173,922</u>
	<u>\$ 931,419</u>	<u>\$ 984,151</u>

5. LOANS RECEIVABLE

The Fund loaned one bottle depot operator funds to be used to pay persons returning empty beverage containers to the depots. The outstanding loan is non-interest bearing loan with an amount currently outstanding of \$22,500. It is repayable in monthly installments of \$535.71 starting May 1, 2018 with the final payment due on November 1, 2021.

	<u>2018</u>	<u>2017</u>
	\$ -	\$ 22,500
Due in 2019	5,893	-
Due in 2020	6,429	-
Due in 2021	6,429	-
Due in 2022	<u>3,749</u>	<u>-</u>
Total note receivable	<u>\$ 22,500</u>	<u>\$ 22,500</u>

6. UNREDEEMED CONTAINER LIABILITY

The unredeemed container liability is an amount that is equal to 15% of the beverage container surcharges of the current year. It has been recognized to cover the future redemption of containers that are currently in circulation. It was derived per the policy that the Government of the Northwest Territories specified.

7. EXPENSE ALLOCATION

Wages and benefits for all programs and initiatives have been reported on Schedule 3 - Other Programs and Initiatives.

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

8. RELATED PARTY TRANSACTIONS

The Fund receives human resource management, legal services and risk management from the Government of the Northwest Territories without charge.

The Fund also receives management services from the Department of Environment and Natural Resources as outlined in Note 2(d).

9. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Credit Risk

The Fund does have credit risk in accounts receivable of \$931,419 (2017 - \$984,151). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. Accounts receivable are due from participating distributors of the Beverage Container Program, the Single-use Retail Bag Program and the Electronics Recycling Program. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that no accounts receivable required impairment.

(b) Concentrations of Credit Risk

The Fund does have concentrations of credit risk. Concentrations of credit risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterpart that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At March 31, 2018, receivables from four (2017 - three) customers comprised 52% (2017 - 50%) of the total outstanding accounts receivables. The Fund reduces the risk by monitoring overdue balances.

10. CONTINGENT LIABILITIES

There is one outstanding claim that is pending against the Fund. The likelihood or amount, if any, cannot be reasonably determined and as such no liability has been accrued in these financial statements.

THE ENVIRONMENT FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

11. OVERALL REVENUE AND EXPENSE DETAIL

	<u>2018</u>	<u>2017</u>
REVENUES		
Fees	\$ 6,353,885	\$ 6,277,992
Salvage	305,694	272,029
Interest	40,491	37,135
Recoveries	<u>9,553</u>	<u>48,218</u>
Total Revenues	<u>6,709,623</u>	<u>6,635,374</u>
EXPENSES		
Advertising	26,541	32,961
Contract service -satellite depot	109,303	116,240
Equipment, supplies and maintenance	124,598	141,834
Freight	345,942	354,516
Grants and contributions	84,886	173,451
Handling fees	3,970,993	4,280,572
Insurance	12,233	12,106
Office and software	84,628	16,806
Professional fees	82,980	73,402
Storage	19,350	66,101
Travel and training	54,834	47,586
Wages	<u>460,265</u>	<u>859,362</u>
Total Expenses	<u>5,376,553</u>	<u>6,174,937</u>
Excess of revenues over expenditures	<u>\$ 1,333,070</u>	<u>\$ 460,436</u>

Please note : There was a large decrease in wages and benefits in 2017-18 because the Department of Environment and Natural Resources allocated funds to directly pay a significant portion of the payroll for the Fund.

12. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

THE ENVIRONMENT FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

SCHEDULE OF BEVERAGE CONTAINER PROGRAM

Schedule 1

	<u>2018</u>	<u>2017</u>
REVENUE		
Beverage Container Program Fees	\$ 5,389,988	\$ 5,491,235
Salvage	305,694	272,029
Interest revenue	40,491	37,135
Recoveries	<u>508</u>	<u>325</u>
	<u>5,736,681</u>	<u>5,800,724</u>
EXPENSES		
Advertising and promotion	5,724	9,878
Contract service - satellite depot	105,603	116,240
Depot handling fees	920,264	886,557
Equipment, supplies and maintenance	123,030	141,536
Freight	317,640	339,640
Grants and contributions	81,825	90,321
Insurance	12,233	12,106
Office and software	70,618	15,564
Processing centre handling fees	544,412	575,377
Quality control fees	9,019	38,500
Refundable deposit fees	2,418,136	2,695,070
Storage	16,950	62,001
Travel and training	<u>27,855</u>	<u>44,900</u>
	<u>4,653,309</u>	<u>5,027,690</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 1,083,372</u>	<u>\$ 773,034</u>

THE ENVIRONMENT FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

SCHEDULE OF ELECTRONICS RECYCLING PROGRAM

Schedule 2

	<u>2018</u>	<u>2017</u>
REVENUE		
Electronics Recycling Program Fees	\$ 249,781	\$ 130,865
Recoveries	<u>750</u>	<u>22,789</u>
	<u>250,531</u>	<u>153,654</u>
EXPENSES		
Advertising and promotion	-	11,841
Contract service - satellite depot	3,700	-
Depot, processing centre and recycling fees	79,163	85,069
Equipment, supplies and maintenance	1,568	298
Freight	28,302	14,876
Office	80	104
Professional fees	38,328	53,003
Storage	2,400	4,100
Travel and training	<u>12,606</u>	<u>1,851</u>
	<u>166,146</u>	<u>171,142</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 84,385</u>	<u>\$ (17,488)</u>

THE ENVIRONMENT FUND

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2018

SCHEDULE OF OTHER PROGRAMS AND INITIATIVES

Schedule 3

	<u>2018</u>	<u>2017</u>
REVENUES		
Single-use Retail Bag Program Fees	\$ 714,116	\$ 655,891
Recoveries	<u>8,295</u>	<u>25,105</u>
	<u>722,411</u>	<u>680,996</u>
EXPENSES		
Advertising and promotion	20,817	11,241
Grants and contributions	3,061	83,130
Office	13,930	1,138
Professional fees	44,652	20,399
Travel and training	14,373	835
Wages and benefits	<u>460,265</u>	<u>859,362</u>
	<u>557,098</u>	<u>976,105</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 165,313</u>	<u>\$ (295,109)</u>

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND
Yellowknife, NT**

FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

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Statement of Changes in Net Assets Available for Benefits 2

Statement of Changes in Pension Obligations 3

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

The Accounting firm of Ashton Chartered Accountants has provided an independent objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian accounting standards for pension plans. The auditor also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the NWT Legislative Assembly.

Aon Hewitt, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of actuarial valuations of accrued pension benefits of the board.

On behalf of the Board of Management:



Jackson Lafferty, Speaker



Tim Mercer, Clerk

August 23, 2018

INDEPENDENT AUDITORS' REPORT

To the Members of Legislative Assembly Retiring Allowance Fund

We have audited the accompanying financial statements of the Legislative Assembly Retiring Allowance Fund, which comprise the statement of financial position as at March 31, 2018 and the statements of changes in net assets available for benefits and changes in pension obligations 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 generally accepted accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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

(continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Legislative Assembly Retiring Allowance Fund as at March 31, 2018 and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian generally accepted accounting standards for pension plans.

The logo for Ashton Chartered Accountants, featuring the word "Ashton" in a stylized, handwritten-style font.

Hay River, Northwest Territories
August 23, 2018

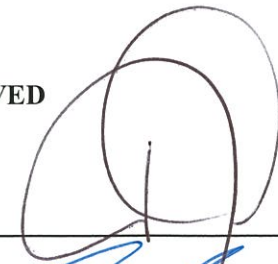
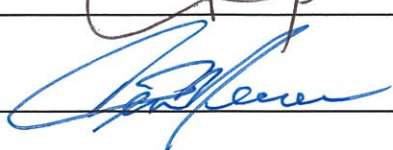
Ashton Chartered Accountants

**LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCE FUND**

STATEMENT OF FINANCIAL POSITION
March 31, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT		
Accounts Receivable (Note 3)	\$ 15,093	\$ 6,500
Accrued Interest Income	<u>18,629</u>	<u>18,317</u>
	33,722	24,817
INVESTMENTS (Note 4)	<u>23,949,037</u>	<u>23,625,184</u>
	<u>\$ 23,982,759</u>	<u>\$ 23,650,001</u>
LIABILITIES		
CURRENT		
Accounts Payable	<u>\$ 51,559</u>	<u>\$ 58,393</u>
NET ASSETS AVAILABLE FOR BENEFITS per page 2	23,931,200	23,591,608
PENSION OBLIGATIONS per page 3 (Note 5)	<u>19,967,300</u>	<u>19,247,800</u>
PENSION PLAN FUND SURPLUS	<u>\$ 3,963,900</u>	<u>\$ 4,343,808</u>

APPROVED


 _____ Speaker

 _____ Clerk

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
INCREASE IN ASSETS		
Contributions:		
Members	218,558	218,421
In-Kind Contributions	<u>6,500</u>	<u>6,500</u>
	<u>225,058</u>	<u>224,921</u>
Investment Income:		
Other Receipts	-	-
Interest	333,486	335,191
Dividends	274,984	273,333
Gain on Sale of Investments	<u>850,004</u>	<u>1,125,716</u>
	1,458,474	1,734,240
Current Period Change in Fair Values of Investments	<u>(199,981)</u>	<u>203,121</u>
Net Investment Income	<u>1,258,493</u>	<u>1,937,361</u>
Total Increase in Assets	<u>1,483,551</u>	<u>2,162,282</u>
DECREASE IN ASSETS		
Benefits		
Pension Payments	974,915	965,338
Termination/Lump sum Payments	<u>-</u>	<u>-</u>
Total Benefits	<u>974,915</u>	<u>965,338</u>
Administrative		
Actuary Fees	32,299	59,629
Audit Fees	6,500	6,500
Investment Management Fees	88,825	85,753
Meeting Travel & Accommodation	9,758	20,177
Trustee Fees	<u>31,662</u>	<u>30,942</u>
Total Administrative	<u>169,044</u>	<u>203,001</u>
Total Decrease in Assets	<u>1,143,959</u>	<u>1,168,339</u>
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	\$ 339,592	\$ 993,943
NET ASSETS AVAILABLE FOR BENEFITS		
BEGINNING OF YEAR	<u>23,591,608</u>	<u>22,597,665</u>
END OF YEAR	<u>\$ 23,931,200</u>	<u>\$ 23,591,608</u>

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended March 31, 2018

	<u>2018</u>	<u>2017</u>
INCREASE IN PENSION OBLIGATIONS		
Interest accrued on benefits	\$ 927,500	\$ 894,700
Benefits accrued	764,000	729,800
Experience loss	-	150,800
	<u>1,691,500</u>	<u>1,775,300</u>
 DECREASE IN PENSION OBLIGATIONS		
Benefits Paid	\$ 972,000	\$ 964,000
Experience gains	-	-
	<u>972,000</u>	<u>964,000</u>
INCREASE IN PENSION OBLIGATIONS	719,500	811,300
 PENSION OBLIGATIONS, BEGINNING OF YEAR	 <u>19,247,800</u>	 <u>18,436,500</u>
PENSION OBLIGATIONS, END OF YEAR	<u>\$ 19,967,300</u>	<u>\$ 19,247,800</u>
 AS REPRESENTED BY		
Active Members	\$ 4,518,500	\$ 3,549,600
Pensioners & Terminated Members	<u>15,448,800</u>	<u>15,698,200</u>
	<u>\$ 19,967,300</u>	<u>\$ 19,247,800</u>

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

NOTE 1 DESCRIPTION OF PLAN

a) General

The Fund was established pursuant to the Legislative Assembly Retiring Allowances Act (NWT) and is administered by the Board of Management. The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time for six or more years prior to October 16, 1995 or four or more years after October 16, 1995, commencing March 10, 1975, the date of the first fully elected Legislative Assembly.

b) The following description of the Legislative Assembly Retiring Allowance Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

1) Funding Policy

The Legislative Assembly Retiring Allowance (NWT) Act requires that the plan sponsor, the Government of the Northwest Territories, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of an actuarial valuation for the fund that must be completed no less frequently than as of the day on which each general election is held.

The Legislative Assembly Retiring Allowances Act (NWT) requires Plan members to contribute 6.5% of their pensionable remuneration and earnings to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any surplus existing in the Plan may be used to reduce the required employer contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements of the Pension Benefits Standards Act.

2) Normal Retirement Age

a. Service Prior to 1992

Age 55

b. Service After 1991

The earliest of:

- age 60
- 30 years of service
- age plus service equals 80

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

NOTE 1 DESCRIPTION OF PLAN - cont'd

3) Retirement Pension

Two percent of the average best total earnings over four years multiplied by Credited Services as a Member

Note that prior to the amendment in 2011, the retirement pension was determined as follows:

Two percent of the average best earnings over four years as an MLA multiplied by Credited Services as an MLA.

PLUS

2% of the average best earnings over four consecutive years in that capacity of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

4) Early Retirement

A member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

A pension which is actuarially equivalent to the pension calculated as if the member was 55.

b. Service after 1991.

A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

5) Late Retirement

Up to age 71.

6) Maximum Allowance

For benefits earned after 1991, the annual retirement pension payable shall not exceed the lesser of:

a. the defined limit as prescribed under the Income Tax Act of Canada for the year in which the pension commences, times the years of credited service after 1991;

b. 2% of the average annual indexed pensionable remuneration, times the years of credited service after 1991.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

NOTE 1 DESCRIPTION OF PLAN - cont'd

7) Form of Pension

a. Service Prior to 1992

The normal form of payment is a joint and 75% survivor pension reducing on the death of the Member.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent.

b. Service After 1991

The normal form of payment for service after 1991 is a joint and 66-2/3% survivor pension reducing on the death of the Member with a guarantee of 100% of the first 60 monthly payments in any event.

Each Dependent will receive a pension of 10% of the retirement pension (to a maximum total of 33-1/3%) if the spouse survives. If there is no surviving spouse, a benefit of 100% shall be divided by the number of children for the first 60 monthly payments after the Member's pension commencement and then 25% of the benefit thereafter (to a maximum total of 100%).

8) Increases in Pension

Pensions in pay and deferred pensions are increased every January 1st based on increases in the Consumer Price Index up to the preceding September 30th.

9) Pre-Retirement Death Benefits

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If he was eligible to receive a pension, it will be assumed that the Member retired on the day preceding his death and elected the normal form of pension.

10) Withdrawal Benefits

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. The Significant policies are detailed as follows:

a) Basis of Presentation

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan or the benefit security of individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

b) Investments

Investments for the Pension Fund are measured at fair value and categorized according to the fair value hierarchy using the market approach valuation technique. The Fund determines fair value of investments based on information supplied by the Investment Manager. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. Transaction costs are expensed as incurred. Investment income is recognized on an accrual basis. The current year change in fair value of investments is the difference between the fair value and the cost of investments at the beginning and end of each year, adjusted for realized gains and losses during the year.

c) Fair value hierarchy

The company classifies its financial assets and liabilities at fair value using a fair value hierarchy made up of three levels, according to the inputs used in making the measurements.

Level 1: This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in an active market that the company can access at the measurement date.

Level 2: This category includes measurements that use, either directly or indirectly, observable inputs other than quoted prices included in level 1. Derivative instruments in this category are measured using models or other standard valuation techniques using observable market data.

Level 3: The measurements in this category depend upon inputs that are less observable, not available or for which observable inputs do not justify most of the instruments' fair value

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES, continued

d) Pension obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

e) Revenue recognition

Revenue from contributions and investment income are recognized on an accrual basis.

f) Contributed services

The Fund recognizes in-kind contributions of materials and services in these financial statements, but only when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Fund's operations and would otherwise have been purchased.

g) Pension benefits

Pension benefits are shown as expenses in the year of payment.

h) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results may differ from these estimates.

Significant estimates are used in determining pension obligations. The Fund's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations. While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

3. ACCOUNTS RECEIVABLE

	2018	2017
Member Contributions	\$ 8,593	\$ -
In-Kind Contributions- GNWT	6,500	6,500
	\$ 15,093	\$ 6,500

In-kind contributions arise from the payment of audit fees by GNWT on the Fund's behalf and are also included in Accounts Payable and Accrued Liabilities.

These balances, which are unsecured, non-interest bearing, and due on demand, are measured at fair value

4. INVESTMENTS

The Plan's investments are categorized according to the fair value hierarchy as follows:

	Cost	2018 Market	Cost	2017 Market
Cash & Cash Equivalents	80,393	80,393	43,058	43,058
Canadian Equity Mutual Funds	4,431,168	4,446,285	4,478,827	4,717,588
International Equity Mutual Funds	5,892,385	7,918,723	5,505,149	7,536,598
Temporary Investments	82,153	82,153	84,851	84,851
Canadian Fixed Income Funds	8,954,666	8,668,428	8,805,046	8,536,848
Government of Canada Bonds	1,882,906	2,134,962	1,882,906	2,112,521
Province of Ontario Bonds	430,653	618,093	430,653	593,720
	\$ 21,754,324	\$ 23,949,037	\$ 21,230,490	\$ 23,625,184

The above listed investments are managed by CIBC Mellon Global Securities and invested by MFS Investment Management Canada Limited and Connor, Clark & Lunn Investment Management Ltd. The investments will not be redeemed in the subsequent period.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

4. INVESTMENTS, continued

The fair value hierarchy as described in not 2(c) requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value. The total investment portfolio by fair value hierarchy is as follows:

	2018	2017
Level 1	\$ 23,949,037	\$ 23,625,184

5. OBLIGATIONS FOR PENSION BENEFITS

The actuarial present value of accrued pension benefits was determined by Aon Hewitt, a firm of consulting actuaries. Their going concern valuation results are reflected in an extrapolation that was based on their last actuarial valuation conducted as at April 1, 2016.

The data and assumptions used for the March 31, 2018 obligations are the same as those used to determine the Best Estimate going-concern valuation results in the most recent valuations at April 1, 2016.

The actuarial liability and cost of benefits accruing after the valuation date have been determined using the Projected Accrued Benefit (or Unit Credit) Actuarial Cost Method.

The following were the assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2018	2017
Valuation Interest Rate (net of expenses)	4.75%	4.75%
Remuneration Projection Rate	2.00%	2.00%
Interest Credited on Contributions	4.75%	4.75%
Inflation Rate	2.00%	2.00%

The actuarial valuation is performed on a going concern basis to determine the funded status and the funding requirements of the pension plan.

The latest actuarial valuation was conducted for the period April 1, 2016 and the related report completed in January 2017. The next actuarial valuation will be completed for April 1, 2020.

As provided by the Actuary, the value of pension benefit obligations as at March 31, 2018 has been obtained using a measurement date of January 31, 2018 by increasing the April 1, 2016 liability by the cost of accruing benefits and interest and subtracting the estimated benefit payments.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

6. FINANCIAL INSTRUMENTS

The Fund's investments are recorded at fair value based on information provided by the investment manager. Other financial instruments consist of accounts receivable, accrued interest income and accounts payable. The fair value of these other financial instruments approximates their carrying values.

The fair values of investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as a basic risk-management tool for the investment portfolio as a whole. The Fund's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Fund assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Fund as necessary. While the above policies aid in risk management, the Fund's investments and performance remain subject to risks, the extent to which is discussed below:

a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in foreign exchange rates. The Fund is exposed to currency risk arising from its holdings to investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies, have underlying foreign currency exposure. This exposure lies principally within foreign equity funds. The Plan manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of interest rate, currency, and other price risk. The extent of market risk exposure is dependent on the nature of the investment.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

6. FINANCIAL INSTRUMENTS, continued

c) Credit risk

Credit risk is the risk that a counterparty to a financial contract will fail to discharge its obligations in accordance with agreed-upon terms. The Fund is exposed to credit risk through its investments in money market instruments (excluding cash), and fixed-income securities. The Fund's credit risk on money market instruments and fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investment.

d) Concentration risk

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and asset allocation targets that are designed to manage exposure to concentrated credit risk.

e) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Fund's financial liabilities consist of Accounts Payable. These amounts are short term in duration and are set to mature within one year. Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Fund's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Fund is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Fund in the Statement of Financial Position. The government of Northwest Territories (GNWT), as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan should they occur.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

6. FINANCIAL INSTRUMENTS, continued

f) Interest rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in market interest rates. The Fund is exposed to interest rate risk through its investment holdings in interest-bearing assets. These principally include money market instruments and fixed-income securities. The Fund manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Fund's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate. Investments subject to interest rate risk bear fixed rates of interest. Therefore, short-term fluctuations in prevailing interest rates would not normally subject the Fund to fluctuating cash flows. In the event of a sale or redemption prior to maturity, proceeds would be affected by the impact of prevailing interest rates on the fair value of the investment. The actuarial value of accrued pension benefits is not considered a financial instrument; however, these benefits are sensitive to changes in long-term interest rates. The Fund is exposed to interest rate risk because of mismatches between the impacts of interest rates on the actuarial value of accrued pension benefits and their corresponding impact on the investment portfolio as a whole. Given the nature of pension benefits, such risks cannot be eliminated but are addressed through the funding of the Plan and through regular review of the characteristics of the Fund's investment portfolio related to the accrued pension benefit liability.

g) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market. The Fund is exposed to other price risk through its holdings in Canadian equities. The Fund manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments in any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentrations of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2018

7. CAPITAL MANAGEMENT

The purpose of the Fund is to provide benefits to plan members. As such, when managing capital, the objective is to preserve assets in a manner that provides the Fund with the ability to continue as a going concern, to have sufficient assets to meet future obligations for benefits and to have sufficient liquidity to meet all benefit and expense payments. The capital of the Fund consists of its surplus. Excluding the impact of investment income, the Fund is financed through member contributions. The surplus represents the difference between the net assets available for benefits and the actuarially determined accrued pension benefits on a going-concern basis. Actuarial valuations, which aid in the determination of the extent of the Fund's capital, are performed every four years following the general election. Surpluses, as well as other relevant aspects of the Plan, are managed in order to comply with the externally imposed requirements of the Income Tax Act and the PBSA.

As at March 31, 2018, the Plan is not in violation of any externally imposed legal or regulatory requirements.

8. AUTHORIZATION

On August 23, 2018, the Board of Management authorized the issue of the financial statements for the year ended March 31, 2018.

**THE NATURAL RESOURCES
CONSERVATION TRUST FUND**
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2018

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with the *Natural Resources Conservation Trust Act of the Northwest Territories* ("the Act"). Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

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

Director, Corporate Services

June 25, 2018

INDEPENDENT AUDITOR'S REPORT

To the Minister of the Department of Environment and Natural Resources of
The Natural Resources Conservation Trust Fund

We have audited the accompanying financial statements of The Natural Resources Conservation Trust Fund, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations and Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the *Natural Resources Conservation Trust Act* of the Northwest Territories ("the Act"), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund'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 Fund's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of The Natural Resources Conservation Trust Fund as at March 31, 2018, and the results of its operations for the year then ended are prepared, in all material respects, in accordance with Act.

INDEPENDENT AUDITOR'S REPORT, continued

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Fund to meet the requirements of the Act referred to above. As a result, the financial statements may not be suitable for another purpose.

Avery Cooper & Co. Ltd.

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

June 25, 2018


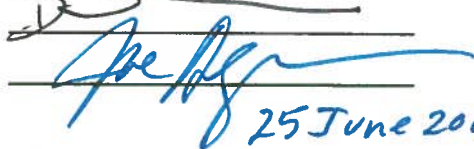
THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF FINANCIAL POSITION

March 31, 2018

	<u>2018</u>	<u>2017</u>
ASSET		
CURRENT		
Cash	<u>\$ 239,903</u>	<u>\$ 235,806</u>
LIABILITY		
CURRENT		
Accounts payable and accrued liabilities	<u>\$ 5,975</u>	<u>\$ 2,500</u>
FUND BALANCES		
CAPITAL PORTION per page 3	188,445	187,828
INTEREST PORTION per page 3	<u>45,483</u>	<u>45,478</u>
	<u>233,928</u>	<u>233,306</u>
	<u>\$ 239,903</u>	<u>\$ 235,806</u>

Approved:



25 June 2018.

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF OPERATIONS

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
REVENUES		
Interest income	\$ 3,372	\$ 2,450
GENERAL AND ADMINISTRATIVE EXPENSES		
Professional fees	<u>2,750</u>	<u>3,125</u>
	<u>2,750</u>	<u>3,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ 622</u>	<u>\$ (675)</u>

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2018

	<u>Capital Portion</u>	<u>Interest Portion</u>	<u>Total 2018</u>	<u>Total 2017</u>
BALANCE, opening	\$ 187,828	\$ 45,478	\$ 233,306	\$ 233,981
Excess (deficiency) of revenues over general and administrative expenses per page 2	<u>-</u>	<u>622</u>	<u>622</u>	<u>(675)</u>
BALANCE, closing	<u>\$ 187,828</u>	<u>\$ 46,100</u>	<u>\$ 233,928</u>	<u>\$ 233,306</u>

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

1. NATURE OF OPERATIONS

The Natural Resources Conservation Trust Fund was established under the Natural Resources Conservation Trust Act of the Northwest Territories. The purpose of the Fund is to promote, through education, research and demonstration, the:

- (a) wise use of renewable resources;
- (b) awareness, enhancement and protection of the environment; and
- (c) use of the most efficient and most effective methods of trapping wildlife.

A Board of Trustees was appointed by the Minister of Resources, Wildlife and Economic Development, Government of the Northwest Territories (GNWT). Commencing April 1, 2005, the responsibilities were transferred to the Minister of Environmental and Natural Resources to administer the Fund.

The Fund is established as a Special Purpose Fund as defined under subsection 20(1) of the Financial Administration Act (NWT). As such, the Fund is a part of the Consolidated Revenue Fund of the GNWT.

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with the Natural Resources Conservation Trust Act of the Northwest Territories. The significant policies are detailed as follows:

(a) Fund accounting

In accordance with the Act, the Fund is administered into two portions, the Capital portion, and the Interest portion.

Capital portion

The Capital portion consists of donations, bequests and other payments for deposit accepted by the Board. The Board may not make payments from the capital portion without prior approval of the Minister unless the payment is for designated purpose that has been specified by the benefactor. There are no designated funds in the capital portion of the Fund.

Interest portion

The Interest portion consists of interest earned by the Fund. The Financial Management Board fixes the rate of interest earned by the Fund. The Board of Trustees may make payments from the Interest portion of the Fund to persons, groups and programs.

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

2. BASIS OF ACCOUNTING AND SIGNIFICANT ACCOUNTING POLICIES, continued

(b) Revenue recognition

The Fund follows the deferral method of accounting for contributions. Contributions subject to conditions are recognized as revenue in the year in which the related expenses are incurred. The Board of Trustees may accept donations, bequests or payments that are subject to conditions if the conditions are, in the opinion of the Board, appropriate to the purposes of the Fund. Where the Board accepts such items that are subject to conditions, the Board is bound to comply with those conditions.

Contributions not subject to conditions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest income is recognized as revenue when earned.

(c) Contributed materials and services

The Department of Environment and Natural Resources maintains the Fund's accounts. The cost of administering the Fund are borne by the Department. The Fund has elected not to recognize contributed materials and services in these financial statements.

(d) Expenses

Payments from the Interest portion and the Capital portion of the Fund are recognized as expenses in the period in which the events giving rise to the payment occurred, as long as the payment is authorized, eligibility criteria have been met and a reasonable estimate of the amount can be made. All other expenses are recognized on an accrual basis.

3. FINANCIAL INSTRUMENTS

Fair value

The Fund's financial instruments consist of cash and accounts payable and accrued liabilities. In the opinion of the Board, the Fund is not exposed to significant interest rate, market, currency, market, liquidity or credit risks from these financial instruments. The carrying value of these instruments approximates their fair value.

**Report to the Commissioner of the
Northwest Territories
on the examination of the accounts
and financial statements of the**

**PUBLIC TRUSTEE FOR THE
NORTHWEST TERRITORIES**

For the Year Ended March 31, 2018

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Notes to the Financial Statements



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Public Trustee for the Northwest Territories is responsible for the preparation, integrity and objectivity of the financial statements. The financial statements have been prepared in accordance with the Public Trustee Act. Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

The Public Trustee for the Northwest Territories has developed and maintained books of account, records, financial and management controls and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Public Trustee Act.

It is the responsibility of Avery Cooper & Co. Ltd. Chartered Professional Accountants to provide an independent, objective audit for the purpose of expressing their opinion on the financial statements.

Public Trustee for the Northwest Territories

Brian J. Asmundson
Public Trustee

July 4, 2018



INDEPENDENT AUDITORS' REPORT

To the Commissioner

Report on the Financial Statements

We have audited the accompanying financial statements of the Office of the Public Trustee for the Northwest Territories, which comprise the Balance Sheet as at March 31, 2018, and the Statement of Operations, and the Statement Changes in Estate & Trust Fund Balance 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 of these financial statements in accordance with the *Public Trustee Act* of the Northwest Territories ("the Act"), 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 of 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.

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

Opinion

In our opinion, the financial statements of the Office of the Public Trustee for the Northwest Territories for the year ended March 31, 2018 are prepared, in all material respects, in accordance with the Act.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Office of the Public Trustee for the Northwest Territories to meet the requirements of the Act referred to above. As a result, the financial statements may not be suitable for another purpose.

Report on Other Legal and Regulatory Requirements

We further report that in our opinion, proper books of account have been kept by the Public Trustee, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Public Trustee.

Avery Cooper & Co. Ltd.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND**

BALANCE SHEET

March 31, 2018

ASSETS

	<u>2018</u>	<u>2017</u>
Cash (Note 3)	\$5,931,372	\$5,526,965
Other assets at nominal value (Note 2b)	_____ 1	_____ 1
	<u>\$5,931,373</u>	<u>\$5,526,966</u>

NET ASSETS

Undistributed Common Fund earnings per Statement II (Note 4)	\$ 37,320	\$ 35,274
Public Trustee Management Fund (Note 6)	32,320	20,893
Estate & Trust Fund per Statement III (Note 5)	<u>5,861,933</u>	<u>5,470,799</u>
	<u>\$5,931,573</u>	<u>\$5,526,966</u>

APPROVED:

Bruan J. Asmundson

Public Trustee for the Northwest Territories

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND**

STATEMENT OF OPERATIONS
For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
Undistributed Common Fund earnings, opening	<u>\$ 35,274</u>	<u>\$ 26,741</u>
Add:		
Common Fund earnings	<u>75,224</u>	<u>55,429</u>
Less:		
Interest paid to estates and trusts (Statement III)	50,947	46,896
Excess interest paid to the Government of the Northwest Territories	304	-
Transfers to Public Trustee Management Fund (Note 6)	<u>21,927</u>	<u>-</u>
	<u>73,178</u>	<u>46,896</u>
Increase in Undistributed Common Fund earnings balance	<u>2,046</u>	<u>8,533</u>
Undistributed Common Fund earnings, closing	<u>\$ 37,320</u>	<u>\$ 35,274</u>

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND**

STATEMENT OF CHANGES IN ESTATE & TRUST FUND BALANCE

For the year ended March 31, 2018

	<u>2018</u>	<u>2017</u>
Estate & trust funds provided:		
Estate and trust assets received	\$ 1,680,352	\$ 1,609,207
Common Fund interest paid to estates and trusts (Statement II)	<u>50,947</u>	<u>46,896</u>
	<u>1,731,299</u>	<u>1,656,103</u>
Estate & trust funds applied:		
Payments to beneficiaries	327,250	678,528
Disbursements made on behalf of estates and trusts	884,235	948,645
Administration fees (Note 2c)	122,242	99,844
GST on Administration fees	6,113	4,992
Court fees	<u>325</u>	<u>1,391</u>
	<u>1,340,165</u>	<u>1,733,400</u>
Increase (decrease) in Estate & Trust Fund balance	391,134	(77,297)
Estate & Trust Fund balance, opening	<u>5,470,799</u>	<u>5,548,096</u>
Estate & Trust Fund balance, closing	<u>\$ 5,861,933</u>	<u>\$ 5,470,799</u>

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

NOTE 1 AUTHORITY

The Public Trustee operates under the authority of the *Public Trustee Act*, Revised Statutes of the Northwest Territories 1988, Chapter P-19 as amended.

NOTE 2 BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with the significant accounting policies set out below to comply with the *Public Trustee Act*. The basis of accounting used in these financial statements materially differs from Canadian public sector accounting standards because estate and trust funds provided and applied, and Common Fund earnings distributions otherwise accrued at year end, are not included until paid. Estate & Trust Fund assets other than cash have been recorded at nominal value. Significant accounting policies are as follows:

- a) These financial statements have been prepared on the cash basis of accounting except as otherwise stated.
- b) All Estate & Trust Fund assets other than cash, which include business interests, mortgages, stocks, bonds, term deposits, real estate and other assets, are carried at a nominal value of one dollar (\$1).
- c) Expenditures for the operation of the Public Trustee are paid from the Consolidated Revenue Fund of the Government of the Northwest Territories and, except for \$122,546 (2017 - \$99,844) paid to the Consolidated Revenue Fund as administration fees and the transfer of interest earned, are not reflected in these financial statements. Management fees paid to the Public Trustee out of the excess interest earned by the Common Fund are credited to the Public Trustee Management Fund.

NOTE 3 CASH IN BANK

The Office of the Public Trustee is a member of the Government of the Northwest Territories investment pool.

The Government of the Northwest Territories consolidates and invests the cash balances of all investment pool participants in money market securities. The money for these investments flow out of the Government of the Northwest Territories main revenue account and accordingly do not affect the cash balances of the participants. Investment pool revenues are prorated and paid to participants monthly.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

NOTE 4 UNDISTRIBUTED COMMON FUND EARNINGS

Common Fund earnings are distributed half-yearly, on April 30th and October 31st each year, as interest paid to estates and trusts, and excess interest paid to the Government of the Northwest Territories.

Interest earned on the Common Fund is utilized to pay prescribed interest on estates and trusts, and any deficiency between the aggregate amounts of sums invested in the Common Fund and the actual value of the investments of the Common Fund. Where the interest earned on investment of the Common Fund exceeds the amount required to make these payments and management fees paid to the Public Trustee, the excess is paid to the Consolidated Revenue Fund of the Government of the Northwest Territories.

The balance of Undistributed Common Fund earnings represents the cumulative earnings of the Common Fund between November 1st and March 31st which will be distributed on April 30th of the next fiscal year.

NOTE 5 ESTATE & TRUST FUND

The Estate & Trust Fund reflects all known assets of the estates and trusts administered by the Public Trustee. The Estate & Trust Fund is comprised of the following amounts:

	<u>2018</u>	<u>2017</u>
Common Fund	\$5,861,932	\$5,470,798
Other assets at nominal value	<u>1</u>	<u>1</u>
	<u>\$5,861,933</u>	<u>\$5,470,799</u>

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2018

NOTE 6 PUBLIC TRUSTEE MANAGEMENT FUND

The change during the year in the Public Trustee Management Fund is as follows:

	<u>2018</u>	<u>2017</u>
Public Trustee Management Fund balance, opening	\$20,893	\$30,643
Add:		
Management fees transferred to the Public Trustee out of the excess interest earned (Statement II)	21,927	-
Less:		
Costs incurred in respect of the annual audit	<u>(10,500)</u>	<u>(9,750)</u>
Public Trustee Management Fund balance, closing	<u>\$32,320</u>	<u>\$20,893</u>

NOTE 7 FINANCIAL INSTRUMENTS

The financial instruments of the Fund consist of cash, undistributed Common Fund earnings, and the Common Fund. It is management's opinion that the Public Trustee is not exposed to significant interest rate, currency, market, credit or liquidity risks and that the fair value of these financial instruments approximates their carrying value.

STUDENTS LOAN FUND

FOR THE YEAR ENDED MARCH 31, 2018

Government of the Northwest Territories
 Students Loan Fund
 Statement of Operations
 for the year ended March 31, 2018

(thousands of dollars)

	2018	2017
Loans Receivable, opening balance	H.NC.02.03 41,320	41,953
Loans granted during the year	<u>6,098</u>	<u>5,835</u>
	47,417	47,788
Less:		
Principal amount of loans repaid	H.NC.02.04 (3,311)	(3,248)
Principal amount of loan forgiveness	H.NC.02.06 -	-
Principal amount of loan remissions	H.NC.02.02 (2,733)	(2,501)
Principal Amount of Northern Bonus	<u>H.NC.02.13 (421)</u>	<u>(719)</u>
Loans Receivable, closing balance	40,953	41,320
Less:		
Allowance for remissable and doubtful loans	<u>H.NC.02.07 (17,216)</u>	<u>(17,697)</u>
Net Loans Receivable, closing balance	<u>23,737</u>	<u>23,624</u>

Effect of Students Loan Fund on Government Operations

Interest earned and credited to general revenues	H.NC.02.08 290	320
Reduction to allowance for doubtful accounts credited to Recovery of Prior Year Expenses		1,100
Less:		
Collection agency fees	H.NC.02.15 (14)	(13)
Estimated provision for remission and doubtful accounts	<u>H.NC.02.07 (2,252)</u>	<u>(2,334)</u>
Operating deficiency for the year	<u>(1,976)</u>	<u>(927)</u>

Approved:

Sylvia Haener
 Deputy Minister
 Department of Education, Culture and Employment

Marissa Martin
 Director, Finance and Capital Planning
 Department of Education, Culture and Employment

Students Loan Fund

Notes to the Financial Statement

(in thousands)

March 31, 2018

1. Authority

In accordance with the *Student Financial Assistance Act* (the Act) and the *Student Financial Assistance Regulations* (the Regulations), financial assistance is provided by the Department of Education, Culture and Employment (ECE) to eligible students to assist with the cost of obtaining a post-secondary education. Student Financial Assistance (SFA) provides assistance through a combination of grants and loans (remissible and repayable), subject to eligibility criteria as prescribed in the Regulations.

2. Description of the Program

The Government of Canada introduced the Canada Student Loan Program (CSLP) in 1964. Prior to July 31, 1988, the NWT participated in the CSLP. In 1988, the NWT opted out of the CSLP and now receives an Alternative Payment, in accordance with section 14(4) of the *Canada Student Financial Assistance Act*.

At that time, a Students Loan Fund (SLF) was established in the Consolidated Revenue Fund to enable disbursements and payments specific to loans made under the Act. In accordance with the Act, the following shall be credited to the SLF according to Provision 9:

- a. all repayments of principal on loans made under the Act;
- b. the amount of all loans remitted under the Act. Remissible loans function much like repayable loans; however, students may be eligible to have part to all of their loan forgiven (meaning they do not have to pay the loan back) provided certain criteria are met (i.e. having met the academic and residency criteria);
- c. in addition Northern Bonus Grants are provided to students if the criteria are met (i.e. having met the academic, and residency criteria and provided the loan is up to date); and
- d. the principal amounts of all loans made under the Act that are written off under the *Financial Administration Act* (FAA).

The SLF currently has a maximum revolving limit of \$45 million.

3. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian public sector accounting standards. The following accounting policies are considered significant.

a) Student Loans Receivable

Student loans receivable are stated at the lower of cost and net recoverable value. Valuation allowances, determined on an individual basis, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements and are adjusted

annually to reflect the current circumstances of recording write downs or recoveries, as appropriate. Write-offs are recognized when the loans have been deemed unrealizable and or uncollectable. Recoveries are recorded when loans previously written off are subsequently collected. Interest revenue is not accrued when the collectability of either principal or interest is not reasonably assured.

Simple interest is charged on loans following the interest-free in school period. Payments on loans are applied first to interest and then to outstanding principal.

b) Expenses

Loans are granted to students and recorded as expenditures as eligibility criteria are met by students over their period of study.

c) Measurement Uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable.

The more significant management estimate relates to the valuation allowances for loans receivable.

4. Allowance for Remission and Doubtful Accounts

The Allowance is allocated as follows:

	<u>2018</u>	<u>2017</u>
Allowance for Forgiveness – Remissible Loans	\$7,242	\$7,560
Allowance for Doubtful Accounts – Repayable Loans	9,974	10,137
Total Allowance	<u>\$17,216</u>	<u>\$17,697</u>

5. Related Party Transactions

In accordance with established government practice, all administrative and occupancy costs are paid by ECE. Accordingly, no provision for these costs is reflected in these financial statements. Costs paid to other agencies for loan collection services are paid by the SLF and reflected in the financial statement.

6. Financial Instruments and Risk Management

Through its financial assets and liabilities, the SLF is exposed to various risks.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge their responsibilities with respect to the financial instrument, and in doing so, cause a loss for the other party. For the Fund, credit risk is significant with respect to potential non-payment of student loans.

Mitigation processes aimed at minimizing credit losses begin with procedures that support the granting of loans and ongoing throughout the loan life cycle such as conducting credit checks, providing repayment support to low-income borrowers, and undertaking well defined procedures for addressing loan delinquencies.

Loans are interest-free during periods of study and become repayable in the seventh month after graduation or discontinuation of study. The SLF's maximum risk is represented by the Loans Receivable, Closing Balance.

b) Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Interest rate risk is related to payment terms. Changes in interest rates will affect interest revenue.

Interest rates are set during the week of January 1st for students whose loan becomes repayable during the course of that calendar year. Interest rates are set based upon the Bank of Canada Prime Business Rate (less one percentage point). This will be the student's interest rate for the duration of their repayment, except students who return to the NWT. Effective September 2015, students who return to the NWT they will be granted zero percent interest for the duration of their stay, with the original interest rate being reinstated if they leave the NWT. The interest rate is not adjusted in any other circumstances.

c) Liquidity Risk

Liquidity risk is the risk the SLF will encounter difficulty in meeting financial obligations as they fall due. The SLF's liquidity risk is minimal as the SLF's bank accounts are supported by the Government of the Northwest Territories.

7. Budget

The budget has been approved by the Legislative Assembly.

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2018

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2018

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Management's Responsibility Statement


The accompanying financial statements have been prepared by the Government of the Northwest Territories, Department of Justice's management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts that are based on informed judgments and estimates by management, giving appropriate consideration to reasonable limits of materiality.

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

The financial statements have been reported on by Crowe MacKay LLP, Chartered Professional Accountants, the Pension Plan auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Aon Hewitt, an independent firm of consulting actuaries, has been engaged to provide actuarial valuations of the present value of the accrued pension benefits to be provided from the Territorial Court Judges' Registered Pension Plan Fund.

On behalf of the Territorial Court Judges' Registered Pension Plan Fund



 Mr. Martin Goldney
 Deputy Minister, Department of Justice
 Government of the Northwest Territories,

MAY 31 2018

 Date



 Witness

MAY 31 2018

 Date

Independent Auditors' Report

To the Members of Territorial Court Judges Registered Pension Plan Fund

We have audited the accompanying financial statements of the Territorial Court Judges Registered Pension Plan Fund ("the Plan"), which comprise the statement of financial position as at January 1, 2018 and the statement of changes in net assets available for benefits, and changes in pension obligations for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal controls relevant to the Plan'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 Plan's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



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Independent Auditors' Report (continued)

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Territorial Court Judges Registered Pension Plan Fund as at January 1, 2018, and the changes in net assets available for benefits, and changes in pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

**Yellowknife, Northwest Territories
May 31, 2018**

A handwritten signature in black ink that reads "Crowe MacKay LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Pension Obligations

For the year ended January 1,	2018	2017
Increase in pension obligations:		
Interest accrued on benefits	\$ 299,000	\$ 289,100
Benefits accrued	247,100	247,100
Experience (gains) and losses	-	257,500
	546,100	793,700
Decrease in pension obligations:		
Benefits paid	278,994	286,900
Increase in pension obligation	267,106	506,800
Pension obligation, beginning of year	7,319,700	6,812,900
Pension obligation, end of year	\$ 7,586,806	\$ 7,319,700

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

1. Description of Plan

The following description of the Territorial Court Judges' Registered Pension Plan Fund ("Plan") is a summary only.

(a) General

The Plan is a contributory defined benefit pension plan which provides pension benefits for all Territorial Court Judges of the Northwest Territories. The Plan was established by the Judges' Registered Pension Plan Regulations under Section 32 of the *Territorial Court Act*. The Plan came into effect on February 1, 1994 and was a non-contributory plan until April 1, 1999 when it became contributory at 6% of pensionable earnings. A Territorial Judge appointed after the effective date participates in the Plan, unless the Judge objects on the basis of religious belief.

The Plan is a registered plan as defined in the *Income Tax Act* (Canada) (ITA) and, consequently, is not subject to income taxes, it is also not subject to any territorial or federal pension standards legislation. The Plan's registration number for income tax purposes is 995761.

(b) Funding Policy

The *Territorial Court Act* requires that the plan sponsor, the Government of the Northwest Territories (GNWT) and the Plan members, fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of a triennial actuarial valuation for the fund.

In accordance with the Trust agreement, employer and member contributions required are equal to the amount certified by the Actuary as being necessary to fund the benefits accruing under the Plan. Any surplus existing in the Plan may be used to reduce the required contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirement of section 8 of the Judges' Pension Plan Regulations.

(c) Normal Retirement Age

A Judge may retire on or after attainment of age 60 without reduction in pension.

(d) Early Retirement

A Judge may retire anytime after age 50 and prior to age 60 with a pension that is reduced by a quarter of one percent for each month that retirement precedes age 60. However, there is no reduction if the Judge has attained 80 years of combined judicial service and age at the date of pension commencement.

(e) Late Retirement

A Judge who attains 69 years of age shall receive a retirement pension commencing on the first day of the month immediately following the month in which the judge attains that age.

(f) Benefits on Death

When a Judge or former Judge dies, the Judge's surviving spouse is entitled to receive a pension for life equal to 60% (50% in respect of pre 1992 pensionable service) of the pension that the Judge was receiving immediately before death, or, if the Judge was not yet retired, 60% (50% in respect of pre 1992 pensionable service) of the pension that the Judge had earned up to the date of death. If the deceased Judge was not receiving a pension prior to his/her death, the spouse has the option of transferring the commuted value of the spouse's pension to a Registered Retirement Savings Plan or receiving the commuted value as a cash payment.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

1. Description of Plan (continued)

(g) Credited Pension

The benefit payable from the Plan for each year of pensionable service for periods after January 1, 1992 is equal to the maximum permitted under the *Income Tax Act*. The limit increases annually to reflect increases in average Canadian wages.

The annual pension at retirement for each year of pensionable service credited in respect of periods before 1992 is calculated as 2% of average annual earnings in the six consecutive years before retirement in which such average was the highest, reducing at age 65 by an amount equal to 0.7% of the averages Year's Maximum Pensionable Earnings (as defined in the Canada Pension Plan) determined over 3 years at the time of retirement. The *Income Tax Act* maximum pension does not affect the pre 1992 entitlement.

(h) Cost of Living Increases

All retirement, spousal and deferred pensions receive cost of living increases equal to the full rate of increase in the Consumer Price Index for Canada. Increases are applied at each January 1st; with the first such increase being prorated to reflect the portion of the prior year since the date of retirement/termination/death. Commuted values are calculated to reflect future cost of living increase.

(i) Benefits Paid on Resignation

A Judge who resigns from the bench prior to attainment of age 60, and who is not entitled to an immediate unreduced pension, may elect to receive either a monthly deferred pension (commencing at any time between the ages of 50 and 69) or a lump sum payment of the commuted value of the deferred pension.

2. Basis of presentation and summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for pension plans. The significant policies are detailed as follows:

(a) Basis of presentation

These financial statements are prepared on the going concern basis and present the information of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared for regulatory purposes and to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of the individual plan members. As such, participants may also need to review, amongst other things, actuarial reports, and to take into account the financial health of the sponsor.

In selecting or changing accounting policies that do not relate to its investment portfolio or pension obligations, Canadian accounting standards for pension plans ("ASPP") require the Plan to comply on a consistent basis with either International Financial Reporting Standards ("IFRS"), or Canadian accounting standards for private enterprises ("ASPE"), to the extent that those standards do not conflict with the requirements of ASPP. The Plan has chosen to comply on a consistent basis with ASPE.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

2. Basis of presentation and summary of significant accounting policies (continued)

(b) Investments

Investments are recorded and measured at market value (fair value). Any adjustments to investments due to the fluctuation in market prices from date of purchase or the last valuation adjustment are reflected in the statement of changes in net assets available for benefits. Market value is determined using listed market values as at December 31.

Investment transactions are recorded on the trade date.

Income from investments includes interest income and dividend income and are recorded on accrual basis. Pooled fund investments income is recognized when the calendar year income distribution is declared.

Current period change in market value of investments includes all net realized and unrealized capital gains. Gains or losses on sale or maturity of investments, based on the difference between average cost and proceeds, net of any selling expenses, are recorded at the time of disposition of the investment.

(c) Employee and employer contributions

Contributions are recognized on accrual basis during the period in which the employees wages and salaries are earned. Employer contributions for current service and special payment for funding deficiency must meet contributions required based on the most recent actuarial valuation report. Employee contributions for past service are recorded in the year received.

(d) Administrative expenses and benefit payments

Administrative expenses represent fees incurred by the plan for Trustee and management fees, actuaries, and auditors. They are recognized in the period in which the service is provided.

Benefit payments represent pension payments to retired members and are recognized on monthly basis when they become due.

(e) Financial instruments

The Plan initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Plan subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include contributions receivable - members and contributions receivable GNWT.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Investments are measured at fair value.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

2. Basis of presentation and summary of significant accounting policies (continued)

(e) Financial instruments (continued)

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;
- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

(f) Contributed Services

The Fund recognizes in-kind contributions of materials and services in these financial statements, but only when a fair value can be reasonably estimated and when the material and services are used in the normal course of the Fund's operations and would otherwise have been purchased.

(g) Pension obligations

Pension obligations of the defined benefit pension plan are measured using the actuarial present value of accrued pension benefits determined by applying best estimate assumptions and the projected benefit method prorated on services. Net assets available for benefits is the difference between the Plan's assets and its liabilities, excluding the accrued pension benefits.

(g) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Significant estimates are used in determining pension obligations. The Plan's actual experience may differ significantly from assumptions used in the calculation of the Plan's pension obligations.

While best estimates have been used in the valuation of the Plan's actuarial value of accrued benefits, management considers that it is possible, based on existing knowledge, that changes in future conditions in the short term could require a material change in the recognized amounts. Differences between actual results and expectations are disclosed in these financial statements as actuarial gains or losses on Actuarial Benefit Obligations in the Statement of Changes in Pension Obligations in the year when actual results are known.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

3. Contribution Receivable - GNWT

	2018	2017
In-Kind Contribution	\$ 4,703	\$ 4,703
Current Services Contributions	22,500	62,475
	\$ 27,203	\$ 67,178

In-kind contributions arise from the payment of audit and actuary fees by GNWT on the Fund's behalf and are also included in Accounts Payable and Accrued Liabilities.

These balances, which are unsecured, non-interest bearing, and due on demand, are measured at fair value.

4. Investments

The Plan's investments are categorized according to the fair value hierarchy as follows:

	2018	2017
Canadian Equities	\$ 1,942,289	\$ 1,825,318
Global Equities	1,986,576	1,584,682
Emerging Market Equity	-	223,029
Bond funds	2,271,276	2,171,601
Canadian Money Market Funds	126,534	64,561
Total market value of the investment portfolio	\$ 6,326,675	\$ 5,869,191

The total cost of the investments for the year ended January 1, 2018 is **\$5,023,259** (2017 - \$4,755,057).

The above listed investments are held in a pooled pension Trust by RBC Phillips, Hager & North Investment Counsel Inc. and will not be redeemed in the subsequent period.

The fair value hierarchy requires the use of observable market inputs wherever such inputs exist.

A financial instrument is classified at the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

All investments are valued based on information provided by the investment manager. In particular, the market value for the portfolio is determined by the Net Asset Value Per Unit (NAPVU or unit price) for the RBC Phillips, Hager & North Investment Counsel Inc. Balance Pension Trust (BPT) on the last day of each quarter. This price is derived by end-of-day prices for each of the securities that make up the BPT.

The prices of each security are taken from relevant exchanges or third party providers for each security (TSX for Canadian stocks, NYSE for US stocks, PC Bond Analytics for Bonds) and are compiled by the BPT's custodian, RBC Investor Services Trust.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

5. Obligation for pension benefits

The actuarial present value of accrued pension benefits was estimated by Aon Hewitt Associates, a firm of consulting actuaries. Their going concern valuation results are reflected in an extrapolation that was based on their last actuarial valuation conducted as at April 1, 2016. The data and assumptions used for the January 1, 2017 are the same as that used in the actuarial valuation as at April 1, 2016. The going concern results were prepared using the projected benefit actuarial cost method (also known as the projected unit credit method).

The following assumptions used in determining the actuarial value of accrued pension benefits. They were developed by reference to expected long term market conditions.

	2018	2017
Discount rate	4.10 %	4.10 %
Salary projection rate	3.50 %	3.50 %
Price inflation	2.00 %	2.00 %
Real rate of return	3.00 %	3.00 %

An actuarial valuation is performed on a going concern basis to determine the funded status and the funding requirements of the pension plan.

The latest actuarial valuation report conducted for the period April 1, 2016 was completed in July, 2016. The next funding valuation must be performed no later that April 1, 2019.

As provided by the Actuary, the value of pension benefit obligations as at January 1 of each year is not available. Instead, the value as at March 31 is being used to compare with the net assets available for benefits as at January 1.

6. Contributions

The GNWT made quarterly contributions to the Fund based on the most recent actuarial valuation which was as at April 1, 2016. Contribution values are based on the assumption of an annual expected return on Fund assets. The GNWT may reduce contributions to the Fund by the amount of any surplus existing within the Fund on the last actuarial valuation date. Per the actuarial valuation, a going concern unfunded liability in the amount of \$1,464,900 (2013 - \$999,800) existed in the Fund at April 1, 2016. Per actuarial valuation, the rule for determining the employer's current service cost and special payments is based on the maximum funding valuation as the going concern valuation produces a higher total employer contribution and unfunded liability. Per the actuarial valuation, the Plan had a maximum funding unfunded liability of \$247,100 as at April 1, 2016 (2013 - \$73,700)

Per the Plan Regulations, this amount is required to be funded over a period of not more than 15 years from the valuation date.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

7. Administrative Expense

Administrative expenses include fees charged by the investment manager, trustee, auditor and actuary. Administration costs of the Fund may be paid directly by the GNWT or by the trustee from Fund assets. Payments made directly by the GNWT to the fund are recognized as a corresponding increase to in-kind contributions.

	2018	2017
Actuarial fees	\$ 9,789	\$ 31,125
Audit	4,703	4,701
Investment management	37,021	28,546
Trustee and custodial fees	25,855	25,452
	\$ 77,368	\$ 89,824

8. Financial Instruments

The Plan's investments consist predominantly of assets whose values are exposed to fluctuations in interest rates, foreign exchange rates and financial markets. Other financial instruments are not exposed to significant interest or currency risks.

The fair values of investments are exposed to credit, liquidity, and market risks. Asset diversification and investment eligibility requirements serve as basic risk-management tools for the investment portfolio as a whole. The Fund's investment strategy requires that investments be held in a diversified mix of asset types and also sets out investment eligibility requirements. The diversification of assets serves to lower the variations in the expected return performance of the portfolio. Eligibility requirements serve to ensure that Fund assets, to the extent possible, are not placed at undue levels of risk and can meet the obligations of the Fund as necessary. While the above policies aid in risk management, the Fund's investments and performance remain subject to risks, the extent of which is discussed below:

Credit risk

Credit risk is the risk that counterparty to a financial contract will fail to discharge its obligations in accordance with agree-upon terms. The Fund is exposed to credit risk through its investments in money market instruments (excluding cash), and fixed-income securities.

The Fund's credit risk on money market instruments and fixed-income securities is managed by setting concentration limits on exposure to any single issuer, as well as by setting minimum credit-rating criteria for investments.

Concentrations of credit risk exist when a significant proportion of the portfolio is invested in securities subject to credit risk with similar characteristics or subject to similar economic, political, or other conditions. The investment portfolio as a whole is subject to maximum exposure limits and assets allocation targets that are designed to manage exposure to concentrated credit risk.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

8. Financial Instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in market interest rates. The Fund is exposed to interest rate risk through its investment holdings in interest-bearing, or fixed-income, assets. These principally include money market instruments and fixed-income securities. The Fund manages its exposure to interest rate risk through holding a diversified mix of assets, both interest-bearing and non-interest bearing. This approach lowers the impact of variations in overall portfolio performance owing to factors arising from interest rate risk. The fair value of the Fund's assets, specifically the fixed-income securities, is affected by changes in the nominal interest rate. Investments subject to interest rate risk bear fixed rates of interest. Therefore, short-term fluctuations in prevailing interest rates would not normally subject the Fund to fluctuating cash flows. In the event of a sale or redemption prior to maturity, proceeds would be affected by the impact of prevailing interest rates on the fair value of the investment. The actuarial value of accrued pension benefits is not considered a financial instrument; however, these benefits are sensitive to changes in long-term interest rates.

The Fund is exposed to interest rate risk because of mismatches between the impacts of interest rates on the actuarial value of accrued pension benefits and their corresponding impact on the investment portfolio as a whole.

Given the nature of pension benefits, such risks cannot be eliminated but are addressed through the funding of the Fund and through regular review of the characteristics of the Fund's investment portfolio related to the accrued pension benefit liability.

This exposure lies principally within foreign equity funds. The Fund manages these risks through its investment policy, which limits the proportion of foreign assets within the portfolio.

Currency risk

Currency risk is the risk that the value of a foreign currency denominated investment will fluctuate due to changes in foreign exchange rates. The Fund is exposed to currency risk arising from its holdings of investments denominated in foreign currencies, as well as investments that, although not denominated in foreign currencies have underlying foreign currency exposure.

Market risk

Market risk is the risk that the fair value of an investment will fluctuate as a result of change in market price.

Price risk

Price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency or interest rate risk), whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The fund is exposed to other price risk through its holdings in Canadian equities.

Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Fund's financial liabilities consist of Accounts Payable and Accrued Liabilities. These amounts are short term in duration and are set to mature within one year.

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2018

8. Financial Instruments (continued)

Liquidity risk is managed through ensuring that sufficient liquid assets are maintained to meet anticipated payments and investment commitments in general. With respect to the Fund's financial liabilities and the actuarial value of accrued pension benefits, management believes that the Fund is not subject to any significant liquidity risk. The actuarial value of accrued pension benefits is not considered a financial liability; however, it is the most significant liability of the Fund in the Statement of Financial Position. The Government of the Northwest Territories ("GNWT"), as Plan sponsor, is required to contribute all funds necessary to meet any funding shortfalls of the Plan as they may arise from time to time.

The Fund manages these risks through maximum proportions of equities in its investment portfolio and through concentration limits on investments with any one issuer, as outlined in the investment policies and procedures. Future cash flows relating to the sale of an investment exposed to other price risk will vary depending on market prices at the time of sale. Concentration of other price risk exists when a significant portion of the portfolio is invested in equities with similar characteristics or subject to similar economic, market, political, or other conditions.

Fair values

Canadian accounting standards for pension plans require disclosure of a three-level hierarchy for fair value measurements based on transparency of inputs to the evaluation of an asset or liability as of the financial statement date. The three levels are defined as follows:

Level 1: Fair value is based on quoted market prices in active markets for identical assets or liabilities. Level 1 assets and liabilities generally include equity securities traded in an active exchange market.

Level 2: Fair value is based on observable inputs other than Level 1 prices, such as quoted market prices for similar (but not identical) assets or liabilities in active markets, quoted market prices for identical assets or liabilities in markets that are not active, and other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose values are determined using a pricing model with inputs that are observable market data. This category generally includes mutual and pooled funds, hedge funds, Government of Canada, provincial and other government bodies, Canadian corporate bonds, and certain derivative contracts.

Level 3: Fair value is based on non-observable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This category generally includes private equity investments and securities that have liquidity restrictions.

All of the Plan's investments are measured subsequent to initial recognition at fair value, based on quoted market prices, and are Level 1 financial instruments.

Territorial Court Judges Registered Pension Plan Fund

Statement of Financial Position

As at January 1, 2018 2017

Assets

Contributions receivable - Members	\$ 7,825	\$ 7,636
Contributions receivable - Government of the Northwest Territories (note 3)	27,203	67,178
Investments (note 4)	6,326,675	5,869,191

Total Assets	6,361,703	5,944,005
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Liabilities

Accounts payable and accrued liabilities (note 3)	17,492	15,770
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Net Assets Available for Benefits	6,344,211	5,928,235
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Pension obligations	7,586,806	7,319,700
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Deficiency

Pension Plan Fund Deficit	\$ (1,242,595)	\$ (1,391,465)
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Approved by:



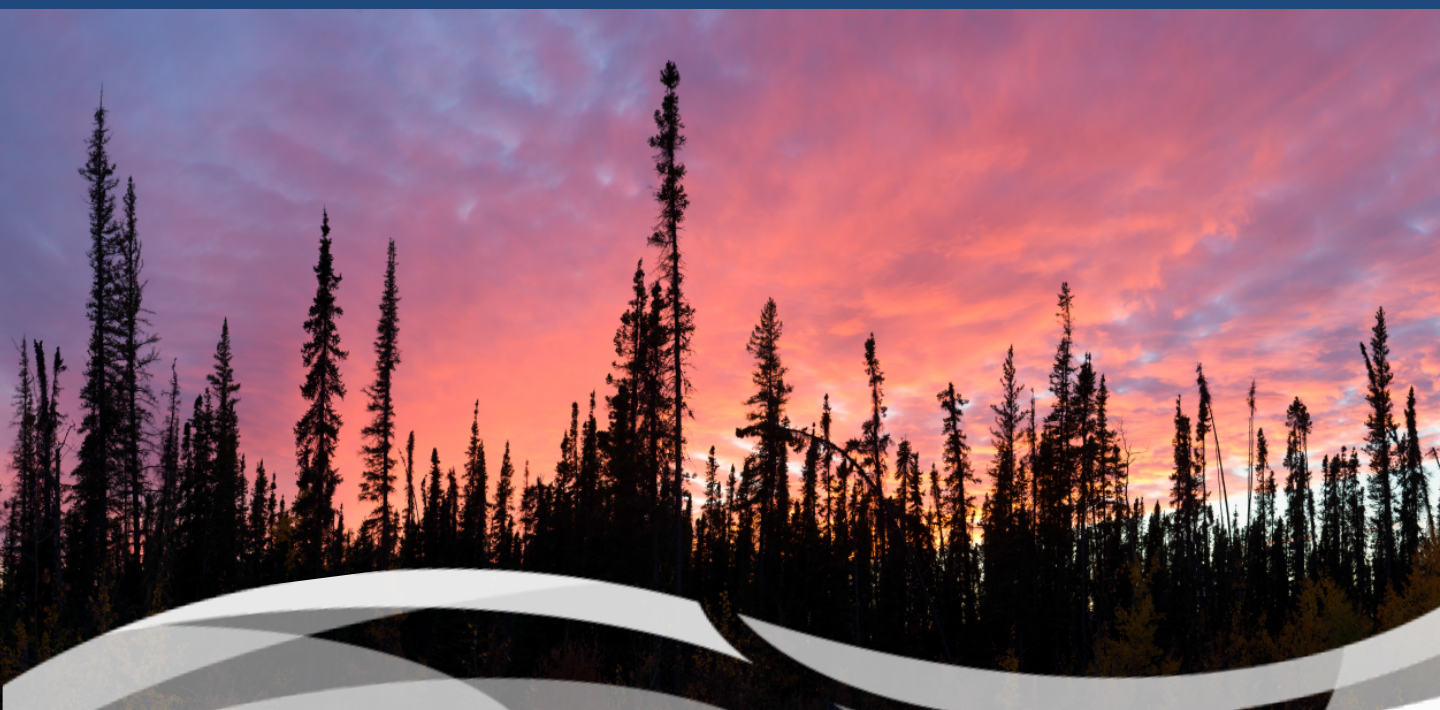
Deputy Minister, Department of Justice,
Government of the Northwest Territories

W/B

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Net Assets Available for Benefits

For the year ended January 1,	2018	2017
Increase in assets:		
Investment income	\$ 344,607	\$ 267,644
Realized capital gains income	73,423	64,967
Current year change in fair value of investments	184,114	134,062
Member contributions	67,377	89,457
Government of the Northwest Territories contributions	88,325	59,454
In-kind contributions	14,492	35,828
	772,338	651,412
Decrease in assets:		
Administrative expenses (Note 7)	77,368	89,824
Benefit payments - regular	278,994	286,928
	356,362	376,752
Increase in net assets available for benefits	415,976	274,660
Net assets available for benefits, beginning of year	5,928,235	5,653,575
Net assets available for benefits, end of year	\$ 6,344,211	\$ 5,928,235
Changes in pension plan fund deficit:		
Beginning of year	\$ (1,391,465)	\$ (1,159,325)
Increase in net assets available for benefits	415,976	274,660
Increase in pension obligation	(267,106)	(506,800)
Net change	148,870	(232,140)
End of year	\$ (1,242,595)	\$ (1,391,465)



Public Accounts 2017-2018

Section IV

SUPPLEMENTARY FINANCIAL STATEMENTS - BOARDS



Government of
Northwest Territories

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2018

SECTION IV
SUPPLEMENTARY FINANCIAL STATEMENTS
BOARDS

HONOURABLE ROBERT C. MCLEOD
Minister of Finance

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**Public Accounts of the
Government of the Northwest Territories**

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Dettah District Education Authority
N'Dilo District Education Authority
Sahtu Divisional Education Council
South Slave Divisional Education Council
Yellowknife Public Denominational District Education Authority (Yellowknife
Catholic Schools)
Yellowknife District No. 1 Education Authority
Tlicho Community Services Agency

Health and Social Services Authorities

Hay River Health and Social Services Authority
Northwest Territories Health and Social Services Authority

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**BEAUFORT-DELTA EDUCATION COUNCIL
INUVIK, NT**

**CONSOLIDATED ANNUAL FINANCIAL REPORT
June 30, 2017**

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Message from Superintendent of Schools Chris Gilmour

On behalf of the Beaufort Delta Education Council (BDEC), I am pleased to present the Annual Report for 2016 - 2017. The Management Discussion and Analysis (MD&A) is presented as a go-forward responsibility of the management and the Board Members to promote transparency and accountability.

This fiscal year marks the end of the third year of BDEC's 2014 – 2017 Strategic Plan. BDEC's Strategic Plan and Action Plan define our direction and determine our allocation of resources. BDEC's goals are clearly defined as:

- Student Success
- Small Community Schools
- Assessment Practices
- Early Childhood Development
- Professional Capacity
- Culture, Identity and Well-being
- System Accountability

This approach will enable BDEC to clearly state the progress that the organization has made and will highlight areas where improvement is needed. Some of the key accomplishments in 2016 - 2017 include:

- Continued partnership with the Gwich'in Tribal Council (GTC) on development of a high school course to reflect the Gwich'in culture and history.
- Partnership with the Inuvialuit Regional Corporation (IRC). The IRC continues to contribute financially to BDEC's Data Analyst position.
- The expansion of the eLearning program for the year ended 2016 added 2 additional schools outside of our region. The plan is to add additional schools in each of the next several years. The eLearning program provides high school students from small communities the opportunity to stay in their home community to complete high school. The program offers courses that are not available in the smaller communities; courses that require specialists that cannot be afforded. The program hosted out of East Three Secondary School provides 'face to face' live classes through videoconferencing to students from three NWT regions. The pilot program has already begun to show signs of an increase in the average success rate of students and this is a principal factor for continuing the program. Over 70% of students that enroll in eLearning classes have passed their "-1" classes.
- BDEC has collaborated with IRC's initiative to hire candidates referred to as "Student and Family Support Workers" who are working in the communities of Inuvik, Aklavik, Tuktoyaktuk, Ulukhaktok, Paulatuk and Sachs Harbour. The Student and Family Support Workers will work with students (with parental approval) to improve student success by addressing attendance concerns and other matters.
- Common Math Assessments (CMAs) continue where each unit in math was assessed in grades 2-9. These assessments will help BDEC achieve greater consistency in mathematics assessment across the district. Student results are being collected with the long-term goal of

identifying areas of strength and weakness which will assist in program planning and providing more targeted supports in math and numeracy.

- BDEC students in Grades 6 and 9 wrote the Alberta Achievement Test (AATs) in English language Arts, mathematics and French Language Arts. Alberta had planned to discontinue the Grade 6 and Grade 9 AATs in 2015 and 2016 respectively, this plan has been postponed. Students in grades 6 and 9 in the NWT will continue to write the AATs until further notice.
- Access to High School Education, formerly the 'Home Boarding Program' provides academic, behavioral and financial support for students who do not have access to high school courses in their communities. Students are from Sachs Harbour and Tsiigehtchic and enroll in school at East Three Secondary School in Inuvik.

The world of education is changing globally, nationally and territorially. The Beaufort Delta Education Council (BDEC) recognizes the importance of embracing these changes to prepare northern students for participation in a 21st century economy. There is a significant achievement gap between Aboriginal students and non-Aboriginal students. BDEC is committed to addressing this achievement gap. Research indicates that culture-based educational strategies impact student outcomes. With our focus on indigenizing education, BDEC will continue to ensure teaching and learning is done in context and more and more meaningful to the students it serves.

Overview

The Beaufort Delta Education Council (BDEC) effective the 2017 – 2018 year provides Junior Kindergarten to Grade 12 instruction for 1,350 students through 9 schools in the in 8 communities of Inuvik, Aklavik, Fort McPherson, Tsiigehtchic, Tuktoyaktuk, Sachs Harbour, Ulukhaktok, and Paulatuk. The change from previous years was to implement Junior Kindergarten for all 4-year old children in the NWT which was a priority set by the 18th Legislative Assembly.

Sachs Harbour and Paulatuk offer education from Junior Kindergarten to Grade 9 at which time the Access to Education program makes arrangements for the students to live in Inuvik for full time attendance of high school. The program encourages students to become role models for other students in their communities. The Access to Education program accomplishes this by ensuring that the students have regular visits with their families, regular trips home, and provides assistance for the family to attend the graduation of their children from the Inuvik High School.

BDEC is committed to delivery of culture-based education to the students and receives extensive support for various programs from the Gwich'in Tribal Council (GTC) and the Inuvialuit Regional Corporation (IRC). Both GTC and IRC are actively involved in helping to develop on the land programs, and additional support was received from ITI for the Take a Kid Hunting and Take a Kid Trapping programs. All of the schools provide Aboriginal Language and Culture programs which encourages students to succeed through a better understanding and awareness of their culture and language.

Vision

Empowered by culture-based education, students are inspired to succeed.

Mission Statement

The Beaufort Delta Education Council will strengthen partnerships to build thriving school communities which embrace and deliver culture-based education by providing tools and resources for student success.

Strategic Plan

The fundamental purpose of the BDEC's Strategic Plan is to align our resources and actions with our Mission and Vision. BDEC is committed to providing what our communities are requesting: an education system that is purposeful and relevant to the lives and future goals of northern students. In addition to reaching consensus through consultation with community members, parents and school staff in partnership with the Gwich'in Tribal council and the Inuvialuit Regional Corporation, BDEC is committed to confronting our fiscal reality. With declining education dollars all school boards are faced with doing more with less funding.

BDEC's strategic plan consists of Three Pillars:

Pillar 1: Encourage every child to reach their full potential through inclusive and culture-based education.

Goals

1. Continue, and expand upon, the use of differentiated instruction and differentiated assessment to improve academic (literacy and numeracy) skills using Inuuqatigiit and Dene Kede curricula.
2. Expand and improve math, science and technology knowledge through instruction and assessment and use of technology for learning.
3. Communicate and share expectations with students and families about student progress, from early childhood to graduation. This will include collaboration with community partners to enhance and support early childhood programming.
4. Identify student pathways to learning that will lead to graduation and improve students' opportunities to explore career and education choices.
5. Collect baseline data related to student attendance and set annual goals for improvement.

Pillar 2: Strengthen and build community partnerships to foster strong relationships that inspire BDEC students as future northern leaders.

Goals

1. Create, inspire and support more opportunities for students and staff to experience culture-based education on the land and in BDEC schools.
2. Support greater collaboration between school and community.
3. Promote active, healthy living and support wellness through physical, social and mental health initiative. Limit risk factors and increase healthy protective factors for students.
4. Transform learning by identifying and supporting trades awareness opportunities and practical hands-on skills and learning opportunities, including on-the-land and traditional skills accreditation.
5. Showcase and develop strengths throughout BDEC by recognizing both successes and attempts.

Pillar 3: Support and sustain BDEC schools by effectively and creatively managing our organizational, physical and financial resources.

Goals

1. Ensure all school facilities are safe, well-maintained and inviting work and learning environments.
2. Improve technology and structural capabilities organizationally to monitor progress, manage resources and provide accurate and relevant assessment data.
3. Increase organizational capacity for leadership and management capacity in our region (DEA's, Staff Development, and new Teacher Orientations) through specific skills training and on-going support.

4. Improve BDEC's ability to retain competent staff to provide continuity of programming for all students.

Following direction from ECE, BDEC is transitioning from its four year strategic plan to an annual Operating Plan. For this fiscal year, all stated pillars and goals will remain the same. The District Education Council (DEC) will review the strategic plan and make appropriate changes to be included in the 2018-2019 Operating Plan.

BDEC Board of Directors

The BDEC Board of Directors are appointed by the DEA's from the local communities. Both Gwich'in Tribal Council and the Inuvialuit Regional Corporation have the authority to appoint one position (each) on the BDEC Board. DEA positions are elected in the local communities and serve for a three year term. At the February 2017 Regular Board Meeting of the BDEC Board, the new members of the BDEC Board were introduced, and elections were held for the Chairperson, Vice-Chairperson and Member at Large for the Board. The BDEC Board had one face to face meeting, and two video conference meetings during the 2016 – 2017 year.

Chairperson	Rebecca Blake
Vice-Chairperson	Gilbert Thrasher Sr
Member-at-Large	Darlene Gruben
Aklavik	Lorna Storr
Fort McPherson	Rebecca Blake
Inuvik	Les Semmler
Paulatuk	Gilbert Thrasher Sr
Sachs Harbour	Sharon Green
Tsiigehtchic	Anna May MacLeod
Tuktoyaktuk	Darlene Gruben
Ulukhaktok	Joanne Ogina
Gwich'in Tribal Council	Robert Charlie
Inuvialuit Regional Corporation	Lucy Kuptana

The Executive Committee consists of the Chairperson, the Vice-Chairperson, the Member-at-Large which are elected by the BDEC Board, and the two appointed positions from GTC and IRC. The Executive Committee meets monthly with the BDEC Board Office Staff.

BDEC Staff

Superintendent of Schools	Chris Gilmour
Supervisor of Schools	Frank Galway
Comptroller	Gary McBride
Public Affairs Coordinator	Sheila Nasogaluak
LAN Manager	Michael Reardon
Technical Officer	Dylan Blais
Finance Officers	Ken Crocker
	Kurt Scheiwiller

Administrative Assistant

Lisa Steen

Consultants

Aboriginal Language and Culture
Data
eLearning
Inclusive Schooling
Literacy Coordinator k-12
Math Science
PowerSchool

Denise McDonald
Tara Gilmour
Gene Jenks
Theresa Hartley
Julie Donahue
Adam Wright
Lorna Jones-Martin

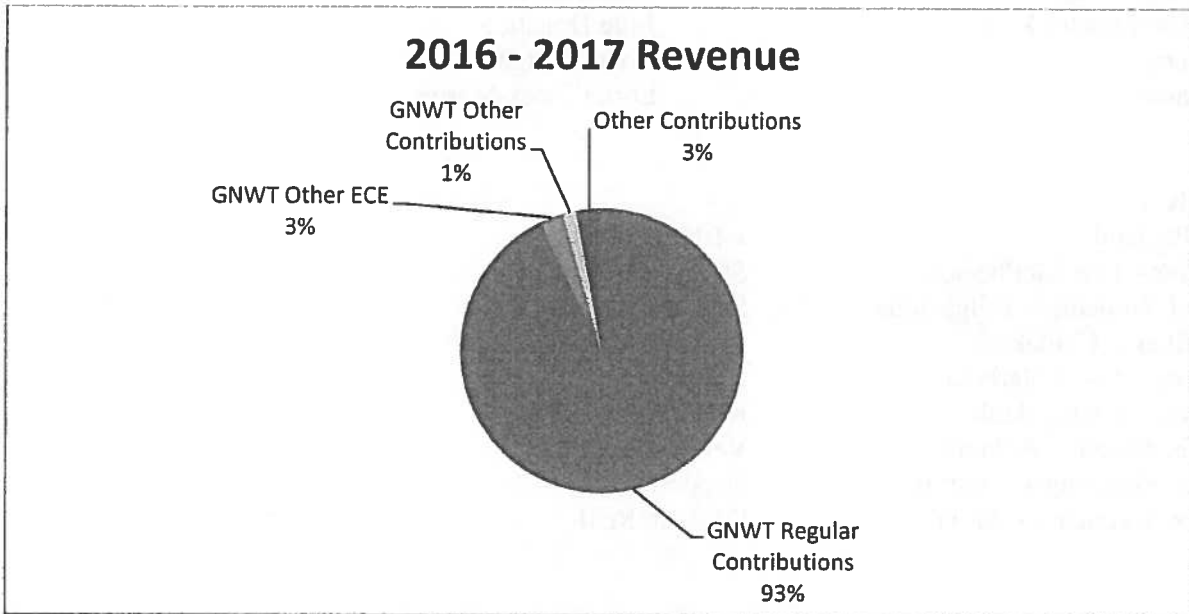
Principals

Angik – Paulatuk
Chief Julius – Fort McPherson
Chief Paul Nitidchie – Tsiighetchic
Helen Kalvak – Uluhaktok
Inualthuyak – Sachs Harbour
Mangilaluk – Tuktoyaktuk
Moose Ker School – Aklavik
East Three Elementary – Inuvik
East Three Secondary – Inuvik

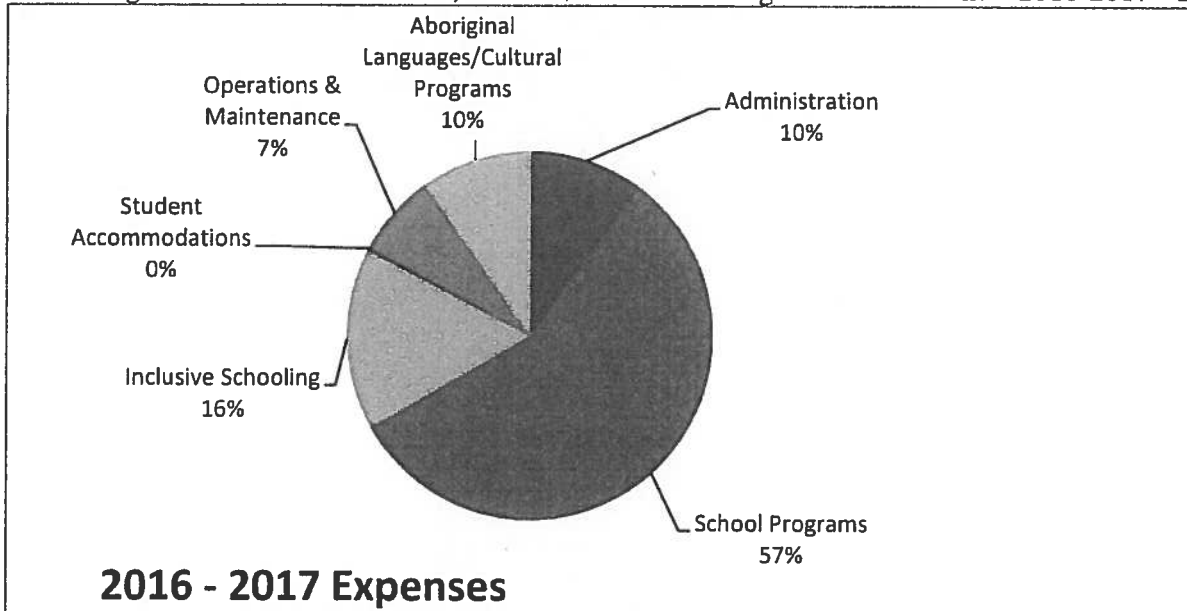
Jeffrey Planetta
Shirley Peterson
Sonia Gregory
Richard McKinnon
Karen Bibby
Krista Cudmore
Velma Illisiak
Deborah Reid
Deborah Reid

Financial Highlights

Revenues for 2016–2017 of \$30.9 million were \$2.3 million higher than budgeted. GNWT regular contributions accounted for a 93% of the revenue at \$28.6 million an increase of \$1.25 million from 2015-2016 year. Other contribution agreements from the GNWT brought the total GNWT contributions to just less than \$30 million which is an increase of \$751.5K from the 2015 – 2016 year. Total revenues of \$30.9 million were an increase of \$674.3K from the 2015-2016 year.



Expenses are broken into program cost; school programs accounted for 57% of cost at \$17.3 million, Inclusive schooling for 16% of cost at \$4.9 million. Overall total expenses at \$30.6 million were \$1.4 million greater than 2015-2016, and \$2.0 million greater than the 2016-2017 Budget.

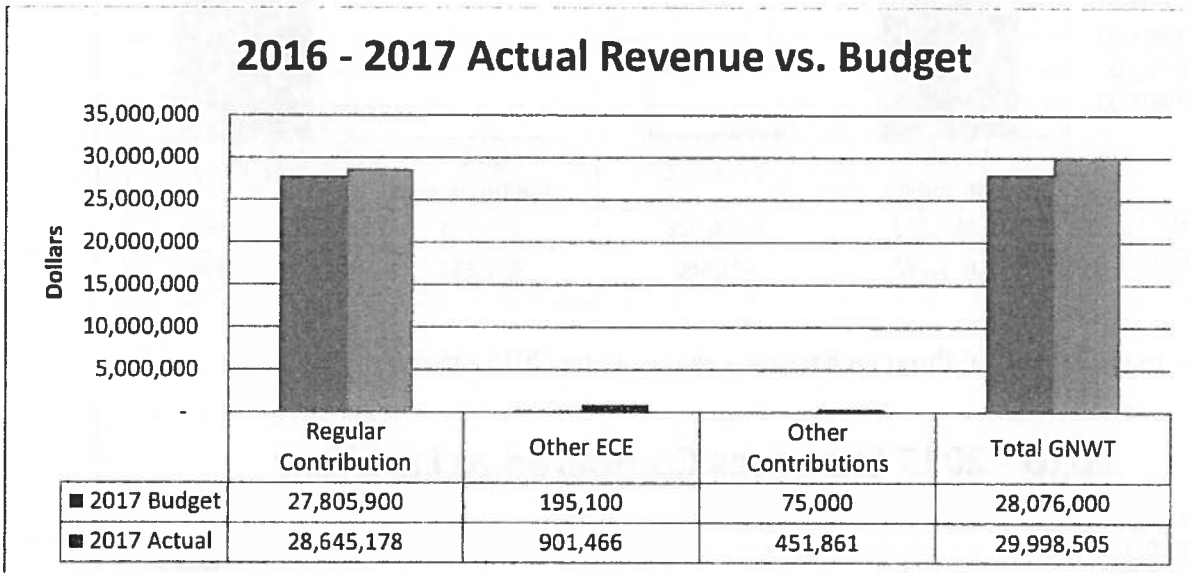


2016 – 2017 Revenues

For 2016 - 2017 BDEC Consolidated Statement of Operations had an Accumulated Surplus of \$339,344 compared to a budgeted surplus of \$17,014. This is attributed to additional contribution from the Government of the NWT (\$1.9 million above budget) and Revenue from Board Generated Funds (\$351K above budget).

The DEA’s and BDEC continue to form strategic partnerships, and are successful in finding additional sources of funding for school activities.

Chart 1 displays our 2016 – 2017 Actual Revenues compared to the budgeted revenue.



2016 – 2017 Expenses

Expenses for the year end June 2017 were \$2.0 million more than the budget of \$28.6 million for a total cost of \$30.6 million. This represents a \$1.4 million increase in expenditures from 2015 -2016, or a 4.9% increase in program spending.

Inclusive schooling had expenses of \$4.9 million representing a decrease in spending from the 2015 - 2016 year of \$449K. Focus for Inclusive Schooling for the 2016 – 2017 was staff development to be better positioned to assist with student learning.

Aboriginal Languages/Cultural Programs had expenses of \$3.0 million which represents an increase of expenditures of \$581K from the 2015 – 2016 year.

Chart 2 is a program comparison of our expenses for 2016-2017 compared to the budgeted expenses.

When comparing 2017 against 2016, BDEC experienced a 2.2% increase in revenues, and an increase in expenses of 4.9% resulting in an operating surplus of \$339,344 compared to the operating surplus for 2016 of \$1,101,515.

Chart 3 is a comparison of the Year-end 2017 GNWT Revenues compared to the 2016 Revenues

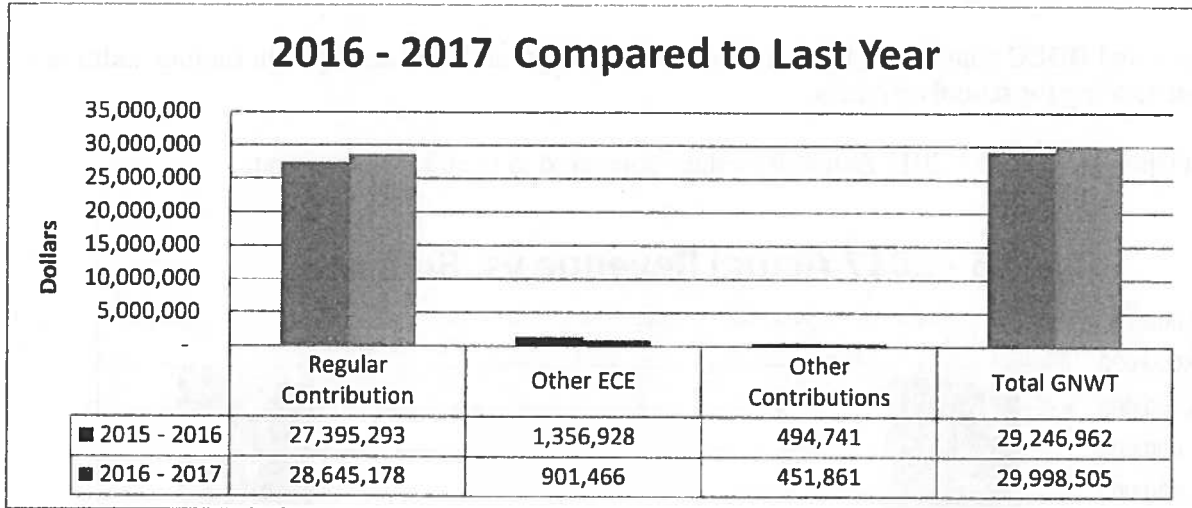
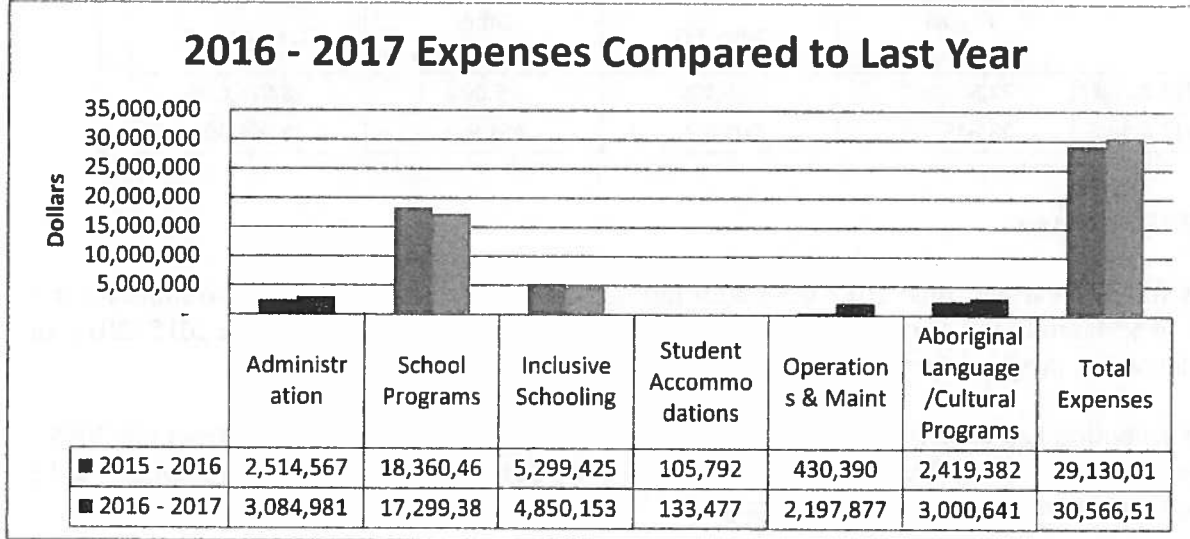


Chart 4 compares the 2016 Program Expenses against to the 2015 Program Expenses.



2016 - 2017 continues the trend from 2012-2013 of achieving an operating surplus. In 2013-2014 BDEC after four years of having an Accumulated Deficit managed a small Accumulated Surplus. With the \$339K operating surplus for 2016 – 2017 year, BDEC has an Accumulated Surplus of \$3.6 million. This provides some financial security allowing BDEC to expand some programs, and gives BDEC the ability to best meet the needs of the students.

The strength of the organization is the commitment of the staff working for the Beaufort Delta Education Council, and their dedication to the students in our area. The weakness of the organization is the remoteness of some of the schools, the distance between the schools and the high turnover of the staff. Each year represents a major recruiting drive to replace approximately 20% of the teaching staff. Student attendance remains a high concern, and many initiatives have been put forward to increase the student's attendance in the schools.

Student and Teacher population for each school

Community	School	2017 Students	2017 Teachers	2016 Students	2016 Teachers
Aklavik	Moose Kerr	119.50	12.00	146.0	10.25
Fort McPherson	Chief Julius	145.25	12.00	138.5	11.00
Inuvik	East 3 Elem	393.50	21.00	347.00	18.50
Inuvik	East 3 Second	269.25	19.00	266.00	17.50
Inuvik DEA	Subtotal	662.75	40.00	613.00	36.00
Paulatuk	Angik	50.75	5.50	51.75	4.50
Sachs Harbour	Inualthuyak	14.00	1.25	20.00	2.00
Tsiigehtchic	Chief Paul Niditchie	42.00	3.65	33.00	3.00
Tuktoyaktuk	Mangilaluk	216.00	16.00	221.50	14.00
Ulukhaktok	Helen Kalvak	111.25	6.80	107.00	7.00
Total		1361.50	97.20	1330.8	87.75

The Mary Bryant Award for Improvement in English (Award)

A joint venture between the Beaufort Delta Education Council, (BDEC) the Mary and Joe Bryant family (Family) and the Ottawa Independent Writers (OIW): “the Parties”, wish to establish a fund to be known as the “Mary Bryant Award for Student Improvement in English”. The fund shall consist of a principal amount, to be determined, and interest earned and accrued on such principal amount. Additional contributions may be received by BDEC from individual donors to the fund in future years. Such contributions shall be added to the principal amount. The fund is currently administrated by the Ottawa Independent Writers in combination with other funds administrated through the organization.

Background

Ottawa resident Mary Bryant, now deceased, spent many years working in the North, and taught school in Aklavik. She was an avid writer and long-time member of the Ottawa Independent Writers organization (www.oiw.ca). Upon her passing in spring 2011, the OIW Board felt that an appropriate tribute to her amazing life would be an award to a deserving student within the BDEC, with emphasis on English skills. The idea was proposed to the Family and the BDEC, and was met with great enthusiasm. This paper sets out the proposed operation and other issues pertaining to the Award.

Concept

OIW, the Family and other interested parties will contribute to the Award, to be managed by the BDEC. It will be set up as an endowment, with the principal to be invested and the annual award to be paid from interest earned, although the initial award, hopefully given in 2012, and some incidental set-up expenses may be drawn from the principal as there will be little time available for interest earning. The Family will act as financial advisors to BDEC, to ensure the Award will be available for a deserving student for many years to come. The Award is intended to be a yearly event, unless for some reason no student qualifies for the criteria established by the BDEC.

The Parties agree that they will act collegially on the ongoing management of the Award. OIW commits to an initial contribution of \$1000, the Family to at least \$2000, and OIW will solicit additional contributions from persons familiar with Mary. BDEC will issue tax receipts to those contributors who indicate a desire for same.

The Award Recipient

The Award is intended for a high school student within the BDEC jurisdiction, with particular emphasis, but not necessarily to the exclusion of other areas, on the regions of Aklavik, Tuktoyaktuk, and Fort McPherson, as these communities had special interest to Mary. The BDEC will set up the selection process as it sees fit: the Award is intended for a high school student who has shown the most improvement in written English skills during the school year. BDEC will develop the specific criteria to be used to select the winning student, and advise the other Parties of the winner and the reasons for choosing that student. The Award will be presented in a suitable ceremony near the end of the school year. The other Parties will attempt to take part in the ceremony in some electronic fashion if possible. The Award is independent of any other honors the recipient may receive. The recipient will receive a cheque for the designated amount, as determined by the BDEC and the Family, plus a small token of

remembrance he or she may keep. There will also be a modest plaque or similar item created by the BDEC that will identify the Award, and each year's recipient; the enduring plaque will rotate from school to school on an annual basis as winners are selected. While the student may use the Award in whatever manner he or she wishes, OIW and the Family would prefer that it be used in some way that advances the student's educational career.

The Award is open to all high school students attending a school within BDEC's jurisdiction and shall be granted to the student who shows the most improvement in English studies throughout the school year. The Award is intended to be a yearly event, unless for some reason no student qualifies for the criteria established by BDEC.

Criteria used to determine the recipient of the award shall be developed by BDEC, in consultation with the Parties. The Parties and BDEC agree to act collegially on the ongoing management of the fund/Award.

In the event that unforeseen circumstances make the specified use of this Fund no longer practical or desirable, BDEC is hereby authorized to make any changes it may deem appropriate, such changes however to be in keeping, as far as possible, with the spirit and general intent of the fund and with agreement of the Parties.

No funds were awarded in the 2016 – 2017 year.

Stallworthy-Carpenter Fund

Sarah Hilda Stallworthy was the widow of an RCMP officer who served the NWT during the 1940s. Mrs. Stallworthy had never been to the NWT, but maintained an interest in its development and was concerned about the difficulties she believed native children faced in higher education.

The Superintendent of the BDEC was able to describe for Mrs. Stallworthy an initiative the Board would be taking over the next few years to ease the transition for native students from small communities as they are brought into the high school in Inuvik.

Mrs. Stallworthy felt that this plan has significant merit, and in April 1990 made the Beaufort-Delta Board the beneficiary of her estate.

Mrs. Stallworthy passed away in August 1990. The estate of approximately \$215,000 will be held in trust with the annual interest to be used at the discretion of the Superintendent to further the secondary education of native students within the Board. The fund has been designated by the Board the Harry Stallworthy/Noah Carpenter fund. Mr. Stallworthy developed his wife's enduring interest in the north; Mr. Carpenter is a native resident from the jurisdiction of the Board who has completed higher education including a medical degree and thus provides a positive role model for students of the Board.

The will stated that BDEC should receive this money with the provision that the principal remain intact and all interest earned to be used to fund aboriginal students for activities in keeping with the intent of the Will.

Initially, the intent of the Will was to fund orientation visits for students who would be attending high school outside of their community. After our regional residence closed, the BDEC Executive broadened the scope to include activities for more senior students to travel nationally and internationally. Such travel must contain some element that supports or promotes the post-secondary education and/or success in school. Travel for sport activities is NOT eligible.

In 2004/05 the BDEC executive decided to allocate to a maximum of \$2K/eligible school. This was raised to \$2.5K/eligible school in 2011/12. Meritorious proposals are presented to the Executive each spring for the ensuing school year.

No funds were awarded in the 2016 – 2017 year.

2016 - 2017 Long Term Service Awards

The Beaufort Delta Education Council believes that our successes come from the dedication of staff in each of our communities. Even with the challenge of high staff turn-over each year, there continues to be a group of dedicated long-term staff working for BDEC. In recognition of their dedication each year BDEC recognizes the contribution of our long term staff with long term service awards. For the 2016 – 2017 year the following individual were recognized by the management team.

Community	Name	Service Years
Aklavik	Heather Greenland	5
	Edward Hartley	10
	Anna-Lee McLeod	15
	Velma Illasiak	35
Fort McPherson	Sierra Daley	5
	Erica Thompson	5
	Joanne Tetlich	25
Inuvik	Deirdre Dagar	5
	Maryssa Camacho	5
	Stephen Dagar	10
	Stephanie Parkes	10
	Matthew Miller	10
	Megan Miller	10
	Michael Reardon	10
	Paula Guy	15
	Chauna MacNeil	15
	Christopher Gilmour	15
	Tara Gilmour	15
	Lorne Guy	15
Daniel Rogers	15	
Annie Charlie	20	
Paulatuk	Agnes Ruben	5
Sachs Harbour	Karen Bibby	5
Tuktoyaktuk	Mervin Chicksi	5
	Ephraim Warren	10
	Audrey Walker	10
Ulukhaktok	Mollie Rose Oliktoak	25

Accomplishments

The Beaufort Delta Education Council is proud of the gifted educators that work in our school district. Countless hours are put in by many of the staff to maintain excellence in education for our communities. In the 2016 – 2017 year staff received the following awards.

Erica Thompson from the Chief Julius School located in Fort McPherson received the following awards:

Prime Minister's Award Certificate of Excellence (2017)
Premier's Award for Excellence (2017)

Alexandra Winchester from the East Three Secondary School located in Inuvik received the following award:

Prime Minister's Award Certificate of Achievement (2017)

Ephraim Warren from the Mangilaluk School located in Tuktoyaktuk received the following award:
NAPEG Science Teaching Award (2017)

Annie Felix from the Mangilaluk School located in Tuktoyaktuk received the following award:
NWT Education Hall of Fame Inductee (2017)

Summary and Outlook

BDEC has completed a most successful year both scholastically and financially. Many of the communities have introduced community specific programs which encourages attendance. This year resulted in a number of graduate looking to further their education through advanced schooling. Attendance continues to be a major concern. The schools are constantly reviewing and looking for better ways to engage the students and their parents in encouraging attendance. With our hiring program this year we were pleased to offer positions to a number of our former graduate. These individuals have become role models for our students as to what they can accomplish, and that they can bring their education back to their community to help others.

Financially we have managed to accumulate a surplus through effective cost controls, forming partnerships with other groups, and through the efforts of staff to bring forward ideas where we have been funded with additional contribution agreements.

Looking forward, there is a concern about the potential for reduced funding. BDEC is well positioned financially and looking forward to 2017 – 2018 has identified areas where additional staffing will result in better services to our students, so reallocation of staff and increased staffing has been planned starting in the 2017 – 2018 year. Our staff continues to look for opportunities to deliver education in an effective and efficient manner. The opportunities are forming education partnerships, eLearning, and new approaches to education. Staff continue to develop skill sets through attendance at conferences, and a number of staff continue to upgrade their skill set to become better at their positions. With this dedication, even with the possibility of reduced funding we believe the future is bright for the students of the Beaufort Delta.



BEAUFORT- DELTA EDUCATION COUNCIL
Aklavik, Ft. McPherson Inuvik Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk Ulukhaktok

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Minister of Education, Culture and Employment
Government of the Northwest Territories

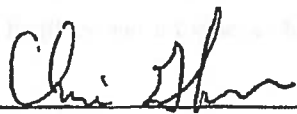
The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Beaufort-Delta Education Council have been conducted within the statutory powers of the Beaufort-Delta Education Council. The operations and administration of the Beaufort-Delta Education Council as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Beaufort-Delta Education Council Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

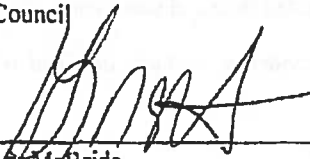
Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors, Avery Cooper & Co. Ltd., Chartered Professional Accountants, annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture and Employment of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Beaufort-Delta Education Council



Chris Gilmour
Superintendent
August 4, 2017



Gary McBride
Comptroller



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Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Minister of Education, Culture and Employment
Government of the Northwest Territories

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Beaufort-Delta Education Council which comprise the Consolidated Statement of Financial Position as at June 30, 2017 and the Consolidated Statements of Changes in Net Financial Assets (Debt), Revenue and Expenses and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Basis for Qualified Opinion

Salaries and related benefits paid to employees of the Beaufort-Delta Education Council are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories audit. Our audit scope was limited as we did not audit the components of compensation and benefits expenditures and related balances. Accordingly we are not able to determine whether any adjustments might be necessary to compensation and benefits expenditures, payroll liabilities, employee future benefits, net financial resources, and accumulated surplus/deficit as well as note disclosures associated with transactions and year-end balances relating to compensation and benefits.

INDEPENDENT AUDITORS' REPORT - cont'd.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Beaufort-Delta Education Council as at June 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the Financial Administration Act, in our opinion, proper books of account have been maintained by the Beaufort-Delta Education Council, the consolidated financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Council.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements of Beaufort-Delta Education Council taken as a whole. The supplementary information included on Schedules 2 through 34 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

Avery Cooper & Co. Ltd.

AVERY COOPER & CO. LTD.
Chartered Professional Accountants
Yellowknife, NT

August 4, 2017

BEAUFORT-DELTA EDUCATION COUNCIL

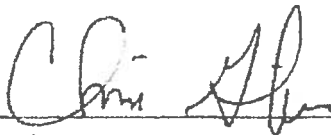
Statement I

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 4)	\$ 10,251,742	\$ 9,007,811
Restricted Assets (Note 6)	258,884	256,459
Accounts Receivable (Note 8)	<u>295,039</u>	<u>279,911</u>
	<u>10,805,665</u>	<u>9,544,181</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 10)	637,981	787,910
Payroll Liabilities (Note 10)	2,702,006	2,683,825
Contribution Repayable (Note 12)	5,282	38,264
Employee Deductions Payable	716	1,537
Deferred Revenue (Note 11)	192,320	310,707
Post-Employment Benefits (Note 17)	3,422,599	2,207,324
Trust Liabilities (Note 6)	<u>258,884</u>	<u>256,459</u>
	<u>7,219,788</u>	<u>6,286,026</u>
NET FINANCIAL ASSETS (Statement II)	<u>3,585,877</u>	<u>3,258,155</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses (Note 20)	<u>20,863</u>	<u>9,241</u>
	<u>20,863</u>	<u>9,241</u>
ACCUMULATED SURPLUS (Statement IV)	\$ <u>3,606,740</u>	\$ <u>3,267,396</u>
CONTINGENCIES (Note 25)		

Approved:


 _____ Superintendent


 _____ Council Member

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

Statement II

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
OPERATING SURPLUS	\$ 17,014	\$ 339,344	\$ 1,101,515
Acquisition of Prepaid Expenses	-	(20,863)	(9,241)
Use of Prepaid Expenses	<u>-</u>	<u>9,241</u>	<u>31,022</u>
	-	(11,622)	21,781
INCREASE IN NET FINANCIAL ASSETS	<u>17,014</u>	<u>327,722</u>	<u>1,123,296</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>3,258,155</u>	<u>3,258,155</u>	<u>2,134,859</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 3,275,169</u>	<u>\$ 3,585,877</u>	<u>\$ 3,258,155</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

Statement III

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Government of the NWT			
Regular contributions	\$ 27,805,900	\$ 28,645,178	\$ 27,395,293
Other ECE contributions	195,100	901,466	1,356,928
Other contributions	<u>75,000</u>	<u>451,861</u>	<u>494,741</u>
Total Government of the NWT	<u>28,076,000</u>	<u>29,998,505</u>	<u>29,246,962</u>
Government of Canada	<u>-</u>	<u>34,009</u>	<u>20,966</u>
Board Generated Funds			
Investment Income	52,000	72,560	67,718
Rentals	-	6,472	3,829
Other	<u>469,960</u>	<u>794,310</u>	<u>892,059</u>
Total Board Generated Funds	<u>521,960</u>	<u>873,342</u>	<u>963,606</u>
TOTAL REVENUE	<u>28,597,960</u>	<u>30,905,856</u>	<u>30,231,534</u>
EXPENSES (Schedule 1)			
Administration	2,486,668	3,084,981	2,514,567
School Programs	18,960,278	17,299,383	18,360,463
Inclusive Schooling	4,672,000	4,850,153	5,299,425
Student Accommodations	-	133,477	105,792
Operations & Maintenance	-	2,197,877	430,390
Aboriginal Languages/Cultural Programs	<u>2,462,000</u>	<u>3,000,641</u>	<u>2,419,382</u>
TOTAL EXPENSES	<u>28,580,946</u>	<u>30,566,512</u>	<u>29,130,019</u>
OPERATING SURPLUS	<u>\$ 17,014</u>	<u>\$ 339,344</u>	<u>\$ 1,101,515</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

Statement IV

CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS
For the Year Ended June 30, 2017

	<u>2017</u>	<u>2016</u>
OPERATING FUND SURPLUS		
Operating Fund Surplus/(Deficit), Beginning of Year	\$ 3,267,396	\$ 2,165,881
Operating Surplus	<u>339,344</u>	<u>1,101,515</u>
Operating Fund Surplus, End of Year	<u>\$ 3,606,740</u>	<u>\$ 3,267,396</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

Statement V

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2017

Cash provided by (used in):	<u>2017</u>	<u>2016</u>
OPERATING TRANSACTIONS		
Operating surplus (deficit)	\$ 339,344	\$ 1,101,515
Changes in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	(15,128)	90,262
Increase (decrease) in accounts payable	(149,929)	101,394
Increase (decrease) in payroll liabilities	18,181	(839,806)
Increase (decrease) in contributions repayable	(32,982)	(84,268)
Increase (decrease) in employee deductions payable	(821)	(35,806)
Increase (decrease) in deferred revenue	(118,387)	26,936
Increase (decrease) in post-employment benefits	1,215,275	(71,353)
Decrease (increase) in prepaid expenses	<u>(11,622)</u>	<u>21,781</u>
Cash provided by operating transactions	<u>1,243,931</u>	<u>310,655</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,243,931	310,655
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,007,811</u>	<u>8,697,156</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 10,251,742</u>	<u>\$ 9,007,811</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 1 NATURE OF ORGANIZATION

The Beaufort-Delta Education Council was established under the Education Act of the government of the Northwest Territories by order of the Minister dated March 31, 1989. Its purpose is to administer and maintain the standards of educational programs defined under the Act in the member communities of the Beaufort-Delta region.

Member communities have formed local District Education Authorities (DEA) which have assumed the responsibility to provide adequate educational programs within their respective communities.

The consolidated 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 comprises the Education Council operations plus all of the member District Education Authorities that are owned or controlled by the Beaufort-Delta Education Council and are, therefore, accountable to the Council for the administration of their financial affairs and resources. At present, the DEA's that are owned or controlled by the organization are Aklavik, Tsiigehtchic, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tuktoyaktuk and Ulukhaktok.

Interdepartmental and organizational transactions and balances between these organizations have been eliminated for consolidation purposes.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expense items are recognized in the accounts and reported in the consolidated financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques and short term highly liquid investments that are readily convertible to cash and with a maturity date of 90 days or less from the date of acquisition.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms' 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 transaction 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.

Financial assets subsequently measured at amortized cost include cash, accountable funds, due from the GNWT and other accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, payroll liabilities, deferred revenue, post-employment benefits and accountable funds.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset, is recognized in operations.

(d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Beaufort-Delta Education Council because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Beaufort-Delta Education Council.

(e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The minister grants to the Beaufort-Delta Education Council the full occupancy and use of such facilities and equipment where required for the administration and delivery of the education programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expense.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(f) Revenue Recognition

Government Transfers:

Revenues are recognized in the period in which the transactions or events occur that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

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

GNWT - Regular contributions:

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The Beaufort-Delta Education Council retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

Other contributions:

The Beaufort-Delta Education Council follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Stallworthy / Carpenter Endowment contributions:

Endowment contributions and investment income are recognized as direct increases in accumulated surplus.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Budget Data

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Beaufort-Delta Education Council and the budget is legally adopted by a motion of the board in accordance with Section 135(3) of the Education Act.

Board approved budgets are submitted to the Minister of education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the Education Act.

This annual budget includes estimates of revenues, expenses and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Beaufort-Delta Education Council.

The budget may be amended within a given fiscal year in accordance with Beaufort-Delta Education Council policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

(h) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from those estimates. Accounts subject to measurement uncertainty are post-employment benefits as determined by an actuary.

(i) Inventories including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Beaufort-Delta Education Council are treated as expenses during the year of acquisition and are not recorded on the statement of financial position.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(j) Payroll Liabilities

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued.

The duties and compensation base for UNW School year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Beaufort-Delta Education Council determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff are accrued to include earnings to June 30.

(k) Other Employee Future Benefits and Compensated Absences

Under the terms and conditions of employment, education board employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(l) Special Purpose Funds

School activity funds which are fully controlled by the Beaufort-Delta Education Council with respect to when and how the funds available can be discussed are included. the funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Beaufort-Delta Education Council are not included even if custody of the funds is held by the Beaufort-Delta Education Council. Examples of excluded funds might be student clubs or associations for which the Beaufort-Delta Education Council has no ongoing responsibility of liability for losses.

(m) Contributed Materials and Services

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

NOTE 3 FUTURE ACCOUNTING CHANGES

- (a) Contingent assets (PS 3320 - April 1, 2017)
- (b) Contractual rights (PS 3430 - April 1, 2017)
- (c) Related Party Transactions: Inter-entity Transfer Valuations (PS 3420 - April 2018)
- (d) Restructuring transactions (PS 3430 - April 1, 2018)
- (e) Financial Instruments (PS 3450 - April 1, 2019)
- (f) Student Activity / Fiduciary funds policy under review for possible inclusion in Special Purpose Funds.

NOTE 4 CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
Cash	\$ <u>10,251,742</u>	\$ <u>9,007,811</u>
	\$ <u>10,251,742</u>	\$ <u>9,007,811</u>

NOTE 5 SPECIAL PURPOSE FUNDS

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 6 RESTRICTED ASSETS

The Council received a bequest to establish the Harry Stallworthy - Noah Carpenter Fund. The terms of the bequest state that the principal shall remain intact and the net annual income therefrom shall be made available to students of Inuit heritage for financial assistance in the High School Orientation Program.

		<u>2017</u>	<u>2016</u>
Comprised of:			
Short-term	- GIC 0.95% due June 22, 2018	\$ 250,000	\$ 250,000
	- Due from general cash	<u>8,884</u>	<u>6,459</u>
		<u>\$ 258,884</u>	<u>\$ 256,459</u>
Stallworthy / Carpenter Endowment Fund: (Note 21)			
	Principal proceeds received	\$ 216,515	\$ 216,515
	Interest earned to date	261,282	255,645
	Expenses to date	<u>(218,913)</u>	<u>(215,701)</u>
		<u>\$ 258,884</u>	<u>\$ 256,459</u>

NOTE 7 PORTFOLIO INVESTMENTS

(Not applicable)

NOTE 8 ACCOUNTS RECEIVABLE

	<u>Accounts</u>		<u>2017</u>	<u>2016</u>
	<u>Receivable</u>	<u>Allowance</u>		
Government of the Northwest Territories:				
- Education, Culture and Employment	\$ 57,100	\$ -	\$ 57,100	\$ 53,544
- Health and Social Services	-	-	-	4,466
- Municipal and Community Affairs	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,630</u>
Due from GNWT	<u>57,100</u>	<u>-</u>	<u>57,100</u>	<u>62,640</u>
Other Accounts receivable	<u>420,322</u>	<u>182,383</u>	<u>237,939</u>	<u>217,271</u>
	<u>\$ 477,422</u>	<u>\$ 182,383</u>	<u>\$ 295,039</u>	<u>\$ 279,911</u>

NOTE 9 INVENTORY

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
Government of the Northwest Territories:		
Education, Culture and Employment	\$ -	\$ 23,212
Health and Social Services	880	-
Municipal and Community Affairs	10,562	29,630
Department of Finance	7,842	-
Environment and Natural Resources	2,810	-
Department of Justice	-	3,592
Department of Industry, Tourism and Investment	<u>5,808</u>	<u>6,717</u>
Government of the Northwest Territories	27,902	63,151
Related Parties	307,379	235,518
Accounts payable	81,157	262,355
Accrued payables	<u>221,549</u>	<u>226,847</u>
	637,987	787,871
Payroll Liabilities	<u>2,702,006</u>	<u>2,683,825</u>
	<u>\$ 3,339,993</u>	<u>\$ 3,471,696</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 11 DEFERRED REVENUE

	<u>2017</u>	<u>2016</u>
Education, Culture & Employment		
- HKS Kitchen Upgrade	\$ -	\$ 19,800
- E3E Playground	1,022	23,816
- Healthy Food for Learning	22,269	81,707
- Safe and Caring Schools	-	2,160
- Resiliency & Leadership	-	865
- Elders in School	-	21,842
Justice		
- New Beginnings - Inuvik DEA	-	5,159
Library		
- School & Public Library Services - Ft. McPherson DEA	7,807	7,537
- Library - Ulukhaktok DEA	20,546	21,849
Healthy and Social Services		
- Drop the Pop	2,872	11,025
Municipal & Community Affairs		
- Ivvavik	<u>-</u>	<u>5,155</u>
Government of the Northwest Territories	<u>54,516</u>	<u>200,915</u>
- Health Canada - Community Oral Health initiative	5,290	13,074
-	<u>1,000</u>	<u>-</u>
Government of Canada	<u>6,290</u>	<u>13,074</u>
Inuvik Community Corporation	23,989	9,238
Charities Aid Foundation - America	8,264	-
Canadian Womens Foundation - A Relationship to die four	-	92
Hamlet of Sachs Harbour	2,749	1,500
Inuvialuit Regional Corporation	32,960	33,732
Food First Foundation	9,756	6,024
Beaufort Delta Recreation Association	-	20,741
Breakfast for Learning	5,605	-
E3E Breakfast	5,000	5,000
Tides - OTL - Collaborative Fund	40,000	18,650
NWT Parks & Rec Get Active NWT	<u>3,191</u>	<u>1,741</u>
	<u>\$ 192,320</u>	<u>\$ 310,707</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 12 CONTRIBUTION REPAYABLE

	<u>2017</u>	<u>2016</u>
Education, Culture & Employment - Library Services - Aklavik DEA	<u>5,282</u>	<u>1,717</u>
Government of the Northwest Territories	<u>5,282</u>	<u>1,717</u>
Tlicho Community Services eLearning	<u>-</u>	<u>36,547</u>
	<u><u>5,282</u></u>	<u><u>38,264</u></u>

NOTE 13 DUE FROM AND TO THE GOVERNMENT OF CANADA

(Not applicable)

NOTE 14 CAPITAL LEASE OBLIGATION

(Not applicable)

NOTE 15 PENSIONS

(Not applicable)

NOTE 16 LONG-TERM DEBT

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 17 OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES

In addition to the pension benefits, The Beaufort-Delta Education Council provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Beaufort-Delta Education Council's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>2017</u>	<u>2016</u>
Changes in Obligation:				
Accrued benefit obligations				
beginning of year	\$ 1,878,251	\$ 229,651	\$ 2,107,902	\$ 3,502,382
Current period benefit cost	117,103	19,652	136,755	633,622
Interest accrued	56,594	7,025	63,619	87,770
Benefit payments	(429,912)	(59,514)	(489,426)	(452,529)
Actuarial (gains)/losses	<u>126,057</u>	<u>141,265</u>	<u>267,322</u>	<u>(1,663,343)</u>
Accrued benefit obligations				
end of year	1,748,093	338,079	2,086,172	2,107,902
Unamortized net actuarial				
gain	<u>938,776</u>	<u>263,833</u>	<u>-</u>	<u>1,663,343</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Net future obligation	<u>2,686,869</u>	<u>601,912</u>	<u>2,086,172</u>	<u>3,771,245</u>
Total employee future benefits and compensated absences	2,686,869	601,912	2,086,172	3,771,245
Benefits Expense:	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The discount rate used to determine the accrued benefit obligation is an average of 3%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>Total</u>
2018	\$ 375,166	\$ 76,773	\$ 451,939
2019	226,246	48,585	274,831
2020	183,522	38,831	222,353
2021	189,952	38,365	228,317
2022	178,706	35,601	214,307
Next 5 years	684,581	127,867	812,448
Thereafter	<u>1,450,608</u>	<u>1,741,880</u>	<u>3,192,488</u>
Total	\$ <u>3,288,781</u>	\$ <u>2,107,902</u>	\$ <u>5,396,683</u>

NOTE 18 TRUST ASSETS UNDER ADMINISTRATION

(Not applicable)

NOTE 19 TANGIBLE CAPITAL ASSETS

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 20 PREPAID EXPENSES

	<u>2017</u>	<u>2016</u>
Alberta Assessment Consortium	1,100	1,100
Canada Revenue Agency	1,220	-
Career Cruising	-	998
R Agnes	-	2,450
Canadian North	-	2,508
Ontario Public Support	-	944
VISA charges	18,543	-
Arctic Inn	-	525
WestJet	-	716
	<u>20,863</u>	<u>9,241</u>

NOTE 21 ACCUMULATED SURPLUS/DEFICIT

Accumulated Surplus is comprised of an Operating Fund Surplus and the Stallworthy / Carpenter Endowment. Refer to Statement IV Statement of Accumulated Surplus for further details.

NOTE 22 CAPITAL ADVANCES

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 23 GNWT ASSETS PROVIDED AT NO COST

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2017 Net Book Value</u>	<u>2016 Net Book Value</u>
East Three Secondary School Carpentry shop	\$ 461,563	\$ 461,563	\$ -	\$ -
East Three Secondary School Auto Shop	541,689	468,405	73,284	88,712
Moose Kerr School	8,123,452	5,075,074	3,048,378	3,307,814
Aklavik Portable Classrooms	62,052	62,052	-	-
Chief Julius School	10,064,072	4,547,110	5,516,962	4,788,490
Mangilaluk School	7,146,891	4,483,791	2,663,100	2,871,971
Inualthuyak School	2,298,578	1,274,715	1,023,863	1,155,974
Helen Kalvak School	8,864,887	6,553,026	2,311,861	2,610,166
Angik School	3,697,250	1,999,797	1,697,453	1,820,905
Chief Paul Nitdchie School	2,467,761	770,362	1,697,399	1,768,619
Moose Kerr Foundation Replacement	753,546	117,776	635,770	654,608
Tsiigehtchic Gym	1	-	1	1
Moose Kerr School - Ventilation	173,505	56,735	116,770	128,350
Angik School Retrofit	123,278	45,733	77,545	87,551
Helen Kalvak School Vent & DDC Retrofit	354,896	125,692	229,204	258,778
East Three New Inuvik School	106,182,229	12,841,429	93,340,800	96,001,345
Tsiigehtchic Gym Pilings	205,668	20,995	184,673	189,814
Aklavik Community Library	<u>234,794</u>	<u>104,194</u>	<u>130,600</u>	<u>136,469</u>
	<u>\$151,756,112</u>	<u>\$ 39,008,449</u>	<u>\$112,747,663</u>	<u>\$115,869,567</u>

NOTE 24 CONTRACTUAL OBLIGATIONS

The Council has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2017:

	<u>Expires in Fiscal Year:</u>	<u>2018</u>	<u>2019-2022</u>	<u>Total</u>
Commercial Leases	2020	\$ 146,100	\$ 219,150	\$ 365,250
Equipment Leases	2022	<u>87,850</u>	<u>122,386</u>	<u>210,236</u>
Total		<u>\$ 233,950</u>	<u>\$ 341,536</u>	<u>\$ 575,486</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Estimated lease payments are as follows:

2018	\$	233,950
2019		223,101
2020		96,550
2021		17,743
2022		<u>4,142</u>
	\$	<u>575,486</u>

NOTE 25 CONTINGENCIES

(Not applicable)

NOTE 26 RELATED PARTY TRANSACTIONS

The Beaufort-Delta Education Council is related in terms of common ownership to all GNWT-created departments, agencies and corporations. The Council enters into transactions with these entities in the normal course of operations. The Council is provided with various administrative services by the GNWT, the value of which is not reflected in these consolidated financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, payroll services by the Department of Human Resources, internal audit services by the Department of Finance, and utility and maintenance by the Department of Public Works and Services. Transactions with related parties and balances at year end not disclosed elsewhere in the consolidated financial statements are disclosed in this note.

These transactions are in the normal course of operations and have been valued at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to and from related parties are non-interest bearing, and due within normal trade terms.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

	<u>2017</u>	<u>2016</u>
Due to related parties		
Accounts payable:		
Contributions		
Government of the Northwest Territories:		
Department of Education, Culture & Employment	\$ -	\$ 23,212
Department of Health and Social Services	880	-
Department of Municipal & Community Affairs	10,562	29,630
Department of Finance	7,842	-
Department of Environment and Natural Resources.ery	2,810	-
Department of Justice	-	3,592
Department of Industry, Tourism and Investment	<u>5,808</u>	<u>6,717</u>
Government of the Northwest Territories	<u>27,902</u>	<u>63,151</u>
Other Related Parties:		
Various BDEC Schools	<u>307,379</u>	<u>235,518</u>
Total Accounts Payable	<u>335,281</u>	<u>298,669</u>
Due to Related Parties	<u>\$ 335,281</u>	<u>\$ 298,669</u>

<u>Accounts</u>		<u>Net 2017</u>	<u>2016</u>
<u>Receivable</u>	<u>Allowance</u>		

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Due from related parties

Accounts receivable:

Government of the
Northwest Territories:

Department of Education, Culture & Employment	\$ 57,100	\$ -	\$ 57,100	\$ 53,544
Department of Health and Social Services	-	-	-	4,466
Department of Municipal & Community Affairs	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,630</u>
Government of the Northwest Territories	<u>57,100</u>	<u>-</u>	<u>57,100</u>	<u>62,640</u>
Due from Related Parties	<u>\$ 57,100</u>	<u>\$ -</u>	<u>\$ 57,100</u>	<u>\$ 62,640</u>

NOTE 27

BUDGET DATA

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Beaufort-Delta Education Council which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenue and expenses for the Operating fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Beaufort-Delta Education Council.

The budget figures presented are those approved by the Minister of Education, Culture and Employment on and have not been audited.

NOTE 28

ECONOMIC DEPENDENCE

The Beaufort-Delta Education Council receives its funding primarily from the GNWT. If the funding arrangements were to change, management is of the opinion that Beaufort-Delta Education Council operations would be significantly affected.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

NOTE 29 FINANCIAL INSTRUMENTS

The Council's financial instruments consist of cash and temporary investments, accounts receivable, due from GNWT, accounts payable and accrued liabilities, accrued payroll, leave and termination benefits and due to GNWT. Unless otherwise noted, it is management's opinion that the Council is not exposed to significant interest rate, liquidity, credit, market, currency or cash flow risks arising from these financial instruments.

The Council's carrying value of cash and accrued salaries approximate fair value due to the immediate and short-term maturity of these instruments.

The Council's carrying value of the accrued leave and termination benefits approximates fair value based on information readily available in the NWTTA, UNW and Senior Manager's handbook.

The Council is subject to credit risk with respect to accounts receivable. Credit risk arises from the possibility that customers to which the Council provides services may experience financial difficulty and be unable to fulfil their obligations. The Council regularly monitors the amounts of outstanding receivables and initiates collection procedures to minimize credit risk.

NOTE 30 EXPENSES BY OBJECT

	2017 Budget <u>(Unaudited)</u>	2017 <u>Actual</u>	2016 <u>Actual</u>
Compensation	\$ 24,247,557	\$ 24,319,848	\$ 24,623,310
Other	<u>4,333,389</u>	<u>6,246,664</u>	<u>4,506,709</u>
	<u>\$ 28,580,946</u>	<u>\$ 30,566,512</u>	<u>\$ 29,130,019</u>

NOTE 31 SUBSEQUENT EVENTS

(Not applicable)

NOTE 32 COMPARATIVE FIGURES

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

CONSOLIDATED DETAILS OF EXPENSES

For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accommodations	Operations & Maintenance	Administration	Aboriginal Languages	2017
SALARIES:							
Teachers	\$ 9,603,896	\$ 974,274	-	\$ -	\$ -	\$ 1,177,163	\$ 11,755,333
Instruction Assistants	63,732	-	-	-	-	35,461	99,193
Non-instructional Staff	1,965,143	2,104,252	-	-	1,487,690	508,356	6,065,441
Board/Trustee Honoraria	18,536	-	-	-	67,986	50,722	137,244
EMPLOYEE BENEFITS							
Employee Benefit/Allowance	3,883,016	1,202,399	-	141,789	398,724	580,970	6,206,898
Leave and Termination	55,739	-	-	-	-	-	55,739
SERVICES PURCHASED/							
CONTRACTED							
Professional/Technical Services	-	82,591	-	-	51,228	-	133,819
Postage/Communication	96,026	1,004	3,060	-	40,914	-	141,004
Utilities & Leases	1,014	-	-	-	-	-	1,014
Travel	136,492	81,213	510	-	132,291	75,057	425,563
Student Travel	61,168	5,641	129,907	-	3,938	21,009	221,663
Advertising/Printing/Publishing	-	-	-	-	8,000	1,164	9,164
Maintenance/Repair	58,878	-	-	-	57,234	5,981	122,093
Rentals/Leases	133,208	18,840	-	156,769	42,388	18,850	370,055
Others	55,373	7,120	-	1,899,319	56,798	17,538	2,036,148
Contracted Services	154,282	98,012	-	-	1,122	159,169	412,585
MATERIALS/SUPPLIES/FREIGHT							
Materials	807,588	76,900	-	-	113,962	293,366	1,291,816
Furniture and Equipment	149,312	183,218	-	-	606,189	39,832	978,551
Freight	55,980	14,689	-	-	16,517	16,003	103,189
CONTRIBUTIONS/TRANSFERS							
Total	\$ 17,299,383	\$ 4,850,153	\$ 133,477	\$ 2,197,877	\$ 3,084,981	\$ 3,000,641	\$ 30,566,512

AKLAVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 61,594	\$ 74,317
Due from Related Parties	4,527	4,956
Accounts Receivable	<u>2,380</u>	<u>18,947</u>
	<u>68,501</u>	<u>98,220</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	2	-
Due to Related Parties	-	35,628
Payroll Liabilities	909	778
Contribution Repayable	5,282	1,717
Deferred Revenue	<u>3,702</u>	<u>5,000</u>
	<u>9,895</u>	<u>43,123</u>
ACCUMULATED SURPLUS	<u>\$ 58,606</u>	<u>\$ 55,097</u>

AKLAVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 59,764	\$ 59,764	\$ 59,038
Other ECE contributions	51,800	55,869	51,380
Other	<u>8,000</u>	<u>21,671</u>	<u>36,802</u>
TOTAL REVENUE	<u>119,564</u>	<u>137,304</u>	<u>147,220</u>
EXPENSES			
Administration	33,087	36,616	44,893
School Programs	53,300	63,673	62,003
Aboriginal Languages/Cultural Programs	<u>33,177</u>	<u>33,506</u>	<u>44,226</u>
TOTAL EXPENSES	<u>119,564</u>	<u>133,795</u>	<u>151,122</u>
OPERATING SURPLUS	-	3,509	(3,902)
OPENING ACCUMULATED SURPLUS	<u>55,097</u>	<u>55,097</u>	<u>58,999</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 55,097</u>	<u>\$ 58,606</u>	<u>\$ 55,097</u>

**AKLAVIK DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES**

For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:				
Non-instructional Staff	\$ 46,513	\$ 22,031	\$ 8,256	\$ 76,800
Board/Trustee Honoraria	-	4,850	-	4,850
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	2,212	1,069	405	3,686
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	1,050	-	1,050
Rentals/Leases	-	-	7,350	7,350
Others	1,700	4,062	-	5,762
Contracted Services	-	-	8,737	8,737
MATERIALS/SUPPLIES/FREIGHT				
Materials	13,117	3,554	8,758	25,429
Freight	<u>131</u>	<u>-</u>	<u>-</u>	<u>131</u>
Total	<u>\$ 63,673</u>	<u>\$ 36,616</u>	<u>\$ 33,506</u>	<u>\$ 133,795</u>

FT MCPHERSON DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 37,867	\$ 47,560
Due from Related Parties	4,812	4,897
Accounts Receivable	<u>19,609</u>	<u>1,760</u>
	<u>62,288</u>	<u>54,217</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	26,364	20,441
Due to Related Parties	5,400	1,220
Payroll Liabilities	1,382	1,714
Deferred Revenue	<u>7,807</u>	<u>7,537</u>
	<u>40,953</u>	<u>30,912</u>
ACCUMULATED SURPLUS	<u>\$ 21,335</u>	<u>\$ 23,305</u>

FT MCPHERSON DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 63,306	\$ 93,313	\$ 132,713
Other ECE contributions	53,300	57,599	53,814
Other contributions	-	8,000	1,900
Other	<u>96,000</u>	<u>96,385</u>	<u>114,434</u>
TOTAL REVENUE	<u>212,606</u>	<u>255,297</u>	<u>302,861</u>
EXPENSES			
Administration	39,325	57,065	57,237
School Programs	53,950	63,073	90,218
Inclusive Schooling	-	30,120	27,783
Aboriginal Languages/Cultural Programs	<u>119,331</u>	<u>107,009</u>	<u>123,883</u>
TOTAL EXPENSES	<u>212,606</u>	<u>257,267</u>	<u>299,121</u>
OPERATING DEFICIT	-	(1,970)	3,740
OPENING ACCUMULATED SURPLUS	<u>23,305</u>	<u>23,305</u>	<u>19,565</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 23,305</u>	<u>\$ 21,335</u>	<u>\$ 23,305</u>

**FT MCPHERSON DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES**

For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Inclusive Schooling</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:					
Instruction Assistants	\$ 40,097	\$ -	\$ -	\$ -	40,097
Non-instructional Staff	-	6,435	28,261	59,139	93,835
Board/Trustee Honoraria	-	-	4,855	16,046	20,901
EMPLOYEE BENEFITS					
Employee Benefit/Allowance	2,128	473	1,580	3,783	7,964
SERVICES PURCHASED/ CONTRACTED					
Professional/Technical Services	-	-	325	-	325
Postage/Communication	-	1,004	875	-	1,879
Travel	-	-	-	2,760	2,760
Rentals/Leases	-	14,640	-	700	15,340
Others	-	7,120	2,594	485	10,199
MATERIALS/SUPPLIES/FREIGHT					
Materials	19,843	448	18,575	24,096	62,962
Freight	1,005	-	-	-	1,005
Total	\$ 63,073	\$ 30,120	\$ 57,065	\$ 107,009	\$ 257,267

INUVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 263,446	\$ 179,369
Due from Related Parties	18,632	18,712
Accounts Receivable	<u>4,722</u>	<u>24,194</u>
	<u>286,800</u>	<u>222,275</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	39,635	5,281
Payroll Liabilities	11,288	10,625
Deferred Revenue	<u>37,373</u>	<u>19,396</u>
	<u>88,296</u>	<u>35,302</u>
ACCUMULATED SURPLUS	<u>\$ 198,504</u>	<u>\$ 186,973</u>

INUVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 230,675	\$ 238,775	\$ 248,888
Other contributions	-	5,159	-
Other	<u>112,201</u>	<u>79,119</u>	<u>76,759</u>
TOTAL REVENUE	<u>342,876</u>	<u>323,053</u>	<u>325,647</u>
EXPENSES			
Administration	97,667	123,426	102,838
School Programs	76,119	60,169	57,368
Aboriginal Languages/Cultural Programs	<u>169,090</u>	<u>127,927</u>	<u>110,337</u>
TOTAL EXPENSES	<u>342,876</u>	<u>311,522</u>	<u>270,543</u>
OPERATING SURPLUS	-	11,531	55,104
OPENING ACCUMULATED SURPLUS	<u>186,973</u>	<u>186,973</u>	<u>131,869</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 186,973</u>	<u>\$ 198,504</u>	<u>\$ 186,973</u>

**INUVIK DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES**

For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:				
Instruction Assistants	-	-	34,455 \$	34,455
Non-instructional Staff	10,519	67,145	43,248	120,912
Board/Trustee Honoraria	-	9,300	3,625	12,925
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	729	4,481	5,211	10,421
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	4,287	-	4,287
Utilities & Leases	1,014	-	-	1,014
Travel	-	660	-	660
Advertising/Printing/Publishing	-	-	1,164	1,164
Rentals/Leases	20,400	-	-	20,400
Others	12,188	5,120	6,958	24,266
Contracted Services	7,139	594	15,000	22,733
MATERIALS/SUPPLIES/FREIGHT				
Materials	8,180	10,041	-	18,221
Furniture and Equipment	-	21,798	18,266	40,064
Total	<u>\$ 60,169</u>	<u>\$ 123,426</u>	<u>\$ 127,927</u>	<u>\$ 311,522</u>

PAULATUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 402	\$ 873
Due from Related Parties	3,476	2,745
Accounts Receivable	<u>2,328</u>	<u>-</u>
	<u>6,206</u>	<u>3,618</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	2,000	4,000
Due to Related Parties	2,510	1,283
Payroll Liabilities	1,472	907
Deferred Revenue	<u>-</u>	<u>3,019</u>
	<u>5,982</u>	<u>9,209</u>
NET FINANCIAL RESOURCES (DEBT)	<u>224</u>	<u>(5,591)</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	<u>1,220</u>	<u>-</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 1,444</u>	<u>\$ (5,591)</u>

PAULATUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 44,158	\$ 42,931	\$ 37,321
Other	<u>14,500</u>	<u>16,607</u>	<u>18,066</u>
TOTAL REVENUE	<u>58,658</u>	<u>59,538</u>	<u>55,387</u>
EXPENSES			
Administration	22,001	27,663	25,488
School Programs	17,330	17,786	26,090
Aboriginal Languages/Cultural Programs	<u>19,327</u>	<u>7,054</u>	<u>9,633</u>
TOTAL EXPENSES	<u>58,658</u>	<u>52,503</u>	<u>61,211</u>
OPERATING SURPLUS	-	7,035	(5,824)
OPENING ACCUMULATED DEFICIT	<u>(5,591)</u>	<u>(5,591)</u>	<u>233</u>
CLOSING ACCUMULATED SURPLUS (DEFICIT)	<u>\$ (5,591)</u>	<u>\$ 1,444</u>	<u>\$ (5,591)</u>

**PAULATUK DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES**

For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:				
Non-instructional Staff	\$ 10,990	\$ 15,528	\$ 3,900	\$ 30,418
Board/Trustee Honoraria	-	7,198	-	7,198
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	489	651	489	1,629
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	1,367	-	1,367
Others	-	1,504	-	1,504
Contracted Services	6,000	793	-	6,793
MATERIALS/SUPPLIES/FREIGHT				
Materials	<u>307</u>	<u>622</u>	<u>2,665</u>	<u>3,594</u>
Total	<u>\$ 17,786</u>	<u>\$ 27,663</u>	<u>\$ 7,054</u>	<u>\$ 52,503</u>

SACHS HARBOUR DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 58,832	\$ 17,464
Due from Related Parties	-	54,421
Accounts Receivable	<u>280</u>	<u>-</u>
	<u>59,112</u>	<u>71,885</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	-	17,303
Due to Related Parties	8,235	5,660
Payroll Liabilities	490	71
Deferred Revenue	<u>2,749</u>	<u>1,500</u>
	<u>11,474</u>	<u>24,534</u>
ACCUMULATED SURPLUS	<u>\$ 47,638</u>	<u>\$ 47,351</u>

SACHS HARBOUR DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget <u>(Unaudited)</u>	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 26,868	\$ 27,298	\$ 21,208
Other	<u>-</u>	<u>9,751</u>	<u>5,009</u>
TOTAL REVENUE	<u>26,868</u>	<u>37,049</u>	<u>26,217</u>
EXPENSES			
Administration	4,025	12,789	11,357
School Programs	13,893	23,251	18,728
Aboriginal Languages/Cultural Programs	<u>8,950</u>	<u>722</u>	<u>3,003</u>
TOTAL EXPENSES	<u>26,868</u>	<u>36,762</u>	<u>33,088</u>
OPERATING SURPLUS	-	287	(6,871)
OPENING ACCUMULATED SURPLUS	<u>47,351</u>	<u>47,351</u>	<u>54,222</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 47,351</u>	<u>\$ 47,638</u>	<u>\$ 47,351</u>

**SACHS HARBOUR DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES**

For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:				
Teachers	\$ 6,968	\$ -	\$ -	\$ 6,968
Non-instructional Staff	-	7,880	-	7,880
Board/Trustee Honoraria	-	1,900	250	2,150
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	504	591	-	1,095
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	125	-	125
Travel	-	200	300	500
Others	-	74	-	74
Contracted Services	12,000	700	-	12,700
MATERIALS/SUPPLIES/FREIGHT				
Materials	3,749	1,319	172	5,240
Freight	<u>30</u>	<u>-</u>	<u>-</u>	<u>30</u>
Total	<u>\$ 23,251</u>	<u>\$ 12,789</u>	<u>\$ 722</u>	<u>\$ 36,762</u>

TSIIGEHTCHIC DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 86,272	\$ 55,416
Due from Related Parties	13,374	50,383
Accounts Receivable	<u>1,350</u>	<u>900</u>
	<u>100,996</u>	<u>106,699</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	-	9,506
Due to Related Parties	7,064	-
Payroll Liabilities	<u>32</u>	<u>157</u>
	<u>7,096</u>	<u>9,663</u>
ACCUMULATED SURPLUS	<u>\$ 93,900</u>	<u>\$ 97,036</u>

TSIIGEHTCHIC DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 24,354	\$ 15,765	\$ 24,354
Rentals	<u>2,700</u>	<u>4,050</u>	<u>2,300</u>
TOTAL REVENUE	<u>27,054</u>	<u>19,815</u>	<u>26,654</u>
EXPENSES			
Administration	4,970	12,502	12,663
School Programs	9,794	5,805	32,453
Aboriginal Languages/Cultural Programs	<u>12,290</u>	<u>4,644</u>	<u>10,582</u>
TOTAL EXPENSES	<u>27,054</u>	<u>22,951</u>	<u>55,698</u>
OPERATING DEFICIT	-	(3,136)	(29,044)
OPENING ACCUMULATED SURPLUS	<u>97,036</u>	<u>97,036</u>	<u>126,080</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 97,036</u>	<u>\$ 93,900</u>	<u>\$ 97,036</u>

TSIHGEHTCHIC DISTRICT EDUCATION AUTHORITY

DETAILS OF EXPENSES

For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:				
Instruction Assistants	-	-	1,006 \$	1,006
Board/Trustee Honoraria	-	250	-	250
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	-	-	47	47
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Rentals/Leases	2,751	-	-	2,751
Others	-	261	850	1,111
Contracted Services	1,400	-	1,400	2,800
MATERIALS/SUPPLIES/FREIGHT				
Materials	1,654	1,201	1,341	4,196
Furniture and Equipment	-	10,790	-	10,790
Total	<u>\$ 5,805</u>	<u>\$ 12,502</u>	<u>\$ 4,644</u>	<u>\$ 22,951</u>

TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 58,110	\$ 16,946
Due from Related Parties	7,201	2,792
Accounts Receivable	<u>913</u>	<u>5,252</u>
	<u>66,224</u>	<u>24,990</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	26,785	13,534
Due to Related Parties	14,110	6,284
Payroll Liabilities	4,057	1,103
Deferred Revenue	<u>11,029</u>	<u>18,074</u>
	<u>55,981</u>	<u>38,995</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 10,243</u>	<u>\$ (14,005)</u>

TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
REVENUE			
Contributions from Divisional Council	\$ 131,576	\$ 149,772	\$ 75,057
Government of Canada	29,000	27,648	19,966
Other	<u>51,000</u>	<u>44,310</u>	<u>62,743</u>
TOTAL REVENUE	<u>211,576</u>	<u>221,730</u>	<u>157,766</u>
EXPENSES			
Administration	41,650	46,127	64,347
School Programs	117,399	113,934	59,985
Inclusive Schooling	-	21,016	13,820
Aboriginal Languages/Cultural Programs	<u>52,527</u>	<u>16,405</u>	<u>26,656</u>
TOTAL EXPENSES	<u>211,576</u>	<u>197,482</u>	<u>164,808</u>
OPERATING SURPLUS	-	24,248	(7,042)
OPENING ACCUMULATED DEFICIT	<u>(14,005)</u>	<u>(14,005)</u>	<u>(6,963)</u>
CLOSING ACCUMULATED SURPLUS (DEFICIT)	<u>\$ (14,005)</u>	<u>\$ 10,243</u>	<u>\$ (14,005)</u>

TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY

DETAILS OF EXPENSES

For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Administration	Aboriginal Languages	2017
SALARIES:					
Non-instructional Staff	\$ 24,499	\$ -	\$ 17,242	\$ -	\$ 41,741
Board/Trustee Honoraria	-	-	4,190	7,926	12,116
EMPLOYEE BENEFITS					
Employee Benefit/Allowance	7,223	-	6,015	-	13,238
SERVICES PURCHASED/ CONTRACTED					
Professional/Technical Services	-	-	-	-	-
Travel	-	-	316	42	358
Student Travel	1,628	-	-	-	1,628
Rentals/Leases	-	-	6,750	-	6,750
Others	2,000	-	4,171	-	6,171
Contracted Services	58,255	21,016	914	4,700	84,885
MATERIALS/SUPPLIES/FREIGHT					
Materials	20,225	-	5,579	3,699	29,503
Freight	104	-	950	38	1,092
Total	<u>\$ 113,934</u>	<u>\$ 21,016</u>	<u>\$ 46,127</u>	<u>\$ 16,405</u>	<u>\$ 197,482</u>

ULUKHAKTOK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION

For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 54,758	\$ 52,634
Due from Related Parties	-	7,945
Accounts Receivable	<u>689</u>	<u>321</u>
	<u>55,447</u>	<u>60,900</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	250	250
Due to Related Parties	4,080	-
Payroll Liabilities	925	757
Deferred Revenue	<u>27,181</u>	<u>25,586</u>
	<u>32,436</u>	<u>26,593</u>
ACCUMULATED SURPLUS	<u>\$ 23,011</u>	<u>\$ 34,307</u>

ULUKHAKTOK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (Unaudited)	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 69,054	\$ 69,044	\$ 73,407
Other ECE contributions	56,300	52,913	42,083
Other contributions	-	-	387
Rentals	-	2,422	1,529
Other	<u>31,285</u>	<u>24,516</u>	<u>28,410</u>
TOTAL REVENUE	<u>156,639</u>	<u>148,895</u>	<u>145,816</u>
EXPENSES			
Administration	32,207	39,204	32,219
School Programs	79,749	80,966	63,249
Inclusive Schooling	14,950	14,950	20,415
Aboriginal Languages/Cultural Programs	<u>29,733</u>	<u>25,071</u>	<u>24,445</u>
TOTAL EXPENSES	<u>156,639</u>	<u>160,191</u>	<u>140,328</u>
OPERATING DEFICIT	-	(11,296)	5,488
OPENING ACCUMULATED SURPLUS	<u>34,307</u>	<u>34,307</u>	<u>28,819</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 34,307</u>	<u>\$ 23,011</u>	<u>\$ 34,307</u>

ULUKHAKTOK DISTRICT EDUCATION AUTHORITY

DETAILS OF EXPENSES

For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Administration	Aboriginal Languages	<u>2017</u>
SALARIES:					
Non-instructional Staff	\$ 49,861	\$ 4,500	\$ 13,060	\$ 21,528	\$ 88,949
Board/Trustee Honoraria	2,198	-	10,250	1,675	14,123
EMPLOYEE BENEFITS					
Employee Benefit/Allowance	-	-	4,767	-	4,767
SERVICES PURCHASED/ CONTRACTED					
Professional/Technical Services	-	-	-	-	-
Student Travel	4,796	-	3,938	-	8,734
Rentals/Leases	-	4,200	-	-	4,200
Others	9,016	-	3,137	-	12,153
MATERIALS/SUPPLIES/FREIGHT					
Materials	14,170	6,250	4,052	1,868	26,340
Freight	<u>925</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>925</u>
Total	<u>\$ 80,966</u>	<u>\$ 14,950</u>	<u>\$ 39,204</u>	<u>\$ 25,071</u>	<u>\$ 160,191</u>

**NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL
STATEMENT OF FINANCIAL POSITION**

For the year ended June 30, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 9,630,461	\$ 8,563,232
Accounts Receivable	262,768	228,537
Restricted Assets	<u>258,884</u>	<u>256,459</u>
	<u>10,152,113</u>	<u>9,048,228</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	542,951	717,456
Due to Related Parties	10,623	96,876
Payroll Liabilities	2,681,459	2,667,766
Contribution Repayable	-	36,547
Employee Deductions Payable	716	1,537
Deferred Revenue	102,479	230,595
Post-Employment Benefits	3,422,599	2,207,324
Trust Liabilities	<u>258,884</u>	<u>256,459</u>
	<u>7,019,711</u>	<u>6,214,560</u>
NET FINANCIAL RESOURCES	<u>3,132,402</u>	<u>2,833,668</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	<u>19,643</u>	<u>9,241</u>
ACCUMULATED SURPLUS	<u>\$ 3,152,045</u>	<u>\$ 2,842,909</u>

NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget <u>(Unaudited)</u>	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUE			
Government of the NWT			
Regular contributions	\$ 27,911,000	\$ 28,645,178	\$ 27,395,293
Other ECE contributions	90,000	735,085	1,209,651
Other contributions	<u>75,000</u>	<u>438,702</u>	<u>492,454</u>
Total Government of the NWT	<u>28,076,000</u>	<u>29,818,965</u>	<u>29,097,398</u>
Government of Canada	-	6,361	1,000
Board Generated Funds			
Investment Income	52,000	72,560	67,718
Other	<u>469,960</u>	<u>501,951</u>	<u>549,836</u>
Total Board Generated Funds	<u>521,960</u>	<u>574,511</u>	<u>617,554</u>
TOTAL REVENUE	<u>28,597,960</u>	<u>30,399,837</u>	<u>29,715,952</u>
EXPENSES			
Administration	2,486,668	2,912,251	2,356,594
School Programs	18,960,278	17,018,669	18,096,919
Inclusive Schooling	4,672,000	4,858,271	5,274,420
Student Accommodations	-	133,477	105,792
Operations & Maintenance	-	2,197,877	476,384
Aboriginal Languages/Cultural Programs	<u>2,462,000</u>	<u>2,970,156</u>	<u>2,315,977</u>
TOTAL EXPENSES	<u>28,580,946</u>	<u>30,090,701</u>	<u>28,626,086</u>
OPERATING SURPLUS	17,014	309,136	1,089,866
OPENING ACCUMULATED SURPLUS	<u>2,842,909</u>	<u>2,842,909</u>	<u>1,753,043</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 2,859,923</u>	<u>\$ 3,152,045</u>	<u>\$ 2,842,909</u>

NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL
DETAILS OF EXPENSES
 For the Year Ended June 30, 2017

	<u>School Programs</u>	<u>Inclusive Schooling</u>	<u>Student Accommodations</u>	<u>Operations & Maintenance</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2017</u>
SALARIES:							
Teachers	\$ 9,596,928	\$ 974,274	-	-	-	\$ 1,177,163	\$ 11,748,365
Instruction Assistants	23,635	-	-	-	-	-	23,635
Non-instructional Staff	1,822,761	2,093,317	-	-	1,316,543	372,285	5,604,906
Board/Trustee Honoraria	16,338	-	-	-	25,193	21,200	62,731
EMPLOYEE BENEFITS							
Employee Benefit/Allowance	3,869,731	1,201,926	-	141,789	379,570	571,035	6,164,051
Leave and Termination	55,739	-	-	-	-	-	55,739
SERVICES PURCHASED/ CONTRACTED							
Professional/Technical Services	-	82,591	-	-	50,903	-	133,494
Postage/Communication	96,026	-	3,060	-	33,210	-	132,296
Travel	136,492	81,213	510	-	131,115	71,955	421,285
Student Travel	54,744	5,641	129,907	-	-	21,009	211,301
Advertising/Printing/Publishing	-	-	-	-	8,000	-	8,000
Maintenance/Repair	58,878	-	-	-	57,234	5,981	122,093
Rentals/Leases	110,057	-	-	156,769	35,638	10,800	313,264
Others	30,469	-	-	1,899,319	35,875	9,245	1,974,908
Contracted Services	69,488	76,996	-	-	(1,879)	129,332	273,937
MATERIALS/SUPPLIES/FREIGHT							
Materials	726,343	70,202	-	-	69,019	250,767	1,116,331
Furniture and Equipment	149,312	183,218	-	-	573,601	21,566	927,697
Freight	53,785	14,689	-	-	15,567	15,965	100,006
CONTRIBUTIONS/TRANSFERS							
Transfers - Other	147,943	74,204	-	-	182,662	291,853	696,662
Total	<u>\$ 17,018,669</u>	<u>\$ 4,858,271</u>	<u>\$ 133,477</u>	<u>\$ 2,197,877</u>	<u>\$ 2,912,251</u>	<u>\$ 2,970,156</u>	<u>\$ 30,090,701</u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 29

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
FRENCH LANGUAGE PROGRAM
For the Year Ended June 30, 2017**

	ECE Contributions July <u>1 to June 30</u>	Commitment from Beaufort Delta <u>Education Council</u>	Total Expenses <u>July 1 to June 30</u>
Bilateral Agreement Funding			
Special Projects:			
Teacher's Assistant Salary	\$ 60,000	\$ 8,066	\$ 68,066
Core French 1:12 Salary	-	23,635	23,635
French Resources	5,000	2,978	7,978
Cultural Activities	5,000	(4,800)	200
Professional Development	5,000	(5,000)	-
French Monitor	15,000	(15,000)	-
Mentorship with YCS on Immersion Program	<u>-</u>	<u>30,000</u>	<u>30,000</u>
Total	<u>\$ 90,000</u>	<u>\$ 39,879</u>	<u>\$ 129,879</u>
Regular GNWT Funding			
Immersion Program	\$ 90,000		
Core French Instruction	<u>48,710</u>		
Total	<u>\$ 138,710</u>		

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 30

REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
ABORIGINAL LANGUAGES
For the Year Ended June 30, 2017

	July 1 to <u>March 31</u>	April 1 to <u>June 30</u>	<u>Total</u>
Contribution Agreement			
<u>Aboriginal Languages</u>			
Revenue			
Funding Received	<u>-</u>	<u>78.000</u>	<u>78.000</u>
Expenses			
Other O & M	<u>-</u>	<u>116.752</u>	<u>116.752</u>
Total Expenses	<u>-</u>	<u>116.752</u>	<u>116.752</u>
Net Surplus (Deficit)			<u><u>(38.752)</u></u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 31

REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
STUDENT SUCCESS INITIATIVE

For the Year Ended June 30, 2017

NWT Student Success Initiative

Professional Development Initiative

Title of Project: Ongoing Development of Collaborative Teams and Response to Intervention

	<u>2017</u>
Revenue	<u>130,274</u>
Expenses:	
Travel	
Air Charter	60,478
Accommodation	19,586
Daily Per Diems	8,064
Workshop Expenses	
Room Rental	689
Miscellaneous	<u>27,865</u>
Total Expenses	<u>116,682</u>
Net Surplus (Deficit)	<u><u>13,592</u></u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 32

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
 DETAILS OF ABORIGINAL LANGUAGE AND CULTURAL-BASED EDUCATION EXPENSES
 For the Year Ended June 30, 2017**

<u>FUNCTION</u>	<u>Student Instruction</u>	<u>Teaching/ Learning Resources</u>	<u>Professional Development</u>	<u>School Activities and Integrated Community Programs</u>	<u>Total</u>
<u>SALARIES</u>					
ALCBE Teachers	\$ 1,177,163	\$ -	\$ -	\$ -	\$ 1,177,163
Language Consultants	372,285	-	-	-	372,285
Instruction Assistants	35,461	-	-	-	35,461
Non Instructional Staff	-	-	-	136,071	136,071
Honoraria	-	-	-	50,722	50,722
<u>EMPLOYEE BENEFITS</u>					
Employee Benefits/Allowances	571,035	-	-	9,935	580,970
<u>SERVICES PURCHASED/ CONTRACTED</u>					
Travel	21,985	-	46,959	6,113	75,057
Student Transportation (bussing)	-	-	-	21,009	21,009
Advertising/Printing/Publishing	-	-	-	1,164	1,164
Maintenance/Repair	-	-	-	5,981	5,981
Rentals/Leases	-	-	-	18,850	18,850
Other Contracted Services	-	125,682	7,295	26,192	159,169
Others	-	-	-	17,538	17,538
<u>MATERIAL/SUPPLIES/FREIGHT</u>					
Materials	-	233,070	1,436	58,860	293,366
Furniture and Equipment	-	-	-	39,832	39,832
Freight	-	104	-	15,899	16,003
TOTAL	\$ 2,177,929	\$ 358,856	\$ 55,690	\$ 408,166	\$ 3,000,641

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 33

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
DETAILS OF INCLUSIVE SCHOOLING EXPENSES
For the Year Ended June 30, 2017**

<u>FUNCTION</u>	<u>Staff Development</u>	<u>Assistive Technology</u>	<u>Student Resources</u>	<u>General Inclusive Schooling</u>	<u>Total</u>
<u>SALARIES</u>					
Program Support Teachers	\$ -	\$ -	\$ -	\$ 974,274	\$ 974,274
Consultants	-	-	-	133,123	133,123
Support Assistants	-	-	-	1,510,595	1,510,595
Non Instructional Staff	-	57,161	-	403,373	460,534
<u>EMPLOYEE BENEFITS</u>					
Employee Benefits/Allowances	-	-	-	1,202,399	1,202,399
<u>SERVICES PURCHASED/ CONTRACTED</u>					
Professional/Technical Services	-	-	-	82,591	82,591
Travel	-	-	-	1,004	1,004
Travel	31,796	-	-	49,417	81,213
Student Transportation (bussing)	-	-	-	5,641	5,641
Rentals/Leases	-	-	-	18,840	18,840
Other Contracted Services	16,821	-	-	81,191	98,012
Others	205	-	-	6,915	7,120
<u>MATERIAL/SUPPLIES/FREIGHT</u>					
Materials	-	-	63,334	13,566	76,900
Furniture and Equipment	-	-	-	183,218	183,218
Freight	-	-	-	14,689	14,689
TOTAL	\$ 48,822	\$ 57,161	\$ 63,334	\$ 4,680,836	\$ 4,850,153

**Commission scolaire francophone
Territoires du Nord-Ouest**

Consolidated Financial Statements

June 30, 2017

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Financial Statements

June 30, 2017

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Commission scolaire francophone Territoires du Nord-Ouest

Rapport de gestion

L'objectif du rapport de gestion consiste à expliquer, du point de vue du bureau central, la situation financière et les perspectives d'avenir de la Commission scolaire francophone TNO. Le rapport de gestion est la responsabilité de la direction générale et du Conseil des commissaires de la Commission scolaire francophone TNO et sert à promouvoir la transparence et la reddition de compte.

Les objectifs de la gestion financière de la Commission scolaire francophone TNO se résument en deux objectifs :

- 1) Fournir les meilleurs programmes d'éducation possible selon les ressources financières allouées.
- 2) Gérer les ressources financières avec compétence et être redevable pour ces ressources financières devant le ministère de l'Éducation, de la Culture et de la Formation des Territoires du Nord-Ouest et le gouvernement du Canada.

La vision de la Commission scolaire francophone TNO est de permettre à l'élève de développer ses compétences et de cultiver ses talents, selon ses besoins spécifiques, dans une perspective de développement global de sa personne et de son identité francophone.

Selon la *Loi sur l'Éducation des Territoires du Nord-Ouest*, la Commission scolaire francophone compte six sièges de commissaires élus, trois à Yellowknife et trois à Hay River.

Ce sont les commissaires qui supervisent la gestion de la Commission scolaire et des écoles. En fait, ils constituent le lien entre les élèves, les parents, les écoles et les deux paliers de gouvernement.

Les commissaires pour 2016-17 étaient :

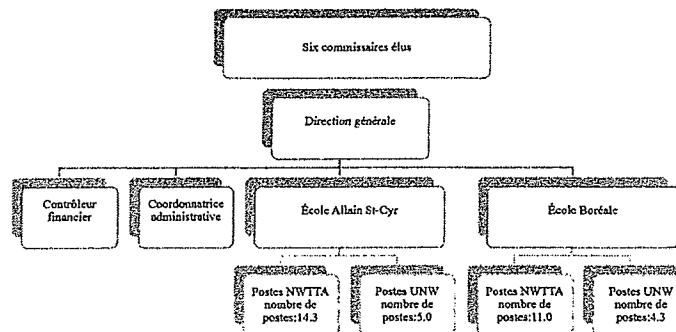
Nom	Titre
Simon Cloutier	Présidente
Natalie Campbell	Vice-présidente
Christian Marcoux	Trésorier
David Couture	Commissaire
Étienne Croteau	Commissaire
Michael St-Amour	Commissaire

La Commission scolaire francophone TNO gouverne deux écoles publiques en français langue première de la maternelle à la 12^e année: l'école Allain St-Cyr à Yellowknife et l'école Boréale à Hay River. En 2016-17, la CSFTNO avait trois employés au bureau central et trente-deux employés dans les écoles pour un total de trente-cinq employés.

L'organigramme de la Commission scolaire francophone pour l'année scolaire 2016-17:



COMMISSION SCOLAIRE FRANCOPHONE DES TNO



Au 30 septembre 2016, 117.5 élèves fréquentaient l'école Allain St-Cyr et 81.5, l'école Boréale.

La Commission scolaire a adopté son Plan stratégique 2015-2020 le 17 décembre 2015. Le plan comprend 5 priorités :

- La réussite et le bien-être de chaque élève;
- Espace francophone et communautaire;
- Engagement des parents et des familles;
- L'école francophone, le premier choix des parents; et
- Gestion et gouvernance efficaces.

Priorité : La réussite et le bien-être de chaque élève

- Développer les compétences à l'ère numérique chez nos élèves de la maternelle à la 12e année;
- Appuyer nos élèves à partir d'une compréhension commune de « la réussite » et du « bien-être »;
- Améliorer la diversité et la qualité des programmes et des services offerts dans nos écoles;
- Entretenir un climat sain, inclusif et sécuritaire dans nos écoles;
- Assurer l'utilisation efficace et judicieuse des technologies informatiques et de communication pour améliorer l'expérience d'apprentissage;
- Maintenir un personnel engagé et compétent;
- Assurer le développement professionnel continu et l'échange de pratiques qui favorisent la réussite et le bien-être des élèves; et
- Favoriser le développement de l'autonomie chez les élèves tout au long de leur parcours scolaire.

Priorité : Espace francophone et communautaire

- Favoriser le développement de la construction identitaire chez nos élèves;
- Renforcer les partenariats avec la communauté pour appuyer l'apprentissage de chaque élève; et
- Promouvoir la valeur ajoutée de l'éducation en français langue première et de la dualité linguistique canadienne.

Priorité : Engagement des parents et des familles

- Impliquer nos parents comme partenaires dans l'apprentissage et l'épanouissement de leur enfant;
- Aider nos parents afin qu'ils puissent accompagner leur enfant; et
- Assurer une communication ouverte et soutenue avec les parents.

Priorité : L'école francophone, le premier choix des parents

- Assurer la pérennité et la vitalité de nos écoles; et
- Favoriser la rétention et le recrutement des élèves.

Priorité : Gestion et gouvernances efficaces

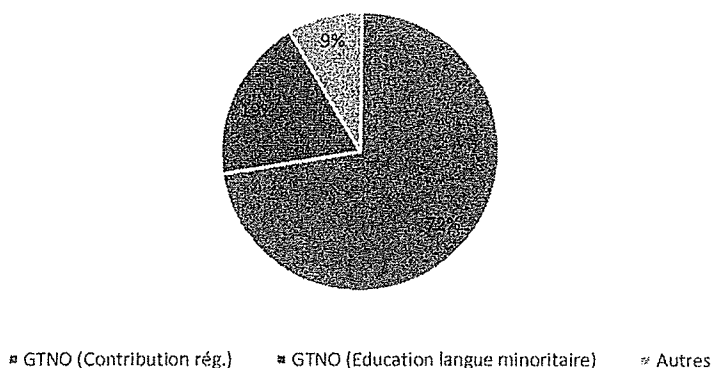
- Mettre à jour les politiques de gouvernance de la CSFTNO;
- Renforcer les capacités de leadership au sein de la CSFTNO; et
- Améliorer la communication et la diffusion d'information auprès des parents et des membres de la communauté.

Revenus

La source principale de revenu provient du Gouvernement des Territoires du Nord-Ouest. Cette source de revenu est majoritairement divisée entre 2 catégories :

- Les contributions régulières calculées par le Cadre de financement scolaire des Territoires du Nord-Ouest; et
- La contribution provenant de l'entente *Enseignement en français langue de la minorité* de Patrimoine canadien.

Sources de revenu CSFTNO 2016-17

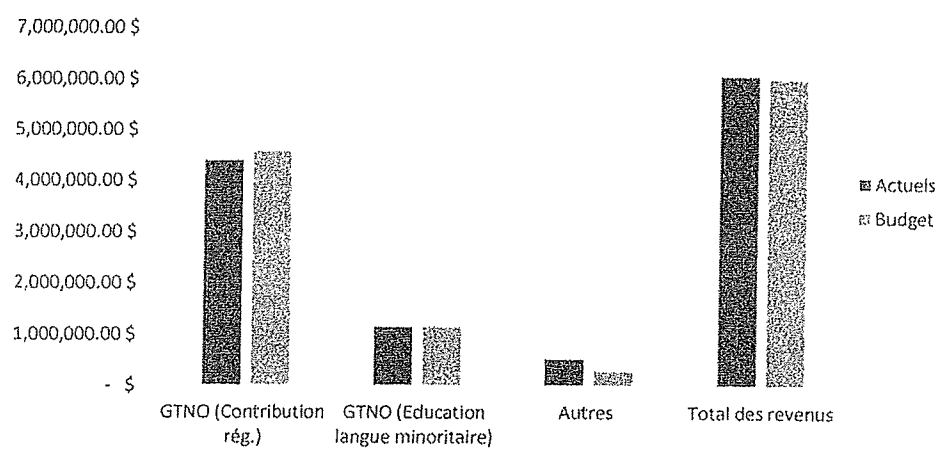


En 2016-2017, la Commission scolaire francophone TNO a enregistré des revenus d'une somme de 6.08 M\$ comparativement à un montant budgété de 6.03 M\$. Cette variance de 50 K\$ s'explique principalement par 4 facteurs :

- Des revenus surestimés par la CSFTNO de (106 K\$) dans les contributions régulières du GTNO.
- Les contributions additionnelles de 90 K\$ reçues par le Gouvernement des Territoires du Nord-Ouest pendant l'année scolaire 2016-17 pas inclus dans le budget approuvé.
- Une somme de 52 K\$ non budgétée reçu en raison des montants résiduels du *Programme de contestation judiciaire*.
- La somme de 17 K\$ non budgétée reçu pour le programme de développement professionnel du NWTTA.

Voici un tableau illustrant les revenus actuels comparativement aux revenus budgétés :

Revenus actuels vs. budgétés 2016-17



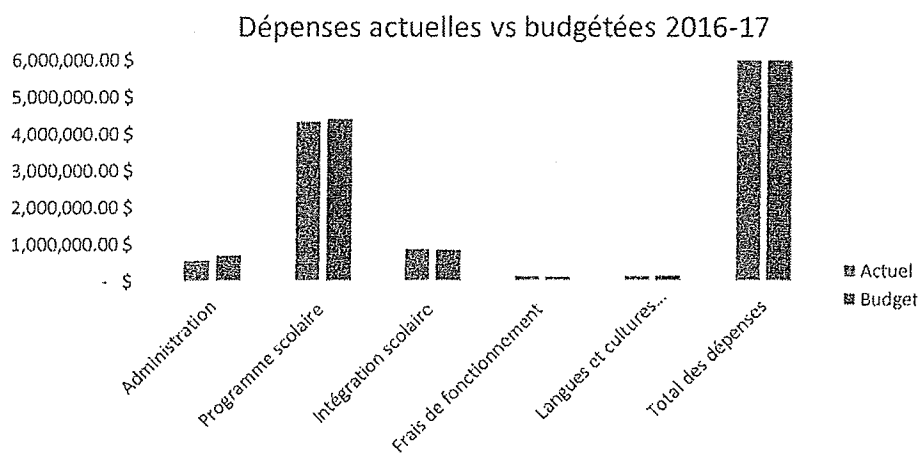
Dépenses

Le total des dépenses de la Commission scolaire francophone TNO au 30 juin 2017 se chiffrait à 6.04 M\$ comparativement à un budget approuvé de 6.20 M\$.

Cette variance de 160 K\$ s'explique majoritairement par les revenus surestimés de 106 K\$. Ayant déjà un budget déficitaire de (176 K\$), lorsque la CSFTNO a réalisé que les revenus étaient surestimés de 106 K\$, plusieurs changements au budget ont été implantés afin de limiter l'impact sur le surplus, notamment :

- Réductions dans le programme d'administration
 - Frais de voyage réduit de 7 K\$.
 - Frais de marketing réduit de 5 K\$
 - Frais administratifs réduits de 8 K\$
 - Frais de matériaux réduits de 10 K\$
 - Les initiatives découlant du Plan stratégique ont été remises à 2017-18. (Économie de 80 K\$)
 - Frais légaux 10 K\$ plus bas que budgétés
- Réduction dans le programme scolaire
 - Frais de matériaux 52 K\$ plus bas que budgétés
 - Frais de développement professionnel de 5 K\$ plus bas que budgétés
 - Bourses de rétention plus bas que prévu de 10 K\$

Voici un tableau illustrant les dépenses actuelles comparativement aux dépenses budgétées par programme :



Programmes

- Administration

La section administration comprend les dépenses pour les salaires et bénéfices des employés au bureau central, les honoraires du Conseil d'administration et les dépenses administratives de la Commission scolaire francophone TNO.

- Programme scolaire

Cette section inclue les dépenses opérationnelles des écoles telles que les salaires et bénéfices des enseignants, aide-enseignants, consultants, secrétaires et concierges. Le programme scolaire comprend également les frais de développement professionnel, le transport par autobus, les matériaux scolaires et les fournitures scolaires dans les écoles.

- Intégration scolaire

Les dépenses pour l'intégration scolaire permettent aux écoles d'inclure tous les élèves et d'assurer leur participation dans les classes régulières. Cette section inclue les salaires et bénéfices des enseignants, les adjoint(e)s au programme de soutien, le développement professionnel, les matériaux et fournitures de classe associés au programme d'intégration scolaire.

- Frais de fonctionnement

Les frais de fonctionnement consistent des dépenses d'opération et de maintenance des écoles non couverts par le Gouvernement des Territoires du Nord-Ouest.

- Langue et cultures autochtones

Ce programme comprend les salaires et bénéfices des enseignants, ainsi que les matériaux et les fournitures reliés au programme de Langue et culture autochtones.

Modification de méthode comptable

En 2016-17, la CSFTNO a appliqué les changements relatifs à la norme SP 3255, *Avantages postérieurs à l'emploi, congés rémunérés et prestations de cessation d'emploi*. L'objectif comptable est de mesurer l'obligation au titre des avantages sociaux futurs en vue de communiquer cette information et d'attribuer le coût des avantages aux exercices pertinents.

La note 17 aux états financiers illustre les détails provenant de la norme SP 3255. Le passif initial non comptabilisé se voit comme une modification de méthode comptable appliquée rétroactivement. L'ajustement rétroactif réduit le surplus accumulé en fin d'année 2015-16 de 457 267\$. Avec ce changement, le surplus accumulé au 30 juin 2016 se chiffre à 119 564\$ comparativement à 576 831\$.

Sommaire

En 2016-17, la Commission scolaire francophone TNO a approuvé un déficit de (176 501\$) en raison des dépenses liées à la réalisation du Plan stratégique 2015-2020 et à l'implantation des programmes préscolaires 4 ans à temps plein dans nos deux écoles.

La Commission scolaire francophone TNO a terminé l'année fiscale avec un surplus annuel de 67 646\$. Par conséquent, le surplus accumulé a augmenté à 187 210\$ comparativement à 119 564\$ au 30 juin 2016. Ce surplus annuel s'explique majoritairement par des revenus excédentaires non budgétés d'environ 50 K\$, le recouvrement des *Avantages postérieurs à l'emploi, congés rémunérés et prestations de cessation d'emploi* de 25 K\$ et des réductions des dépenses budgétés au bureau central et dans les écoles.

Finalement, les fonds budgétés pour l'année fiscale 2017-2018 s'enlignent avec le Plan stratégique 2015-2020 dans le but de continuer à offrir un excellent programme d'éducation en français langue première dans nos deux écoles.

Nous souhaitons une bonne rentrée scolaire à tous les élèves et employés de la Commission scolaire francophone TNO.

**To the Minister of Education, Culture and Employment
Government of the Northwest Territories**

Management's Responsibility for Financial Reporting with respect to the school year ended June 30, 2017

The Management Discussion and Analysis, Consolidated Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of Commission scolaire francophone Territoire du Nord-Ouest ("the Commission") in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of the Commission have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Commission


Yvonne Careen

Directrice générale


Eric Frenette, CPA, CGA

Contrôleur financier

September 18, 2017



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Independent Auditors' Report

To the Minister of Education, Culture and Employment Government of the Northwest Territories

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Commission Scolaire Francophone Territoires du Nord-Ouest ("the Commission") which comprise the consolidated statement of financial position as at June 30, 2017 and the consolidated statements of operations, changes in net financial asset, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the consolidated 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 Commission'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 consolidated financial statements.

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



Independent Auditors' Report (continued)

Basis for Qualified Opinion

Salaries and benefits paid to management and employees of the Commission are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories. Our audit scope was limited as we did not audit the components of salaries and benefits expenditures. Accordingly, we were not able to determine whether any adjustments might be necessary to salaries and benefits expenditures, employee deductions payable, vacation payable, salaries and wages payable, employee leave and termination benefits and accumulated surplus (deficit).

Qualified Opinion

In our opinion, except for the possible effect of the matters described in the Basis of Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Commission as at June 30, 2017 and the results of its operations, change in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the *Financial Administration Act*, in our opinion, proper books of account have been kept by the Commission, the consolidated financial statements are in agreement therewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Commission.

A handwritten signature in black ink that reads "Crowe MacKay LLP".

Yellowknife, Northwest Territories
September 18, 2017

Chartered Professional Accountants

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Statement of Financial Position

As at June 30, 2017 2016
(Restated
- Note 32)

Financial Assets

Cash (Note 4)	\$ 1,686,375	\$ 1,149,689
Accounts receivable (Note 8)	206,554	329,992
	1,892,929	1,479,681

Liabilities

Accounts payable and accrued liabilities (Note 10)	634,389	151,477
Deferred revenue (Note 11)	12,300	-
Post-employment benefits (Note 17)	610,525	648,814
Payroll liabilities (Note 34)	456,511	576,672
	1,713,725	1,376,963

Net financial assets **179,204** **102,718**

Non-financial assets

Prepaid expenses and deposits (Note 20)	8,006	16,846
Accumulated surplus	\$ 187,210	\$ 119,564

Represented By:

Operating surplus **\$ 187,210** **\$ 119,564**

Contractual obligations and contingencies (Note 24 and 25)

Approved on behalf of the Board:

 Trustee

 Trustee

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Statement of Operations

For the year ended June 30,	2017 Budget	2017 Actual	2016 Actual (Restated - Note 32)
Revenue			
Government of the NWT Education, Culture, & Employment			
ECE Regular contributions	\$ 4,582,460	\$ 4,514,588	\$ 4,446,189
French language instruction	1,152,850	1,152,850	1,152,850
ECE Other contributions (Note 33)	-	96,901	59,245
Total GNWT ECE	5,735,310	5,764,339	5,658,284
GNWT Other contributions (Note 34)	50,000	44,234	23,027
Total GNWT	5,785,310	5,808,573	5,681,311
Government of Canada			
Other contributions	45,500	46,578	47,553
Education body generated funds			
Northwest Territories Teachers' Association Contributions	-	17,830	9,039
Interest	10,000	12,773	19,298
School fees	185,000	156,165	12,492
Other revenue	-	39,181	23,732
	195,000	225,949	64,561
	6,025,810	6,081,100	5,793,425
Expenses (Schedule 1)			
Administration	699,353	562,628	598,859
School programs	4,402,623	4,327,553	4,083,653
Inclusive schooling	840,098	865,611	855,388
Operations and maintenance	106,300	138,959	98,943
Aboriginal languages	153,937	143,784	145,258
	6,202,311	6,038,535	5,782,101
Operating surplus (deficit) before other items	(176,501)	42,565	11,324
Other items			
Post-employment benefit (recovery) expense (Note 17)	-	(25,081)	140,759
Grant in-kind - Assets provided at no cost (Note 23)	-	164,160	164,160
Rent expense - Assets provided at no cost (Note 23)	-	(164,160)	(164,160)
Adjusted operating surplus (deficit)	(176,501)	67,646	(129,435)
Opening accumulated surplus, as previously stated	577,564	576,831	577,564
Restatement for change in accounting policy (Note 32)	-	(457,267)	(328,565)
Opening accumulated surplus, as restated	577,564	119,564	248,999
Closing accumulated surplus	\$ 401,063	\$ 187,210	\$ 119,564

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Statement of Changes in Net Financial Assets

For the year ended June 30,	2017	2016 (Restated - Note 32)
Adjusted operating surplus (deficit)	\$ 67,646	\$ (129,435)
Use (acquisition) of prepaid expenses and deposits	8,840	(1,663)
Increase in net financial assets	76,486	(131,098)
Net financial assets, beginning of year	102,718	233,816
Net financial assets, end of year	\$ 179,204	\$ 102,718

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Statement of Cash Flows

For the year ended June 30,	2017	2016 (Restated - Note 32)
<i>Cash provided by (used in):</i>		
Operating transactions		
Operating surplus (deficit)	\$ 67,646	\$ (129,435)
Changes in non-cash assets and liabilities		
Increase (decrease) in accounts receivable	123,438	(114,417)
Increase (decrease) in accounts payable	482,912	(21,587)
Increase (decrease) in payroll liabilities	(120,161)	(89,902)
Increase (decrease) in contributions repayable	-	(17,410)
Increase (decrease) in deferred revenue	12,300	(45,000)
Increase (decrease) in post-employment benefits	(38,289)	151,964
Increase (decrease) in prepaid expenses and deposits	8,840	(1,664)
Increase (decrease) in cash and cash equivalents	536,686	(267,451)
Cash at beginning of year	1,149,689	1,417,140
Cash at end of year	\$ 1,686,375	\$ 1,149,689

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 1
Consolidated Details of Expenses

For the year ended June 30,

	School Programs	Inclusive Schooling (schedule 3)	Operations & Maintenance	Administration	Aboriginal Languages (schedule 2)	Total 2017	Budget 2017	Total 2016
Salaries								
Teacher salaries	\$ 2,980,280	\$ 457,295	\$ -	\$ -	\$ 63,918	\$ 3,501,493	\$ 3,467,257	\$ 3,381,396
Instruction assistants	372,705	209,634	-	-	-	582,339	567,636	426,569
Non-instruction staff	375,616	60,687	-	359,562	-	795,865	818,350	815,015
Board/trustee honoraria	-	-	-	36,357	-	36,357	38,000	38,884
	3,728,601	727,616	-	395,919	63,918	4,916,054	4,891,243	4,661,864
Employee Benefits								
Employee benefit	-	-	30,986	-	-	30,986	26,000	36,823
Leave and termination	-	-	75,721	-	-	75,721	20,000	10,827
	-	-	106,707	-	-	106,707	46,000	47,650
Services Purchased/Contracted								
Advertising/Publishing	-	-	123	29,912	-	30,035	47,000	21,089
Communication	17,121	-	-	12,389	-	29,510	38,576	24,149
Contracted services	64,555	38,693	-	42,710	-	145,958	233,500	169,703
Maintenance & repairs	14,499	-	32,129	-	-	46,628	65,800	60,363
Other	62,007	49,830	-	19,863	31,172	162,872	241,050	199,304
Rental/leases	112,027	-	-	7,455	-	119,482	109,000	124,458
Student travel	57,866	-	-	-	-	57,866	67,000	61,738
Travel	32,639	10,790	-	21,174	28,988	93,591	93,632	81,311
	360,714	99,313	32,252	133,503	60,160	685,942	895,558	742,115
Supplies and Materials								
Freight	706	2,432	-	-	-	3,138	4,050	5,414
Materials	237,532	36,250	-	33,206	19,706	326,694	365,460	325,058
	238,238	38,682	-	33,206	19,706	329,832	369,510	330,472
Total	\$ 4,327,553	\$ 865,611	\$ 138,959	\$ 562,628	\$ 143,784	\$ 6,038,535	\$ 6,202,311	\$ 5,782,101

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 2

Details of Aboriginal Language and Culture Expenses

For the year ended June 30, 2017

	Student Instructions	School Activities & Integrated Community Programs	Total
Function Salaries			
ALCBE teachers	\$ 63,918	\$ -	\$ 63,918
Honoraria	-	21,272	21,272
Elders in the schools	-	9,900	9,900
	63,918	31,172	95,090
Services Purchased/Contracted			
Travel	-	28,988	28,988
	-	28,988	28,988
Materials/Supplies/Freight			
Materials	-	19,706	19,706
	\$ 63,918	\$ 79,866	\$ 143,784

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 3

Details of Inclusive Schooling Expenses

For the year ended June 30, 2017

	Staff Development	Student Resources	General Inclusive Schooling	Total
Function Salaries				
Consultants	\$ -	\$ -	\$ 60,687	\$ 60,687
Program support teachers	-	-	457,295	457,295
Supportive assistants	-	-	209,634	209,634
	-	-	727,616	727,616
Services Purchased/Contracted				
Contracted services	-	-	38,693	38,693
Other	49,830	-	-	49,830
Travel	-	-	10,790	10,790
	49,830	-	49,483	99,313
Materials/Supplies/Freight				
Freight	-	-	2,432	2,432
Materials	-	36,250	-	36,250
	-	36,250	2,432	38,682
	\$ 49,830	\$ 36,250	\$ 779,531	\$ 865,611

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 4
French Language Funding

For the year ended June 30, 2017

	Contributions from GNWT	Commitments from Commission	Expenditures	(Under) Over Funding
STUDENT PARTICIPATION				
School administration (salary)	\$ 200,000	\$ 20,000	\$ 253,432	\$ (33,432)
Retention bursaries	12,000	-	32,750	(20,750)
2 grade level per class (salary)	299,350	1,700,000	2,449,982	(450,632)
2 secretaries / librarian (salary)	100,000	48,000	166,933	(18,933)
SCHOOL PROGRAMS				
Cyber pedagogy (salary)	105,000	10,000	119,124	(4,124)
Technology resources	60,000	-	60,560	(560)
PROGRAM ENRICHMENT				
Partnership early childhood	30,000	-	185,251	(155,251)
Teacher assistants for francisation (salary)	120,000	20,000	166,406	(26,406)
Art Program	75,000	-	86,315	(11,315)
Cultural activities	40,000	-	50,032	(10,032)
French resource purchase	30,000	5,000	43,988	(8,988)
EDUCATIONAL SUPPORT FOR PERSONNEL				
Mentors in literacy and numeracy	35,000	15,000	70,106	(20,106)
Mentors in literacy and numeracy (O&M)	25,500	-	26,337	(837)
Professional development	21,000	20,000	41,506	(506)
Total	\$ 1,152,850	\$ 1,838,000	\$ 3,752,722	\$ (761,872)

Regular GNWT Funding
Total

\$ 4,514,588

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 5
Student Success Initiative

For the year ended June 30, 2017

	Total
Revenue - GNWT	\$ 32,830
Expenditures	
Salaries/Wages	
Facilitator fees	20,331
Substitute teacher	8,044
	28,375
Travel	4,536
Total expenditures	32,911
Deficit	\$ (81)

June 30, 2017

1. Nature of the Organization

The Commission was established under the *Education Act* of the Government of the Northwest Territories ("GNWT") by order of the Minister dated November 7, 2000. A full range of instructional programs ranging from pre-kindergarten through Grade 12 is offered by the Commission in both Yellowknife and Hay River.

The Commission is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the Commission includes all aspects of operation and management. The Commission is the lowest (and sole) level of government exercising oversight responsibility.

The Commission is a public body performing a function of government in Canada. Paragraph 149(1)(c) of the *Income Tax Act* provides that a public body performing the function of government in Canada is exempt from taxation.

2. Significant Accounting Policies

(a) Basis of Accounting

The consolidated financial statements of the Commission have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality.

The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the consolidated financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.

June 30, 2017

2. Significant Accounting Policies (continued)

(c) Financial Instruments

The Commission classifies its financial instruments at cost or amortized cost. The Commission's accounting policy for this financial instrument category is as follows:

This category includes cash, restricted assets, accounts receivable, accounts payable and accrued liabilities, and payroll liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.

(d) Non-financial Assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver services that may be consumed in normal operations and are not for resale in the normal course of operations. Non-financial assets include tangible capital assets and prepaid expenses. These assets do not normally provide resources to discharge the liabilities of the Commission unless they are sold.

(e) Tangible Capital Assets

The Commission does not carry any tangible capital assets. All tangible capital assets used by the Commission are purchased by and remain the property of the GNWT. The Minister grants to the Education Body the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Tangible capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Tangible capital assets with a value of less than \$50,000 are recorded as a current expenditure.

June 30, 2017

2. Significant Accounting Policies (continued)

(f) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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.

GNWT - regular contributions

The regular contributions from the GNWT are determined by a funding formula, based on student enrolment and price and volume fluctuation, and are received in monthly installments. The Commission retains surpluses and is responsible for deficits. Any funding requests over and above those levels provided by the formula must be first approved by the GNWT. The contribution revenue is recognized when received or receivable.

GNWT - French minority language

The French minority language contributions from the GNWT are determined by additional costs related to French minority language, and are received in three installments on the first of November, January and March. The contribution revenue is recognized when received or receivable.

Other contributions

The Commission follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reliably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Funds received that are not expended at year-end are recorded as either deferred revenue or contributions repayable depending upon the terms of the contribution agreement.

Special Purpose funds

Schools in the system administer funds which arise from certain school and student activities. Such funds, although subject to internal review, are not recorded in the accounts or in the financial statements of the Commission as they do not constitute any part of the approved budget and are available for use at the discretion of each individual school.

Deferred revenue

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

June 30, 2017

2. Significant Accounting Policies (continued)

(g) Budget Data

The *Education Act* of the Northwest Territories requires that Boards of Education prepare an annual budget, as outlined in Section 128 and 129.

The final priorities and funding allocations are determined by the Trustees of the Commission at a special meeting called for the purposes of reviewing budget proposals, recommending changes, additions or deletions and adopting the proposed budget. The budget is legally adopted by a motion of the Board in accordance with Section 135(2) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture, and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

This annual budget includes estimates of revenue and expenditures for operations. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Commission.

The budget may be amended within a given fiscal year in accordance with the Commission's policy, regulations and approved budget procedures. The budget data presented in the financial statements reflects the amended budget for the fiscal year, and therefore, includes any amendments that may have been made during the year. The budget has not been audited.

(h) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) Inventories Including Materials and Supplies

Materials and supplies are considered a cost of operations and are expensed to the applicable program when received.

June 30, 2017

2. Significant Accounting Policies (continued)

(j) Payroll Liabilities

According to the Northwest Territories Teachers' Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT Payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued as a liability.

The duties and compensation base for UNW School Year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Commission determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff salaries are accrued to include earnings to June 30.

(k) Post-employment Benefits, Compensated Absences and Termination Benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Annual leave is payable within one fiscal year. Employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Payment of the removal and termination is dependent on employees leaving the Commission and other criteria as outlined in the negotiated collective agreements and management handbook guidelines of the GNWT.

(l) Special Purpose Funds

Student activity funds which are controlled by students or parties other than the Commission are not included even if custody of the funds is held by the Commission. Examples of excluded funds might be student clubs or associations for which the Commission has no ongoing responsibility of liability for losses.

(m) Donated Goods and Services

The school buildings occupied by the Commission are the property of the GNWT. The lease of the office space occupied by the Commission is paid for by the GNWT. The fair value of the use of the building and office space is estimated at its fair value and recognized as assets provided at no cost in the statement of operations.

June 30, 2017

2. Significant Accounting Policies (continued)

(n) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met: an environmental standard exists; contamination exceeds the environmental standard; The Commission is directly responsible and accepts responsibility and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at June 30, 2017.

At each financial reporting date, management reviews the carrying amounts of the liability. Any revisions required to the amount previously recognized is accounted for in the period revisions are made. Management at the Commission has concluded that there is no contamination that exceeds environmental standards and as a result there are no liabilities for contaminated sites.

3. Future Accounting Changes

Related party disclosures, Section PS 2200

PSAB approved Section PS 2200, Related Party Disclosures. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The impact of the transition to this accounting standard has not yet been determined.

Inter-entity Transactions, Section PS 3420

PSAB approved Section PS 3420, Inter-entity Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section PS 2200.

The impact of the transition to this accounting standard has not yet been determined.

Notes to Consolidated Financial Statements

June 30, 2017

3. Future Accounting Changes (continued)

Assets, Section PS 3210

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

The impact of the transition to this accounting standard has not yet been determined.

Contingent Assets, Section PS 3320

PSAB approved Section PS 3320, Contingent Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

The impact of the transition to this accounting standard has not yet been determined.

Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

Student Activity Funds

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the consolidated financial statements of the Commission in the future.

4. Cash and Cash Equivalents

	2017	2016
Cash	\$ 1,686,375	\$ 1,149,689

The cash is held in a bank account with Royal Bank of Canada (RBC).

5. Special Purpose Funds

The Commission does not have special purpose funds.

Commission scolaire francophone Territoires du Nord-Ouest**Notes to Consolidated Financial Statements**

June 30, 2017

6. Restricted Assets

The Commission does not have any restricted assets.

7. Portfolio Investments

The Commission does not have any portfolio investments.

8. Accounts Receivable

	Accounts Receivable 2017	Allowance for doubtful accounts 2017	Net 2017	Net 2016
GNWT - Department of Education, Culture and Employment	\$ 132,960	\$ -	\$ 132,960	\$ 144,697
GNWT - Department of Health and Social Services	-	-	-	2,000
Trade Receivable	73,924	330	73,594	183,295
	\$ 206,884	\$ 330	\$ 206,554	\$ 329,992

9. Inventory

The Commission does not have inventory.

10. Accounts Payable and Accrued Liabilities

	2017	2016
Due to WSCC	\$ 8,882	\$
Due to GNWT	382,052	17,410
Trade payables	243,455	134,067
	\$ 634,389	\$ 151,477

11. Deferred Revenue

Deferred revenue consists of funding received from the GNWT for the Active After School Program for expenditures not yet incurred at year end.

	2017	2016
GNWT - Active After School program funding	\$ 12,300	\$ -

June 30, 2017

12. Contributions Repayable

The Commission does not have any contributions repayable.

13. Due From and To the Government of Canada

The Commission does not have amounts due from and to the Government of Canada.

14. Capital Lease Obligations

The Commission does not have capital lease obligations.

15. Pensions

The Commission does not have pensions.

16. Long-Term Debt

The Commission does not have long-term debt.

17. Post-Employment Benefits

Under the conditions of employment, employees earn severance remuneration based on the number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. The payment of these benefits is dependent on employees leaving the Commission.

These liabilities are to be funded in the year they become due through regular annual budget allocations that are received from the GNWT.

Severance benefits are paid to the Commission's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits for all staff are accrued as employee render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Notes to Consolidated Financial Statements

June 30, 2017

17. Post-Employment Benefits (Continued)

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Authority.

Changes in Obligation	Severance and Removal	Compensated Absences	2017	2016 (Restated - Note 32)
Accrued benefit obligation beginning of year	\$ 158,634	\$ 32,913	\$ 191,547	\$ 520,112
Current period benefit cost	17,105	4,380	21,485	127,031
Interest accrued	5,454	1,151	6,605	13,728
Benefits payments	(10,552)	(2,656)	(13,208)	(12,057)
Actuarial (gain)/loss	14,647	21,296	35,943	(457,267)
Accrued benefit obligation end of year	185,288	57,084	242,372	191,547
Unamortized net actuarial loss/(gain)	262,008	106,145	368,153	457,267
Total accrued liability	\$ 447,296	\$ 163,229	\$ 610,525	\$ 648,814
Benefits Expense				
Current period benefit cost	\$ 17,105	\$ 4,380	\$ 21,485	\$ 127,031
Interest accrued	5,454	1,151	6,605	13,728
Amortization of gains	(36,402)	(16,769)	(53,171)	-
Total benefits expense	\$ (13,843)	\$ (11,238)	\$ (25,081)	\$ 140,759

Commission scolaire francophone Territoires du Nord-Ouest

Notes to Consolidated Financial Statements

June 30, 2017

17. Post-Employment Benefits (Continued)

The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
	\$	\$	\$
2018	17,693	5,822	23,515
2019	18,910	6,856	25,766
2020	18,780	5,897	24,677
2021	20,805	6,251	27,056
2022	20,668	6,194	26,862
2023-2027	85,035	22,353	107,388
Total	181,891	53,373	235,264

18. Trust Assets Under Administration

The Commission does not have trust assets under administration.

19. Tangible Capital Assets

The Commission does not have tangible capital assets.

20. Prepaid Expenses and Deposits

	2017	2016
Other prepaids	\$ 8,006	\$ 15,183

21. Accumulated Surplus/Deficit

A breakdown is included in the consolidated statement of financial position.

22. Capital Advances

The Commission does not have capital advances.

Commission scolaire francophone Territoires du Nord-Ouest

Notes to Consolidated Financial Statements

June 30, 2017

23. GNWT Assets Provided At No Cost

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Ecole Allain St-Cyr	\$ 3,392,305	\$ 1,547,895	\$ 1,844,410	\$ 1,929,211
Ecole Boreale	3,741,675	1,021,677	2,719,998	2,708,348
Ecole Allain St-Cyr Phase 1	4,490,598	1,071,251	3,419,347	3,549,195
Final deficiencies	-	-	-	270,541
Ecole Boreale Modular Units	1,189,060	236,479	952,581	985,148
Ecole Boreale Pellet Boiler	86,115	31,216	54,899	59,204
	12,899,753	3,908,518	8,991,235	9,501,647
Deferred Capital Contribution				
Ecole Allain St-Cyr	(3,230,000)	(1,296,250)	(1,933,750)	(1,933,750)
Ecole Boreale	(2,600,000)	(686,851)	(1,913,149)	(1,913,149)
Ecole Allain St-Cyr Phase 1	(1,300,000)	(287,208)	(1,012,792)	(1,012,792)
	\$ 5,769,753	\$ 1,638,209	\$ 4,131,544	\$ 4,641,956

Rent expense of \$164,160 (2016 - \$164,160) was offset by a grant in-kind.

24. Contractual Obligations

The Commission has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2017.

The future minimum payments are as follows:

	Expires in fiscal year	2018	2019-2022	Total
Equipment leases				
Workcenter 5955	2021	\$ 3,227	\$ 8,067	\$ 11,294
Printer/Mono Scanner				
Xerox WC7845i	2020	4,000	8,001	12,001
Aficia MP C4502	2022	2,052	7,695	9,747
		9,279	23,763	33,042
Operational Contracts				
First Canada ULC	2018	40,000	-	40,000
		\$ 49,279	\$ 23,763	\$ 73,042

Commission scolaire francophone Territoires du Nord-Ouest**Notes to Consolidated Financial Statements**

June 30, 2017

25. Contingencies

In early June 2012, a judgement was decreed in the legal action brought by the Commission against the GNWT to provide additional classroom space in Hay River and to assert the right to enrol students in both schools, and in a second legal action brought against the GNWT by L'Association des Parents Ayants Droit, with the support of the Commission, to provide additional classroom space in Yellowknife. In this judgement the GNWT was ordered by the Supreme Court of the Northwest Territories to reimburse \$1,127,287 to the Commission. Payment was received during the fiscal year ended June 30, 2014.

During the fiscal year ended June 30, 2015, the GNWT submitted an appeal and was successful. The Commission then submitted an appeal to the Supreme Court of Canada which was refused to be heard. The amounts owing through the GNWT appeal process have not yet been determined.

26. Related Parties

The Commission is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business. The Commission is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, payroll services and internal audit services by the Department of Finance, and utilities and maintenance by Public Works and Services. Transactions with related parties and balances at year-end disclosed in the financial statements are summarized in this note.

	2017	2016
Accounts Receivable		
GNWT - Department of Education, Culture and Employment	\$ 132,960	\$ 146,697
Accounts Payable		
GNWT - Department of Education, Culture and Employment	\$ 15,464	\$ 17,410
GNWT - Department of Finance	366,588	-
Hay River District Education Authority	17,943	-
Yellowknife Education District No.1	31,695	-
	\$ 413,747	\$ 17,410
Salaries and wages payable		
GNWT - Department of Finance (salaries and wages payable)	\$ 453,914	\$ 570,684
GNWT - Department of Finance (employee deductions payable)	2,597	5,988
	\$ 456,511	\$ 576,672

Notes to Consolidated Financial Statements

June 30, 2017

27. Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Commission.

The budget figures presented are those approved by the Trustees of the Commission on June 19, 2016 and have not been audited.

28. Economic Dependence

The Commission receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Commission's operations would be significantly affected.

29. Risk Management

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

a) Credit risk

Credit risk is the risk of financial loss to the Commission if a debtor fails to make payments of interest and principal when due. The Commission is exposed to this risk relating to its cash, restricted assets, and accounts receivable. The Commission holds its cash in accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Commission's cash in accounts are insured up to \$100,000.

The Commission's maximum exposure to credit risk is represented by the financial assets balance for a total of \$1,892,929 (2016 - \$1,479,681).

Accounts receivable are ultimately due from the departments of the Government of the Northwest Territories (GNWT) and pertain to outstanding contribution agreements. There is a concentration of credit risk in cash as the majority of the deposits are held in one Canadian chartered bank and the balance is in excess of the insurable limit. There is also a concentration risk in accounts receivable as more than 10% of the total balance is from the Government of the Northwest Territories. At June 30, 2017, receivables from the GNWT comprised approximately 64% of the total balance. The amounts represent a low credit risk as the debtors are reputable governments and government organizations with a good credit score. The Commission reduces its risk exposure by following up on old account receivables for collection.

Commission scolaire francophone Territoires du Nord-Ouest

Notes to Consolidated Financial Statements

June 30, 2017

29. Risk Management (continued)

b) Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet all cash outflow obligations as they come due. The Commission mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The Commission's maximum exposure to liquidity risk is represented by accounts payable, accrued liabilities, payroll liabilities and contributions repayable for a total \$1,090,900 (2016 - \$728,149).

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

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

30. Expenditures By Object

	2017 Budget	2017 Actual	2016 Actual
Compensation	\$ 4,937,243	\$ 5,022,762	\$ 4,709,515
Materials/freight	397,510	329,832	350,471
Services purchased/contracted	867,558	716,853	862,874
	\$ 6,202,311	\$ 6,069,447	\$ 5,922,860

31. Subsequent Events

There were no subsequent events that have taken place between June 30, 2017 and the date the audit report was signed.

32. Comparative Figures

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

The financial statements have been restated to reflect the change in accounting policy for the recognition of employee future benefits. The impact of the changes are as follows:

	2017	2016
Increase in opening balance - Post-employment Benefits	\$ 457,267	\$ 328,565
Increase in closing balance - Post-employment Benefits	\$ -	\$ 457,267
Decrease in opening balance - Accumulated Surplus	\$ (457,267)	\$ (328,565)
Decrease in closing balance - Accumulated Surplus	\$ -	\$ (457,267)
Increase in Post-employment Benefit expense	\$ -	\$ 128,702

Commission scolaire francophone Territoires du Nord-Ouest

Notes to Consolidated Financial Statements

June 30, 2017

33.ECE Other Contributions

	2017		2016
Government of the Northwest Territories - Department of Education, Culture and Employment			
Early Childhood	\$ 61,562	\$	6,882
Other	16,589		42,363
Self-Regulation	18,750		10,000
	\$ 96,901	\$	59,245

34.GNWT Other Contributions

	2017		2016
Government of the Northwest Territories			
Department of Environment and Natural Resources	\$ 8,250	\$	-
Department of Health and Social Services	4,004		5,070
Department of Municipal and Community Affairs	28,380		17,957
Legislative Assembly	3,600		-
	\$ 44,234	\$	23,027

35.Payroll Liabilities

	2017		2016
NWTTA	\$ 314,721	\$	409,158
UNW School Year	48,632		75,895
Other June 30	93,158		91,619
	\$ 456,511	\$	576,672

36.Statement of Remeasurement Gains and Losses

The Commission does not have remeasurement gains and losses.

Consolidated Financial Statements of

**DEHCHO DIVISIONAL
EDUCATION COUNCIL**

June 30, 2017

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Financial Statements

June 30, 2017

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MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

The Management Discussion and Analysis (MD&A) is a go-forward responsibility of management and the Council Members to promote transparency and accountability.

Vision and Core Strategy

The Dehcho Divisional Education Council mission is to provide quality education based on the cultures of its students and partnerships with the communities it serves.

The vision and core strategy for the Dehcho Divisional Education include a variety of goals and objectives, which include:

- Promote excellence in student performance.
- Deliver school programs and activities that support the intellectual, physical, emotional, social, and spiritual development of students.
- Deliver school programs and activities in a manner that integrates traditional and contemporary education practices.
- Provide programs that result in completion of secondary school graduation requirements so that students can pursue post-secondary education, skills, training and/or employment.
- Involve students in identification of learning needs and planning school programs.
- Build partnerships with community and regional agencies to meet student needs and strengthen wellness.
- Provide training to trustees, other educational leaders in schools and communities so that they may effectively exercise their roles and responsibilities.
- Promote and encourage the wellness of educational personnel (Trustees, Council staff and school staffs).

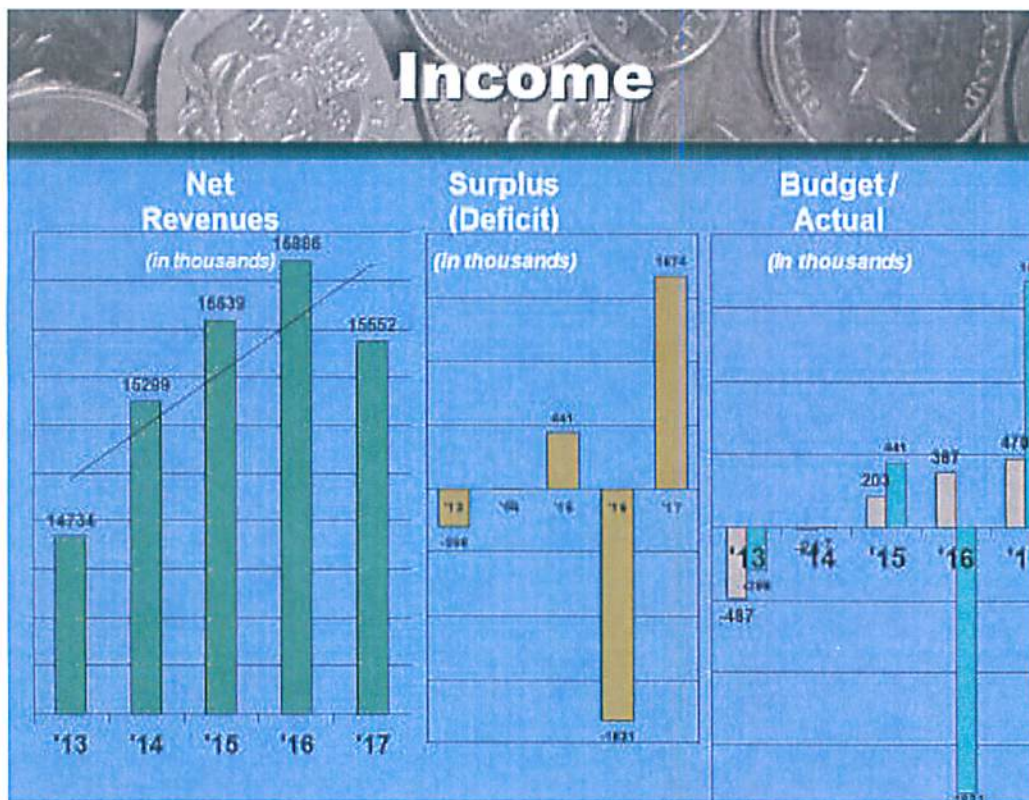
Governance, Trustees and Key Management

Presently, the Council is represented by trustees from eight communities in the Dehcho region. The Council Members are as follows:

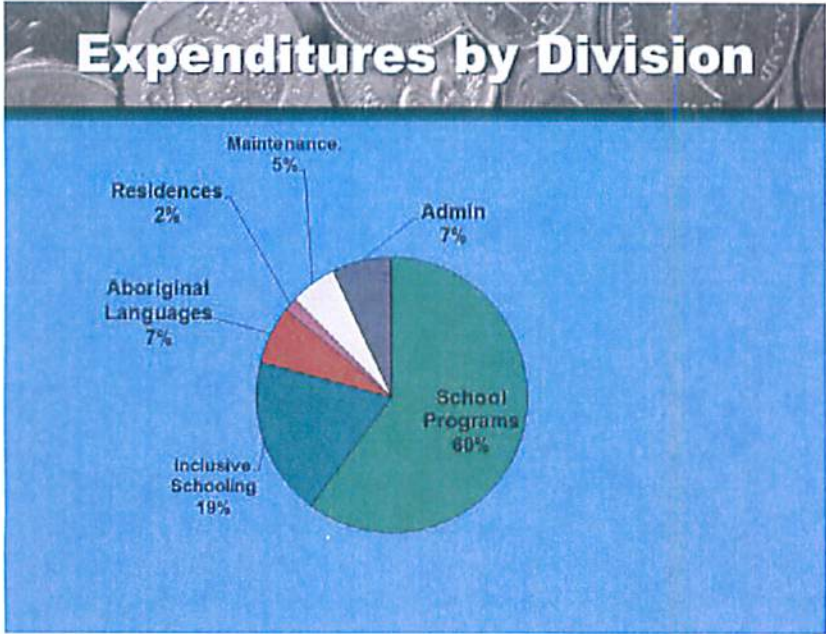
- Fort Providence- Peter Canadien
- Fort Liard- Sylvia Bertrand
- Fort Simpson- Renalyn Pascua-Matte
- Jean Marie River- Yvonne Norwegian
- Kakisa Lake- Anita Chicot- Chairperson
- Trout Lake- Danna Auger
- Wrigley- Lisa Moses-Vice-Chairperson
- Nahanni Butte- Roxanne Konisenta

The management staff include Terry Jaffray, who performs the duties of the Superintendent and is responsible for school operations and overall operations of the Council and David Fiebelkorn who manages the financial and business affairs as Comptroller of the Council.

Key Financial Highlights



Revenue has fluctuated over the past five years due to fluctuating enrollment. Due to these factors and a healthy accumulated surplus from earlier years, the Council has recorded deficits, or small surpluses over the past five years. Actual surpluses have been favorable over original budgets in four the past five years as Council tries to operate in the most financial responsible manner, taking advantage of cost saving measures wherever possible and maximizing other sources of income wherever possible. The exception to this trend is in the previous year where Senior Small Schools Secondary funding claw back due to decreased enrollment, larger than budgeted retirement and leave payouts, larger than funded personnel infrastructure costs all contributed to a much larger than budgeted deficit. During the current fiscal year, the Council recorded a favorable surplus which offset the larger deficit recorded in 2016. Much of this surplus resulted from recovery of unfunded costs of the previous year, as well as prudent fiscal management.



School programs continue to comprise the largest component of expenditures for the Council, with a strong emphasis on Inclusive Schooling and Aboriginal Language programs. The Council has constantly strived to maintain Administration cost at below 10% of total funding.

Total Student and Teacher Populations

COMMUNITY	FORT SIMPSON		FORT PROVIDENCE		JEAN MARIE RIVER	KAKISA LAKE	TROUT LAKE	WRIGLEY	FT LIARD	NAHANNI BUTTE	
SCHOOL	<u>Thomas Simpson</u>	<u>Bompas School</u>	<u>Deh Gah School</u>	<u>Louie Norwegian</u>	<u>Kakisa L School</u>	<u>Tetcho School</u>	<u>Charles</u>	<u>Chief J</u>	<u>Echo</u>	<u>Charles</u>	TOTAL
<u>STUDENTS</u>											
Beginning of Year Enrollment	122	99	145	6	8	17	21	119	6		543
End of Year Enrollment	120	101	142	6	8	16	21	119	6		539
TOTAL BY DISTRICT EDUCATION AUTHOR (DEA) END OF YEAR		221	142	6	8	16	21	119	6		539

**TEACHING
STAFF**

Beginning of Year Teachers	8.5	6	11	1	1	2	1.5	8	1	40
End of Year Teachers	8.5	6	11	1	1	2	1.5	8	1	40
TOTAL BY DISTRICT EDUCATION AUTHORITY (DEA) END OF YEAR		14.5	11	1	1	2	1.5	8	1	40

Operating Environment

The Dehcho Divisional Education Council has been strengthened by sound fiscal and operation management over its history. The Council has enjoyed consistency in key management positions which has allowed for solid financial and administrative decision making. It also has been fortunate in attracting and retaining personnel in key positions. It has developed strong partnership with local groups and organizations and has developed relationships that have benefited the Council and schools. In addition, Council development and training has been a key area of strength in recent years. The Council has experienced some turnover in Principal and teaching staff in recent years which has weakened the consistency in student learning and achievement. The Council sees opportunities in the Education Renewal and Innovation to offer more dynamic education initiatives throughout the region and, with its partnerships with local and First Nations, it has opportunities to improve and develop language and cultural emphasis in education. Declining enrollment and related funding reductions represent a significant risk as well as retention of senior staff members over the next several years.

Financial Conditions

During the fiscal year ending June 30, 2017, the Council budgeted for an operating surplus to reduce the accumulated deficit and at the same time, maintain a similar level of service in the schools and communities. In doing so, the Council budgeted for an annual surplus of \$ 469,774. During the year, the Council managed to incorporate several recoveries as well as prudent fiscal management, despite declining enrollment, to record a surplus of \$1,673,882. When converted to cash flow working capital surplus, the amount of available surplus for future years is even more. This surplus for the 2017 year brought the overall accumulated books from a deficit to surplus of \$33,321 after several years of declining enrollment and unexpected costs. The break-even budget planned for 2017-18 as well as the current cash balance of \$3,342,918 eliminated any liquidity concerns as the Council continues to maintain cost controls in the current year, while contingent liabilities are not a risk to the Council's financial health. In addition, the Council has budgeted for a surplus of \$22,513 for the 2017-18 fiscal year in order to maintain the financial stability of the Council.

Surplus/(Deficit)

	2017	2016
Operating surplus (deficit) before other item	\$ 1,676,910	\$ (531,122)
Other items:		
Post-employment benefit recovery (expense), Note 17	(3,028)	(387,546)
Payroll Expenses, refer to Note 17	-	(902,383)
Prior Year Funding Received	-	-
	1,673,882	(1,821,051)
Unfunded Items:		
Change in employee leave and termination benefits	22,160	(32,537)
Change in post-employment benefits	(269,820)	1,159,516
Annual Surplus (Deficit)	\$ 1,426,222	\$ (694,072)

	2017	2016
Accumulated Surplus (Deficit)	\$ 33,321	\$ (1,640,561)
Employee leave and termination benefit	41,564	19,404
Post-employment benefits	2,127,531	2,397,351
Adjusted Accumulated Surplus (Deficit)	\$ 2,202,416	\$ 776,194

Summary and Outlook

During the past year, the Council was fortunate to recover from a large deficit the previous year, to return the Council to previous accumulated surplus levels. Despite being affected by several unanticipated and unbudgeted cost and funding reductions due to declining enrollment which reduced its accumulated financial position in a period of declining or stagnant enrollment, the Council was able to combine some cost recoveries along with strong fiscal management to reverse the fiscal trend. It was able to be successful in continuing many new initiatives including distance learning courses, mental health support for small schools, resiliency programs, and self-regulation. Several programs such as literacy development, the Aboriginal Language Revitalization program in partnership with the University of Victoria, and Council governance training and development continued. Moving forward, the Council's goals for the upcoming year are to increase student achievement through continuing to provide staff and Council training and to provide programs that meet the needs of our 21st century learners and the goals of Education Renewal. Literacy, distance learning, self-regulation, and the Aboriginal Language revitalization programs will continue. New initiatives include: programs and training for incumbent Aboriginal Language Teachers, disciplinary literacy training, autism training and programs and co-teaching. Finally, Council plans to upgrade aging technology and provide ongoing training for education applications including PowerSchool.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

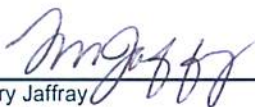
Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Dehcho Divisional Education Council have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment of the Government of the Northwest Territories.

The financial statements have been reported on by Ashton Chartered Accountants. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

Approved and confirmed on behalf of the Dehcho Divisional Education Council



Terry Jaffray
Superintendent
Dehcho Divisional Education Council

31-09-2017
Date



David Fiebelkorn, CGA
Comptroller
Dehcho Divisional Education Council

30-09-2017
Date

AUDITORS' REPORT

To the Minister of Education, Culture and Employment of the Government of the Northwest Territories:

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of the Dehcho Divisional Education Council, which comprise the consolidated statement of financial position as at June 30, 2017, and the consolidated statements of operations, changes in net financial assets (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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in 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.

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

Basis for Qualified Opinion

Salaries and related benefits paid to employees of the Education Body are administered by the Government of the Northwest Territories and are audited as part of the Government of the Northwest Territories audit. Our audit scope was limited as we did not audit the components of compensation and benefits expenditures and related balances. Accordingly we are not able to determine whether any adjustments might be necessary to compensation and benefit expenditures, payroll liabilities, employee future benefits, net financial resources and accumulated surplus/deficit as well as note disclosures associated with transactions and year-end balances related to compensation and benefits.

Audit Report to the Minister of Education, Culture and Employment of the Government of the Northwest Territories (continued)

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these financial present fairly, in all material respects, the financial position of the Education Body as at June 30, 2017 and its financial performance and its cash flow for the year then ended in accordance with the Canadian public sector accounting standards.

Report on Other Legal and Regulator Requirements

We further report, in accordance with the Financial Administration Act, that, in our opinion, proper books of account have been kept by the Education Body, the consolidated financial statements are in agreement therewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Education Body.



ASHTON
Chartered Accountants
Business Advisors

Hay River, NT
September 30, 2017

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Statement of Financial Position

June 30, 2017

	2017	*2016
FINANCIAL ASSETS		
Cash and cash equivalents, Note 4	\$ 3,342,918	\$ 2,088,588
Special purpose funds, Note 5	291,097	207,895
Due from Government of Canada, Note 13	56,801	-
Accounts receivable, Note 8	97,828	304,315
	<u>\$ 3,788,644</u>	<u>\$ 2,600,798</u>

LIABILITIES

Accounts payable and accrued liabilities, Note 10	\$ 61,173	\$ 65,040
Payroll liabilities, Note 10	1,387,011	1,664,002
Due to the Government of Canada, Note 13	-	4,897
Deferred revenue, Note 11	73,883	96,450
Post-employment benefits, Note 17	2,127,531	2,397,351
Trust Liabilities, Note 18	136,182	33,619
	<u>3,785,780</u>	<u>4,261,359</u>
Net Assets (Deficit)	<u>\$ 2,864</u>	<u>\$ (1,660,561)</u>

NON-FINANCIAL ASSETS

Prepaid expenses, Note 20	\$ 30,457	\$ 20,000
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ACCUMULATED SURPLUS (DEFICIT)	\$ 33,321	\$ (1,640,561)
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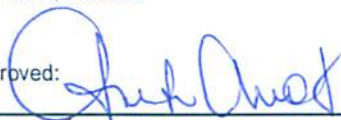

* Reclassified for comparative purposes

Represented by:

Operating surplus (deficit)		
Divisional Education Council	\$ (250,901)	\$ (1,859,472)
District Education Authorities	284,222	218,911
	<u>\$ 33,321</u>	<u>\$ (1,640,561)</u>

Contractual obligations, Note 24

Contingencies, Note 25

Approved:  Chair
 Vice-chair

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Statement of Operations

For the year ended June 30, 2017

	Budget 2017	Actual 2017	Actual *2016
Revenue			
Government of the NWT			
ECE regular contribution	\$ 14,229,000	\$ 14,449,482	\$ 14,533,006
Teaching and learning centers, Schedule C	73,000	73,000	73,000
French language program Schedule B	55,000	50,000	50,000
ECE other contributions, Note 33	-	183,986	10,000
Total ECE contributions	14,357,000	14,756,468	14,666,006
GNWT other contributions, Note 34	330,000	402,038	358,220
Total GNWT	14,687,000	15,158,506	15,024,226
Government of Canada contributions	-	103,534	214,870
	14,687,000	15,262,040	15,239,096
Self-Generated Funds			
Rentals	36,000	25,460	29,000
Investment income	15,000	20,293	18,737
Contract and other	137,000	118,098	285,119
	188,000	163,851	332,856
Education authority self-generated funds, Schedule F-1	-	145,662	203,290
GNWT contributions to Education Authorities, Schedule F-1	-	44,830	111,426
	-	190,492	314,716
	14,875,000	15,616,383	15,886,668
Expenses			
Administration	1,164,907	1,077,082	1,394,595
School programs	8,558,748	8,107,699	9,324,430
Inclusive schooling	2,441,803	2,681,648	3,433,420
Student accommodation	-	237,260	200,847
Operations and maintenance	818,955	780,267	788,332
Aboriginal language/cultural programs	1,420,813	1,055,517	1,276,166
	14,405,226	13,939,473	16,417,790
Operating surplus (deficit) before other item	469,774	1,676,910	(531,122)
Other item:			
Post-employment benefit recovery (expense), Note 17	-	(3,028)	(387,546)
Payroll expense, Note 17	-	-	(902,383)
Operating surplus (deficit)	\$ 469,774	\$ 1,673,882	\$ (1,821,051)
Accumulated surplus (deficit), beginning of year		(1,640,561)	180,490
Accumulated surplus (deficit), end of year		\$ 33,321	\$ (1,640,561)
* Reclassified for comparative purposes			
Accumulated surplus (deficit) is comprised of the following:			
Accumulated surplus (deficit), end of year		\$ 33,321	\$ (1,640,561)
Post employment benefits - Unamortized net actuarial (gain)/loss (Note 17)		613,521	902,383
Revised accumulated surplus (deficit), end of the year		\$ 646,842	\$ (738,178)

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Statement of Change in Net Assets (Debt)

For the year ended June 30, 2017

	2017	2016
Operating Surplus (Deficit)	\$ 1,673,882	\$ (1,821,051)
Amortization of tangible assets	-	-
Net change in prepaids	(10,457)	-
(Increase) Decrease in net debt	1,663,425	(1,821,051)
Net assets (debt) beginning of the year	(1,660,561)	160,490
Net assets (debt) end of year	\$ 2,864	\$ (1,660,561)

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Statement of Cash Flow

For the year ended June 30, 2017

	2017	2016
Operating Activities		
Operating Surplus (Deficit)	\$ 1,676,910	\$ (531,122)
Items not affecting cash:		
Amortization	-	-
Changes in non-cash assets and liabilities		
Decrease (increase) in due from the Government of Canada	(56,801)	-
Decrease (increase) in trust assets	-	-
Decrease (increase) in accounts receivable	206,487	(207,259)
Increase (decrease) in accounts payable	(3,867)	88,148
Increase (decrease) in payroll liabilities	(276,991)	(125,461)
Increase (decrease) in contributions repayable	-	(57,238)
Increase (decrease) in due to the Government of Canada	(4,897)	3,442
Increase (decrease) in deferred revenues	(22,567)	(49,110)
Increase (decrease) in post-employment benefits	(269,820)	257,133
Increase (decrease) in trust liabilities	102,563	(2,591)
Decrease (increase) in prepaids	(10,457)	-
	(336,350)	(92,936)
Cash provided by operating transactions	1,340,560	(624,058)
Financing Activities		
Repayment of capital lease obligation	-	-
Proceeds from capital lease obligation	-	-
Cash provided by (used for) financing activities	-	-
Investing Activities		
Disposition of portfolio investments	-	-
Acquisition of portfolio investments	-	-
Cash provided by (used for) investing transactions	-	-
Capital transactions		
Acquisition of tangible capital assets	-	-
Proceeds of disposition of tangible capital assets	-	-
Cash used for capital transactions	-	-
Increase (Decrease) in cash and cash equivalents	1,340,560	(624,058)
Cash and cash equivalents, beginning of year	2,684,029	3,308,087
Cash and cash equivalents, end of year	\$ 4,024,589	\$ 2,684,029
Cash consists of :		
Cash, Note 4	\$ 3,342,918	\$ 2,088,588
Special purpose funds, Note 5	291,097	207,895
	\$ 3,634,015	\$ 2,296,483

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations and Maintenance	Administration	Aboriginal Languages	2017 Total
Salaries							
Teachers' salaries	\$ 6,019,027	\$ 908,800	\$ -	\$ -	\$ -	\$ -	\$ 6,927,827
Instruction assistants	61,419	1,270,029	-	-	-	698,909	2,030,357
Non-instructional staff	777,091	319,326	-	706,534	666,304	127,082	2,596,337
Board/Trustee Honoraria	-	-	-	-	48,953	8,750	57,703
	6,857,537	2,498,155	-	706,534	715,257	834,741	11,612,224
Employee Benefits							
Employee benefits and allowances	152,679	45,269	-	12,948	13,627	15,671	240,194
Leave and termination	179,963	92,708	-	-	-	94,219	366,890
	332,642	137,977	-	12,948	13,627	109,890	607,084
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	27,133	-	27,133
Postage/Communication	46,167	-	-	-	43,155	-	89,322
Utilities	-	-	2,897	41,821	779	-	45,497
Travel	147,740	14,302	33,308	-	103,576	3,890	302,816
Student Travel (Bussing)	24,753	-	-	-	-	-	24,753
Advertising/Printing/Publishing	16,797	-	-	-	-	9,290	26,087
Maintenance/Repair	-	-	-	-	27,635	-	27,635
Rentals/Leases	24,674	-	-	13,200	9,650	5,080	52,604
Other - Student Awards	6,746	-	-	-	30,510	-	37,256
Other - Contracted Services	-	11,285	171,166	5,764	7,073	-	195,288
Other - School Programs	71,327	-	-	-	6,487	-	77,814
Other - Miscellaneous	-	-	-	-	6,436	-	6,436
	338,204	25,587	207,371	60,785	262,434	18,260	912,641
Materials, Supplies and Freight							
Materials	564,730	19,929	29,478	-	85,564	92,380	792,081
Freight	14,586	-	411	-	200	246	15,443
	579,316	19,929	29,889	-	85,764	92,626	807,524
Contributions and Transfers							
Transfers	-	-	-	-	-	-	-
Amortization							
	-	-	-	-	-	-	-
Total	\$ 8,107,699	\$ 2,681,648	\$ 237,260	\$ 780,267	\$ 1,077,082	\$ 1,055,517	\$ 13,939,473

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 1. Dehcho Divisional Education Council

The Dehcho Divisional Education Council (formerly known as the Divisional Board of Education) was established on March 30, 1990. The Dehcho Division encompasses an area which includes the communities of Wrigley (Chief Julian Yendo School), Nahanni Butte (Charles Yohin School), Trout Lake (Charles Tetcho School), Fort Simpson (Bompas Elementary School and Thomas Simpson Secondary School), Fort Liard (Echo-Dene School), Fort Providence (Deh Gah Elementary and Secondary School), Jean Marie River (Louie Norwegian School) and Kakisa Lake (Territorial School - Kakisa Lake School).

The Education Body's purpose is to administer and manage the educational affairs of the Division in accordance with the Education Act and the Financial Administration Act of the Northwest Territories and the regulations of the Order establishing the Education Division.

Note 2. Summary of Significant Accounting Policies

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques, and short term highly liquid investments that are readily convertible to cash and with a date of 90 days or less from the date of acquisition.

(c) 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 transaction 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.

Financial assets subsequently measured at amortized cost include cash, accountable funds, due from the GNWT and other accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued salaries, deferred revenue, post-employment benefits and accountable funds.

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

(d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Education Body because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Education Body.

(e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Education Body the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

(f) Revenue Recognition

Government Transfers:

Revenues are recognized in the period in which the transactions or events occur that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

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

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

(f) Revenue Recognition - (Continued)

GNWT – Regular Contributions:

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The Education Body retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

Other Contributions:

The Education Body follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Deferred Revenue:

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

Investment Income:

Investment income is recognized when received or receivable, if the amount can be reasonably estimated

(g) Budget Data

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Education Body and the budget is legally adopted by a motion of the Board in accordance with Section 135(3) of the Education Act.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the Education Act.

This annual budget includes estimates of revenues, expenditures and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget may be amended within a given fiscal year in accordance with Education Body policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

(h) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian Public Sector Accounting Standards 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Education Body are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

(j) Payroll Liabilities

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT Payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued.

The duties and compensation base for UNW School Year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Education Body determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff are accrued to include earnings to June 30.

(k) Post-employment Benefits, Compensated Absences and Termination Benefits

Under the terms and conditions of employment, education board employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reasons for termination. Benefit entitlements are paid upon resignation, retirement or death of an employees. The expected cost of providing these benefits is recognized as employees render services. Termination benefits are recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides services, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

(l) Special Purpose Funds

School activity funds which are fully controlled by the Education Body with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefits.

Student activity funds which are controlled by students or parties other than the Education Body are not included even if custody of the funds is held by the Education Body.

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 3. Future Accounting Changes

Financial Instruments - Section PS 3450

PSAB has implemented changes to Section PS 3450, Financial Instruments that outlines offsetting of financial assets and financial liabilities and the valuation of investments to be measured at fair value. These changes are to be applied on a go forward basis for all fiscal years beginning on or after April 1, 2019. The impact of the transition to these changes has not yet been determined.

Inter-entity Transactions - Section PS 3420

PSAB approved Section PS 3420, Inter-entity transactions. This section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The new standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. Management is currently assessing the impact of the standard.

Student Activity/Fiduciary Funds Policy

Student Activity/Fiduciary funds policy is currently under review by the GNWT - ECE for possible inclusion in Special Purpose Funds. At this time no formal directive has been released and, therefore management is unable to determine any impact that may exist on the financial statements.

Note 4. Cash and Cash Equivalents

	2017	2016
Cash	\$ 3,342,918	\$ 2,088,588
Short term investments	-	-
Cash	\$ 3,342,918	\$ 2,088,588

Note 5. Special Purpose Funds

Special purpose funds consist of account balances held by each of the individual District Education Authorities for which the Education Body has control of when and how the funds are disbursed.

	2017	2016
Fort Simpson (Bompas Elementary/Thomas Simpson Secondary Schools)	\$ 48,978	\$ 54,354
Fort Providence (Deh Gah Elementary/Secondary Schools)	98,450	47,427
Fort Liard (Echo-Dene School)	30,684	3,873
Jean Marie River (Louie Norwegian School)	12,768	7,864
Wrigley (Chief Julian Yendo School)	64,448	56,946
Nahanni Butte (Charles Yohin School)	22,855	22,711
Trout Lake (Charles Tetcho School)	8,900	2,107
Kakisa Lake (Territorial School - Kakisa Lake School)	4,014	12,613
	\$ 291,097	\$ 207,895

Note 6. Restricted Assets - Nil Report

Note 7. Portfolio Investments - Nil Report

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 8. Accounts Receivable

	Receivables 2017	AFDA 2017	Net 2017	Net 2016
GNWT - ECE	\$ 24,498	-	\$ 24,498	\$ 33,997
GNWT - Finance	2,954	-	2,954	-
GNWT - HSS	831	-	831	831
GNWT - ITI	-	-	-	-
Aurora College	10,620	-	10,620	14,543
Total Due from GNWT	38,903	-	38,903	49,371
WSCC	-	-	-	-
Other	58,925	-	58,925	254,944
Total receivables before amounts due from Government of Canada	97,828	-	97,828	304,315
Government of Canada	56,801	-	56,801	-
	\$ 154,629	-	\$ 154,629	608,630

Note 9. Inventories - Not Applicable

Note 10. Accounts Payable and Accrued Liabilities

	2017	2016
GNWT - Human Resources	\$ 294	\$ -
WSCC	-	-
Employee source deductions	55	151
Accounts payable and accrued liabilities	60,824	64,889
	61,173	65,040
Payroll liabilities		
UNW School Year & NWTTA	1,345,447	1,644,598
Leave	41,564	19,404
	1,387,011	1,664,002
	\$ 1,448,184	\$ 1,729,042

Note 11. Deferred Revenue

	2017	2016
GNWT - MACA		
Sport and Recreation	\$ -	\$ 16,250
Active After School	6,266	-
Physical Literacy	4,675	49,008
Resiliency Training	-	7,043
Math Training	-	4,000
Operating and Maintenance	-	5,000
	10,941	81,301
National Indian Brotherhood Trust		
Willow Lake Culture Camp	62,942	-
NWT Teachers Association		
Student Success Initiative	-	15,149
	\$ 73,883	\$ 96,450

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 12. Contribution Repayable - Nil Report

Note 13. Due From and To the Government of Canada

	2017	2016
Receivables		
Project - Youth Wellness Program	\$ 56,801	\$ -
Miscellaneous receivables	-	-
	\$ 56,801	\$ -
Payables		
Advances on projects	\$ -	\$ -
Miscellaneous payables	-	4,897
	\$ -	\$ 4,897

Note 14. Capital Lease Obligations - Nil Report

Note 15. Pension - Not Applicable

Note 16. Long-term Debt - Nil Report

Note 17. Post-employment Benefits, Compensated Absences and Termination Benefits

The Education Body provides severance (resignation and retirement), removal and compensated absence (sick, special maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a deficit equal to the accrued post-employment benefits obligation.

Severance benefits are paid to the employees based on the types of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment, and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued by an external actuarial with the GNWT payroll valuations using the expected utilization methodology.

Compensated absence benefits generally accrue as employees render services and are paid upon the occurrence of an event resulting in eligibility for the benefits. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under the compensated absence benefits were valued by an external actuarial with the GNWT payroll valuations using the expected utilization methodology.

Leave includes annual and lieu time for all staff (UNW, Excluded, Senior Management, Contract) which consists of leave banks, leave accruals and leave payouts due.

Costs are to include those for contracted non-public servant employees (including Superintendents)

These liabilities are to be funded in the year they become due through regular annual budget allocation.

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 17. Post-employment Benefits, Compensated Absences and Termination Benefits (continued)

Change in Estimate

During the year ended June 30, 2016, the method for calculating other employee future benefits and compensated absences was refined to better reflect the probability that these benefits would be used in the future based on past experiences. This change in accounting estimate is being accounted for on a prospective basis starting July 1, 2016 based on the actuarial valuation where the prior year was calculated based on an expectation formula determined by management.

Valuation Results

The actuarial valuation as at June 30, 2017 as extrapolated from the last actuarial valuation that was completed on March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The values presented below are for all of the benefits under the Compensated Absences and Terminations Benefits for the consolidated Government.

	Severance and removal	Compensated Absences	2017	2016 Restated
Changes in Obligation				
Accrued benefit obligations beginning of the year	\$ 1,313,103	\$ 181,865	\$ 1,494,968	\$ 2,533,301
Current period benefit cost	53,899	13,205	67,104	327,386
Interest accrued	35,551	5,301	40,852	60,160
Benefits payments	(213,998)	(58,850)	(272,848)	(523,496)
Plan amendments	-	-	-	-
Actuarial (gain)/loss	79,945	103,989	183,934	(902,383)
Accrued benefit obligation, end of year	1,268,500	245,510	1,514,010	1,494,968
Unamortized net actuarial gain	630,488	(16,967)	613,521	902,383
Net future obligation	\$ 1,898,988	\$ 228,543	\$ 2,127,531	\$ 2,397,351
Benefits Expense				
Current period benefit cost	53,899	13,205	67,104	327,386
Interest cost	35,551	5,301	40,852	60,160
Plan amendments	-	-	-	-
Amortization of actuarial gains	(93,478)	(11,450)	(104,928)	-
	(4,028)	7,056	3,028	387,546

The discount rate used to determine the accrued benefit obligation is an average of 3.3%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	Severance and removal	Compensated Absences	2017
2018	\$ 479,940	\$ 73,250	\$ 553,190
2019	194,361	33,373	227,734
2020	131,631	28,203	159,834
2021	112,997	27,752	140,749
2022	109,441	26,813	136,254
	\$ 1,028,370	\$ 189,391	\$ 1,217,761

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 17. Post-employment Benefits, Compensated Absences and Termination Benefits (continued)

Prior Period Adjustment

In the prior year, the post-employment benefits liability was recorded as the accrued benefit obligation from the actuaries report. This represents a departure from Canadian public sector accounting principles because it does not include the unamortized net actuarial (gain)/loss. The correct treatment is to record the accrued benefit liability which consists of the accrued benefit obligation plus the unamortized net actuarial (gain)/loss. This has resulted in the understatement of post-employment benefits, and salaries and the overstatement of accumulated surplus by \$902,383. The balances have been adjusted retrospectively.

Note 18. Trust Assets and Liabilities under Administration

Superintendent's Association Fund: The balance is held on behalf of the Superintendent's Association. The fund increases by dues paid by Superintendents and funds are spent at the discretion of the Association.

Steve Rowan Memorial Scholarship Fund: The balance is held to provide scholarships to qualifying students.

Mercedes Benz Scholarship Fund: The balance is held to provide scholarships to qualifying students.

	2017	2016
Superintendent Fund	\$ 10,481	\$ 7,181
Steve Rowan Memorial Scholarship Fund	113,731	14,631
Mercedes Benz Scholarship Fund	11,970	11,807
	\$ 136,182	\$ 33,619

Note 19. Tangible Capital Asset - Nil Report

Note 20. Prepaid Expenses

	2017	2016
CIBC Visa Deposit	\$ 20,000	\$ 20,000
Prepaid service contracts	10,457	-
CIBC Visa Deposit	\$ 30,457	\$ 20,000

Note 21. Accumulated Surplus/Deficit - Not Applicable

(Not applicable, breakdown included in Statement of Financial Position)

Note 22. Capital Advances - Not applicable

Note 23. GNWT Assets Provided at No Cost

	Cost	Accumulated Amortization	2017 Net Book Value	2017 Net Book Value
Buildings				
Schools and colleges	\$ 27,512,799	\$ 17,591,493	\$ 9,921,306	\$ 10,204,638
Residences	843,808	511,617	332,191	353,282
Staff Housing	287,453	209,190	78,263	85,447
	\$ 28,644,060	\$ 18,312,300	\$ 10,331,760	\$ 10,643,367

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 24. Contractual Obligations

The Education Body has a contractual obligation for the lease of office equipment and with a contractor for the operation of the student accommodations. This commitment requires payments as shown below:

	Expires in Fiscal Year*	2018	2019 - 2021	Total
Equipment leases	2021	\$ 51,600	\$ 99,903	\$ 151,503
Operational leases	2017	133,126	-	133,126
		\$ 184,726	\$ 99,903	\$ 284,629

* Refers to the last fiscal year of all agreements in that line category

Note 25. Contingencies - Nil Report

Note 26. Related Parties

The Education Body is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Education Body enters into transactions with these entities in the normal course of operations. The Education Body is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, payroll services by the Department of Human Resources, internal audit services by the Department of Finance, and utility and maintenance by Public Works and Services.

Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note:

	2017	2016
Accounts payable, Note 10		
Government of the Northwest Territories		
Human Resources	\$ 294	\$ -
Other related parties		
NWT Power Corporation	3,000	1,964
	\$ 3,294	\$ 1,964
Payroll liabilities, Note 10		
Government of the Northwest Territories	\$ 1,387,011	\$ 1,664,002
Deferred Revenues, Note 11		
Government of the Northwest Territories		
Municipal and Community Affairs	\$ 10,941	\$ 81,301
Accounts receivable, Note 8		
Government of the Northwest Territories		
Education, Culture and Employment (ECE)	\$ 24,498	\$ 33,997
Health & Social Services (DHSS)	831	831
Finance	2,954	-
Industry, Tourism and Investment (ITI)	-	-
Total GNWT	28,283	34,828
Other related parties		
Aurora College	10,620	14,543
	\$ 38,903	\$ 49,371

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 26. Related Parties (continued)

	2017	2016
Revenues		
Government of the Northwest Territories		
ECE - Core contribution	\$ 14,449,482	\$ 14,533,008
ECE - Teaching and learning centers, pg 11	73,000	73,000
ECE - French language program pg 10	50,000	50,000
ECE - other contributions, Note 33	183,986	10,000
MACA - GNWT other Contributions, Note 34	347,636	296,599
ITI - GNWT other Contributions, Note 34	40,200	45,157
DHSS - GNWT other Contributions, Note 34	14,202	16,464
GNWT contributions to Education Authorities, Schedule F-1	44,830	111,426
Department of Finance - rent and custodian	18,120	18,600
Total GNWT	15,221,456	15,152,252
Other related parties		
Aurora College	33,921	79,086
Beaufort Delta Education Council	-	32,902
	\$ 15,255,377	\$ 15,264,240

Note 27. Budget

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenues and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget figures presented are those approved by the Minister of Education, Culture and Employment on August 8, 2016 and have not been audited.

Note 28. Economic Dependence

The Dehcho District Education Council received its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that Dehcho District Education Council operations would be significantly affected.

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 29. Financial Instruments

The Education Body is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Education Body's risk exposure and concentration as of June 30, 2017.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Education Body has little exposure to credit risk as the majority of its revenues originate from government sources with strong credit worthiness.

Liquidity

Liquidity risk is the risk the Education Body will not be able to meet its obligations as they come due. The Education Body meets its liquidity requirements by preparing detailed cash budgets and having cash available on hand to meet its obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of currency risk, interest rate risk and other price risk.

Currency risk

The Education Body deals exclusively in Canadian funds and therefore has no currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Education Body minimizes risk through its normal operating and financing activities and maintains cash in a general bank account with interest fixed at 1.0%.

Note 30. Expenses by Object

	2017 Budget	2017 Actual	2016 Actual
Compensation	\$ 12,624,160	\$ 12,219,308	\$ 14,300,596
Professional/Technical Services	55,000	27,133	30,167
Postage/Communication	68,000	89,322	104,677
Utilities	-	45,497	34,040
Travel	546,000	302,816	446,833
Student Travel (Bussing)	165,000	24,753	58,483
Advertising/Printing/Publishing	21,000	26,087	36,479
Maintenance/Repair	20,000	27,635	27,835
Rentals/Leases	102,272	52,604	62,339
Other - Student Awards	-	37,256	61,512
Other - Contracted Services	233,500	195,288	195,114
Other - School Programs	-	77,814	52,439
Other - Miscellaneous	-	6,436	39,115
Materials, Supplies and Freight	570,294	807,524	968,161
Amortization	-	-	-
	\$ 14,405,226	\$ 13,939,473	\$ 16,417,790

DEHCHO DIVISIONAL EDUCATION COUNCIL

Notes to the Consolidated Financial Statements

June 30, 2017

Note 31. Subsequent Events - Nil Report

Note 32. Comparative Figures

Some comparative figures have been reclassified to conform with current year's presentation.

Note 33. ECE Other Contributions

	2017	2016
Infrastructure funding	\$ 138,472	\$ -
Distance education	38,514	-
Self regulation	7,000	10,000
	\$ 183,986	\$ 10,000

Note 34. GNWT Other Contributions

	2017	2016
Municipal and Community Affairs		
Sports and youth programs	\$ 5,000	\$ 34,250
Sport strategy	127,140	127,140
Children and youth resiliency	36,136	25,000
Active after school	108,000	29,140
Other	1,000	16,810
Industry, Tourism and Investment		
Take a kid trapping	40,200	45,157
Health and Social Services		
Drop the pop	14,202	16,464
Deferred revenue - GNWT, opening	81,301	145,560
Deferred revenue - GNWT, closing	(10,941)	(81,301)
	\$ 402,038	\$ 358,220

DEHCHO DIVISIONAL EDUCATION COUNCIL

Aboriginal Language and Cultural-based Education Expenses

Schedule A

For the year ended June 30, 2017

	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	2017 Total
Salaries					
ALCBE teachers	\$ -	\$ -	\$ -	\$ -	\$ -
Language consultants	-	-	-	-	-
Instruction assistants	744,028	-	-	-	744,028
Non-instructional staff	75,000	-	-	-	75,000
Elders in schools	-	8,750	-	-	8,750
	819,028	8,750	-	-	827,778
Employee Benefits					
Employee benefits and allowances	15,671	-	-	-	15,671
Leave and termination benefits	94,219	-	-	-	94,219
	109,890	-	-	-	109,890
Services Purchased/Contracted					
Professional services	-	-	-	-	-
Postage and communication	-	-	-	-	-
Travel	3,300	-	-	-	3,300
Student transportation	-	-	-	-	-
Advertising, printing and publishing	9,290	-	-	-	9,290
Maintenance and repairs	-	-	-	-	-
Rentals and leases	1,580	-	-	-	1,580
Other contracted services	-	-	-	-	-
	14,170	-	-	-	14,170
Materials, Supplies and Freight					
Materials	-	65,019	-	-	65,019
Freight	-	246	-	-	246
	-	65,265	-	-	65,265
Total	\$ 943,088	\$ 74,015	\$ -	\$ -	\$ 1,017,103

DEHCHO DIVISIONAL EDUCATION COUNCIL

French Language Program

Schedule B

For the year ended June 30, 2017

	Contributions from GNWT July 1 to June 30	Commitment from Dehcho July 1 to June 30	Expenses July 1 to June 30	Over/Under Funding
Special projects:				
Core French 1-12 (salary)	\$ 50,000	\$ 50,000	\$ 126,897	\$ (26,897)

DEHCHO DIVISIONAL EDUCATION COUNCIL

Aboriginal Languages - Teaching and Learning Center

Schedule C

For the year ended June 30, 2017

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total Fiscal Year 2016/2017
Revenue			
Funding received	\$ 73,000	\$ -	\$ 73,000
Expenditure			
Salaries	5,285	10,352	15,637
Resources	-	-	-
Other O & M	54,012	6,046	60,058
Deficit Funding - June 30 previous year	-	-	-
	<u>59,297</u>	<u>16,398</u>	<u>75,695</u>
Surplus (Deficit), March 31, 2015	\$ <u>13,703</u>		
Surplus (Deficit), June 30, 2015		\$ <u>(16,398)</u>	
Surplus (Deficit) - Total			\$ <u>(2,695)</u>

DEHCHO DIVISIONAL EDUCATION COUNCIL

Student Success Initiative Projects

Schedule D

For the year ended June 30, 2017

	2017	2016
Revenue		
GNWT - Education, Culture & Employment	\$ 55,000	\$ 55,000
NWT Teachers Association	11,853	83,516
	66,853	138,516
Expenditure		
Salaries and wages		
Facilitator fees	6,318	6,355
Substitute teacher wages	2,908	2,306
Staff	45,000	45,000
Travel		
Facilitator travel	-	-
Airfare	4,128	9,711
Staff travel	3,796	9,425
Accommodations	-	5,375
Per diems	-	-
Other expenses	-	-
Student resources		
Room rental	-	-
Refreshments	-	342
Resources	4,703	25,016
Stationary printing	-	-
	66,853	103,530
Surplus (Deficit)	\$ -	\$ 34,986

DEHCHO DIVISIONAL EDUCATION COUNCIL

Statement of Council Operations and Financial Position (Non-Consolidated)

Schedule E-1

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Government of the NWT			
ECE regular contributions	\$ 14,229,000	\$ 14,449,482	\$ 14,533,006
Teaching and learnings centers, pg 11	73,000	73,000	73,000
French language instruction, pg 10	55,000	50,000	50,000
ECE other contributions, Note 33	-	183,986	10,000
	14,357,000	14,756,468	14,666,006
GNWT - other contributions	330,000	402,038	358,220
Government of Canada contributions	-	103,534	214,870
Self-Generated Funds			
Rentals	36,000	25,460	29,000
Investment income	15,000	20,293	18,737
Contract and other	137,000	118,098	285,119
	188,000	163,851	332,856
	14,875,000	15,425,891	15,571,952
Expenditure			
School programs	8,558,748	8,218,824	9,263,370
Inclusive schooling	2,441,803	2,681,648	3,433,420
Student accommodations	-	237,260	200,847
Operations and maintenance	818,955	774,138	784,682
Council administration	1,164,907	930,438	1,124,995
Aboriginal languages	1,420,813	971,984	1,220,030
	14,405,226	13,814,292	16,027,344
Excess of Revenue over Expenditure before other items	\$ 469,774	\$ 1,611,599	\$ (455,392)
Other Items:			
Post-employment benefit recovery (expense), Note 17		(3,028)	(387,546)
Payroll Expenses, Note 17		-	(902,383)
Excess (Deficiency) of Revenue over Expenditure	\$	1,608,571	\$ (1,745,321)
Accumulated surplus (deficit), beginning of year		(1,859,472)	(114,151)
Accumulated surplus (deficit), end of year	\$	(250,901)	\$ (1,859,472)

DEHCHO DIVISIONAL EDUCATION COUNCIL

Details of Council Expenses (Non-Consolidated)

Schedule E-2

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Council Administration	Aboriginal Languages	2017 Total	2017 Budget	*2016 Total
Salaries									
Teachers' salaries	\$ 6,140,335	\$ 908,800	\$ -	\$ -	\$ -	\$ -	\$ 7,049,135	\$ 7,980,776	\$ 8,062,925
Instruction Assistant	-	1,270,029	-	-	-	698,909	1,968,938	1,384,176	2,326,767
Non Instructional Staff	663,731	319,326	-	700,405	650,762	75,000	2,409,224	2,406,279	2,761,743
Board/Trustee Honoraria	-	-	-	-	17,025	8,750	25,775	66,000	21,375
	6,804,066	2,498,155	-	700,405	667,787	782,659	11,453,072	11,837,231	13,172,810
Employee Benefits									
Employee benefits and allowances	126,024	45,269	-	12,948	13,627	15,671	213,539	236,000	302,473
Leave and termination	179,963	92,708	-	-	-	94,219	366,890	550,929	619,855
	305,987	137,977	-	12,948	13,627	109,890	580,429	786,929	922,328
Services Purchased/Contracted									
Professional/Technical Services	-	-	-	-	25,533	-	25,533	55,000	28,665
Postage/Communication	46,167	-	-	-	43,155	-	89,322	68,000	104,645
Utilities	-	-	2,897	41,821	-	-	44,718	-	32,896
Travel	202,115	14,302	33,308	-	66,373	3,300	319,398	546,000	413,153
Student Travel (Bussing)	53,622	-	-	-	-	-	53,622	165,000	54,262
Advertising/Printing/Publishing	16,797	-	-	-	-	9,290	26,087	21,000	35,289
Maintenance/Repair	-	-	-	-	22,936	-	22,936	20,000	26,491
Rentals/Leases	24,674	-	-	13,200	9,650	1,580	49,104	102,272	62,339
Other - Student Awards	-	-	-	-	30,110	-	30,110	-	29,247
Other - Contracted Services	-	11,285	171,166	5,764	-	-	188,215	233,500	176,156
Other - School Programs	-	-	-	-	6,487	-	6,487	-	-
Other - Miscellaneous	-	-	-	-	6,436	-	6,436	-	9,319
	343,375	25,587	207,371	60,785	210,680	14,170	861,968	1,210,772	972,462
Materials, Supplies and Freight									
Materials	542,661	19,929	29,478	-	38,344	65,019	695,431	526,794	718,844
Freight	14,586	-	411	-	-	246	15,243	43,500	31,651
	557,247	19,929	29,889	-	38,344	65,265	710,674	570,294	750,495
Contributions and Transfers									
Transfers to DEA	208,149	-	-	-	-	-	208,149	-	209,249
Amortization									
	-	-	-	-	-	-	-	-	-
Total	\$ 8,218,824	\$ 2,681,648	\$ 237,260	\$ 774,138	\$ 930,438	\$ 971,984	\$ 13,814,292	\$ 14,405,226	\$ 16,027,344

* Reclassified for comparative purposes

DEHCHO DIVISIONAL EDUCATION COUNCIL

District Education Authority Operations Summary
 Non-Consolidated
 For the year ended June 30, 2017

Schedule F-1

	Fort Simpson	Fort Providence	Fort Liard	Jean Marie River	Wrigley	Nahanni Butte	Trout Lake	Kakisa Lake	Total
Revenue									
Operating contributions from Divisional Council	\$ 50,442	\$ 45,862	\$ 28,533	\$ 15,725	\$ 18,645	\$ 16,152	\$ 17,061	\$ 15,729	\$ 208,149
Other contributions from Divisional Council	37,320	258,279	47,781	21,322	5,000	-	12,422	1,353	383,477
Contributions from GNWT	4,330	40,500	-	-	-	-	-	-	44,830
Self-generated funds	90,978	24,229	-	-	22,810	-	1,125	6,520	145,662
	<u>183,070</u>	<u>368,870</u>	<u>76,314</u>	<u>37,047</u>	<u>46,455</u>	<u>16,152</u>	<u>30,608</u>	<u>23,602</u>	<u>782,118</u>
Expenditure									
Administration	72,714	29,108	10,532	8,426	4,369	2,104	13,646	11,958	152,857
School programs	108,672	248,658	23,542	19,077	34,584	14,864	1,077	14,246	464,720
Inclusive schooling	-	-	-	-	-	-	-	-	-
Student accommodations	-	-	-	-	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	-	6,129	-	6,129
Aboriginal language/cultural programs	20,831	40,081	18,589	4,640	-	-	2,963	5,997	93,101
	<u>202,217</u>	<u>317,847</u>	<u>52,663</u>	<u>32,143</u>	<u>38,953</u>	<u>16,968</u>	<u>23,815</u>	<u>32,201</u>	<u>716,807</u>
Excess (Deficiency) of Revenue over Expenditure	(19,147)	51,023	23,651	4,904	7,502	(816)	6,793	(8,599)	65,311
Accumulated surplus, beginning of year	62,487	47,427	6,756	7,864	56,946	22,711	2,107	12,613	218,911
Accumulated surplus, end of year	\$ 43,340	\$ 98,450	\$ 30,407	\$ 12,768	\$ 64,448	\$ 21,895	\$ 8,900	\$ 4,014	\$ 284,222
Composition of Ending Accumulated Surplus									
Cash	\$ 48,978	\$ 98,450	\$ 30,684	\$ 12,768	\$ 64,448	\$ 22,855	\$ 8,900	\$ 4,014	\$ 291,097
Accounts receivable	500	-	-	-	-	-	-	-	500
Accounts payable	(6,138)	-	(277)	-	-	(960)	-	-	(7,375)
	<u>\$ 43,340</u>	<u>\$ 98,450</u>	<u>\$ 30,407</u>	<u>\$ 12,768</u>	<u>\$ 64,448</u>	<u>\$ 21,895</u>	<u>\$ 8,900</u>	<u>\$ 4,014</u>	<u>\$ 284,222</u>

DEHCHO DIVISIONAL EDUCATION COUNCIL

Details of DEA Expenses Summary

Non-Consolidated

For the year ended June 30, 2017

Schedule F-2

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations and Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ 1,157	\$ -	\$ -	\$ -	\$ -	\$ -	1,157
Instruction Assistant	61,419	-	-	-	-	-	61,419
Non-instructional Staff	114,610	-	-	6,129	21,305	52,082	194,126
Board/Trustee Honorarium	-	-	-	-	31,928	-	31,928
	177,186	-	-	6,129	53,233	52,082	288,630
Employee Benefits							
Employee Benefits and Allowances	26,655	-	-	-	-	-	26,655
Leave and Termination	-	-	-	-	-	-	-
	26,655	-	-	-	-	-	26,655
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	1,600	-	1,600
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	779	-	779
Travel	-	-	-	-	37,203	590	37,793
Student Travel (Bussing)	24,753	-	-	-	-	-	24,753
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	4,699	-	4,699
Rentals/Leases	-	-	-	-	-	3,500	3,500
Other - Student Awards	6,746	-	-	-	400	-	7,146
Other - Contracted Services	-	-	-	-	7,073	-	7,073
Other - School Programs	159,385	-	-	-	-	-	159,385
	190,884	-	-	-	51,754	4,090	246,728
Materials/Supplies/Freight							
Materials	69,995	-	-	-	47,670	36,929	154,594
Freight	-	-	-	-	200	-	200
	69,995	-	-	-	47,870	36,929	154,794
Total	\$ 464,720	\$ -	\$ -	\$ 6,129	\$ 152,857	\$ 93,101	716,807

FORT SIMPSON

District Education Authority
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenues			
Contributions from Divisional Council	\$ 50,442	\$ 50,442	\$ 51,102
Other - Dehcho DEC	-	37,320	45,772
Other - Contributions from GNWT	-	4,330	36,393
Other	-	90,978	126,508
	50,442	183,070	259,775
Expenses			
Administration	12,500	72,714	114,541
School programs	33,942	108,672	165,458
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	1,344
Aboriginal language/cultural programs	4,000	20,831	24,237
	\$ 50,442	202,217	305,580
Surplus (Deficit)	-	(19,147)	(45,805)
Opening equity		62,487	108,292
Closing equity	\$	43,340	\$ 62,487
Composition of Closing Equity			
Cash	\$	48,978	\$ 54,354
Accounts receivable		500	8,133
Accounts payable		(6,138)	-
	\$	43,340	\$ 62,487

FORT SIMPSON

District Education Authority
Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	61,419	-	-	-	-	-	61,419
Non Instructional Staff	-	-	-	-	2,691	9,201	11,892
Board/Trustee Honoraria	-	-	-	-	4,318	-	4,318
	61,419	-	-	-	7,009	9,201	77,629
Employee Benefits							
Employee Benefits/Allowances	1,920	-	-	-	-	-	1,920
Leave and Termination Benefits	-	-	-	-	-	-	-
	1,920	-	-	-	-	-	1,920
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	36,148	-	36,148
Student Travel (Bussing)	24,377	-	-	-	-	-	24,377
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	4,699	-	4,699
Rentals/Leases	-	-	-	-	-	-	-
Other - Student Awards	3,595	-	-	-	-	-	3,595
Other - Contracted Services	-	-	-	-	5,223	-	5,223
Other - School Programs	9,330	-	-	-	-	-	9,330
	37,302	-	-	-	46,070	-	83,372
Materials/Supplies/Freight							
Materials	8,031	-	-	-	19,635	11,630	39,296
Freight	-	-	-	-	-	-	-
	8,031	-	-	-	19,635	11,630	39,296
Total	\$ 108,672	\$ -	\$ -	\$ -	\$ 72,714	\$ 20,831	\$ 202,217

FORT PROVIDENCE

District Education Authority
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ 45,862	\$ 45,862	\$ 47,017
Other - Dehcho DEC	-	258,279	342,757
Other - Contributions from GNWT	-	40,500	38,300
Other	-	24,229	44,674
	45,862	368,870	472,748
Expenses			
Administration	21,275	29,108	91,659
School programs	22,587	248,658	337,218
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	2,000	40,081	20,352
	45,862	317,847	449,229
Surplus (Deficit)	-	51,023	23,519
Opening equity		47,427	23,908
Closing equity	\$	98,450	\$ 47,427
Composition of Closing Equity			
Cash	\$	98,450	\$ 47,427
Accounts receivable		-	-
Accounts payable		-	-
	\$	98,450	\$ 47,427

FORT PROVIDENCE

District Education Authority
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ 1,157	\$ -	\$ -	\$ -	\$ -	\$ -	1,157
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	114,493	-	-	-	4,790	20,660	139,943
Board/Trustee Honoraria	-	-	-	-	5,642	-	5,642
	<u>115,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,432</u>	<u>20,660</u>	<u>146,742</u>
Employee Benefits							
Employee Benefits/Allowances	24,735	-	-	-	-	-	24,735
Leave and Termination Benefits	-	-	-	-	-	-	-
	<u>24,735</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,735</u>
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	779	-	779
Travel	-	-	-	-	846	-	846
Student Travel (Bussing)	376	-	-	-	-	-	376
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	3,500	3,500
Other - Awards/Gifts	2,320	-	-	-	400	-	2,720
Other - Contracted Services	-	-	-	-	532	-	532
Other - School Programs	63,923	-	-	-	-	-	63,923
	<u>66,619</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,557</u>	<u>3,500</u>	<u>72,676</u>
Materials/Supplies/Freight							
Materials	41,654	-	-	-	16,119	15,921	73,694
Freight	-	-	-	-	-	-	-
	<u>41,654</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,119</u>	<u>15,921</u>	<u>73,694</u>
Total	\$ 248,658	\$ -	\$ -	\$ -	\$ 29,108	\$ 40,081	\$ 317,847

FORT LIARD

District Education Authority Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ 28,533	\$ 28,533	\$ 27,158
Other - Dehcho DEC	-	47,781	46,260
Other - Contributions from GNWT	-	-	36,733
Other	-	-	9,143
	28,533	76,314	119,294
Expenses			
Administration	9,250	10,532	25,212
School programs	17,283	23,542	87,769
Inclusive Schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	2,000	18,589	22,620
	28,533	52,663	135,601
Surplus (Deficit)	-	23,651	(16,307)
Opening equity		6,756	23,063
Closing equity	\$	30,407	\$ 6,756
Composition of Closing Equity			
Cash	\$	30,684	\$ 3,873
Accounts receivable		-	2,883
Accounts payable		(277)	-
		30,407	6,756

FORT LIARD

District Education Authority
Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	117	-	-	-	-	13,263	13,380
Board/Trustee Honoraria	-	-	-	-	4,952	-	4,952
	117	-	-	-	4,952	13,263	18,332
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	163	-	163
Other - Local Programs	4,827	-	-	-	-	-	4,827
	4,827	-	-	-	163	-	4,990
Materials/Supplies/Freight							
Materials	18,598	-	-	-	5,217	5,326	29,141
Freight	-	-	-	-	200	-	200
	18,598	-	-	-	5,417	5,326	29,341
Total	\$ 23,542	\$ -	\$ -	\$ -	\$ 10,532	\$ 18,589	\$ 52,663

JEAN MARIE RIVER

District Education Authority
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenues			
Contributions from Divisional Council	\$ 15,725	\$ 15,725	\$ 15,945
Other - Dehcho DEC	-	21,322	7,980
Other - Contributions from GNWT	-	-	-
Other	-	-	9,097
	15,725	37,047	33,022
Expenses			
Administration	10,950	8,426	14,926
School programs	2,775	19,077	25,898
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	2,000	4,640	7,378
	\$ 15,725	32,143	48,202
Surplus (Deficit)	-	4,904	(15,180)
Opening equity		7,864	23,044
Closing equity	\$	12,768	\$ 7,864
Composition of Closing Equity			
Cash	\$	12,768	\$ 7,864
Accounts receivable		-	-
Accounts payable		-	-
		12,768	7,864

JEAN MARIE RIVER

District Education Authority
Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	4,165	3,650	7,815
Board/Trustee Honoraria	-	-	-	-	3,385	-	3,385
	-	-	-	-	7,550	3,650	11,200
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	590	590
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	831	-	-	-	-	-	831
Other - Contracted Services	-	-	-	-	314	-	314
Other - School Programs	17,611	-	-	-	-	-	17,611
	18,442	-	-	-	314	590	19,346
Materials/Supplies/Freight							
Materials	635	-	-	-	562	400	1,597
Freight	-	-	-	-	-	-	-
	635	-	-	-	562	400	1,597
Total	\$ 19,077	\$ -	\$ -	\$ -	\$ 8,426	\$ 4,640	\$ 32,143

WRIGLEY

District Education Authority Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ 18,645	\$ 18,645	\$ 18,425
Other - Deh Cho DEC	-	5,000	11,430
Other - Contributions from GNWT	-	-	-
Other	-	22,810	13,868
	<u>18,645</u>	<u>46,455</u>	<u>43,723</u>
Expenses			
Administration	12,050	4,369	3,405
School programs	4,595	34,584	28,268
Inclusive schooling	-	-	-
Student Accomodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	2,000	-	-
	<u>18,645</u>	<u>38,953</u>	<u>31,673</u>
Surplus (Deficit)	-	7,502	12,050
Opening equity		56,946	44,896
Closing equity		\$ 64,448	\$ 56,946
Composition of Closing Equity			
Cash		\$ 64,448	\$ 56,946
Accounts receivable		-	-
Accounts payable		-	-
		<u>\$ 64,448</u>	<u>\$ 56,946</u>

WRIGLEY

District Education Authority
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations and Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	-	-	-
Board/Trustee Honoraria	-	-	-	-	2,450	-	2,450
	-	-	-	-	2,450	-	2,450
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	1,600	-	1,600
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	319	-	319
Other - Local Programs	34,584	-	-	-	-	-	34,584
	34,584	-	-	-	1,919	-	36,503
Materials/Supplies/Freight							
Materials	-	-	-	-	-	-	-
Freight	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	\$ 34,584	\$ -	\$ -	\$ -	\$ 4,369	\$ -	38,953

NAHANNI BUTTE

District Education Authority Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenues			
Contributions from Divisional Council	\$ 16,152	\$ 16,152	\$ 16,152
Other - Dehcho DEC	-	-	7,900
Other - Contributions from GNWT	-	-	-
Other	-	-	-
	16,152	16,152	24,052
Expenses			
Administration	10,950	2,104	4,408
School programs	3,202	14,864	21,451
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	2,000	-	-
	16,152	16,968	25,859
Surplus (Deficit)	-	(816)	(1,807)
Opening equity		22,711	24,518
Closing equity	\$	21,895	\$ 22,711
Composition of Closing Equity			
Cash	\$	22,855	\$ 22,711
Accounts receivable		-	-
Accounts payable		(960)	-
	\$	21,895	\$ 22,711

NAHANNI BUTTE

District Education Authority
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	-	-	-
Board/Trustee Honoraria	-	-	-	-	1,850	-	1,850
	-	-	-	-	1,850	-	1,850
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Student Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	254	-	254
Other - School Programs	14,864	-	-	-	-	-	14,864
	14,864	-	-	-	254	-	15,118
Materials/Supplies/Freight							
Materials	-	-	-	-	-	-	-
Freight	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total	\$ 14,864	\$ -	\$ -	\$ -	\$ 2,104	\$ -	\$ 16,968

TROUT LAKE

District Education Authority
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ 17,061	\$ 17,061	\$ 16,951
Other - Dehcho DEC	-	12,422	5,909
Other - Contributions from GNWT	-	-	-
Other	-	1,125	-
	<u>17,061</u>	<u>30,608</u>	<u>22,860</u>
Expenses			
Administration	10,950	13,646	9,642
School programs	4,111	1,077	4,122
Inclusive schooling	-	-	-
Student Accomodations	-	-	-
Operations and maintenance	-	6,129	7,242
Aboriginal language/cultural programs	2,000	2,963	-
	<u>17,061</u>	<u>23,815</u>	<u>21,006</u>
Surplus (Deficit)	-	6,793	1,854
Opening equity		2,107	253
Closing equity	\$	8,900	\$ 2,107
Composition of Closing Equity			
Cash	\$	8,900	\$ 2,107
Accounts receivable		-	-
Accounts payable		-	-
	\$	8,900	\$ 2,107

TROUT LAKE

District Education Authority
Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	6,129	4,759	2,963	13,851
Board/Trustee Honoraria	-	-	-	-	5,871	-	5,871
	-	-	-	6,129	10,630	2,963	19,722
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	167	-	167
Other - Local Programs	-	-	-	-	-	-	-
	-	-	-	-	167	-	167
Materials/Supplies/Freight							
Materials	1,077	-	-	-	2,849	-	3,926
Freight	-	-	-	-	-	-	-
	1,077	-	-	-	2,849	-	3,926
Total	\$ 1,077	\$ -	\$ -	\$ 6,129	\$ 13,646	\$ 2,963	\$ 23,815

KAKISA LAKE

District Education Authority
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenues			
Contributions from Divisional Council	\$ 15,729	\$ 15,729	\$ 15,399
Other - Dehcho DEC	-	1,353	3,576
Other - Contributions from GNWT	-	-	-
Other	-	6,520	-
	<u>15,729</u>	<u>23,602</u>	<u>18,975</u>
Expenditure			
Administration	10,950	11,958	10,989
School programs	2,779	14,246	8,655
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	3,589
Aboriginal language/cultural programs	2,000	5,997	29,796
	<u>\$ 15,729</u>	<u>32,201</u>	<u>53,029</u>
Surplus (Deficit)	-	(8,599)	(34,054)
Opening equity		12,613	46,667
Closing equity		\$ 4,014	\$ 12,613
Composition of Closing Equity			
Cash		\$ 4,014	\$ 12,613
Accounts receivable		-	-
Accounts payable		-	-
		<u>\$ 4,014</u>	<u>\$ 12,613</u>

KAKISA LAKE

District Education Authority
 Details of Expenses - Non-Consolidated

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	4,900	2,345	7,245
Board/Trustee Honoraria	-	-	-	-	3,460	-	3,460
	-	-	-	-	8,360	2,345	10,705
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	209	-	209
Student Travel (Bussing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Awards	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	101	-	101
Other - School Programs	14,246	-	-	-	-	-	14,246
	14,246	-	-	-	310	-	14,556
Materials/Supplies/Freight							
Materials	-	-	-	-	3,288	3,652	6,940
Freight	-	-	-	-	-	-	-
	-	-	-	-	3,288	3,652	6,940
Total	\$ 14,246	\$ -	\$ -	\$ -	\$ 11,958	\$ 5,997	\$ 32,201

Dettah District Education Authority
Consolidated Financial Statements
June 30, 2017

Dettah District Education Authority

Consolidated Financial Statements

June 30, 2017

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Management Discussion and Analysis

Introduction

Dettah District Education Authority Administration:

Metro Huculak – Superintendent of Yellowknife Educational District #1
Lea Lamoureux – Principal of Kaw Tay Whee School
Sally Ann Drygeese - Administration/Educational Assistant

Current DEA Members:

Rebecca Plotner – Chairperson
James Sanderson – Vice-Chairperson
Beatrice Sangris – Member
Mary Laurie Tobie – Member
Tina Crookedhand – Member
Angela Lafferty – Member
Eileen Drygeese – Member

Acknowledgements:

The Dettah District Education Authority acknowledges the preparation of the Annual Management Discussion and Analysis as a go-forward responsibility of school management/administration and the Board Members to promote transparency and accountability.

Vision Statement:

“To create a safe learning environment where students can develop both academic and traditional skills as they become community leaders.”

Mission Statement:

“We believe in working together to create a thriving community through education, culture and pride.”

Core Strategies:

- Develop, build, and maintain strong and respectful working relationships between the Dettah District Education Authority and Kaw Tay Whee School management/administration and staff to best serve students and families
- Provide daily instruction in the Wiiliideh language and frequent opportunities for students to learn traditional ways of the community
- Recruit, train, and retain high quality, and highly qualified teaching and support staff to best serve current and future students
- Support school staff team to provide a whole-child educational experience and to provide a “wrap-around” services model to better support families in the community
- Actively engage in ensuring that students from the community from junior kindergarten to grade twelve attend and engage in educational opportunities; and work with extended families to promote the importance of school attendance and graduation
- Offer opportunities for pre-school aged children (0-5) to be involved in the wider life of the school to ease the transition when it is time for these children to register for school
- Support school management in their advocacy for services to be offered in the community school so as to ease challenges with system navigability; including but not limited to health services
- Plan for the future of a healthy thriving school and the possible provision of needed early intervention by networking and supporting new families and new parents

- Carefully ensure maximum fiscal responsibility to best meet the specific needs of students in out school
- Support school staff team in their quest to provide ample opportunities for students to have a wide variety of learning experiences so as to broaden their general knowledge base, and have a positive impact on personal health, well being, confidence, and strong personal cultural identity

Active Committees:

The Dettah District Education Authority has two main committees, comprised of the hiring committee and the finance committee. Each committee has two members, and the chairperson is also automatically added to each committee.

As a core value of the Dettah District Education Authority is collaboration and partnership with the school administration, the committees meet on an as-needed basis, and conduct business in collaboration with school management/administration.

School Staff Equivalents:

In 2016-2017, the FTE enrolment of Kaw Tay Whee School was 28.0 students from junior kindergarten to grade 9. The total enrolment of Dettah students in all schools up to grade 12 was 48.0.

The school was split into three classrooms to accommodate this number of grade levels and student needs. The Multi-Age-Grouped classrooms were grouped as junior kindergarten and kindergarten, grades one to three, grades three to five, and grades six to eight.

The school employed 3.0 full time teachers, 1.0 language teacher/EA, and 1.0 principal/PST/teacher.

When considering school population and staffing, it is important to note that the principal/PST/teacher position includes a variety of responsibilities, not normally required in this role, due to the unique position of the Dettah District Education Authority. The Dettah District Education Authority contracts superintendency services from Yellowknife Education District Number One.

- The DDEA is site-based-managed for funding, and is also independently audited. The day-to-day responsibilities and management of these tasks is part of the principal's job; as are any responsibilities that are designated to him/her by the DEA Chair.
- The principal is responsible for working with contractors, the GNWT, and many other bodies directly, as opposed to being filtered through school-board level coordinators. The principal is also responsible for the complete Operating Plan (Accountability Framework) and the Inclusive Schooling Compliance Tool.

Operating Environment

Strengths and Opportunities:

- Consistently positive working relationship between Dettah District Education Authority and Kaw Tay Whee School Staff; maximizing the potential for a positive learning environment for students and support for families
- An increase in the amount and quality of instruction in the local Wiiliideh language, by a caring, and qualified individual from the community
- An increase in grades offered over the past several years, to now encompass junior kindergarten to grade eight; therefore maximizing potential for students to access high quality learning in the home community, and ensuring that there are no barriers with transportation if a student is late. This year, the school has offered grade nine to students following IEPs.
- Over the past nine years, the school and school staff have received many accolades and awards; including the Prime Minister's Award for Teaching Excellence Certificate of Achievement, and a Canada's Outstanding Principal award; attesting to the change in student achievement, and attendance,
- The Dettah District Education Authority and school management have carefully managed funds to ensure that a small surplus is available for the future, should enrollment change due to moving or a low birth year

Challenges and Threats:

- This year our DEA encountered a large financial challenge as three of our staff accessed maternity and parental leave; this was unexpected and resulted in a large impact on our budget; as did hiring replacements for these staff members
- As in years past; due to large families moving away from Dettah, or a low birth year in the community, school enrollment can be volatile and unpredictable from year to year;

thus providing a challenge for the number of grades offered in one room, and in providing assistance for those students requiring one-on-one support. In order to minimize threat, as school funding changes, the DDEA has ensured a small surplus to attempt to maintain the integrity of school programming and staff allocations.

Financial Condition

The Authority's financial assets increased from \$444,509 to \$500,377. This year the net financial assets (financial assets less liabilities) were \$279,828 compared to \$193,657 in the prior year indicating a stronger financial position.

The Authority had an operating surplus of \$86,171 for the year compared to an operating deficit of \$160,265 in the prior year. The 2016-17 surplus can be attributed to the decrease in spending on wages and benefits due to two employees being on maternity leave as well as a reduction in transfer costs as there were fewer transfer students than in prior years. The accumulated surplus at year end is \$279,828.

Accounts payable and accrued liabilities have increased from \$41,650 to \$49,191 due to increased amounts owing on the Authority's VISA at year end.

The Yellowknife Education District #1 Payable decreased from \$208,260 to \$139,594. The decrease is due to the Authority having less staff on payroll in 2017 compared to the prior year as a result of the two employees on maternity leave.

Dettah DEA received 97% (2016 - 97%) of its funding from the GNWT. The core funding decreased from \$1,502,590 to \$1,373,283 in the current year. Other revenue in the current year mainly consists of donations from Dominion Diamond Corporation of \$25,000.

Summary and Outlook

Achievements and Successes:

- Students in need of speech support has continued to grow; yet students received one-on-one support on a daily basis to improve their skills
- School staff remained consistent; with over 50% of employees being employed at the school for five years or longer; with most staff on maternity leave or covering maternity leave returning for the 2017-2018 school year
- Attendance of community members and family members at school events continued to increase

Top Priority Challenges for the Coming Year:

- As in years past, due to a high number of families moving out of Dettah, and several students beginning grade 9, student enrollment is projected to potentially decrease for the 2017-2018 school year; thus potentially having a financial impact on the funding allocations for the 2018-2019 school year
- In order to minimize the impact on school programming, and experiences, school management will continue to work with outside stakeholders and partners to provide opportunities for students without impacting current allocations

Management's Responsibility for Financial Reporting

To the Minister of Education, Culture and Employment
Government of Northwest Territories

and

To the Members of Dettah District Education Authority

The Management Discussion and Analysis, Consolidated Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of Dettah District Education Authority (the "Authority") in all material respects and in accordance with Canadian public sector accounting standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of the Authority have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

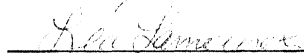
Management hereby asserts that auditors have been provided with all relevant records and documentation except payroll paid by Yellowknife Education District #1. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Authority



Chairperson
Dettah District Education Authority



Principal
Dettah District Education Authority

September 19, 2017

Independent Auditors' Report

**To the Minister of Education, Culture and Employment
Government of Northwest Territories
and
To the Members of Dettah District Education Authority**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Dettah District Education Authority (the "Authority") which comprise the consolidated statement of financial position as at June 30, 2017 and the consolidated statements of operations, changes in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the consolidated 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 Authority'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 consolidated financial statements.

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

Independent Auditors' Report (continued)

Basis for Qualified Opinion

The Yellowknife Education District #1 is responsible for the calculation and distribution of the salaries and wages to indeterminate and term employees. Our audit scope was limited, as we did not audit the components of wages and salaries expenditures. Accordingly, we are not able to determine whether any adjustments might be necessary to wages and salaries expenditures, liabilities and net financial assets.

Qualified Opinion

In our opinion, except for the effects of adjustments, if any, of the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at June 30, 2017, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We report further, in accordance with the *Financial Administration Act*, in our opinion, proper books of account have been kept by the Authority, the financial statements are in agreement herewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Authority.



Yellowknife, Northwest Territories
September 21, 2017

Chartered Professional Accountants

Dettah District Education Authority

Consolidated Statement of Financial Position

As at June 30, 2017 2016

Financial Assets

Cash and cash equivalents (Note 4) \$ 500,377 \$ 444,509

Liabilities


Accounts payable and accrued liabilities (Note 10) 49,191 41,650
Payroll liabilities (Note 10) 3,082 943
Leave and termination benefit (Note 17) 28,682 -
Due to Yellowknife Education District #1 (Note 26) 139,594 208,260

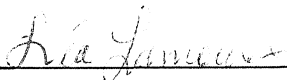
220,549 250,853

Net Financial Assets and Accumulated Surplus **\$ 279,828 \$ 193,657**

Contractual obligations and contingencies (Note 24 and 25)

Approved on behalf of the Authority

 _____ Chairperson

 _____ Principal

Dettah District Education Authority

Consolidated Statement of Operations

For the year ended June 30,	2017	2017	2016
	Budget (unaudited)	Actual	Actual
Revenues			
Government of the NWT			
ECE Regular Contributions	\$ 1,357,400	\$ 1,373,283	\$ 1,501,126
ECE Other Contributions (Note 33)		3,167	1,464
Total ECE	1,357,400	1,376,450	1,502,590
MACA Other Contributions (Note 34)	-	15,300	-
Total GNWT	1,357,400	1,391,750	1,502,590
Education Body Generated Funds			
Donations	-	36,974	32,780
Investment Income	-	518	619
Yellowknife Education District #1	-	-	17,300
Total Generated Funds	-	37,492	50,699
Total Revenues	\$ 1,357,400	\$ 1,429,242	\$ 1,553,289
Expenditures			
Administration (Schedule 1)	91,850	144,558	102,380
School Programs (Schedule 1)	744,794	879,920	1,198,587
Inclusive Schooling (Schedules 1 and 3)	344,627	142,236	254,389
Operations and Maintenance (Schedule 1)	-	33,149	39,307
Aboriginal Languages (Schedules 1 and 2)	175,061	143,208	118,891
	\$ 1,356,332	\$ 1,343,071	\$ 1,713,554
Operating Surplus (deficit) before other items	1,068	86,171	(160,265)
Other Items			
Grant in-kind - Assets provided at no cost (Note 23)	-	42,111	42,111
Rent expense - Assets provided at no cost (Note 23)	-	(42,111)	(42,111)
Operating Surplus (deficit)	1,068	86,171	(160,265)
Opening Accumulated Surplus	193,657	193,657	353,922
Closing Accumulated Surplus	\$ 194,725	\$ 279,828	\$ 193,657

Dettah District Education Authority

Consolidated Statement of Changes in Net Financial Assets

For the year ended June 30,	2015	2016
Operating surplus (deficit)	\$ 86,171	\$ (160,265)
Net financial assets, beginning of year	193,657	353,922
Net financial assets, end of year	\$ 279,828	\$ 193,657

Dettah District Education Authority**Consolidated Statement of Cash Flows**

For the year ended June 30,	2017	2016
<i>Cash provided by (used in):</i>		
Operating transactions		
Operating surplus (deficit)	\$ 86,171	\$ (160,265)
Changes in non-cash assets and liabilities		
Decrease (increase) accounts receivable	-	25,363
Increase (decrease) accounts payable and accrued liabilities	7,541	10,928
Increase (decrease) payroll liabilities	2,140	10,930
Increase (decrease) due to Yellowknife District Education #1	(68,666)	(10,946)
Increase (decrease) post-employment benefits	28,682	-
	(30,303)	36,275
Cash used for operating transactions	55,868	(134,920)
Decrease in cash and cash equivalents	55,868	(134,920)
Cash and cash equivalents at beginning of year	444,509	579,429
Cash and cash equivalents at end of year (Note 4)	\$ 500,377	\$ 444,509

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

1. Nature of Operations

The Dettah District Education Authority (the "Authority") was established under the *Education Act* of the Government of the Northwest Territories ("GNWT") by order of the Minister dated February 12, 2004. Its purpose is to administer and maintain the standards of educational programs in Dettah as defined under the Act. A full range of instructional programs ranging from kindergarten through grade 12 is offered by the Authority.

The Authority is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the Authority includes all aspects of operation and management. The Authority is the lowest (and sole) level of government exercising oversight responsibility.

The Authority is a public body performing a function of government in Canada. Paragraph 149(1)(c) of the *Income Tax Act* provides that a public body performing the function of government in Canada is exempt from taxation.

2. Significant Accounting Policies

(a) Basis of accounting

The consolidated financial statements of the the Authority have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in the management's opinion, been properly prepared within reasonable limits of materiality.

The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the consolidated financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms'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 transaction 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.

Financial assets measured at amortized cost include cash and cash equivalents.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, payroll liabilities and amounts due to Yellowknife Education District #1.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

(d) 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 for the year.

(e) Tangible capital assets

The Authority does not carry any tangible capital assets. All tangible capital assets used by the Authority are purchased by and remain the property of the GNWT. The Minister grants to the Education Body the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Tangible capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Tangible capital assets with a value of less than \$50,000 are recorded as a current expenditure.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(f) Revenue Recognition

Government transfers

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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.

GNWT regular contributions

The regular contributions from the GNWT is determined by a funding formula, based on student enrolment and price and volume fluctuation, and is received in monthly installments. The Authority retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT. The contribution revenue is recognized when received or receivable.

Other contributions

The Authority follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Other revenue is recorded as the service is provided and receipt is reasonably assured.

Deferred revenue

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

Investment income

Investment income is recognized when received or receivable, if the amount can be reasonably estimated.

Donations

Donations are recognized in the period they are received.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(g) Budget Data

The *Education Act* of the Northwest Territories requires that Boards of Education prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of the Authority and the budget is legally adopted by a motion of the Board in accordance with Section 135(3) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture, and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

This annual budget includes estimates of revenue and expenditures and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget may be amended within a given fiscal year in accordance with the Authority's policy, regulations and approved budget procedures. The budget data presented in the financial statements reflects the Minister approved budget for the school year. The budget has not been audited.

(h) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards, 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Authority are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

(j) Payroll Liabilities

Teacher payrolls for July and August are accrued.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(k) Post-employment Benefits, Compensated Absences and Termination Benefits

Under the terms and conditions of employment, education board employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumption based on management's best estimates.

(l) Special Purpose Funds

School activity funds which are fully controlled by the Authority with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Authority are not included even if custody of the funds is held by the Authority. Examples of excluded funds might be student clubs or associations for which the Authority has no ongoing responsibility of liability for losses.

3. Future Accounting Changes

Related Party Disclosures, Section PS 2200

This new Section defines a related party and establishes disclosures required for related party transactions.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Inter-entity transactions, Section PS 3420

This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

3. Future Accounting Changes (continued)

Assets, Section PS 3210

This new Section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure information about the major categories of assets that are not recognized is required.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Contingent Assets, Section PS 3320

This new Section defines and establishes disclosure on contingent assets. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Contractual Rights, Section PS 3380

This new Section defines and establishes disclosure standards on contractual rights. Disclosure of the nature, extent, and timing or any contractual rights is required.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1200

This standard will establish how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative financial instruments. Governments should adopt Section PS 3450 in the same fiscal year Section PS 2601, Foreign Currency Translation, is adopted.

This Section is effective for fiscal periods beginning on or after April 1, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Restructuring Transactions, Section PS 3430

This new Section establishes standards on how to record assets, liabilities, revenues and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor.

This Section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Student Activity Funds

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the consolidated financial statements of the Authority in the future.

Dettah District Education Authority**Notes to Consolidated Financial Statements**

June 30, 2017

4. Cash and Cash Equivalents

	2017	2016
Cash and cash equivalents	\$ 500,377	\$ 444,509

5. Special Purpose Funds

The Authority does not have special purpose funds.

6. Restricted Assets

The Authority does not have restricted assets.

7. Portfolio Investments

The Authority does not have any portfolio investments.

8. Accounts Receivable

The Authority does not have any accounts receivable.

9. Inventory

The Authority does not record inventory as per note 2(i).

10. Accounts Payable and accrued liabilities

	2017	2016
Trade	\$ 49,191	\$ 41,650
Payroll liabilities	3,082	943
	\$ 52,273	\$ 42,593

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

11. Deferred Revenue

The Authority does not have any deferred revenue.

12. Contributions Repayable

The Authority does not have any contributions repayable.

13. Due From and To the Government of Canada

The Authority does not have amounts due from and due to the Government of Canada.

14. Capital Lease Obligations

The Authority does not have capital lease obligations.

15. Pensions

The Authority makes contributions to the Northern Employee Benefits (NEBS) Pension Plan, which is a multi-employer plan, on behalf of some members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to the NEBS pension was \$79,256. The contributions are calculated at a rate of 8% of earning and allowances employee and employer contribution for a total of 16%. The maximum pensionable earnings is \$165,077 for January 2017, and \$163,715 for January 2016. The maximum monthly contributions is \$2,914 for January 2017, and \$2,182 for January 2016.

NEBS is an employer owned program and as such the Authority will be liable for its portion of any shortfall. The Plan serves 2,600 Employee Members and 99 Employer Members (total active, disabled and on leave 1542).

As of January 1, 2017, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be \$18,500,000 - funded ratio 111% (2016 - \$12,500,000 and 109%) on a going concern valuation basis. The Plan had a solvency ratio deficiency of \$102,495,300 and a solvency ratio of 64%. Solvency is calculated for the purposes of determining obligations only in the event of a plan wrap up. Any potential deficiency in termination payments is guaranteed to be paid over the next 10 years or less, depending on the position of the fund. For the period ending December 31, 2016, the NEBS Pension plan had an accumulated surplus of \$25,121,532.

As of April 2004, the OSFI has exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). On April 2015, the Legislative Assembly passed The Northern Employee Benefits Act (Bill 12) which was enacted October 1, 2015. NEBS is now operating under Bill 12.

16. Long-Term Debt

The Authority does not have long-term debt.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

17. Other employee future benefits and compensated absences

In addition to the pension benefits, the Authority provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Authority's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits for all staff are accrued as employee render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Authority.

	Severance and Removal	Compensated absences	2017
Changes in Obligations			
Accrued benefit obligations	\$ 16,282	\$ 5,976	\$ 22,258
Current period benefit cost	1,925	547	2,472
Interest accrued	528	185	713
Benefits payments	-	(1,463)	(1,463)
Plan amendments	-	337	337
Actuarial (gain)/loss	1,771	2,594	4,365
Accrued benefit obligations end of year	20,506	8,176	28,682
Unamortized net actuarial loss	(1,771)	(2,594)	(4,365)
Total employee future benefits and compensated absences	18,735	5,582	24,317
Benefit expenses	-	-	-
Current service costs	1,925	547	2,472
Interest costs	528	185	713
Plan amendments	-	337	337
Amortization of actuarial gains	\$ 2,453	\$ 1,069	\$ 3,522

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

18. Trust Assets Under Administration

The Authority does not have trust assets under administration.

19. Tangible Capital Assets

The Authority does not have tangible capital assets.

20. Prepaid Expenses and Deposits

The Authority does not have prepaid expenses and deposits.

21. Accumulated Surplus/Deficit

	2017	2016
Operating surplus	\$ 279,828	\$ 193,657

22. Capital Advances

The Authority does not have capital advances.

23. GNWT Assets Provided At No Cost

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Kaw Tay Whee	\$ 895,327	\$ 442,642	\$ 452,685	\$ 494,796

Rent expense of \$42,111 (2016 - \$42,111) was offset by a grant in-kind.

24. Contractual Obligations

The Authority does not have any contractual obligations.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

25. Contingencies

The Authority does not have any contingencies.

26. Related Parties

The Authority is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Authority enters into transactions with these entities in the normal course of business. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are summarized in this note.

Due to Related Party

	2017	2016
Yellowknife Education District #1	\$ 139,594	\$ 208,260

Revenues from Related Parties

	2017	2016
GNWT - Department of Education, Cultural and Employment	\$ 1,376,450	\$ 1,502,590
GNWT - Department of Municipal and Community Affairs	15,300	-
Total Revenues from Related Parties	\$ 1,391,750	\$ 1,502,590

Expenses Paid to Related Parties

	2017	2016
Yellowknife Catholic Schools	\$ 217,120	\$ 271,189
Yellowknife Education District #1	77,590	43,490
Total Expenses Paid to Related Parties	\$ 294,710	\$ 314,679

27. Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Authority which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget figures presented are those approved by the Trustees of the Authority on **December 8, 2016** and have not been audited.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

28. Economic Dependence

The Authority receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Authority's operations would be significantly affected.

29. Financial Instruments

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

a) Credit risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its cash and cash equivalents. The Authority holds its cash and cash equivalents in accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Authority's cash in accounts are insured up to \$100,000.

The Authority's maximum exposure to credit risk is represented by the financial assets balance for a total of \$500,377 (2016 - \$444,509).

b) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The Authority's maximum exposure to liquidity risk is represented by accounts payable and accrued liabilities, payroll liabilities and amounts due to Yellowknife Education District #1 for a total \$191,867 (2016 - \$250,853).

The financial assets including cash and cash equivalents. The financial liabilities including accounts payable and accrued liabilities, payroll liabilities and amounts due to Yellowknife Education District #1 mature within 6 months.

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

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2017

30. Expenditures By Object

	2017 Budget	2017 Actual	2016 Actual
Compensation	\$ 910,255	\$ 884,769	\$ 956,641
Materials and freight	83,547	71,425	155,659
Services purchased or contracted	362,530	386,877	601,254
	\$ 1,356,332	\$ 1,343,071	\$ 1,713,554

31. Subsequent Events

There were no material subsequent events that have taken place between June 30, 2017 and the audit report date.

32. Comparative Figures

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

33. ECE Other Contributions

	2017	2016
Government of the Northwest Territories - Department of Education, Culture and Employment		
Other	\$ 3,167	\$ 1,464

34. GNWT Other Contributions

	2017	2016
Government of the Northwest Territories		
Department of Municipal and Community Affairs	\$ 15,300	\$ -

Dettah District Education Authority

Schedule 1 - Consolidated Details of Expenditures

For the year ended June 30,

							Total 2017	Budget 2017	Total 2016
	School Programs	Operations and Maintenance	Administration	Aboriginal Languages	Inclusive Schooling	Other	Total	Total	Total
Salaries									
Teachers	\$ 387,979	\$ -	\$ 38,372	\$ -	\$ 113,932	\$ -	\$ 540,283	\$ 704,806	\$ 599,652
Instructional assistant	-	-	-	-	-	-	-	15,000	-
YK1 superintendent	-	-	27,500	-	-	-	27,500	-	29,750
Non-instructional staff	-	32,074	-	124,233	-	-	156,307	169,449	136,929
Board/Trustee honoraria	-	-	13,798	-	-	-	13,798	18,000	15,180
School secretary	-	-	-	-	-	-	-	-	22,826
Total salaries	387,979	32,074	79,670	124,233	113,932	-	737,888	907,255	804,337
Employee benefits									
Employee benefits and allowances	79,991	-	4,055	15,997	18,156	-	118,199	3,000	152,304
Leave and termination benefits	18,011	1,075	2,805	2,863	3,928	-	28,682	-	-
Total employee benefits	98,002	1,075	6,860	18,860	22,084	-	146,881	3,000	152,304
Services Purchased or Contracted									
Advertising	13,969	-	-	-	-	-	13,969	18,000	26,627
Art and physical education	-	-	-	115	-	-	115	-	-
Contracted services	217,120	-	31,588	-	-	-	248,708	17,000	403,499
Maintenance and upgrades	5,422	-	531	-	-	-	5,953	-	9,057
Other	20,632	-	25,838	-	-	-	46,470	196,450	60,908
Postage and communications	-	-	-	-	178	-	178	7,000	-
Professional and technical services	490	-	-	-	6,042	-	6,532	60,400	29,525
Student transportation (bussing)	64,952	-	-	-	-	-	64,952	63,680	71,638
Total Services Purchased or Contracted	322,585	-	57,957	115	6,220	-	386,877	362,530	601,254
Materials and Freight									
Freight	-	-	-	-	-	-	-	-	150
Materials	71,354	-	71	-	-	-	71,425	83,547	155,509
Total Materials and freight	71,354	-	71	-	-	-	71,425	83,547	155,659
Total Expenditures	\$ 879,920	\$ 33,149	\$ 144,558	\$ 143,208	\$ 142,236	\$ -	\$ 1,343,071	\$ 1,356,332	\$ 1,713,554

Dettah District Education Authority**Schedule 2****Details of Aboriginal Language and Culture Program Expenditures**

For the year ended June 30,

2017

Function	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	Total
Salaries					
Non-instructional staff	\$ 124,233	\$ -	\$ -	\$ -	\$ 124,233
Employee Benefits					
Employee benefits and allowances	15,997	-	-	-	15,997
Leave and termination benefits	2,863	-	-	-	2,863
	18,860				18,860
Services Purchased or Contracted					
Art and physical education	115	-	-	-	115
Total	\$ 143,208	\$ -	\$ -	\$ -	\$ 143,208

Dettah District Education Authority**Schedule 3****Details of Inclusive Schooling Expenditures**

For the year ended June 30,

2017

Function	Staff Development	Intervention Strategies	Assistive Technology	Student Resources	Southern Placements	Magnet Facilities	General Inclusive Schooling	Total
Salaries								
Program support teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	113,932	\$ 113,932
Employee Benefits								
Employee benefits and allowances	-	-	-	-	-	-	18,156	18,156
Leave and termination benefits	-	-	-	-	-	-	3,928	3,928
	-	-	-	-	-	-	22,084	22,084
Services Purchased or Contracted								
Professional and technical services	-	-	-	-	-	-	6,042	6,042
Postage and communications	-	-	-	-	-	-	178	178
							6,220	6,220
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	142,236	\$ 142,236

Dettah District Education Authority**Schedule 4
Aboriginal Languages**

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total
Revenue			
GNWT ECE funding	\$ 92,280	\$ 53,720	\$ 146,000
Expenditures			
Salaries	92,632	31,601	124,233
Employee benefits	13,478	5,382	18,860
Services Purchased or Contracted	-	115	115
	106,110	37,098	143,208
Surplus	\$ (13,830)	\$ 16,622	\$ 2,792

**K'alemi Dene School
(Ndilo District Education Authority)
Consolidated Financial Statements
June 30, 2017**

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Financial Statements

June 30, 2017

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**Management Discussion and Analysis
K'alemi Dene School
2016-17 School Year**

Introduction

This Management Discussion and Analysis is prepared for the Ndilo District Education Authority (NDEA) to promote transparency and accountability.

The current NDEA board members are (May 2016 to May 2019):

Lila Erasmus	Chairperson
Rose Black	Vice Chairperson
Cecilie Beaulieu	Trustee
Muriel Betsina	Trustee
George Goulet	Trustee
Nyra Mackenzie	Trustee
Vacant Position	Trustee

The NDEA as a whole sits as the financial committee. The finances of the NDEA are managed and reviewed by the K'alemi Dene School (KDS) principal then sent to Crowe McKay for processing.

The NDEA contracts Metro Huculak, Yellowknife Education District No. 1's (YK1) Superintendent, to provide Superintendent services for KDS. All of the teaching staff, including teachers and educational assistants are employees of YK1. Superintendent Huculak's contract expired at the end of the 2016-17 school year. The NDEA will review the contract in September 2017.

Non-instructional staff are employees of the Yellowknives Dene First Nation (YKDFN).

During the 2016-17 school year, KDS was funded for 115 Full Time Enrolments (FTE) from Junior Kindergarten through Grade 12.

Operating Environment

Strengths – We are a small community school that serves students from Junior Kindergarten to Grade 12. We have a comprehensive culture program that includes a school Elder, Language Instructor and Indigenous Culture Coordinator. Students participate in twice weekly Willìideh Yatì classes. As well, students have many opportunities to participate in culture experiences based on the seasonal Dene calendar such as: overnight canoe trips, trapping camps, berry picking and fishing with a net.

Weakness – As identified by the Early Development Instrument (<https://edi.offordcentre.com>), many of our students are beginning school with vulnerability in their development. This affects children's overall development including language and communication development, gross and fine motor skills and social-

emotional skills. All of the areas must be taken into consideration when planning for academic success.

As well, with an enrolment of 115 students, we are transporting just under 50% of our student population to KDS from Yellowknife. This proves challenging with the limited transportation budget provided by the Department of Education, Culture and Employment.

Opportunities – A number of opportunities are available including the possibility of providing daycare services, trades opportunities and dual credit arrangements.

Threats – Lack of sufficient space hinders opportunity for growth. In recent year we have renovated the activity room and computer room to make space for additional classrooms as our student population increases.

There are also a number of poverty, addictions and mental illness challenges facing our students and families. It is critical that interagency partnerships are established so that proactive support can be provided.

Financial Condition

The NDEA is currently managing a surplus. The surplus is being used for a number of initiatives to enhance literacy learning at KDS. It has also been used to enhance the playground.

The NDEA will sign a contract with YKDFN to provide financial and human resources support.

Summary and Outlook

Achievement & Success

Using our surplus funds, KDS hired a Literacy Coach for two school years. This position provided job embedded, professional development for teachers from Junior Kindergarten to Grade four. Our Literacy Coach also provided one-on-one reading support to our struggles readers.

The NDEA also used surplus funds to develop the outdoor play space in front of KDS. In 2016-17, work was started to create a fenced futsal field. This field gives KDS increase activity space and opportunities for physical development. The work will finish in 2017-18.

Challenges

Our school continues to operate at a high utilization rate. We lack the space for additional classrooms to provide additional services. For example, there is not a large enough space for our entire student population to gather for assemblies and other large functions. As well, we struggle to offer counseling and health services because we lack the confidential break out space.

YKDFN generously allows the school the use of the community gymnasium for physical education, which is not attached to the school. Unfortunately this gymnasium is small and is not meant for older students and large classes. It greatly affects the level physical activity that we are able to offer and it hinders students' physical development. Some of our Ndilo families choose to send their children to "uptown" schools for the physical education options that are available.

The NDEA has requested a meeting with the Dettah District Education Authority, however they have not responded to the request.

Sincerely,

Metro Huculak
Superintendent

Cc: Eileen Erasmus

Management Responsibility for Financial Reporting

**To the Minister of Education, Culture and Employment
Government of Northwest Territories**

Management's Responsibility for Financial Reporting with respect to the school year ended June 30, 2017


The Management Discussion and Analysis, Consolidated Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of K'alemi Dene School ("the Authority") in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of the Authority have been conducted within the statutory powers of the Authority. The operations and administration of the Authority as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Authority's Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Authority

 **Superintendent**
Metro Huculak

September 15, 2017

Independent Auditors' Report

To the Minister of Education, Culture and Employment Government of Northwest Territories and to the Members of K'alemi Dene School

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of K'alemi Dene School ("the Authority"), which comprise of the consolidated statement of financial position as at June 30, 2017, and the consolidated statements of operations, changes in net financial assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the consolidated 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 Authority'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 consolidated financial statements.

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

Independent Auditors' Report (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Authority as at June 30, 2017, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We report further, in accordance with the *Financial Administration Act*, in our opinion, proper books of account have been kept by the Authority, the consolidated financial statements are in agreement herewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Authority.



Yellowknife, Northwest Territories
September 15, 2017

Chartered Professional Accountants

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Financial Position

As at June 30, 2017 2016

Financial Assets

Cash and cash equivalents (Note 4)	\$ 1,307,886	\$ 1,520,523
Portfolio investments (Note 7)	66,500	-
Due from Government of Canada (Note 13)	43,651	33,366
Accounts receivable (Note 8)	500	110,653
	1,418,537	1,664,542

Liabilities

Accounts payable and accrued liabilities (Note 10)	74,362	2,753
Payroll Liabilities	623,740	984,402
Post-employment benefits (Note 17)	33,782	-
	731,884	987,155

Net Financial Assets \$ 686,653 \$ 677,387

Non-Financial Assets

Prepaid expenses (Note 20)	4,982	-
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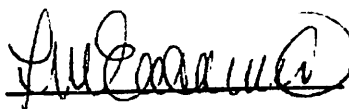
Accumulated Surplus \$ 691,635 \$ 677,387

Represented By:

Operating Fund \$ 691,635 \$ 677,387

Contractual obligations and contingencies (Notes 24 and 25)

Approved on behalf of the Authority

 Chairperson

 Trustee
Cecile Beaulieu

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Operations

For the year ended June 30,	2017	2017	2016
	Budget (unaudited)	Actual	Actual
Revenues			
Government of the Northwest Territories (GNWT)			
ECE Regular contributions	\$2,182,969	\$2,391,000	\$2,404,423
ECE Other contributions (Note 33)	-	12,320	3,125
Total ECE	-	2,403,320	2,407,548
GNWT Other contributions (Note 34)	-	27,300	36,298
Education body generated funds			
Donations	-	48,960	52,614
Fundraising	-	65,281	65,020
Recovery from YKDFN	-	118,046	-
	2,182,969	2,662,907	2,561,480
Expenditures - Schedule 1			
School programs	1,635,917	1,957,890	2,106,935
Inclusive schooling	510,066	436,102	493,114
Administration	85,000	28,428	158,314
Aboriginal languages	184,587	226,239	230,531
Operations and maintenance	15,000	-	-
	2,430,570	2,648,659	2,988,894
Operating surplus (deficit) before other items	(247,601)	14,248	(427,414)
Other items			
Grant in-kind - Tangible Capital Assets provided at no cost (Note 23)	-	226,653	226,653
Rent expense - Tangible Capital Assets provided at no cost (Note 23)	-	(226,653)	(226,653)
	-	-	-
Operating surplus (deficit)	(247,601)	14,248	(427,414)
Opening accumulated surplus	677,387	677,387	1,104,801
Closing accumulated surplus	\$ 429,786	\$ 691,635	\$ 677,387

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Changes in Net Financial Assets

For the year ended June 30,	2017	2016
Operating surplus (deficit)	\$ 14,248	\$ (427,414)
Change in prepaid expenses	(4,982)	-
Increase (decrease) in net financial assets	9,266	(427,414)
Net financial assets, beginning of year	677,387	1,104,801
Net financial assets, end of year	\$ 686,653	\$ 677,387

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Cash Flows

For the year ended June 30,	2017	2016
Cash provided by (used in):		
Operating Activities		
Operating surplus (deficit)	\$ 14,248	\$ (427,414)
Change in non-cash assets and liabilities		
Decrease (increase) in accounts receivable	110,153	1,173,384
Increase (decrease) in accounts payable and accrued liabilities	71,609	(32,141)
Increase (decrease) in payroll liabilities	(360,662)	454,773
Increase (decrease) in leave and termination benefits	33,782	-
Decrease (increase) in amounts due from Government of Canada	(10,285)	(14,042)
Decrease (increase) in prepaid expenses	(4,982)	-
	(160,385)	1,581,974
	(146,137)	1,154,560
Investing Activity		
Purchase of GIC	(66,500)	-
Change in cash position	(212,637)	1,154,560
Cash and cash equivalents, beginning of year (Note 4)	1,520,523	365,963
Cash and cash equivalents, end of year (Note 4)	\$ 1,307,886	\$ 1,520,523

K'alemi Dene School

Schedule 1 Consolidated Details of Expenditures

For the year ended June 30,	2017		2017		2016		
	School Programs	Inclusive Schooling (Schedule 3)	Administration	Aboriginal Languages (Schedule 2)	Total	Budget (unaudited)	Total
Salaries							
Teachers	\$ 992,849	\$ 193,274	\$ -	\$ 126,951	\$ 1,313,074	\$ 1,768,636	\$ 1,331,776
Instruction assistants	72,517	139,653	-	36,850	249,020	253,826	273,970
Non-Instructional staff	215,849	-	-	-	215,849	126,250	236,125
Board/Trustee honoraria	5,500	-	6,438	-	11,938	18,000	13,148
Total Salaries	1,286,715	332,927	6,438	163,801	1,789,881	2,166,712	1,855,019
Employee Benefits							
Employee benefits and allowances	199,333	67,612	-	26,306	293,251	23,858	326,128
Leave and termination benefits	23,846	5,962	-	3,974	33,782	-	-
Total Employee Benefits	223,179	73,574	-	30,280	327,033	23,858	326,128
Services Purchased or Contracted							
Advertising	2,243	-	351	-	2,594	-	339
Electricity	2,810	-	-	-	2,810	10,000	2,470
Insurance and permits	1,566	-	-	48	1,614	-	5,844
Interest and bank charges	181	-	966	-	1,147	-	148
Maintenance and repairs	64,644	-	-	655	65,299	5,000	6,940
Other contracted services	838	-	170	-	1,008	-	13,602
Postage and communication	8,943	-	-	-	8,943	20,000	9,123
Professional/technical services	92,789	14,535	17,753	22,261	147,338	30,000	331,685
Rentals and lease	15,123	-	-	-	15,123	10,000	23,587
Student transportation and bussing	21,728	-	-	-	21,728	-	36,700
Travel	45,851	-	-	3,003	48,854	-	104,777
Water and sewage	1,337	-	-	-	1,337	-	2,961
Total Services Purchased or Contracted	258,053	14,535	19,240	25,967	317,795	75,000	538,176
Total Materials/Supplies/Freight	189,943	15,066	2,750	6,191	213,950	165,000	269,571
Total Expenditures	\$ 1,957,890	\$ 436,102	\$ 28,428	\$ 226,239	\$ 2,648,659	\$ 2,430,570	\$ 2,988,894

K'alemi Dene School**Schedule 2****Details of Aboriginal Language and Culture Program Expenditures**

For the year ended June 30,**2017**

Function	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	Total
Salaries					
Teachers	\$ 126,951	\$ -	\$ -	\$ -	\$ 126,951
Language consultants	36,850	-	-	-	36,850
Instruction assistants	-	-	-	-	-
Non-instructional staff	-	-	-	-	-
Honoraria	-	-	-	-	-
School secretary	-	-	-	-	-
	163,801	-	-	-	163,801
Employee Benefits					
Employee benefits/allowances	30,280	-	-	-	30,280
Services Purchased/Contracted					
Advertising/printing/publishing	-	-	-	-	-
Licenses & permits	48	-	-	-	48
Maintenance/repair	655	-	-	-	655
Other contracted services	-	-	-	-	-
Professional/technical services	22,261	-	-	-	22,261
Rentals/leases	-	-	-	-	-
Student transportation (bussing)	-	-	-	-	-
Travel	3,003	-	-	-	3,003
	25,967	-	-	-	25,967
Materials/Supplies/Freight					
Materials	6,191	-	-	-	6,191
Total	\$ 226,239	\$ -	\$ -	\$ -	\$ 226,239

K'alemi Dene School

Schedule 3

Details of Inclusive Schooling Expenditures

For the year ended June 30,

2017

Function	Staff Development	Intervention Strategies	Assistive Technology	Student Resources	Southern Placements	Magnet Facilities	General Inclusive Schooling	Total
Salaries								
Program support teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,274	\$ 193,274
Consultants	-	-	-	-	-	-	-	-
Support assistants	-	-	-	-	-	-	139,653	139,653
Non-instructional staff	-	-	-	-	-	-	-	-
School secretary	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	332,927	332,927
Employee Benefits								
Employee benefits/allowances	-	-	-	-	-	-	73,574	73,574
Services Purchased/Contracted								
Professional/technical services	-	-	-	-	-	-	14,535	14,535
Travel	-	-	-	-	-	-	-	-
Student transportation (bussing)	-	-	-	-	-	-	-	-
Advertising/printing/publishing	-	-	-	-	-	-	-	-
Maintenance/repair	-	-	-	-	-	-	-	-
Rentals/leases	-	-	-	-	-	-	-	-
Other contracted services	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	14,535	14,535
Materials/Supplies/Freight								
Materials	-	-	-	-	-	-	15,066	15,066
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 436,102	\$ 436,102

K'alemi Dene School

Schedule 4 Aboriginal Languages

For the year ended

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total
Revenue			
GNWT ECE funding	\$ 125,877	\$ 73,123	\$ 199,000
	125,877	73,123	199,000
Expenditures			
Salaries	95,575	68,226	163,801
Employee benefits	13,987	16,293	30,280
Services purchased/contracted	23,657	2,310	25,967
Supplies and materials	5,633	558	6,191
	138,852	87,387	226,239
Surplus	\$ (12,975)	\$ (14,264)	\$ (27,239)

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

1. Nature of Operations

K'alemi Dene School ("the Authority") was established on June 25, 2013 under the *Education Act* of the Northwest Territories by order of the Minister. Its purpose is to administer and maintain the standards of educational programs in N'Dilo as defined under the Act. A full range of instructional programs ranging from kindergarten through grade 12 are offered by the Authority.

The Authority is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

The Authority is a public body performing a function of government in Canada. Paragraph 149(1)(c) of the *Income Tax Act* provides that a public body performing a function of government in Canada is exempt from taxation.

2. Significant Accounting Policies

(a) Basis of Accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the consolidated financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.

(c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms'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 transaction 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.

Financial assets subsequently measured at amortized cost include cash, accountable funds, due from the GNWT and other accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued salaries, deferred revenue, post-employment benefits and accountable funds.

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

(d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Education Authority because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Education Authority.

(e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Authority full occupancy and use of such facilities and equipment required for the administration and delivery of the education programs within the community. Tangible capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines of the GNWT and they are not disclosed on the statement of financial position. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

(f) Revenue Recognition

Government Transfers

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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.

GNWT - Regular Contributions

The regular contributions from the GNWT are determined by a funding formula, based on student enrolment and price and volume fluctuation, and are received in monthly installments. The Authority retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(f) Revenue Recognition (continued)

Other Contributions

The Authority follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Other Revenue - Donations

Donations are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured.

Contributed Services

The Authority receives cleaning and catering services provided by school volunteers. The fair value of these services is recognized as an expense and a corresponding revenue is recorded. The fair value of these services is \$43,781 (2016 - \$28,720).

The school bus used by the Authority is the property of the Yellowknives Dene First Nation. The fair value of the use of the bus is estimated to be equivalent to the cost of bus passes that the Authority would have had to purchase. As such a bus pass expense and corresponding revenue has been reported in the Consolidated Statement of Operations. The fair value of these services is \$21,500 (2016 - \$36,300).

(g) Budget Data

The *Education Act* of the Northwest Territories requires that Education Authorities prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees at a special meeting called for the purposes of reviewing budget proposals, recommending changes, additions or deletions and adopting the proposed budget.

The budget is legally adopted by a motion of the Board of Trustees which also establishes a tax levy to support the approved budget in accordance with Section 135(3), Assessment and Taxation, of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117 (2) k, l and m of the *Education Act*.

The annual budget includes estimates of revenue and expenditures and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget may be amended within a given fiscal year in accordance with Board policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(h) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian public sector accounting standards 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Education Body are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

(j) Payroll Liabilities

Teacher payrolls for July and August are accrued.

(k) Other Employee Future Benefits and Compensated Absences

Under the terms and conditions of employment, education board employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date of employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except maternal and parental leave) has been prepared using data provided by management and assumptions based on management's best estimates.

(l) Special Purpose Funds

School activity funds which are fully controlled by the Authority with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Authority are not included even if custody of the funds is held by the Authority. Examples of excluded funds might be student clubs or associations for which the Authority has no ongoing responsibility of liability for losses.

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(m) Donated Goods and Services

Volunteer time or donated services are recorded as revenue with offsetting expenditure at their fair values in the period received, when the services would otherwise be purchased and their fair values have been objectively determined.

GNWT Tangible Capital Assets Provided At No Cost

The school buildings occupied by the Authority are the property of the GNWT. The fair value of the use of the building is estimated to be equivalent to the current year amortization of the building as such a rent expense and corresponding grant in-kind has been reported in the Consolidated Statement of Operations.

(n) Net Financial Assets (Debt)

The Authority's financial statements are presented so as to highlight net financial assets (debt) as the measurement of financial position. The net financial assets (debt) of the Authority is determined by its financial assets less its liabilities. Net financial assets (debt) combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

(o) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met: an environmental standard exists; contamination exceeds the environmental standard; the Authority is directly responsible or accepts responsibility and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at June 30, 2017.

At each financial reporting date, management reviews the carrying amounts of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. Management of the Authority has concluded that there is no contamination that exceeds environmental standards and as a result there are no liabilities for contaminated sites.

Notes to Consolidated Financial Statements

June 30, 2017

3. Future Accounting Changes

Related Party Disclosures, Section PS 2200

PSAB approved Section PS 2200, Related Party Disclosures. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The impact of the transition to this accounting standard has not yet been determined.

Inter-entity transactions, Section PS 3420

PSAB approved Section PS 3420, Inter-entity Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section PS 2200.

The impact of the transition to this accounting standard has not yet been determined.

Assets, Section PS 3210

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

The impact of the transition to this accounting standard has not yet been determined.

Contingent Assets, Section PS 3320

PSAB approved Section PS 3320, Contingent Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

The impact of the transition to this accounting standard has not yet been determined.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

3. Future Accounting Changes (continued)

Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

Student Activity Funds

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the consolidated financial statements of the Authority in the future.

4. Cash and Cash Equivalents

Cash and cash equivalents represent cash held in a bank account with the Royal Bank of Canada (RBC).

5. Special Purpose Funds

The Authority does not have special purpose funds.

6. Restricted Assets

The Authority does not have restricted assets.

7. Portfolio Investments

The Authority has a \$66,500 one-year guaranteed investment certificate (GIC) with the Royal Bank of Canada (RBC). The GIC has an interest rate of 0.500% per annum and matures on December 14, 2017.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

8. Accounts Receivable

	Accounts Receivable 2017	Allowance 2017	Net 2017	Net 2016
Accounts receivable	\$ 500	\$ -	\$ 500	\$ (23,068)
Surplus due from Yellowknives Dene First Nation	-	-	-	133,721
	\$ 500	\$ -	\$ 500	\$ 110,653

9. Inventories

The Authority does not have inventories.

10. Accounts Payable

	2017	2016
Trades payable	\$ 74,362	\$ 2,753
Payroll Liabilities	623,740	984,402
	\$ 698,102	\$ 987,155

11. Deferred Revenue

The Authority does not have deferred revenue.

12. Contribution Repayable

The Authority does not have contribution repayable.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

13. Due from and (to) the Government of Canada

	2017	2016
Goods and Services Tax receivable	\$ 43,651	\$ 33,366

14. Capital Lease Obligations

The Authority does not have capital lease obligations.

15. Pensions

The Authority makes contributions to the Northern Employee Benefits (NEBS) Pension Plan, which is a multi-employer plan, on behalf of some members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to the NEBS pension was \$260,336. The contributions are calculated at a rate of 8% of earning and allowances employee and employer contribution for a total of 16%. The maximum pensionable earnings is \$165,077 for January 2017, and \$163,715 for January 2016. The maximum monthly contributions is \$2,914 for January 2017, and \$2,182 for January 2016.

NEBS is an employer owned program and as such the Authority will be liable for its portion of any shortfall. The Plan serves 2,600 Employee Members and 99 Employer Members (total active, disabled and on leave 1,542).

As of January 1, 2017, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be \$18,500,000 - funded ratio 111% (2016 - \$12,500,000 and 109%) on a going concern valuation basis. The Plan had a solvency ratio deficiency of \$102,495,300 and a solvency ratio of 64%. Solvency is calculated for the purposes of determining obligations only in the event of a plan wrap up. Any potential deficiency in termination payments is guaranteed to be paid over the next 10 years or less, depending on the position of the fund. For the period ending December 31, 2016, the NEBS Pension plan had an accumulated surplus of \$25,121,532.

As of April 2004, the OSFI has exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). On April 2015, the Legislative Assembly passed The Northern Employee Benefits Act (Bill 12) which was enacted October 1, 2015. NEBS is now operating under Bill 12.

16. Long Term Debt

The Authority does not have long term debt.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

17. Post Employment Benefits

In addition to the pension benefits, the Authority provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Authority's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits for all staff are accrued as employee render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Authority.

	Severance and Removal	Compensated Absences	2017	2016
Changes in Obligation				
Accrued benefit obligation beginning of year	\$ 21,338	\$ 6,079	\$ 27,417	\$ -
Current service cost	3,251	708	3,959	-
Interest cost	758	214	972	-
Benefits paid	-	(174)	(174)	-
Actuarial (gain)/loss	3,797	315	4,112	-
Plan amendment	-	1,608	1,608	-
Accrued benefit obligation at end of year	29,144	8,750	37,894	-
Unamortized net actuarial loss/(gain)	(3,797)	(315)	(4,112)	-
Accrued benefit liability	\$ 25,347	\$ 8,435	\$ 33,782	\$ -

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

17. Post Employment Benefits (continued)

The discount rate used in the 2017 fiscal year to determine the accrued benefit obligation was an average of 3.3% (2016 - 3.2%). The expected payments during the next ten fiscal years are:

	Severance and Removal	Compensated Absences	Total
2018	\$ 2,235	\$ 219	\$ 2,454
2019	2,431	236	2,667
2020	2,964	477	3,441
2021	3,890	1,078	4,968
2022	4,072	998	5,070
2023-2027	18,704	4,467	23,171
	<u>\$ 34,296</u>	<u>\$ 7,475</u>	<u>\$ 41,771</u>

18. Trust Assets Under Administration

The Authority does not have trust assets under administration.

19. Tangible Capital Assets

The Authority does not have tangible capital assets.

20. Prepaid Expenses

	2017	2016
Vehicle licenses and insurance	\$ 4,892	\$ -

21. Accumulated Surplus/Deficit

A consolidated statement of accumulated surplus/deficit has been prepared and included in the Consolidated Statement of Financial Position.

22. Capital Advances

The Authority does not have capital advances.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

23. GNWT Tangible Capital Assets Provided At No Cost

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Buildings	\$ 9,066,125	\$ 1,699,898	\$ 7,366,227	\$ 7,592,880

Rent expense of \$226,653 (2016 - \$226,653) equal to current year amortization of the tangible capital assets was offset by a grant in-kind.

24. Contractual Obligations

The Authority has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2017

	Expires in Fiscal Year	2018	2019	Total
Equipment lease	2019	\$ 9,056	\$ 6,792	\$ 15,848
Contract for superintendent services	2018	3,000	-	3,000
		\$ 12,056	\$ 6,792	\$ 18,848

25. Contingencies

As of the audit report date, the Authority does not have contingencies.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

26. Related Parties

The Authority is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Authority enters into transactions with these entities in the normal course of business. The Authority is provided with various administrative services by the GNWT, the value of which is not reflected in these consolidated financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, payroll services and internal audit services by the Department of Finance, and utilities and maintenance by Public Works and Services. Transactions with related parties and balances at year-end not disclosed elsewhere in the consolidated financial statements are summarized in this note.

	2017	2016
Due to related parties		
Yellowknife Education District #1	\$ 595,701	\$ 984,402
Revenue from related parties		
GNWT - Department of Education, Culture and Employment	\$ 2,403,320	\$ 2,407,548
GNWT - Department of Environment and Natural Resources	8,000	-
GNWT - Department of Municipal and Community Affairs	19,300	-
Yellowknife Education District #1	-	36,298
Total revenues from related parties	\$ 2,430,620	\$ 2,443,846
Expenses to related parties		
Aurora College	\$ 200	\$ -
Yellowknife Education District #1	1,855,345	1,946,622
Total expenses to related parties	\$ 1,855,545	\$ 1,946,622

27. Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget figures presented are those approved by the Trustees of the Authority on May 9, 2016 and have not been audited.

Notes to Consolidated Financial Statements

June 30, 2017

28. Economic Dependence

The Authority receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Authority's operations would be significantly affected.

29. Financial Instruments

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

a) Credit risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its, cash and accounts receivable.

The Authority's maximum exposure to credit risk is represented by the financial assets balance for a total of \$1,418,537 (2016 - \$1,664,542).

There is a concentration of credit risk in cash as the majority of the deposits are held in one Canadian chartered bank and the balance is in excess of the insurable limit.

b) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The Authority's maximum exposure to liquidity risk is represented by accounts payable and accrued liabilities, and payroll liabilities for a total of \$731,884 (2016 - \$987,155).

All of the Authority's financial assets and financial liabilities at June 30, 2017 mature within 6 months.

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

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

30. Expenditures by Object

	Budget 2017 (Unaudited)	Actual 2017	Actual 2016
Compensation	\$ 2,190,570	\$ 2,116,914	\$ 2,181,147
Materials and freight	165,000	213,950	269,571
Services purchased/contracted	75,000	317,795	538,176
	\$ 2,430,570	\$ 2,648,659	\$ 2,988,894

31. Subsequent Events

There were no material subsequent events that occurred between June 30, 2017 and the date the audit report was signed.

32. Comparative Figures

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

33. ECE Other Contributions

	2017	2016
Government of the Northwest Territories, Department of Education, Culture and Employment		
Fundraising	\$ 4,500	\$ 3,125
Self Regulation	5,300	-
Drop the Pop	1,811	-
Other	709	-
	\$ 12,320	\$ 3,125

34. GNWT Other Contributions

	2017	2016
Government of the Northwest Territories		
Municipal and Community Affairs	\$ 19,300	\$ -
Environment and Natural Resources	8,000	-
	\$ 27,300	\$ -

Consolidated Financial Statements of

Sahtu Divisional Education Council

June 30, 2017

Sahtu Divisional Education Council

Consolidated Financial Statements

June 30, 2017

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Management Discussion and Analysis (MD&A)

Introduction

The Management's Discussion and Analysis (MD&A) of the Sahtu Divisional Education Council (SDEC) financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30th 2017. The intent of this discussion and analysis is to attest on a go-forward basis the responsibility of management and the Council Members to promote transparency and accountability. Readers should also review the notes to the financial statements and the financial statements to enhance their understanding of the Sahtu Divisional Education Council financial performance.

What is the SDEC?

The Sahtu Divisional Education Council (SDEC) is responsible, under the Education Act, for all K-12 education in the Sahtu region. There are five schools in the district. In each community, a locally elected District Education Authority (DEA) is responsible for education in that community. The District Education Council (DEC) is made up of one member from each DEA and one chairperson.

As per the Education Act of the Northwest Territories, the SDEC is responsible to provide quality education to the residents of the Sahtu region. It is our hope that by reading this document, members of our community will receive valuable information on the infrastructure of the education system in the North and become involved in their community government.

Mission

To provide excellent educational environments where students will have the opportunity to experience success and contribute to society.

Council of Trustees

Chairperson

Karea Peachy – Norman Wells

Vice-Chairperson

Sally Ann Horrassi – Tulita

Angela Grandjambe – Fort Good Hope

Trudy Kochon – Colville Lake

Mary Ann Vital – Deline

Vacant – Norman Wells

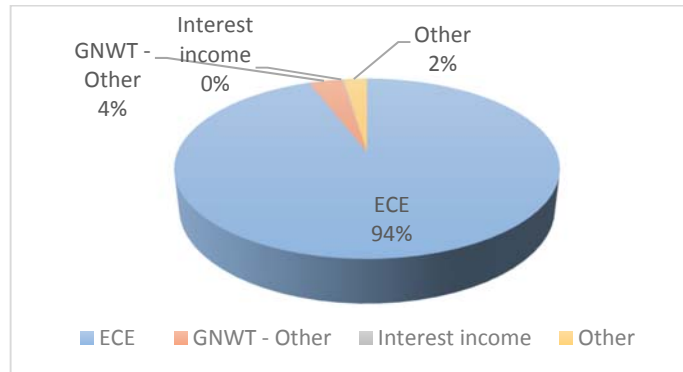
The management team of the SDEC comprised of the following;

Superintendent – Seamus Quigg

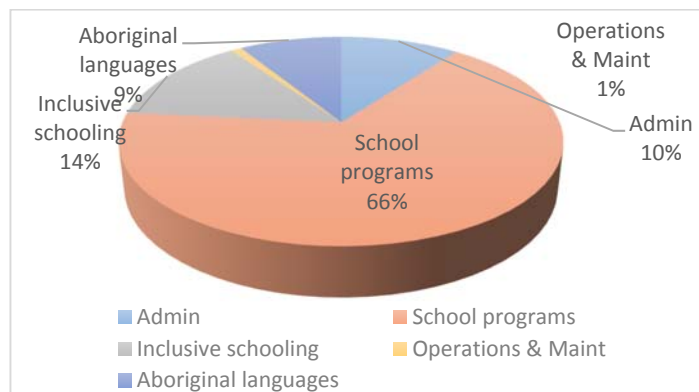
Assistant Superintendent – Renee Closs

Comptroller – Harry Cassie

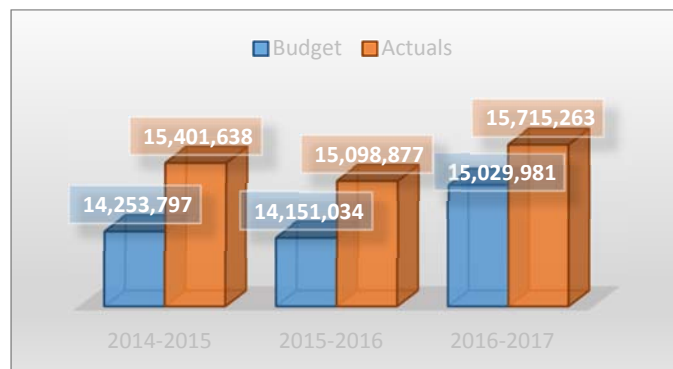
Revenues



Expenditures by Program



Operating Trends Actual to Budget



Expenditures exceeded revenues for a deficit of (\$51k), (2016-\$91k surplus), compared to budgeted surplus of \$68k. This resulted in a surplus fund balance \$377k (2016-\$614k) as at June 30th 2017. Additional revenues of \$822k (2016-\$948k) was received resulted in additional expenses incurred compared to budget.

Revenues have been trending positively compared to budget as a result of additional revenue received during the year for new initiatives, this is consistent year over year.

Total Student/Teacher Population by Schools

Schools	Students	Teachers
Mackenzie Mountain – Norman Wells	144	11.00
Chief Albert Wright - Tulita	107	9.50
Chief T' Selehye – Fort Good Hope	152	10.00
Ehtseo Ayha – Deline	100	8.00
Coville Lake – Colville Lake	54	3.00
Totals	557	41.50

Operating Environment

Strengths

Our relatively small Central Office staff of nine have good working relationships and considerable longevity. The average length of time employed here is between nine and ten years.

Operational systems and procedures are in place, and because of our smaller size, we are very well represented on all territorial educational committees.

Long time staff at the board office, at the school turnover is relatively low, system and manuals in place and a reasonable surplus on hand.

Weakness

Shipping to the Sahtu region is challenging as we have no control over delivery times due to the limited methods of delivery over each season. The most economical way of shipping is via barge but this has been challenging with fewer barge due to lower than normal water levels. The alternative when this happens is to fly in supplies or wait for the winter road season.

Opportunities

There is always the need for additional funding. There is also the opportunity to explore program funding from other GNWT departments.

Threats

The community of Deline, Northwest Territories has ushered in a new era of their history, assuming self-government responsibilities on August 31st 2016. This agreement was 20 years in the making and will mean that the community can enact laws governing areas from municipal services to health and education. While education is not on the front

burner at this, these discussions will eventually happen and at this time it is too soon to forecast an outcome. In the meantime, other communities are also engaging in self-government.

The 18th Legislative Assembly established its mandates for 2016-2019 and identified as one of its priorities a planning study on options for shared service administration across NWT education bodies, as an effort to increase the JK12 support systems. It is understood then that it is of importance for the GNWT to find opportunities to improve efficiencies, reduce costs, all the while also preserving or improving services required.

A steering committee has been established and a contractor has been engaged to begin looking at the possibilities. Following the presentation of Report 1: Capturing the Current State, the a2z team consulted with key stakeholders to confirm the various needs, requirements and constraints in the designing of a shared services model. Further, discussions took place to co-develop the model that would best answer the needs of Education Authority (EA).

While management is optimistic about shared services, at the time of these statements no decision has been made regarding a position.

Imperial Oil has suspended oil production at its field in Norman Wells, in response to the continued shutdown of the Line 21 pipeline to Alberta. Operations has been transitioned to care and maintenance phase. The moves come as Line 21 — which is owned by Enbridge and carries oil from Norman Wells to Zama, Alta. — remains shut down. The line was shut down due to concerns about ground stability at a section of the line near Fort Simpson. Oil and gas has long been a staple of economic planning in the NWT Sahtu region. With this shutdown, the town have already seen the impact of workers leaving. The impact affect both the business sector as well as the enrollment in schools. The funding for schools is dependent on enrollment.

Financial Condition

The Sahtu DEC health is stable in spite of having a deficit in the current year (\$51k), (2016: \$91k surplus). The closing surplus for the end of the fiscal year June 30, 2017 is \$377k (2016: \$614,813). The main challenge faced by Sahtu DEC is having to dip into surplus funding to offset operational issues from time to time, with no additional funding for these occurrences.

Accumulated surplus (deficit) is comprised of the following:

Accumulated surplus (deficit), end of year	\$ (351,141)	\$ (300,148)
Post employment benefits Unamortized net actuarial (gain)/loss (Note 17)	914,961	914,961
Less: Amortization of net actuarial (gain)/loss (included in current year deficit)	(106,391)	-
Less: 2017 increase in Actuarial (gain)/loss	(80,131)	-
<u>Revised accumulated surplus (deficit), end of the year</u>	<u>\$ 377,298</u>	<u>\$ 614,813</u>

As shown above, a significant portion of the change in the “Revised accumulated surplus (deficit)” is due to changes in the post-employment benefits liability. The GNWT has required the use of an actuary to determine the balance. Changes in the actuarial calculations have resulted in significant swings in the accumulated surplus (deficit) balance. Management recognizes that this creates difficulties in interpreting our surplus and in turn clouds the picture for decision making. However, the intention of using an actuary is to present the most accurate balances over the long term.

The challenge faced this year by the board was in the area of removal which contributed significantly towards the overall deficit (\$51k) as this cost is somewhat difficult to budget, due to timing of budget and the hiring process and was under budgeted for this fiscal year. Management will use this experience to increase allocation for removal moving forward.

The current ratio is a liquidity and efficiency ratio that measures an organization’s ability to pay off its short-term liabilities with its current assets. Sahtu DEC current ratio as at June 30th 2017 is 1.20, (2016, 1.19).

Summary and Outlook

We have continued to implement a very successful mathematics intervention program in all of our schools. Our Program Consultant, Lorraine Kuer, has traveled with an external consultant to all of our schools and provided in-service to our teachers in this initiative.

Play-based programming in Kindergarten and Junior Kindergartens is in place in all of our schools and all of our K and JK teachers have been given in-service in this programming.

Heritage and Science Fairs are being embedded into the regular curriculum and are running well, with much support and enthusiasm from the organizers and participants.

Self regulation has been introduced to all of our schools. This is a way of having students recognize their own behavioral issue and take steps to deal with them appropriately.

We have had a cohort of six Language Specialists graduate from Aurora college. This program was conducted entirely in the community of Tulita. These graduates will provide replacements for existing Language Specialist positions as they retire or move to other positions.

We have implemented a year-round calendar in one of our schools, Fort Good Hope. This has been well received by both staff and community.

We continue to struggle with offering a robust High School program in our small schools that have very few High School teachers. We are attempting to address this in a number of ways. In one school, we are piloting a distance education initiative together with ECE and the Beaufort Delta DEC.

Teacher turnover has been an issue of late. A lack of personnel continuity is detrimental to school programs. We are hopeful that the recent STIP initiative will improve teacher workload and mental health and reduce turnover.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS


The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Sahtu Divisional Education Council have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.


The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment of the Government of the Northwest Territories.

The financial statements have been reported on by Ashton Chartered Accountants. The auditors' report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.



Renee Closs
Assistant Superintendent
Sahtu Divisional Education Council

09/21/17
Date



Harry Cassie, CPA, CGA, CFE, CMgr FCMI, BBA (Hons.)
Comptroller
Sahtu Divisional Education Council

09/21/17
Date

INDEPENDENT AUDITORS' REPORT

**To the Minister of Education, Culture and Employment of the GNWT
To the Board of Trustees of the Sahtu Divisional Education Council**

We have audited the consolidated financial statements of the Sahtu Divisional Education Council, which comprise the consolidated statement of financial position as at June 30, 2017, and the consolidated statements of operations and surplus, changes in net assets (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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in 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.

Basis for Qualified Opinion

The Government of the Northwest Territories is responsible for the calculation and distribution of the Education Body's wages and benefits expenditure for public service employees, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT is properly reflected in the Education Body's records. As a result, we were not able to determine whether any adjustments might be necessary to expenditure, liabilities or accumulated surplus.

Independent Auditor's Report (continued)

Qualified Opinion

In our opinion, except for the possible effect of the matters described in the Basis of Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Sahtu Divisional Education Council as at June 30, 2017, and the results of its financial performance and cash flow for the year then ended in accordance with the Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the Financial Administration Act, that, in our opinion, proper books of account have been kept by the Education Body, the consolidated financial statements are in agreement therewith, and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of the Education Body.



ASHTON
Chartered Accountants
Business Advisors

Hay River, NT
September 27, 2017

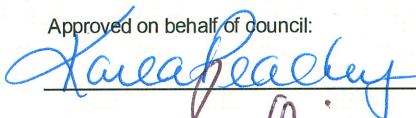
Sahtu Divisional Education Council
 Consolidated Statement of Financial Position

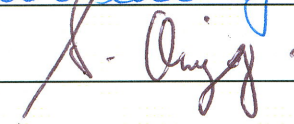
June 30, 2017

	2017	2016
FINANCIAL ASSETS		
Cash, Note 4	\$ 2,383,751	\$ 3,148,944
Special purpose funds, Note 5	284,044	267,434
Accounts receivable, Note 8	547,629	334,517
	\$ 3,215,424	\$ 3,750,895
LIABILITIES		
Accounts payable and accrued liabilities, Note 10	\$ 151,621	\$ 171,177
Payroll liabilities, Note 10	1,548,928	1,907,089
Deferred revenue, Note 11	284,044	267,435
Post-employment benefits, Note 17	1,608,785	1,720,172
	3,593,378	4,065,873
Net Financial Assets (Deficit)	\$ (377,954)	\$ (314,978)
NON-FINANCIAL ASSETS		
Prepaid expenses, Note 20	\$ 26,813	\$ 14,830
ACCUMULATED SURPLUS (DEFICIT)	\$ (351,141)	\$ (300,148)

Contractual obligations and contingencies, Note 24 and 25

Approved on behalf of council:

 _____ Chair

 _____ Superintendent

Sahtu Divisional Education Council

Consolidated Statement of Operations and Surplus

For the year ended June 30, 2017

	Budget 2017	Actual 2017	Actual 2016
Revenue			
Government of the Northwest Territories			
ECE Regular Contributions	\$ 13,964,000	\$ 14,875,399	\$ 14,146,828
Teaching and Learning Centres	58,000	58,000	58,000
French Language Instruction	55,000	55,000	55,000
ECE Other Contributions, Note 33	471,400	180,717	171,769
Total ECE	14,548,400	15,169,116	14,431,597
GNWT Other Contributions, Note 34	188,200	403,276	495,893
Total GNWT	\$ 14,736,600	\$ 15,572,392	\$ 14,927,490
Education council generated funds			
Interest income	30,000	25,839	31,034
Other	263,381	117,032	140,353
	293,381	142,871	171,387
	15,029,981	15,715,263	15,098,877
Expenses			
Administration	1,217,131	1,623,503	1,145,095
School programs	9,689,783	10,456,331	10,400,076
Inclusive schooling	2,517,099	2,152,768	1,994,500
Operations and maintenance	-	146,342	144,467
Aboriginal languages	1,537,593	1,404,770	1,323,730
	14,961,606	15,783,714	15,007,868
Operating Surplus (Deficit) before other item	\$ 68,375	\$ (68,451)	\$ 91,009
Other item:			
Post-employment benefit recovery (expense), Note 17	-	17,458	(914,961)
	\$ 68,375	\$ (50,993)	\$ (823,952)
Accumulated surplus (Deficit), beginning of year		\$ (300,148)	\$ 523,804
Accumulated surplus (deficit), end of year		\$ (351,141)	\$ (300,148)
<i>Accumulated surplus (deficit) is comprised of the following:</i>			
Accumulated surplus (deficit), end of year		\$ (351,141)	\$ (300,148)
Post employment benefits Unamortized net actuarial (gain)/loss (Note 17)		914,961	914,961
Less: Amortization of net actuarial (gain)/loss (included in current year deficit)		(106,391)	-
Less: 2017 increase in Actuarial (gain)/loss		(80,131)	-
Revised accumulated surplus (deficit), end of the year		\$ 377,298	\$ 614,813

Sahtu Divisional Education Council

Consolidated Statement of Changes in Net Assets (Debt)

For the year ended June 30, 2017

	2017	2016
Annual surplus (deficit)	\$ (50,993)	\$ (823,952)
Change in prepaid expenses	(11,983)	8,574
Increase (decrease) in net financial resources	(62,976)	(815,378)
Net financial resources, beginning of year	(314,978)	500,400
Net financial resources, end of year	\$ (377,954)	\$ (314,978)

Sahtu Divisional Education Council

Consolidated Statement of Cash Flow

For the year ended June 30, 2017

	2017	2016
Cash provided by (used in):		
Operating Transactions		
Operating Surplus (Deficit)	\$ (50,993)	\$ (823,952)
	(50,993)	(823,952)
Change in non-cash assets and liabilities:		
Accounts receivable	(213,112)	(171,905)
Accounts payable and accrued liabilities	(19,556)	20,641
Payroll liabilities	(358,161)	(330,405)
Deferred revenue	16,609	60,704
Post-employment benefits	(111,387)	837,288
Prepaid expenses	(11,983)	8,574
	(697,590)	424,897
Increase (Decrease) in cash and cash equivalents	(748,583)	(399,055)
Cash and cash equivalents, beginning of year	3,416,378	3,815,433
Cash and cash equivalents, end of year	\$ 2,667,795	\$ 3,416,378
Consists of:		
Cash	\$ 2,383,751	\$ 3,148,944
Special purpose funds	284,044	267,434
	\$ 2,667,795	\$ 3,416,378

Sahtu Divisional Education Council

Consolidated Detail of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accom.	Operations & Maintenance	Administration	Aboriginal Languages	Transfers & Other	2017 Total	2017 Budget	2016 Total
Salaries										
Teachers' salaries	\$ 7,273,632	\$ 806,300	\$ -	\$ -	\$ -	\$ 1,198,207	\$ -	\$ 9,278,139	\$ 8,964,112	\$ 9,266,958
Instruction assistants	11,887	798,468	-	-	-	100,616	-	910,971	1,035,020	889,487
Non-instructional staff	1,109,751	263,451	-	-	762,834	-	-	2,136,036	2,153,158	2,169,472
Board/Trustee honorarium	-	-	-	-	36,397	55,609	-	92,006	97,000	83,192
	8,395,270	1,868,219	-	-	799,231	1,354,432	-	12,417,152	12,249,290	12,409,109
Employee Benefits										
Employee benefits and allowances	26,108	-	-	-	-	-	-	26,108	36,000	114,764
Leave and termination benefits	472,460	-	-	-	582,930	-	-	1,055,390	384,471	283,119
	498,568	-	-	-	582,930	-	-	1,081,498	420,471	397,883
Services Purchased/Contracted										
Professional services	463,977	22,212	-	-	-	-	-	486,189	526,275	670,569
Postage and communication	46,823	-	-	-	33,864	-	-	80,687	81,417	73,684
Utilities	-	-	-	-	-	-	-	-	-	-
Heating	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-	-	-	-
Travel	161,453	87,078	-	-	88,335	2,526	-	339,392	296,100	246,978
Student transportation (busing)	151,500	-	-	-	-	-	-	151,500	152,000	149,000
Advertising/printing/publishing	1,417	-	-	8,796	-	18,755	-	28,968	8,350	8,565
Maintenance and repair	37,454	-	-	4,850	-	1,250	-	43,554	32,500	26,516
Rentals and leases	-	-	-	132,696	-	-	-	132,696	141,752	137,422
Other contracted services	47,932	132,497	-	-	-	-	-	180,429	140,200	48,123
Other	22,931	-	-	-	80,348	20,883	-	124,162	122,417	122,003
	933,487	241,787	-	146,342	202,547	43,414	-	1,567,577	1,501,011	1,482,860
Materials, Supplies and Freight										
Materials	602,628	39,853	-	-	34,724	3,750	-	680,955	617,534	680,060
Freight	26,378	2,909	-	-	4,071	3,174	-	36,532	52,300	37,956
	629,006	42,762	-	-	38,795	6,924	-	717,487	669,834	718,016
Contributions/Transfers										
Transfers	-	-	-	-	-	-	-	-	121,000	-
Debt Services										
Other	-	-	-	-	-	-	-	-	-	-
Total	\$ 10,456,331	\$ 2,152,768	\$ -	\$ 146,342	\$ 1,623,503	\$ 1,404,770	\$ -	\$ 15,783,714	\$ 14,961,606	\$ 15,007,868

SAHTU DIVISIONAL EDUCATION COUNCIL

Aboriginal Language and Cultural-based Education Expenses

For the year ended June 30, 2017

	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	2017 Total
Salaries					
ALCBE teachers	\$ 1,198,207	\$ -	\$ -	\$ -	\$ 1,198,207
Language consultants	-	-	-	-	-
Instruction assistants	100,616	-	-	-	100,616
Non-instructional staff	-	-	-	-	-
Honoraria	-	-	-	-	-
Elders in schools	-	-	-	55,609	55,609
	1,298,823	-	-	55,609	1,354,432
Employee Benefits					
Employee benefits and allowances	-	-	-	-	-
Services Purchased/Contracted					
Professional services	-	-	-	-	-
Postage and communication	-	-	-	-	-
Travel	2,047	-	-	-	2,047
Student transportation (busing)	-	-	-	-	-
Advertising, printing and publishing	18,755	-	-	-	18,755
Maintenance and repairs	-	-	-	-	-
Rentals and leases	-	-	-	-	-
Other contracted services	17,618	-	3,265	-	20,883
	38,420	-	3,265	-	41,685
Materials, Supplies and Freight					
Materials	-	1,185	-	714	1,899
Freight	-	3,174	-	-	3,174
	-	4,359	-	714	5,073
Total	\$ 1,337,243	\$ 4,359	\$ 3,265	\$ 56,323	\$ 1,401,190

Sahtu Divisional Education Council

French Language Programs

For the year ended June 30, 2017

	ECE Contributions July 1 to June 30	Commitment from Sahtu July 1 to June 30	Expenses July 1 to June 30
Special projects:			
Core French Instruction	\$ 55,000	\$ 134,442	\$ 167,903

Sahtu Divisional Education Council

Aboriginal Languages

For the year ended June 30, 2017

	July 1 to March 31	April 1 to June 30	Total
Contribution Agreement			
Aboriginal Languages			
Revenues			
Funding Received	\$ 58,000	\$ -	\$ 58,000
	58,000	-	58,000
Expenditure			
Salaries	-	58,000	58,000
Other O & M	-	-	-
	-	58,000	58,000
Net Surplus (Deficit)	\$ 58,000	\$ (58,000)	\$ -

Sahtu Divisional Education Council

Student Success Initiative Projects

For the year ended June 30, 2017

	School Year
Revenue	
Education, Culture and Employment	\$ 55,000
NWTTA	35,126
Total Revenue	90,126
Expenses	
Salaries and wages	
Facilitator fees (including per diems)	44,603
Substitute teacher wages	1,142
Staff (p/y)	-
Travel	
Facilitator travel	13,574
Air charter	-
Staff travel	20,143
Accommodations	-
Daily per diems	2,350
Workshop expenses	
Room rental	-
Refreshments	-
Resources	6,737
Miscellaneous (stationary/printing)	-
Total Expenses	88,549
Net Surplus (Deficit)	\$ 1,577

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 1. Nature of Organization

The Sahtu Divisional Education Council ("The Council") was established by the *Education Act* of the Government of the Northwest Territories (GNWT) by order of the Minister dated April 1, 1989. Its purpose is to administer and maintain the standards of education program defined under the *Education Act* in the communities in the Sahtu Region.

Consequently, the Council is dependent on funding from the Department of Education, Culture, and Employment (ECE) of the GNWT. Member Communities have formed local District Education Authorities (DEA) which have assumed responsibility to provide sufficient educational programs within their respective communities.

The Council is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

The Council is a public body performing a function of government in Canada. Paragraph 149(1)(C) of the *Income Tax Act* provides that a public body performing a function of government in Canada is exempt from taxation.

The accompanying consolidated financial statements include the operations of the Council, and the member District Education Authorities of Colville Lake, Deline, Fort Good Hope, Norman Wells, and Tulita.

Note 2. Significant Accounting Policies

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques, and short term highly liquid investments that are readily convertible to cash and with a maturity date of 90 days or less from the date of acquisition.

(c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms' 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 transaction 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.

Financial assets subsequently measured at amortized cost include cash, accountable funds, due from the GNWT and other accounts receivable.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. Significant Accounting Policies (continued)

(c) Financial Instruments

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued salaries, deferred revenue, post-employment benefits and accountable funds.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, asset is recognized in operations.

(d) Non-financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Education Body because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Education Body.

(e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Education Body the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

(f) Revenue Recognition

Government Transfers:

Revenues are recognized in the period in which the transactions or events occur that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

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

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

(f) Revenue Recognition - (Continued)

GNWT – Regular Contributions:

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The Education Body retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

Other Contributions:

The Education Body follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Deferred Revenue:

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

Investment Income:

Investment income is recognized when received or receivable, if the amount can be reasonably estimated

(g) Infrastructure Funding

Any personnel, utilities, and leases infrastructure funding net surplus at the end of the fiscal year is recorded as a payable to the GNWT. Net deficits are not shown as receivable from the GNWT since these amounts are not repayable.

(h) Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Education Body and the budget is legally adopted by a motion of the Board in accordance with Section 135(3) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

This annual budget includes estimates of revenues, expenditures and the net operating surplus (deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget may be amended within a given fiscal year in accordance with Education Body policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. Summary of Significant Accounting Policies (continued)

(i) Measurement Uncertainty

The preparation of these consolidated financial statements in conformity with Canadian Public Sector Accounting Standards 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(j) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Education Body are treated as expenditures during the year of acquisition and are not recorded on the statement of financial position.

(k) Payroll Liabilities

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th which provides for continued payment during the summer. GNWT Payroll for NWTTA starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31. Pay periods falling in July are therefore accrued.

The duties and compensation base for UNW School Year employees are scheduled to align with the academic year although actual start dates and durations vary by specific location and job function. Accordingly, the Education Body determines the start dates of their UNW employees and accrues the related payroll liability as appropriate.

All other staff are accrued to include earnings to June 30.

(l) Post-employment and Termination Benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Annual leave is payable within one fiscal year. Employees also earn retirement and severance remuneration based on the number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Payment of the removal and termination is dependent on employees leaving the Education Body and other criteria as outlined in the negotiated collective agreements and management handbook guidelines of the GNWT.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 2. **Summary of Significant Accounting Policies (continued)**

(m) Special Purpose Funds

School activity funds which are fully controlled by the Education Body with respect to when and how the funds available can be disbursed are included. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefits.

Student activity funds which are controlled by students or parties other than the Education Body are not included even if custody of the funds is held by the Education Body.

Note 3. **Future Accounting Changes**

Financial Instruments - Section PS 3450

PSAB has implemented changes to Section PS 3450, Financial instruments that outlines offsetting of financial assets and financial liabilities and the valuation of investments to be measured at fair value. These changes are to be applied on a go forward basis for all fiscal years beginning on or after April 1, 2019. Management is currently assessing the impact of the standard.

Inter-entity Transactions - Section PS 3420

PSAB approved Section PS 3420, Inter-entity transactions. This section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The new standard is effective for fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. Management is currently assessing the impact of the standard.

Student Activity/Fiduciary Funds Policy

Student Activity/Fiduciary funds policy is currently under review by the GNWT - ECE for possible inclusion in Special Purpose Funds. At this time no formal directive has been released and, therefore management is unable to determine any impact that may exist on the financial statements.

Sahtu Divisional Education Council

Consolidated Statement of Operations and Surplus

For the year ended June 30, 2017

Note 4. Cash and Cash Equivalents

	2017	2016
Cash	\$ 2,383,751	\$ 3,148,944
Short term investments	-	-
	\$ 2,383,751	\$ 3,148,944

Note 5. Special Purpose Funds

Special purpose funds consist of account balances held by each of the individual District Education Authorities for which the Education Body has control of when and how the funds are disbursed.

	2017	2016
Colville Lake	\$ 24,090	\$ 11,714
Deline	56,622	50,356
Fort Good Hope	62,010	65,172
Norman Wells	103,978	87,611
Tulita	37,344	52,581
	\$ 284,044	\$ 267,434

Note 6. Restricted Assets - Not Applicable

Note 7. Portfolio Investments - Not Applicable

Note 8. Accounts Receivable

	Receivables 2017	AFDA 2017	Net 2017	Net 2016
GNWT - ECE	\$ 180,730	\$ -	\$ 180,730	\$ 66,776
GNWT - MACA	22,950	-	22,950	130,000
GNWT - Justice	27,925	-	27,925	27,925
GNWT - HSS	9,904	-	9,904	11,140
GNWT - ENR	320	-	320	-
Total Due from GNWT	241,829	-	241,829	235,841
WSCC	22,534	-	22,534	-
Other	372,295	89,029	283,266	98,676
	\$ 636,658	\$ 89,029	\$ 547,629	\$ 334,517

Note 9. Inventories - Not Applicable

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 10. Accounts Payable and Accrued Liabilities

	2017	2016
Accounts payable and accrued liabilities		
GNWT	\$ 357	\$ 2,800
WSCC	22,534	19,006
Trade payables	128,730	149,371
	151,621	171,177
Payroll liabilities		
UNW School Year & NWTTA	1,482,231	1,452,928
Leave	66,697	223,161
Sahtu DEC employment contracts	-	231,000
	1,548,928	1,907,089
	\$ 1,700,549	\$ 2,078,266

Note 11. Deferred Revenue

	2017	2016
MACA		
Active After School	\$ 76,500	\$ 76,500
Youth Contribution	1,655	1,966
Regional Youth Sports	46,740	43,500
Drama	5,000	5,000
Justice		
Community Justice	45,973	51,350
ITI		
Seed	5,000	-
Other		
Food First	-	3,857
Library	103,176	84,547
Breakfast Program	-	715
	\$ 284,044	\$ 267,435

Note 12. Contribution Repayable - Not Applicable

Note 13. Due From and To the Government of Canada - Not Applicable

Note 14. Capital Lease Obligations - Not Applicable

Note 15. Pension - Not Applicable

Note 16. Long-term Debt - Not Applicable

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 17. Post-employment Benefits

The Education Body provides severance (resignation and retirement), removal and compensated absence (sick, special maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a deficit equal to the accrued post-employment benefits obligation.

Severance benefits are paid to employees based on the types of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment, and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the Projected Unit Credit methodology.

Compensated absence benefits generally accrue as employees render services and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under the compensated absence benefits were valued using the expected utilization methodology.

Change in estimate

During the year ended June 30, 2016, the method for calculating other employee future benefits and compensated absences was refined to better reflect the probability that these benefits would be used in the future based on past experience. This change in accounting estimate is being accounted for on a prospective basis starting July 1, 2016 which increases the compensation and benefits expense and increases the other employee future benefits and compensated absences liability by \$471,316.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Terminations Benefits for the consolidated Government.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 17. Post-employment Benefits (continued)

	Severance and removal	Compensated Absences	2017	2016 <i>Restated</i>
Changes in Obligation				
Accrued benefit obligations beginning of the year	\$ 732,996	\$ 72,216	\$ 805,211	\$ 1,592,245
Current period benefit cost	55,264	7,832	63,096	310,816
Interest accrued	23,430	2,406	25,836	41,209
Benefits payments	(84,198)	(9,730)	(93,928)	(224,097)
Plan amendments	-	-	-	-
Actuarial (gain)/loss	22,035	58,094	80,129	(914,962)
Accrued benefit obligation end of year	749,527	130,818	880,344	805,211
Unamortized net actuarial gain	596,615	131,826	728,441	914,961
Net future obligation	1,346,142	262,644	1,608,785	1,720,172
Benefits Expense				
Current period benefit cost	55,264	7,832	63,096	310,816
Interest accrued	23,430	2,406	25,836	41,209
Plan amendments	-	-	-	-
Amortization of actuarial gains	(81,401)	(24,989)	(106,390)	-
	(2,707)	(14,751)	(17,458)	352,025

The discount rate used to determine the accrued benefit obligation is an average of 3.3%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	Severance and removal	Compensated Absences	Total
2018	\$ 150,440	\$ 24,691	\$ 175,131
2019	118,593	20,271	138,864
2020	113,241	19,148	132,389
2021	94,238	18,133	112,371
2022	75,108	14,999	90,107
	\$ 551,620	\$ 97,242	\$ 648,862

Prior period adjustment

In the prior year, the Post-employment benefits liability was recorded as the Accrued benefit obligation from the actuaries report. This represents a departure from Canadian public sector accounting principles because it does not include the Unamortized net actuarial (gain)/loss. The correct treatment is to record the Accrued benefit liability which consists of the Accrued benefit obligation plus the Unamortized net actuarial (gain)/loss. This has resulted in the understatement of post-employment benefits, and employee benefits and allowances expense, and the overstatement of accumulated surplus by \$914,961. The balances have been adjusted retrospectively.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 18. **Trust Assets and Liabilities under Administration - Not Applicable**

Note 19. **Tangible Capital Asset - Not Applicable**

Note 20. **Prepaid Expenses**

	2017	2016
Prepaid expenses	\$ 26,813	\$ 14,830

Note 21. **Accumulated Surplus/Deficit - Not Applicable**

(Not applicable, breakdown included in Statement of Financial Position)

Note 22. **Capital Advances - Not Applicable**

Note 23. **GNWT Assets Provided at No Cost**

	Cost	Accumulated Amortization	Net Book Value	
			2017	2016
Buildings				
Schools and colleges	\$ 65,871,060	\$ 19,560,290	\$ 46,310,770	\$ 47,502,082
Staff Housing	275,800	88,616	187,184	199,526
	\$ 66,146,860	\$ 19,648,906	\$ 46,497,954	\$ 47,701,608

Note 24. **Contractual Obligations**

The Education Body has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to March 31, 2017.

	Expires in Fiscal Year *	2018	2018 and thereafter	Total
Commercial and residential leases	2023	\$ 106,752	\$ 533,760	\$ 640,512

* Refers to the last fiscal year of all agreements in that line category

The lease on the Council's office expires on August 31, 2023. A 15 year lease agreement was entered into at the Edward Hodgson Building with monthly lease payments starting September 1, 2008. From September 1, 2008 to August 31, 2018 the annual lease payments will remain at \$106,752. After 10 years, the lease amount will be adjusted based on the expected market conditions for the following 5 years.

In addition, the Council is responsible for its proportionate share of utilities and cleaning services received during its term of occupancy.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 25. Contingencies

The Council had employment agreements directly with senior management personnel which were transferred to the GNWT in the year. Part of transferring the agreements included cancelling contracts with third party benefit providers. Management expects that there will be penalties associated with the contract cancellations. At present, the potential penalties are not determinable. The amount of any future fees would be accounted for as current transactions in the year they are levied.

Note 26. Related Parties

The Education Body is related in terms of common ownership to all GNWT created departments, agencies and corporations. The Education Body enters into transactions with these entities in the normal course of operations. The Education Body is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, payroll services by the Department of Human Resources, internal audit services by the Department of Finance, and utility and maintenance by Public Works and Services. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note. There are no related party balances not disclosed elsewhere.

Note 27. Budget

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenues and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Education Body.

The budget figures presented are those approved by the Minister of education, Culture and Employment on June 13, 2016 and have not been audited.

Note 28. Economic Dependence

The Sahtu District Education Council received its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that Sahtu District Education Council operations would be significantly affected.

Note 29. Financial Instruments

The Education Body is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Education Body's risk exposure and concentration as of June 30, 2017.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Education Body has little exposure to credit risk as the majority of its revenues originate from government sources with strong credit worthiness.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 29. Financial Instruments (continued)

Liquidity

Liquidity risk is the risk the Education Body will not be able to meet its obligations as they come due. The Education Body manages its liquidity requirements by preparing detailed cash budgets and having cash available on hand to meet its obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of currency risk, interest rate risk and other price risk.

Currency risk

The Education Body deals exclusively in Canadian funds and therefore has no currency risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. The Education Body minimizes risk through its normal operating and financing activities and maintains cash in a general bank account.

Note 30. Expenses by Object

	2017 Budget	2017 Actual	2016 Actual
Salaries	\$ 12,249,290	\$ 12,417,152	\$ 12,409,109
Employee Benefits	420,471	1,081,498	397,883
Services Purchased/Contracted	1,501,011	1,567,577	1,482,860
Materials, Supplies and Freight	669,834	717,487	718,016
Debt Services	-	-	-
	\$ 14,840,606	\$ 15,783,714	\$ 15,007,868

Note 31. Subsequent Events - Not Applicable

Note 32. Comparative Figures

Certain comparative figures have been reclassified to conform with current year's presentation.

Note 33. Other ECE Revenue

	2017	2016
Infrastructure funding	\$ 34,512	\$ 133,838
Self regulation	18,750	7,578
Library	140,000	114,900
Literacy Initiative	10,838	-
Less: Deferred revenue & contributions repaid	(23,383)	(84,547)
	\$ 180,717	\$ 171,769

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2017

Note 34. GNWT - Other Contributions

	2017	2016
MACA		
Active After School	76,500	91,800
Local Sport Leader's Development	5,000	-
Youth Contribution	-	5,000
Regional Youth Sports	46,300	43,500
On the land	-	5,000
TAKT	8,000	39,000
Drama	5,000	5,000
Youth Pride	5,000	-
HSS		
Drop The Pop	8,190	11,300
Nutrition North	29,332	29,332
ITI		
Seed	5,000	-
Agriculture	5,000	-
Greenhouse Project	7,000	-
Justice		
Community Justice	55,850	55,800
Not Us	-	5,000
Other		
Aurora College ALCIP	177,100	155,000
Safe and caring	-	5,900
Less: Deferred revenue & contributions repaid	(29,996)	44,261
	\$ 403,276	\$ 495,893

Note 35. Statement of Remeasurement Gains and Losses - Not Applicable

Sahtu Divisional Education Council

Schedule A-1 - Statement of Council Operations and Financial Position (Non-Consolidated)

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Government of the Northwest Territories	\$ 14,736,600	\$ 15,572,392	\$ 14,927,490
Other education body generated funds	293,381	142,871	171,387
	<u>15,029,981</u>	<u>15,715,263</u>	<u>15,098,877</u>
Expenditure			
Administration	1,217,131	1,504,965	1,150,425
School programs	9,689,783	10,106,659	9,732,957
Inclusive schooling	2,517,099	2,152,768	1,994,500
Operations and maintenance	-	146,342	469,893
Aboriginal languages	1,537,593	1,401,190	1,281,389
	<u>14,961,606</u>	<u>15,311,924</u>	<u>14,629,164</u>
Excess (Deficiency) of Revenue over Expenditure	\$ 68,375	\$ 403,339	\$ 469,713
Accumulated surplus (deficit), beginning of year		1,949,892	1,480,179
Accumulated surplus (deficit), end of year		\$ 2,353,231	\$ 1,949,892

SATHU DIVISIONAL EDUCATION COUNCIL

Schedule A-2 - Details of Council Expenses (Non-Consolidated)

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Council Administration	Aboriginal Languages	Fiscal & Transfers	2017 Total
Salaries								
Teachers' salaries	\$ 7,273,632	\$ 806,300	\$ -	\$ -	\$ -	\$ 1,198,207	\$ -	\$ 9,278,139
Instruction Assistant	11,887	798,468	-	-	-	100,616	-	910,971
Non Instructional Staff	1,011,819	-	-	-	710,858	-	-	1,722,677
Board/Trustee Honoraria	-	263,451	-	-	17,418	55,609	-	336,478
	8,297,338	1,868,219	-	-	728,276	1,354,432	-	12,248,265
Employee Benefits								
Employee benefits and allowances	26,108	-	-	-	-	-	-	26,108
Leave and termination benefits	472,460	-	-	-	582,930	-	-	1,055,390
	498,568	-	-	-	582,930	-	-	1,081,498
Services Purchased/Contracted								
Professional/Technical Services	457,977	22,212	-	-	-	-	-	480,189
Postage/Communication	46,823	-	-	-	33,864	-	-	80,687
Utilities	-	-	-	-	-	-	-	-
Heating	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-	-
Travel	99,091	87,078	-	-	88,335	2,047	-	276,551
Student Travel (busing)	151,500	-	-	-	-	-	-	151,500
Advertising/Printing/Publishing	1,417	-	-	8,796	-	18,755	-	28,968
Maintenance/Repair	37,454	-	-	4,850	-	-	-	42,304
Rentals/Leases	-	-	-	132,696	-	-	-	132,696
Other - Contracted Services	42,732	132,497	-	-	-	-	-	175,229
Other - Miscellaneous	22,931	-	-	-	39,153	20,883	-	82,967
	859,925	241,787	-	146,342	161,352	41,685	-	1,451,091
Materials, Supplies and Freight								
Materials	433,863	39,853	-	-	28,336	1,899	-	503,951
Freight	16,965	2,909	-	-	4,071	3,174	-	27,119
	450,828	42,762	-	-	32,407	5,073	-	531,070
Contributions and Transfers								
Transfers to DEAs	-	-	-	-	-	-	-	-
Transfers to Capital	-	-	-	-	-	-	-	-
Amortization								
Amortization	-	-	-	-	-	-	-	-
Debt Services								
Debt Services	-	-	-	-	-	-	-	-
Total	\$ 10,106,659	\$ 2,152,768	\$ -	\$ 146,342	\$ 1,504,965	\$ 1,401,190	\$ -	\$ 15,311,924

SAHTU DIVISIONAL EDUCATION COUNCIL

Schedule B-1 District Education Authorities
Statement of Operations - Non-Consolidated

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	121,000	121,000
GNWT	-	398,893	438,081
Other	-	-	12,115
Deferred Revenue	-	(20,467)	(61,010)
Contributions Repaid	-	(25,172)	(7,483)
	-	353,254	381,703
Total revenue	-	474,254	502,703
Expenditure			
Administration	-	118,538	115,670
School programs	-	349,672	340,364
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	3,580	42,341
	\$ -	471,790	498,375
Surplus (Deficit)	-	2,464	4,328
Opening equity		48,100	43,772
Closing equity	\$	50,564	\$ 48,100
Composition of Ending Accumulated Surplus			
Cash	\$	-	\$ -
Accounts receivable		50,564	48,516
Accounts payable		-	(416)
	\$	50,564	\$ 48,100

SAHTU DIVISIONAL EDUCATION COUNCIL

Schedule B-2 - Details of DEA Expenses
 Non-Consolidated
 For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accom.	Operations and Maintenance	Council Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non-instructional Staff	97,932	-	-	-	51,976	-	149,908
Board/Trustee Honorarium	-	-	-	-	18,979	-	18,979
	97,932	-	-	-	70,955	-	168,887
Employee Benefits							
Employee Benefits and Allowances	-	-	-	-	-	-	-
Leave and Termination	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	6,000	-	-	-	-	-	6,000
Postage/Communication	-	-	-	-	-	-	-
Utilities							
Heating	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-
Travel	62,362	-	-	-	-	479	62,841
Student Transportation (busing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	1,250	1,250
Rentals/Leases	-	-	-	-	-	-	-
Other - Fees	5,200	-	-	-	-	-	5,200
Other - Special Requests	-	-	-	-	41,195	-	41,195
	73,562	-	-	-	41,195	1,729	116,486
Materials/Supplies/Freight							
Materials	168,765	-	-	-	6,388	1,851	177,004
Freight	9,413	-	-	-	-	-	9,413
	178,178	-	-	-	6,388	1,851	186,417
Total	\$ 349,672	\$ -	\$ -	\$ -	118,538	\$ 3,580	471,790

COLVILE LAKE

District Education Authority
Statement of Operations

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 16,000	\$ 16,000
GNWT	-	24,090	20,878
Other	-	-	3,900
Deferred Revenue	-	(12,376)	(11,714)
Contributions Repaid	-	(7,567)	-
	-	20,147	29,064
Expenses			
Administration	-	10,005	13,574
School programs	-	4,146	5,064
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	8,000
	-	14,151	26,638
Surplus (Deficit)	-	5,996	2,426
Opening equity		13,390	10,964
Closing equity	\$	19,386	\$ 13,390
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		19,386	13,390
Accounts Payable		-	-
	\$	19,386	\$ 13,390

COLVILLE LAKE

District Education Authority
Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	7,285	-	7,285
Board/Trustee Honoraria	-	-	-	-	2,720	-	2,720
	-	-	-	-	10,005	-	10,005
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Materials/Supplies/Freight							
Materials	4,146	-	-	-	-	-	4,146
Freight	-	-	-	-	-	-	-
	4,146	-	-	-	-	-	4,146
Total	\$ 4,146	\$ -	\$ -	\$ -	10,005 \$	\$ -	14,151

DELINE

District Education Authority Statement of Operations

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 25,000	\$ 25,000
GNWT	-	85,200	70,924
Other	-	-	-
Deferred Revenue	-	(6,266)	7,290
Contributions Repaid	-	(6,753)	(2)
	-	97,181	103,212
Expenses			
Administration	-	25,449	22,229
School programs	-	68,600	74,896
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	3,580	7,317
	-	97,629	104,442
Surplus (Deficit)	-	(448)	(1,230)
Opening equity		2,390	3,620
Closing equity	\$	1,942	\$ 2,390
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		1,942	2,390
Accounts Payable		-	-
	\$	1,942	\$ 2,390

DELINE

District Education Authority
Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	36,530	-	-	-	11,156	-	47,686
Board/Trustee Honoraria	-	-	-	-	7,905	-	7,905
	36,530	-	-	-	19,061	-	55,591
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	479	479
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	1,250	1,250
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
	-	-	-	-	-	1,729	1,729
Materials/Supplies/Freight							
Materials	26,666	-	-	-	6,388	1,851	34,905
Freight	5,404	-	-	-	-	-	5,404
	32,070	-	-	-	6,388	1,851	40,309
Total	\$ 68,600	\$ -	\$ -	\$ -	\$ 25,449	\$ 3,580	\$ 97,629

FORT GOOD HOPE

District Education Authority
Statement of Operations

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 25,000	\$ 25,000
GNWT	-	72,047	82,562
Other	-	-	1,358
Deferred Revenue	-	3,162	(9,106)
Contributions Repaid	-	(594)	(15)
	-	99,615	99,799
Expenses			
Administration	-	17,725	30,413
School programs	-	74,615	67,235
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	7,563
	-	92,340	105,211
Surplus (Deficit)	-	7,275	(5,412)
Opening equity		(416)	4,996
Closing equity	\$	6,859	\$ (416)
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		6,859	-
Accounts Payable		-	(416)
	\$	6,859	\$ (416)

FORT GOOD HOPE

District Education Authority
Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	26,981	-	-	-	11,254	-	38,235
Board/Trustee Honoraria	-	-	-	-	4,369	-	4,369
	26,981	-	-	-	15,623	-	42,604
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	14,217	-	-	-	-	-	14,217
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	2,102	-	2,102
	14,217	-	-	-	2,102	-	16,319
Materials/Supplies/Freight							
Materials	33,417	-	-	-	-	-	33,417
Freight	-	-	-	-	-	-	-
	33,417	-	-	-	-	-	33,417
Total	\$ 74,615	\$ -	\$ -	\$ -	\$ 17,725	\$ -	92,340

NORMAN WELLS

District Education Authority
Statement of Operations

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 29,000	\$ 29,000
GNWT	-	160,146	171,117
Other	-	-	1,295
Deferred Revenue	-	(17,662)	(38,330)
Contributions Repaid	-	(770)	(844)
	-	170,714	162,238
Expenses			
Administration	-	46,041	27,112
School programs	-	141,714	121,779
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	11,459
	-	187,755	160,350
Surplus (Deficit)	-	(17,041)	1,888
Opening equity		19,765	17,877
Closing equity	\$	2,724	\$ 19,765
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		2,724	19,765
Accounts Payable		-	-
	\$	2,724	\$ 19,765

NORMAN WELLS

District Education Authority
Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	9,400	-	-	-	11,023	-	20,423
Board/Trustee Honoraria	-	-	-	-	-	-	-
	9,400	-	-	-	11,023	-	20,423
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	6,000	-	-	-	-	-	6,000
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	31,496	-	-	-	-	-	31,496
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	35,018	-	35,018
Other - Fees	5,200	-	-	-	-	-	5,200
	42,696	-	-	-	35,018	-	77,714
Materials/Supplies/Freight							
Materials	85,772	-	-	-	-	-	85,772
Freight	3,846	-	-	-	-	-	3,846
	89,618	-	-	-	-	-	89,618
Total	\$ 141,714	\$ -	\$ -	\$ -	\$ 46,041	\$ -	187,755

TULITA

District Education Authority
Statement of Operations

For the year ended June 30, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 26,000	\$ 26,000
GNWT	-	57,410	92,600
Other	-	-	5,562
Deferred Revenue	-	12,675	(9,150)
Contribution Repayable	-	(9,488)	(6,622)
	-	86,597	108,390
Expenses			
Administration	-	19,318	22,342
School programs	-	60,597	71,390
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	-	8,002
	-	79,915	101,734
Surplus (Deficit)	-	6,682	6,656
Opening equity		12,971	6,315
Closing equity	\$	19,653	\$ 12,971
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		19,653	12,971
Accounts Payable		-	-
	\$	19,653	\$ 12,971

TULITA

District Education Authority
Details of Expenses

For the year ended June 30, 2017

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	25,021	-	-	-	11,258	-	36,279
Board/Trustee Honoraria	-	-	-	-	3,985	-	3,985
	25,021	-	-	-	15,243	-	40,264
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	16,649	-	-	-	-	-	16,649
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	4,075	-	4,075
	16,649	-	-	-	4,075	-	20,724
Materials/Supplies/Freight							
Materials	18,764	-	-	-	-	-	18,764
Freight	163	-	-	-	-	-	163
	18,927	-	-	-	-	-	18,927
Total	\$ 60,597	\$ -	\$ -	\$ -	\$ 19,318	\$ -	79,915

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL

FORT SMITH, NT.

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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**Management Discussion and Analysis
For the year ended June 30, 2017**

Introduction

This management discussion and analysis is prepared as part of the responsibility of management and the *South Slave Divisional Education Council* (SSDEC) to promote transparency and accountability in its financial reporting.

The SSDEC was established in 1991 with a mandate to provide a quality pre-kindergarten (4 yr olds) to grade twelve education to approximately 1,300 students in the communities of Hay River, Fort Smith, K'atlodeeche, Fort Resolution and Lutsel K'e. The SSDEC is comprised of one representative from each of the five community-based District Education Authorities (DEAs). DEAs are elected or appointed at the community level, and each DEA chooses one of its members to represent them at the regional SSDEC meetings. The 2016-17 representatives were as follows:

Fort Smith – Ann Pischinger (Chairperson)
Fort Resolution – Bess Ann McKay (Vice-Chairperson)
Hay River – Kandis Jameson
K'atlodeeche – Wanda Salopree
Lutsel K'e – Prairie Desjarlais

Key senior management positions were as follows:

Superintendent – Dr. Curtis Brown
Assistant Superintendent – Dr. Joseph Pearce
Comptroller – James Watts, CPA, CMA

The SSDEC and its DEAs are committed to a philosophy of education which is built upon a foundation of enabling communities, DEAs, schools, staff members, and parents to help students reach their potential. Student achievement is at the heart of everyone's work at the SSDEC and is the common thread connecting the Council's vision, mission, beliefs and values.

VISION	All individuals reach their educational potential
MISSION	<i>The South Slave Divisional Education Council strives to prepare students to create their futures by ensuring high levels of learning for ALL.</i>

The SSDEC is committed to improving student *literacy, numeracy* and *social responsibility* as the key priorities for student success in school and in life.

Operating Environment

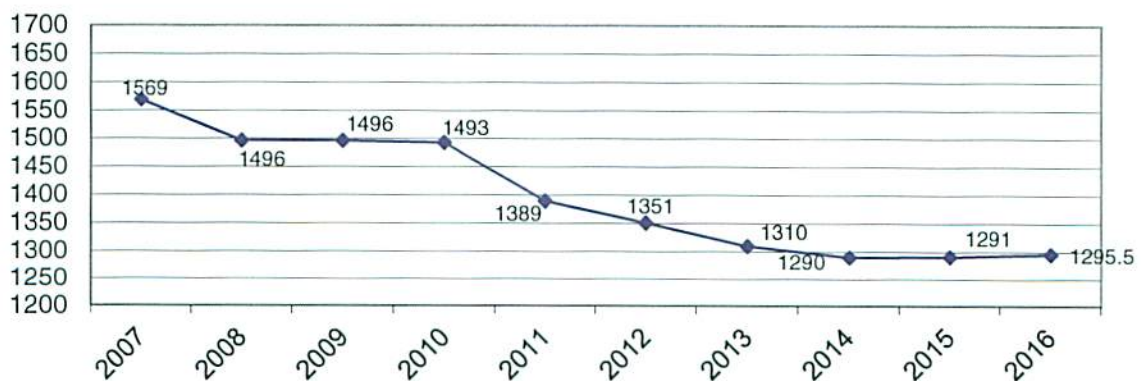
The SSDEC receives the financial resources for the entire division on an annual basis, largely through a funding formula established by the *GNWT Department of Education, Culture and Employment (ECE)*. Unfortunately, there are a number of unfunded and underfunded areas in the formula. For example:

- school boards are funded based on prior year staff salaries yet collective agreement provisions provide annual salary increments to staff which school boards must pay
- ECE confirms that they are underfunding school boards more than \$1 million per year for the hiring of casuals resulting from staff leave provisions in the collective agreements
- several of the funding formula line items are not indexed to keep up with inflation and have not increased in over 15 years (bussing contracts and repairs, for example, have probably more than doubled in that same timeframe)
- when the formula was in the process of being updated and for the 2016-17 budget year the Council had been provided with no details on how our allocations were calculated.

A funding reduction (inclusive schooling) and an expanded mandate (adding junior Kindergarten with less funding) have also contributed to the financial challenges of the SSDEC in recent years. Prior to these decisions, the NWT already had the third worst student-educator ratio of all the provinces and territories in Canada (see <http://www.statcan.gc.ca/pub/81-582-x/2013001/tbl/tblc2.3-eng.htm>) and the second highest percentage of students with special needs.

Shrinking enrolment has also brought significant challenges over the last several years. South Slave student enrolment is now almost two thirds what it was fifteen years ago (approx. 1300 now vs. over 1800 previously). Fewer students means less funding and less flexibility the Council has to allocate the resources necessary to continue to fund its priorities and a diversity of program offerings.

**South Slave Divisional Education Council
Enrolment History**



The SSDEC continues to address the funding challenges by annually reviewing and applying their budget assumptions and priorities:

1. Approve a regional budget each year that prioritizes funding for the Council priorities.
2. Approve a budget each year that maintains an accumulated fund balance of at least \$500,000 after taking into account school staffing surpluses.
3. Ensure fair and equitable distribution of funds to schools and DEAs and minimize conflict between Council reps/DEAs.
4. Provide for significant community-based priority setting and related budgeting.
5. Provide transparency in budget process and allocations, and
6. Consider expenditures against a Council surplus over \$500,000, after taking into account school staffing surpluses, each year.

Each year the SSDEC determines the key priorities as well as the unfunded and underfunded areas that simply can't be overlooked, and budgets for those costs first. Upon notification of resulting allocations, staffing plans are developed by school principals for approval of their respective DEAs and the superintendent (prior to March 15th) so that the majority of teacher staffing for the next year can occur while quality applicants are still available. The SSDEC and schools have also been very successful in identifying, applying for and obtaining third party funding in order to supplement program offerings.

Another challenge for the Council is the low levels of readiness of many young children entering the school system, poor attendance by many students, and disengaged parents, probably related to the intergenerational effects of residential schooling. These varying levels and engagement can make it difficult to catch up and retain these students so that they progress and reach their potential.

In an effort to improve the life chances of more and more children, since 2007 the SSDEC has focused on a few key priorities, with carefully chosen research based strategies, and a long term and relentless commitment to results:

To improve student success in <i>literacy</i>	To increase the percentage of students meeting or exceeding expectations for reading proficiency
To improve student success in <i>numeracy</i>	To increase the percentage of students meeting or exceeding expectations for numeracy proficiency
To increase understanding and practice of <i>socially responsible behaviour</i> by all members of the school community	To increase the percentage of trustees, staff and students demonstrating responsible behaviour

Accordingly, Council has remained committed to funding the *Leadership for Literacy* initiative that places and trains experienced teachers in instructional coach roles in their respective schools. These coaches provide training and in-classroom support to other teachers and support staff so that more students will achieve success in literacy and math, the essential skills required for success in school and in life.

Much has been accomplished as evidenced by improving student achievement results over the past several years. Further indicative of the SSDEC's success are the various awards received including the three *Ministerial Literacy Awards* for the *SSDEC Literacy Project*, the *Premier's Award of Excellence* for the *Trades Awareness Program* partnership, and then the *Premier's Award for Collaboration* (with Aurora College, South Slave Career Centres, Fort Smith and Hay River Health Authorities) for the *South Slave Healthy Communities Partnership* in 2009.

Further, the SSDEC's Leadership for Literacy initiative has been recognized nationally as well, being awarded *Indspire's (aka National Aboriginal Achievement) Indigenous Education Organization Award* in 2016, the *Canadian Education Association (CEA) and Reader's Digest Canadian Innovators in Education Award* 2015, and runner up for the CEA's "*Innovation that Sticks*" *Award and Case Study Program*. This is on the heels of the SSDEC becoming the first school board in Canada to win Gold in the education category of the *Public Sector Leadership Awards*, as selected by the *Institute of Public Administration of Canada (IPAC)* and Deloitte in 2014.

South Slave staff and students are excelling and benefitting accordingly as well being awarded. Aside from the recognition of the Council and the impressive recipients of the *SSDEC Excellence in Education Awards*, four of the South Slave school principals have now been selected to the exclusive National Academy of *Canada's Outstanding Principals (The Learning Partnership)*, and the SSDEC Superintendent and Assistant Superintendent are the first and only northern recipients of the *Canadian Superintendent of the Year* award (*Canadian Association of School System Administrators (CASSA) & American Association of School Administrators (AASA)*). Two of the five SSDEC trustees also received the *Queen's Diamond Jubilee* medals for exemplary service to their communities. The South Slave DEC also has 6 inductees into the NWT Education Hall of Fame

Two of the South Slave's educators have also received *Indspire Indigenous Educator Awards* and another aboriginal teacher received the *Prime Minister's Award for Teaching Excellence*. These awards are examples of how effective literacy efforts are being encouraged and supported in our Aboriginal language programs in Cree, Slavey and Chipewyan; not just English and French.

Council understands that the more engaged students and parents are, the more likely children are to achieve. This is why Council has five targets for improvement that involve parents. Below are the targets and the results for 2016/17:

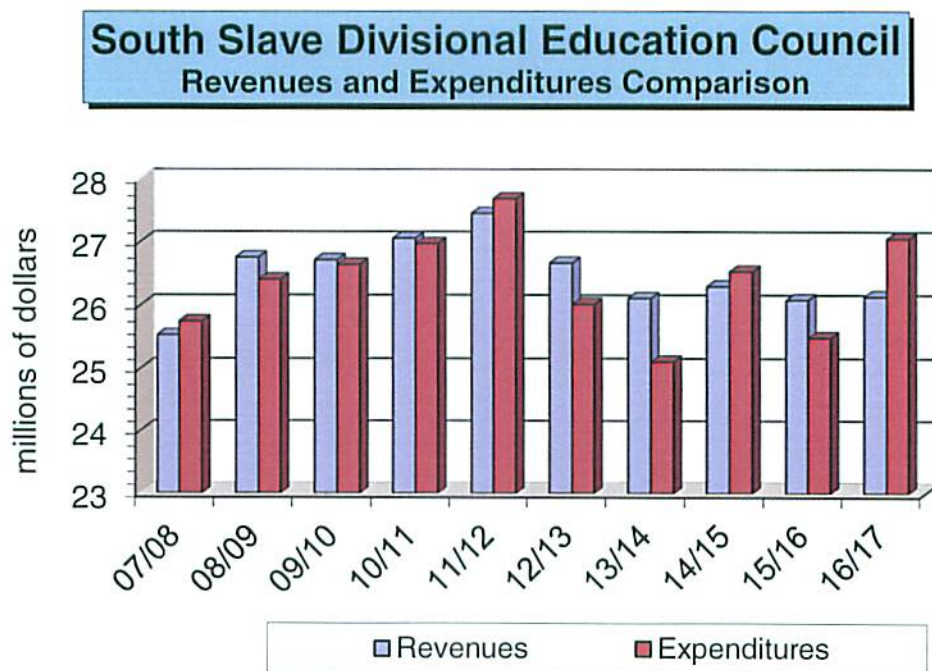
- 95% of parents (75% response rate) have discussed with their teacher and understand their child's *reading* strengths and stretches (target 90% of parents with 60% response rate)
- 94% of parents say they are satisfied with their child's growth as a *reader* (target 90%)
- 93% of parents (75% response rate) have discussed with their teacher and understand their child's *math* strengths and stretches (target 90% of parents with 60% response rate)
- 92% of parents say they are satisfied with their child's growth in *math* (target 90%)

Still, only about half of South Slave students attend at least 90% of the time, meaning that half of our students have missed a full year of schooling by the time they reach grade 10. There has also been an increase in staff use of long-term leave requests due to mental health issues. As we are unsure when staff will be able to return to their classrooms, we increasingly find ourselves hiring unqualified substitutes for repeated one and two month periods. This is not only disruptive to classroom routine, but compromises the quality of students' education and is costly for the SSDEC.

ECE's new *Education Renewal and Innovation* initiative includes aspects that look to help educate and provide support for mental health and wellness of both staff and students. Recent SSDEC strategies and targets are also intended to improve student attendance, ownership for their learning (inquiry-based, 21st century learning), pride and resiliency as part of its academic and social responsibility priorities.

Financial Condition

The bar chart below provides a historical comparison of revenues and expenditures over the past ten years.



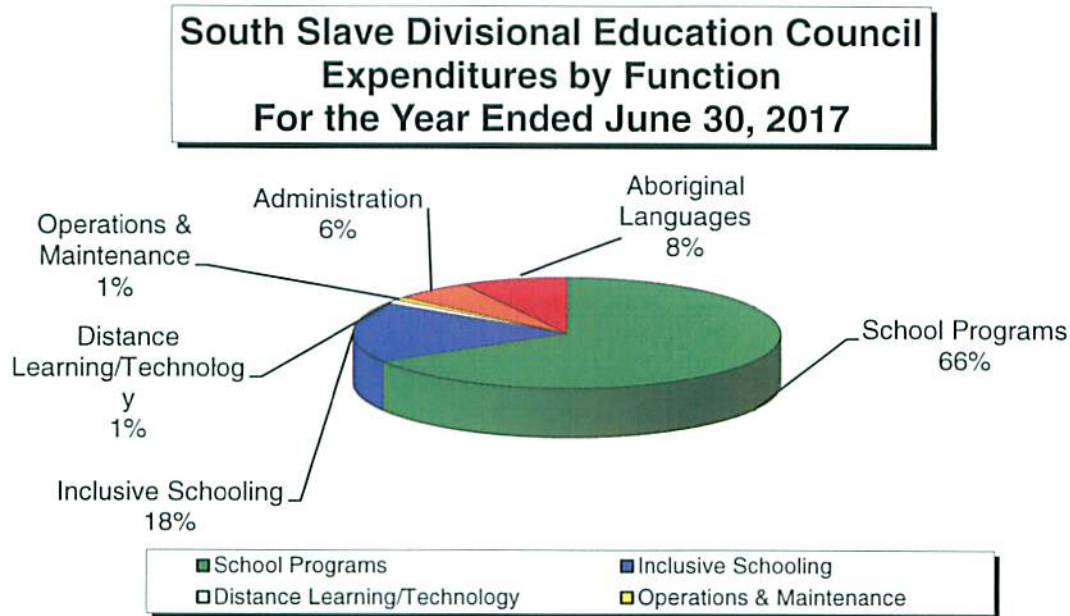
For the year ended June 30, 2017 the Council had an operating deficit of \$916,568 inclusive of DEA surpluses and deficits. This was higher than the projected deficit of \$535,204 due to a higher than normal adjustment to the Council's employee future benefits liability amount. The GNWT instructed the Council to use a different figure than last year. Also this year, payout of severance and annual leave to our Superintendent accounted for higher than projected costs while savings in other areas helped to offset these additional expenditures. Examples of savings were lower than budgeted average salaries and a number of employees on long-term sick leave without pay who were replace temporarily with casual staff at a lower rate of pay.

The accumulated uncommitted fund balance for the Council now sits at \$666,930 (see chart below) which is \$166,930 above the Council’s minimum fund balance of \$500,000 spelled out in policy DFAA – Financial Surplus. The Council’s budget for 2017/18 is a deficit budget of \$213,245 that, if realized, would bring the Council’s accumulated fund balance down to \$453,685.

	<u>2017</u>	<u>2016</u>
Accumulated Fund Balance at beginning of year	\$2,824,274	\$2,229,630
Operating Surplus/(Deficit) for year	<u>(916,568)</u>	<u>594,644</u>
Accumulated Fund Balance at end of year	\$1,907,706	\$2,824,274
Commitments against Fund Balance	<u>(1,240,776)</u>	<u>(2,235,470)</u>
Uncommitted Fund Balance at end of year	<u>\$ 666,930</u>	<u>\$ 588,804</u>

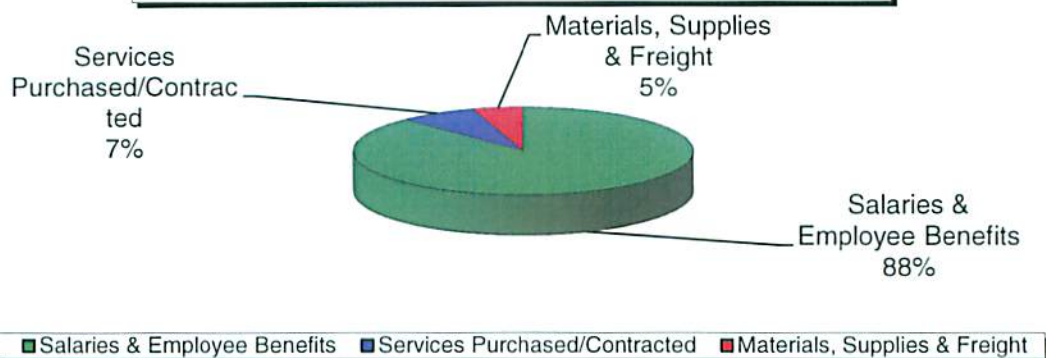
Currently the Council’s liquidity position is good but, given the back-end loading of allocation to school boards by ECE, there is still the concern that funds could be short around the end of March. Given that about 88% (see second chart below) of the SSDEC’s expenditures are for staffing payroll and benefits, any unanticipated reductions in allocations from ECE, or unexpected expenditures, would be difficult to adjust for until the following school year.

The chart below breaks down the Council’s expenditures according to the functions identified. ECE mandates that 15% of the Council’s expenditures be in Inclusive Schooling. Inclusive Schooling made up 18% of the Council’s expenditures in 2016-17. Funding spent on Aboriginal Languages is also above what was funded by ECE. A standard range of 5-7% is generally accepted as reasonable for administration expenses. As indicated below the Council’s percentage for 2016-17 is right in the middle of that range at 6%.



The chart below breaks down the Council’s expenditures into three main categories: Salaries and Employee Benefits, Materials/Supplies and Freight and Purchased/Contracted Services.

**South Slave Divisional Education Council
Details of Expenditures
For the Year Ended June 30, 2017**



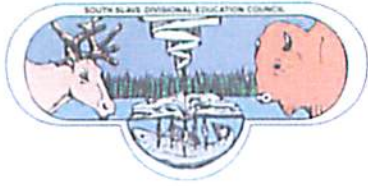
Summary and Outlook

In summary, the SSDEC is currently in a positive financial position above the Council Policy that requires at least a \$500,000 uncommitted surplus. This could change during the upcoming year given the 2017/18 deficit budget and depending on the final version of the Department's new surplus policy to which the Council policy DFAA may need to be adapted.

The Council will continue to struggle with the funding issues related to the expanded mandate of Junior Kindergarten coinciding with reductions in allocations from ECE. Approximately 60 additional four year old students have been added to our count from this past September but the overall allocations from ECE have not increased accordingly. Also the uncertainty concerning whether schools were going to be offering full or half-time Junior Kindergarten, and related bussing created uncertainty when developing our 2017/18 budget.

The Council is also wary of the process being undertaken by the Department concerning shared services. Legitimate areas where cost savings could be realized would be welcome but differences in how the various regions operate may make these efforts difficult and unworkable. The process is very rushed with no consultation with the members of Council, raising fears that resulting decisions may have an adverse effect on the quality of school programs and services.

Council is concerned that the significant progress that has been made in the South Slave in the past several years could be undone with any further efforts to reduce local input and centralize, combined with any further reductions in allocations, compounded by existing unfunded and underfunded expenses (salary increments, casual costs, etc.) and cost increases (several formula funding lines not indexed to keep up with inflation), resulting in an escalating student-educator ratio and a decrease in the quality and quantity of education programs and services that can be offered.



Creating Futures

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Minister of Education, Culture and Employment
Government of the Northwest Territories

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of South Slave Divisional Education Council have been conducted within the statutory powers of the Education Body. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Body Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture and Employment of the Government of the Northwest Territories.

Approved and confirmed on behalf of the South Slave Divisional Education Council

Dr. Curtis Brown
Superintendent

Jamie Watt, CMA
Comptroller

July 28, 2017



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INDEPENDENT AUDITORS' REPORT

To the Minister of Education, Culture and Employment
Government of the Northwest Territories

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of South Slave Divisional Education Council which comprise the Consolidated Statement of Financial Position as at June 30, 2017 and the Consolidated Statements of Changes in Net Financial Resources (Debt), Operations and Cash Flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Basis for Qualified Opinion

The Government of the Northwest Territories is responsible for the calculation and distribution of a significant portion of the Council's salaries and wages that appear on the consolidated statement of operations, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT was accurately reflected in the Council's records. Consequently, we were unable to determine whether adjustments to the financial performance and cash flows might be necessary for the years ended June 30, 2016, and June 30, 2017.

INDEPENDENT AUDITORS' REPORT (continued)

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of South Slave Divisional Education Council as at June 30, 2017 and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the Financial Administration Act, in our opinion, proper books of account have been maintained by South Slave Divisional Education Council, the consolidated financial statements are in agreement therewith and the transactions of the Council that have come under our notice have, in all significant respects, been within the statutory powers of the Council.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the consolidated financial statements of South Slave Divisional Education Council taken as a whole. The supplementary information included on Schedules 2 through 26 is presented for purposes of additional information and is not a required part of the consolidated financial statements. Such supplementary information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of consolidated financial statements taken as a whole.

Avery Cooper & Co. Ltd.

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

July 28, 2017

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents (Note 4)	\$6,781,784	\$7,667,063
Trust Assets (Note 18)	80,030	80,251
Due from the GNWT (Note 8)	98,376	7,072
Due from the Government of Canada (Note 8)	1,574	0
Other Accounts Receivable (Note 8)	<u>203,066</u>	<u>219,177</u>
Total Financial Assets	<u>\$7,164,829</u>	<u>\$7,973,563</u>
<u>Liabilities</u>		
Bank Indebtedness	\$0	\$18,098
Accounts Payable and Accrued Liabilities (Note 10)	52,642	204,970
Trust Liabilities (Note 18)	80,030	80,251
Due to the GNWT (Note 10)	13,848	52,626
Payroll Liabilities (Note 10)	1,139,673	1,902,715
Deferred Revenue (Note 11)	7,067	127,199
Post-Employment Benefits (Note 17)	<u>3,963,864</u>	<u>2,763,430</u>
Total Liabilities	<u>\$5,257,123</u>	<u>\$5,149,289</u>
Net Financial Resources	<u>\$1,907,706</u>	<u>\$2,824,274</u>
<u>Non-Financial Assets</u>		
Prepaid Expenses (Note 20)	\$0	\$0
Accumulated Fund Balance	<u><u>\$1,907,706</u></u>	<u><u>\$2,824,274</u></u>

Contractual Obligations and Contingencies (Notes 24 and 25)

Approved:


Chairperson


Comptroller

See attached notes and schedules.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL RESOURCES
For the Year Ended June 30, 2017**

	Unaudited 2017 Budget	2017	2016
Operating Surplus/(Deficit) (Statement III)	(\$446,952)	(\$916,568)	\$594,644
Prior Year Adjustments	<u> </u>	<u> 0</u>	<u> 0</u>
Increase/(Decrease) in Net Financial Resources	(\$446,952)	(\$916,568)	\$594,644
Opening Net Financial Resources	<u> 2,824,274</u>	<u> 2,824,274</u>	<u> 2,229,630</u>
Closing Net Financial Resources	<u><u> \$2,377,322</u></u>	<u><u> \$1,907,706</u></u>	<u><u> \$2,824,274</u></u>

See attached notes and schedules.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	(Note 27) (unaudited) <u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
ECE Regular Contributions	\$23,889,000	\$24,210,617	\$23,975,720
Other ECE Contributions	477,700	790,236	1,022,817
Total ECE Contributions	<u>\$24,366,700</u>	<u>\$25,000,853</u>	<u>\$24,998,537</u>
Other GNWT Contributions	\$0	\$450,055	\$304,653
Total GNWT Contributions	<u>\$24,366,700</u>	<u>\$25,450,907</u>	<u>\$25,303,190</u>
Other Education Bodies	\$0	\$0	\$68,361
Government of Canada Contributions	\$0	\$0	\$0
Generated Funds			
Investment Income	\$600	\$58,847	\$53,443
Non-GNWT Contributions	0	251,883	238,728
Donations	0	152,441	112,608
Other	62,000	221,770	309,256
Total Generated Funds	<u>\$62,600</u>	<u>\$684,941</u>	<u>\$714,035</u>
Total Revenues	<u>\$24,429,300</u>	<u>\$26,135,848</u>	<u>\$26,085,586</u>
<u>EXPENSES (Schedule 1)</u>			
Administration	\$1,524,176	\$1,603,287	\$1,515,303
School Programs	15,641,350	17,959,713	16,723,478
Inclusive Schooling	5,005,852	4,771,459	4,556,887
Distance Learning/Technology	330,900	306,471	326,180
Operations and Maintenance	394,594	232,884	285,636
Aboriginal Language/Cultural Programs	1,979,380	2,178,602	2,083,458
Total Expenses	<u>\$24,876,252</u>	<u>\$27,052,416</u>	<u>\$25,490,942</u>
OPERATING SURPLUS/(DEFICIT)	<u><u>(\$446,952)</u></u>	<u><u>(\$916,568)</u></u>	<u><u>\$594,644</u></u>
Opening Fund Balance		<u>2,824,274</u>	<u>2,229,630</u>
Closing Fund Balance		<u><u>\$1,907,706</u></u>	<u><u>\$2,824,274</u></u>

See attached notes and schedules.

Statement IV

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED STATEMENT OF CASH FLOW
For the Year Ended June 30, 2017**

	<u>2017</u>	<u>2016</u>
Cash Provided By (Used In):		
Operating Surplus/(Deficit)	(\$916,568)	\$594,644
Changes in Non-cash Assets and Liabilities		
Decrease (increase) due from Government of Canada	(\$1,574)	\$0
Decrease (increase) in accounts receivable	(75,193)	(30,786)
Increase (decrease) in acc. payroll/emp. deductions	(763,042)	(87,928)
Increase (decrease) in accounts payable	(191,107)	67,955
Increase (decrease) in trust liability	(221)	279
Increase (decrease) in deferred revenue	(120,132)	40,941
Increase (decrease) in post-employment benefits	1,200,435	191,521
Decrease (increase) in prepaid expenses	<u>0</u>	<u>0</u>
Cash Provided by (Used In) Operating Transactions	<u>(\$867,402)</u>	<u>\$776,626</u>
Increase/(Decrease) in Cash and Cash Equivalents	<u>(\$867,402)</u>	<u>\$776,626</u>
Cash and Cash Equivalents at Beginning of Year	\$7,729,216	\$6,952,590
Cash and Cash Equivalents at End of Year	<u><u>\$6,861,814</u></u>	<u><u>\$7,729,216</u></u>

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Note 1. Nature of the Organization

The Council was formerly known as the South Slave Divisional Board of Education. With the adoption of the new Education Act, its legal name is now the South Slave Divisional Education Council (Council).

The Council was established under the Education Act of the Government of the Northwest Territories by order of the Minister of Education dated July 1, 1991. Its purpose is to administer and maintain standards of educational programs defined under the Act in the member communities of the South Slave region.

Consequently, the Council is economically dependent upon funding from the Department of Education, Culture and Employment of the GNWT. Member communities have formed local District Education Authorities (DEA) which have assumed the responsibility of providing sufficient educational programs within their respective communities.

Note 2. Significant Accounting Policies

a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under this basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques, and short term highly liquid investments that are readily convertible to cash and usually with a maturity date of 90 days or less from the date of acquisition.

c) 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 at its fair value, the initial fair value is adjusted for financing fees and transaction 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.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Financial assets subsequently measured at amortized costs include cash, accountable funds, due from the GNWT and other accounts receivable.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, accrued salaries, deferred revenue, post-employment benefits and accountable funds.

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 or 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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by the Council because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Council.

e) Tangible Capital Assets

All buildings and works, furniture, equipment and vehicles are the property of the GNWT. The Minister grants to the Education Authority the full occupancy and use of such facilities and equipment where required for the administration and delivery of education system programs. Capital assets with a value in excess of \$50,000 are recorded at cost and amortized in accordance with the Financial Administration Manual guidelines by the GNWT. Capital assets with a value of less than \$50,000 are recorded as a current expenditure.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

f) Revenue Recognition

Government Transfers

Revenues are recognized in the period in which the transactions or events occur that give rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

GNWT – Regular contributions

The regular contributions from the GNWT are determined by a funding formula and are received in monthly installments. The council retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided for by the formula, must first be approved by the GNWT.

Other contributions

The Council follows the deferral method of accounting for other contributions. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Deferred revenue

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenses are incurred.

Investment income

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Investment income is recognized when received or receivable, if the amount can be reasonable estimated.

g) Budget Data

The *Education Act* of the NWT requires that the Council prepare an annual budget, as outlined in Sections 128 and 129.

The priorities and funding allocations are determined by the Council and the budget is then legally adopted by a motion of the Council in accordance with Section 135(3) of the *Education Act*.

Council approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by sections 117(2)(k), (l) and (m) of the *Education Act*.

The annual budget includes estimates of revenues, expenditures and the net operating surplus/(deficit). Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Council.

The budget may be amended within a given fiscal year in accordance with Council policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

h) Measurement Uncertainty

The preparation of these consolidated 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

i) Inventories Including Materials and Supplies

Inventories of books, materials, supplies and other expendables purchased by the Council are treated as expenditures during the year of acquisition and are not being recorded on the statement of financial position.

j) Payroll Liabilities

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

According to the Northwest Territories Teachers Association (NWTTA) and GNWT Collective Agreement, teaching staff have their salary issued by the GNWT bi-weekly pay system. NWTTA staff will have earned their annual salary by June 30th of each year which provides for continued payment during the summer. GNWT payroll for NWTTA staff starts with the annualized salary commitment for compensation and then allocates the complete payout of that value over the number of pay periods between August 1 and July 31 (usually 26). The pay periods that fall within the month of July therefore have to be accrued.

The duties and compensation base for UNW school year employees are scheduled to align with the academic year although the actual start dates and durations vary by specific location and job function. Accordingly, the Council determines the start dates of their UNW employees and accrues the related payroll liability as necessary.

All other staff salaries are accrued to include earnings to June 30th.

k) Other employee future benefits and compensated absences

Under the terms and conditions of employment, Council employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave is recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits (except parental and maternity leave) has been prepared using data provided by the GNWT and assumptions based on management's best estimates.

l) Special Purpose Funds

School activity funds which are fully controlled by the Council with respect to when and how the funds available can be disbursed are included in these financial statements. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising and/or contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Student activity funds which are controlled by students or parties other than the Council are not included in these financial statements even if custody of the funds is held by the Council. Examples might include student clubs or associations for which the Council has no on-going responsibility or liability for losses.

Note 3. Future Accounting Changes

- a) Related Party Transactions: inter-equity transfer valuations (PS3420 April 2018).
- b) Restructuring transactions (PS3430 – April 1, 2018)
- c) Financial instruments (PS3450 – April 1, 2019)
- d) Student Activity/Fiduciary funds policy under review for possible inclusion in Special Purpose Funds.

Note 4. Cash and Cash Equivalents

	<u>2017</u>	<u>2016</u>
Cash	\$6,781,784	\$7,667,063
Trust Assets	80,030	80,251
Bank Indebtedness	<u>0</u>	<u>(18,098)</u>
Total	<u>\$6,861,814</u>	<u>\$7,729,216</u>

Note 5. Special Purpose Funds

Nothing to report.

Note 6. Restricted Assets

Nothing to report.

Note 7. Portfolio Investments

Nothing to report.

Note 8. Accounts Receivable

	<u>2017 Net</u>	<u>2016 Net</u>
GNWT – Finance	\$ 6,570	\$ 0
GNWT – HSS	250	0
GNWT – ECE	<u>91,556</u>	<u>7,072</u>
Total due from GNWT	\$ 98,376	\$ 7,072
Due from Government of Canada	1,574	0
Other	<u>203,066</u>	<u>219,177</u>
Total Receivables	<u>\$303,016</u>	<u>\$226,249</u>

Note 9. Inventories

Not applicable.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Note 10. Accounts Payable and Accrued Liabilities

	<u>2017</u>	<u>2016</u>
WSCC	\$ 0	\$ 52,626
GNWT – Dept. of Finance (payroll)	1,139,673	1,902,715
Princess Alexandra	345	0
GNWT – Dept. of Education, Culture & Employment	<u>13,503</u>	<u>0</u>
Total Due to GNWT	\$1,153,521	1,955,341
Other	<u>52,642</u>	<u>204,970</u>
Total Accounts Payable	<u>\$1,206,163</u>	<u>\$2,160,311</u>

Note 11. Deferred Revenue

	<u>2017</u>	<u>2016</u>
Self-Regulation resources (from ECE)	\$ 1,615	\$ 3,794
Deninu Youth Contribution (MACA)	0	5,000
Regional Youth Sports – DJSS (MACA)	0	9,500
Three Feathers (MACA)	0	5,000
Regional Youth Sports – Deninu (MACA)	5,000	2,500
TLC Funding (ECE)	<u>0</u>	<u>0</u>
Total GNWT	\$ 6,615	\$ 25,794
Three Feathers donations	0	89,291
My First Hunt Book	0	5,200
Autism Speaks	<u>452</u>	<u>6,914</u>
Total Deferred Revenue	<u>\$ 7,067</u>	<u>\$ 127,199</u>

Note 12. Contribution Repayable

An accrued liability has been set up for an amount owed to the GNWT of \$13,503. See Note 10.

Note 13. Due To/From the Government of Canada

An amount is owed to the SSDEC from the Library of Parliament. See Note 8.

14. Capital Lease Obligations

Nothing to report.

15. Pensions

Nothing to report.

16. Long-term Debt

Nothing to report

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

17. Other employee future benefits and compensated absences

In addition to pension benefits the Council provides severance (resignation and retirement), removal and compensated absences (sick, special, parental and maternity leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to Council employees based on the type of termination (resignation vs. retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to, employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation result

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2017 and the results extrapolated the June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	Severance and Removal \$	Compensated Absences \$	2017 \$	2016 \$
Changes in Obligation				
Accrued benefit obligations at beginning of year	\$2,047,736	\$328,702	\$2,376,438	\$4,189,889
Current period benefit cost	\$93,407	\$19,642	\$113,050	\$579,248
Interest accrued	\$62,381	\$10,331	\$72,712	\$105,980
Benefits payments	(\$488,885)	(\$51,005)	(\$539,890)	(\$301,657)
Plan amendments	\$0	\$0	\$0	\$0
Actuarial (gains)/losses	\$214,249	\$220,684	\$434,932	(\$2,197,022)

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Accrued benefit obligations at end of year	\$1,928,888	\$528,354	\$2,457,242	\$2,376,438
Surplus/(deficit) at end of year	(\$1,928,888)	(\$528,354)	(\$2,457,242)	(\$2,376,438)
Unamortized net actuarial (gain)/loss	(\$1,365,891)	(\$140,730)	(\$1,506,621)	(\$2,197,022)
Net future obligation	(\$3,294,779)	(\$669,084)	(\$3,963,864)	(\$4,573,460)
Other employee future benefits	\$0	\$0	\$0	\$0
Other compensated absences	\$0	\$0	\$0	\$0
Total employee future benefits and compensated absences	(\$3,294,779)	(\$669,084)	(\$3,963,864)	(\$4,573,460)
Benefits Expense				
Current period benefit cost	\$93,407	\$19,642	\$113,050	\$579,248
Interest accrued	\$62,381	\$10,331	\$72,712	\$105,980
Plan amendments	\$0	\$0	\$0	\$0
Amortization of actuarial gains	(\$207,913)	(\$47,555)	(\$255,468)	\$0
Total Expense	(\$52,125)	(\$17,582)	(\$69,706)	\$685,228

The discount rate used to determine the accrued benefit obligation is an average of 3.30%. No inflation rate was applied. The expected payments during the next five fiscal years are:

	Severance & Removal \$	Compensated Absences \$	Total \$
2018	\$382,417	\$86,766	\$469,183
2019	\$326,440	\$83,323	\$409,763
2020	\$286,782	\$78,300	\$365,082
2021	\$271,431	\$71,593	\$343,024
2022	\$217,017	\$59,883	\$276,900
	\$1,484,087	\$379,865	\$1,863,952

18. Trust Assets Under Administration

	<u>2017</u>	<u>2016</u>
Andrew John Piche Scholarship Fund	\$80,030	\$80,251

19. Tangible Capital Assets

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

Nothing to report.

20. Prepaid Expenses

Nothing to report.

21. Accumulated Surplus/Deficit

Accumulated surplus/deficit is included in the Statement of Financial Position.

22. Capital Advances

Not applicable.

23. GNWT Assets Provided at no Cost.

	<u>Cost</u>	<u>Acc. Amort.</u>	<u>2017 NBV</u>	<u>2016 NBV</u>
Joseph Burr Tyrrell School	\$9,413,957	\$4,862,018	\$4,551,939	\$4,791,777
Paul William Kaeser School	\$7,635,685	\$4,908,653	\$2,727,032	\$2,941,484
Deninu School	\$4,991,454	\$4991,454	\$0	\$0
Lutsel K'e Dene School	\$2,117,192	\$1,676,403	\$440,789	\$497,665
Princess Alexandra School	\$7,672,236	\$4,955,740	\$2,716,496	\$2,993,787
Diamond Jenness School	\$34,298,324	\$10,284,177	\$24,014,147	\$25,231,064
Harry Camsell School	\$6,429,919	\$3,961,655	\$2,468,264	\$2,661,530
Chief Sunrise Education Ctr.	\$2,444,710	\$1,029,547	\$1,415,163	\$1,326,120
DJSS Trades Building	\$2,423,804	\$405,819	\$2,017,985	\$2,078,524
Hay River Central Seacan	\$832,998	\$347,083	\$485,916	\$541,449
PWK High School Seacan	\$687,229	\$286,346	\$400,884	\$446,699
PWK Welding Shop	\$389,368	\$25,958	\$363,411	\$373,144
	\$79,388,523	\$37,786,499	\$41,602,025	\$43,939,460

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

24. Contractual Obligations

	<u>Expired in 2017</u>	<u>2018</u>	<u>2019 Onward</u>	<u>Total</u>
Commercial/Residential Leases	\$158,650	\$158,650	\$ 52,884	\$370,184
Equipment Leases	<u>15,669</u>	<u>9,575</u>	<u>693</u>	<u>25,937</u>
Totals	<u>\$174,319</u>	<u>\$168,225</u>	<u>\$ 53,577</u>	<u>\$396,121</u>

25. Contingencies

Nothing to report.

26. Related Parties

The Council is related, in terms of common ownership, to all GNWT created departments, agencies and corporations. The Council enters into transactions with these entities in the normal course of business. The Council is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, payroll services and internal audit services by the Department of Finance and utilities and maintenance by Public Works and Services. Transactions with related parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note.

Accounts Payable

	<u>2017</u>	<u>2016</u>
Dept. of Finance	\$1,139,673	\$1,902,803
Dept. of Education, Culture and Employment	13,503	0
Princess Alexandra School	345	0

Accounts Receivable

Lutsel K'e DEA	\$ 2,034	0
Diamond Jenness School	260	0
Paul William Kaeser School	1,643	0
Joseph Burr Tyrrell School	1,544	0
Dept. of Finance	6,570	
Dept. of Health and Social Services	250	0
Dept. of Education, Culture and Employment	91,556	7,072

27. Budget Data

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

The Education Act of the Northwest Territories requires that Education Bodies prepare an annual budget as outlined in Section 117, Duties of Education Body. The budget is legally adopted by a motion of the Council which may or may not include the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation of the Education Act.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Council.

The budget figures presented are those approved by the Minister of Education, Culture and Employment on August 8, 2016 and have not been audited.

28. Economic Dependence

The South Slave Divisional Education Council receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the South Slave Divisional Education Council's operations would be significantly affected.

29. Financial Instruments

The Council's carrying value of cash, accounts receivable, due from the GNWT, accounts payable and accrued liabilities, due to the GNWT, accrued salaries and the trust liability approximate fair value due to the immediate and short-term maturity of these instruments.

The Council's carrying value of the accrued leave and termination benefits approximates fair value due to the information readily available in the NWTTA, UNW and Senior Manager's Handbook.

It is management's opinion that the Council is not exposed to significant interest rate, currency, market, credit, liquidity or cash flow risks arising from these financial instruments and that there are no significant concentrations of such risks.

30. Expenses by Object

	<u>2017 Budget</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
Compensation	\$21,723,033	\$23,744,651	\$22,035,910
Other	3,153,219	3,307,765	3,455,032
Total	<u>\$24,876,252</u>	<u>\$27,052,416</u>	<u>\$25,490,942</u>

31. Subsequent Events

Nothing to report.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2017

32. Comparative Figures

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior surplus.

33. Commitments Against Surplus

The Council currently has approved commitments against its surplus of \$1,240,776 consisting mainly of school staffing surpluses as detailed in Schedule 26 to the financial statements.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017**

	School Programs	Inclusive Schooling	Distance Learning/Tech	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers	\$13,153,222	\$1,900,390	\$0	\$0	\$0	\$950,737	\$0	\$16,004,349
Instruction Assistants	\$137,731	\$1,695,288	\$0	\$0	\$0	\$435,238	\$0	\$2,268,257
Non-Instructional Staff	\$1,805,778	\$375,959	\$242,569	\$0	\$1,217,923	\$14,788	\$0	\$3,657,017
Board/Trustee Honoraria	\$3,650	\$0	\$0	\$0	\$39,429	\$7,475	\$0	\$50,554
Employee Benefits								
Employee Benefits/Allowances	\$228,799	\$78,127	\$3,720	\$0	\$11,161	\$27,902	\$0	\$349,709
Leave & Termination Benefits	\$925,618	\$316,065	\$15,051	\$0	\$45,152	\$112,880	\$0	\$1,414,766
Services Purchased/Contracted								
Professional/Technical Services	\$174,950	\$43,008	\$0	\$1,475	\$36,246	\$16,695	\$0	\$272,374
Postage/Communication	\$74,513	\$0	\$0	\$0	\$22,675	\$201	\$0	\$97,389
Utilities	\$948	\$0	\$0	\$0	\$0	\$0	\$0	\$948
Travel	\$146,416	\$192,564	\$12,284	\$0	\$85,247	\$75,926	\$0	\$512,438
Student Travel	\$111,380	\$1,865	\$0	\$0	\$0	\$2,512	\$0	\$115,757
Advertising/Printing/Publishing	\$2,106	\$3,250	\$0	\$1,995	\$15,628	\$61,210	\$0	\$84,188
Maintenance/Repair	\$5,899	\$0	\$0	\$0	\$12,564	\$769	\$0	\$19,231
Rentals/Leases	\$65,308	\$6,026	\$0	\$159,250	\$28,403	\$15,706	\$0	\$274,694
Contracted Services	\$350,341	\$22,203	\$800	\$7,758	\$14,205	\$244,562	\$0	\$639,869
Materials/Supplies/Freight								
Materials	\$749,102	\$134,931	\$32,047	\$47,925	\$73,073	\$209,407	\$0	\$1,246,486
Freight	\$23,952	\$1,782	\$0	\$14,481	\$1,580	\$2,595	\$0	\$44,391
Total	\$17,959,713	\$4,771,459	\$306,471	\$232,884	\$1,603,286	\$2,178,602	\$0	\$27,052,416

**FORT SMITH DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$166,020	\$175,230
Cash Held in Trust	80,030	80,251
Other Accounts Receivable (net)	1,033	1,033
	<u> </u>	<u> </u>
Total Financial Assets	<u>\$247,083</u>	<u>\$256,514</u>
<u>Liabilities</u>		
Accounts Payable & Accrued Liabilities	(\$3)	(\$3)
Trust Liability	80,030	80,251
	<u> </u>	<u> </u>
Total Liabilities	<u>\$80,027</u>	<u>\$80,248</u>
Net Financial Resources	<u>\$167,057</u>	<u>\$176,266</u>
Fund Balance	<u><u>\$167,057</u></u>	<u><u>\$176,266</u></u>

**FORT SMITH DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	<u>2017 Budget (unaudited)</u>	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>			
ECE Contributions			
ECE Regular Contributions	\$495,506	\$456,529	\$505,991
Other ECE Contributions	0	15,602	93,601
Total ECE Contributions	<u>\$495,506</u>	<u>\$472,131</u>	<u>\$599,592</u>
Other GNWT Contributions	\$0	\$22,400	\$0
Total GNWT Contributions	<u>\$495,506</u>	<u>\$494,531</u>	<u>\$599,592</u>
Generated Funds			
Investment Income	\$600	\$547	\$648
Other	42,500	67,515	69,849
Total Generated Funds	<u>\$43,100</u>	<u>\$68,062</u>	<u>\$70,497</u>
Total Revenues	<u>\$538,606</u>	<u>\$562,593</u>	<u>\$670,089</u>
<u>EXPENSES (Schedule 4)</u>			
Administration	\$65,550	\$71,529	\$71,912
School Programs	383,133	380,912	398,358
Inclusive Schooling	50,435	13,210	14,007
Student Accommodations	0	0	0
Operations and Maintenance	0	20,506	27,034
Aboriginal Language/Cultural Programs	99,444	85,646	103,627
Total Expenses	<u>\$598,562</u>	<u>\$571,803</u>	<u>\$614,938</u>
Operating Surplu/(Deficit)	<u>(\$59,956)</u>	(\$9,209)	\$55,151
Fund Balance at beginning of year		176,266	121,115
Prior Period Adjustment		<u>\$0</u>	<u>0</u>
Fund Balance at end of year		<u>\$167,057</u>	<u>\$176,266</u>

FORT SMITH DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers	\$3,392							\$3,392
Instruction Assistants								\$0
Non-Instructional Staff					\$64,314			\$64,314
Board/Trustee Honoraria								\$0
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services								\$0
Postage/Communication	\$27,231				\$3,026			\$30,256
Utilities								\$0
Travel								\$0
Student Travel								\$0
Advertising/Printing/Publishing	\$150							\$150
Maintenance/Repair	\$1,868							\$1,868
Rentals/Leases	\$15,497				\$1,722			\$17,219
Contracted Services	\$73,569							\$73,569
Materials/Supplies/Freight								
Materials	\$259,206	\$13,210		\$20,506	\$2,467	\$85,646		\$381,034
Freight								\$0
Total	\$380,912	\$13,210	\$0	\$20,506	\$71,529	\$85,646	\$0	\$571,803

**HAY RIVER DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$176,910	\$259,471
Due from the GNWT	0	0
Other Accounts Receivable (net)	<u>23,481</u>	<u>19,899</u>
Total Financial Assets	<u>\$200,391</u>	<u>\$279,370</u>
<u>Liabilities</u>		
Accounts Payable & Accrued Liabilities	<u>\$1,019</u>	<u>\$115,379</u>
Total Liabilities	<u>\$1,019</u>	<u>\$115,379</u>
Net Financial Resources	<u>\$199,372</u>	<u>\$163,991</u>
Fund Balance	<u>\$199,372</u>	<u>\$163,991</u>

**HAY RIVER DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	<u>2017 Budget (unaudited)</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
ECE Regular Contributions	\$552,864	\$552,864	\$557,141
Other ECE Contributions	0	140,341	80,506
Total ECE Contributions	<u>\$552,864</u>	<u>\$693,205</u>	<u>\$637,647</u>
Other GNWT Contributions	\$0	\$31,200	\$23,265
Total GNWT Contributions	<u>\$552,864</u>	<u>\$724,405</u>	<u>\$23,265</u>
Generated Funds			
Investment Income	\$0	\$599	\$792
Other	19,500	97,262	108,491
Total Generated Funds	<u>\$19,500</u>	<u>\$97,861</u>	<u>\$109,283</u>
Total Revenues	<u>\$572,364</u>	<u>\$822,266</u>	<u>\$770,195</u>
<u>EXPENSES (Schedule 7)</u>			
Administration	\$120,476	\$117,843	\$120,057
School Programs	451,888	583,468	776,444
Inclusive Schooling	0	0	0
Student Accommodations	0	0	0
Operations and Maintenance	0	33,006	37,023
Aboriginal Language/Cultural Programs	0	52,568	43,578
Total Expenses	<u>\$572,364</u>	<u>\$786,885</u>	<u>\$977,102</u>
Operating Surplus/(Deficit)	<u>\$0</u>	<u>\$35,381</u>	<u>(\$206,907)</u>
Fund Balance at beginning of year		<u>163,991</u>	<u>370,898</u>
Fund Balance at end of year		<u>\$199,372</u>	<u>\$163,991</u>

HAY RIVER DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers								\$0
Instruction Assistants	\$137,731					\$19,527		\$157,258
Non-Instructional Staff					\$105,852			\$105,852
Board/Trustee Honoraria					\$8,278			\$8,278
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services	\$104,000							\$104,000
Postage/Communication	\$24,125				\$2,901			\$27,026
Utilities								\$0
Travel								\$0
Student Travel	\$600							\$600
Advertising/Printing/Publishing								\$0
Maintenance/Repair								\$0
Rentals/Leases	\$32,768							\$32,768
Contracted Services	\$147,077							\$147,077
Materials/Supplies/Freight								
Materials	\$137,167			\$19,306	\$812	\$33,041		\$190,326
Freight				\$13,700				\$13,700
Total	\$583,468	\$0	\$0	\$33,006	\$117,843	\$52,568	\$0	\$786,885

K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$14,661	\$6,879
Other Accounts Receivable (net)	<u>3,274</u>	<u>1,710</u>
Total Financial Assets	<u>\$17,935</u>	<u>\$8,589</u>
<u>Liabilities</u>		
Accounts Payable & Accrued Liabilities	<u>\$3,262</u>	<u>\$14,665</u>
Total Liabilities	<u>\$3,262</u>	<u>\$14,665</u>
Net Financial Resources	<u>\$14,673</u>	<u>(\$6,076)</u>
Fund Balance	<u>\$14,673</u>	<u>(\$6,076)</u>

K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017

	2017 Budget (unaudited)	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$56,091	\$56,091	\$44,204
Other ECE Contributions	0	52,498	43,665
Total ECE Contributions	<u>\$56,091</u>	<u>\$108,589</u>	<u>\$87,869</u>
Other GNWT Contributions	\$0	\$9,000	\$45,950
Total GNWT Contributions	<u>\$56,091</u>	<u>\$117,589</u>	<u>\$133,819</u>
Generated Funds			
Investment Income	\$0	\$3	\$3
Other	0	10,737	26,395
Total Generated Funds	<u>\$0</u>	<u>\$10,740</u>	<u>\$26,398</u>
Total Revenues	<u>\$56,091</u>	<u>\$128,329</u>	<u>\$160,217</u>
<u>EXPENSES (Schedule 7)</u>			
Administration	\$27,250	\$30,962	\$21,000
School Programs	18,841	44,976	85,733
Inclusive Schooling	0	17,000	43,327
Student Accommodations	0	0	0
Operations and Maintenance	4,000	2,858	5,492
Aboriginal Language/Cultural Programs	6,000	11,783	18,100
Total Expenses	<u>\$56,091</u>	<u>\$107,580</u>	<u>\$173,651</u>
Operating Surplus/(Deficit)	<u>\$0</u>	\$20,749	(\$13,434)
Fund Balance at beginning of year		<u>(\$6,076)</u>	<u>7,358</u>
Fund Balance at end of year		<u>\$14,673</u>	<u>(\$6,076)</u>

K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers								\$0
Instruction Assistants								\$0
Non-Instructional Staff	\$532	\$8,807			\$2,023			\$11,362
Board/Trustee Honoraria	\$2,650				\$9,460	\$7,475		\$19,585
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services					\$3,283			\$3,283
Postage/Communication					\$2,755			\$2,755
Utilities								\$0
Travel	\$163	\$3,901			\$5,833	\$72		\$9,970
Student Travel								\$0
Advertising/Printing/Publishing								\$0
Maintenance/Repair	\$2,020				\$1,264			\$3,284
Rentals/Leases					\$3,036			\$3,036
Contracted Services		\$1,753		\$2,858	\$2,247	\$3,126		\$9,984
Materials/Supplies/Freight								
Materials	\$39,612	\$2,538			\$1,061	\$1,110		\$44,321
Freight								\$0
Total	\$44,976	\$17,000	\$0	\$2,858	\$30,962	\$11,783	\$0	\$107,580

**FORT RESOLUTION DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$92,608	\$181,906
Due from GNWT	0	0
Other Accounts Receivable (net)	0	0
	<hr/>	<hr/>
Total Financial Assets	\$92,608	\$181,906
	<hr/>	<hr/>
<u>Liabilities</u>		
Payroll Liabilities	\$552	(\$333)
	<hr/>	<hr/>
Total Liabilities	\$552	(\$333)
	<hr/>	<hr/>
Net Financial Resources	\$92,056	\$182,239
	<hr/>	<hr/>
Fund Balance	\$92,056	\$182,239
	<hr/> <hr/>	<hr/> <hr/>

**FORT RESOLUTION DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	<u>2017 Budget</u> <u>(unaudited)</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$82,286	\$82,286	\$83,724
Other ECE Contributions	0	85,534	104,355
Total ECE Contributions	<u>\$82,286</u>	<u>\$187,820</u>	<u>\$188,079</u>
Other GNWT Contributions	\$0	\$88,016	\$63,611
Total GNWT Contributions	<u>\$82,286</u>	<u>\$255,836</u>	<u>\$251,690</u>
Generated Funds			
Investment Income	\$0	\$34	\$196
Other	0	25,000	47,016
Total Generated Funds	<u>\$0</u>	<u>\$25,034</u>	<u>\$47,212</u>
Total Revenues	<u>\$82,286</u>	<u>\$280,869</u>	<u>\$298,902</u>
<u>EXPENSES (Schedule 7)</u>			
Administration	\$29,000	\$29,815	\$44,370
School Programs	23,786	260,373	178,347
Inclusive Schooling	0	38,342	36,380
Student Accommodations	0	0	0
Operations and Maintenance	4,500	7,312	11,817
Aboriginal Language/Cultural Programs	25,000	35,210	32,745
Total Expenses	<u>\$82,286</u>	<u>\$371,053</u>	<u>\$303,659</u>
Operating Surplus/(Deficit)	<u>\$0</u>	(\$90,183)	(\$4,757)
Fund Balance at beginning of year		<u>182,239</u>	<u>186,996</u>
Fund Balance at end of year		<u>\$92,056</u>	<u>\$182,239</u>

FORT RESOLUTION DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers								\$0
Instruction Assistants								\$0
Non-Instructional Staff		\$30,801			\$1,819			\$32,621
Board/Trustee Honoraria					\$10,325			\$10,325
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services								\$0
Postage/Communication					\$5,202	\$21		\$5,223
Utilities	\$948							\$948
Travel	\$8,899				\$2,291	\$750		\$11,940
Student Travel	\$15,939					\$2,250		\$18,189
Advertising/Printing/Publishing	\$1,542				\$6,034	\$721		\$8,296
Maintenance/Repair					\$88			\$88
Rentals/Leases	\$14,451				\$3,257			\$17,708
Contracted Services	\$43,240	\$450		\$1,400		\$11,140		\$56,230
Materials/Supplies/Freight								
Materials	\$166,871	\$7,091		\$5,912	\$800	\$20,225		\$200,898
Freight	\$8,484					\$103		\$8,588
Total	\$260,373	\$38,342	\$0	\$7,312	\$29,815	\$35,210	\$0	\$371,053

**LUTSEL K'E DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$7,952	\$0
Other Accounts Receivable (net)	<u>0</u>	<u>0</u>
Total Financial Assets	<u>\$7,952</u>	<u>\$0</u>
<u>Liabilities</u>		
Bank Indebtedness	\$0	\$18,098
Accounts Payable & Accrued Liabilities	<u>95</u>	<u>88</u>
Total Liabilities	<u>\$95</u>	<u>\$18,186</u>
Net Financial Resources	<u>\$7,857</u>	<u>(\$18,186)</u>
Fund Balance	<u><u>\$7,857</u></u>	<u><u>(\$18,186)</u></u>

**LUTSEL K'E DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	2017 Budget (unaudited)	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$74,830	\$74,829	\$60,102
Other ECE Contributions	0	36,863	19,914
Total ECE Contributions	<u>\$74,830</u>	<u>\$111,692</u>	<u>\$80,016</u>
Other GNWT Contributions	\$0	\$33,936	\$25,300
Total GNWT Contributions	<u>\$74,830</u>	<u>\$145,628</u>	<u>\$105,316</u>
Generated Funds			
Investment Income	\$0	\$0	\$0
Donations	0	61,849	106,400
Other	0	10,399	11,615
Total Generated Funds	<u>\$0</u>	<u>\$72,248</u>	<u>\$118,015</u>
Total Revenues	<u>\$74,830</u>	<u>\$217,876</u>	<u>\$223,331</u>
<u>EXPENSES (Schedule 7)</u>			
Administration	\$34,700	\$25,609	\$16,241
School Programs	12,635	124,955	165,123
Inclusive Schooling	0	2,105	2,020
Student Accommodations	0	0	0
Operations and Maintenance	6,500	7,082	7,588
Aboriginal Language/Cultural Programs	20,995	32,081	44,134
Total Expenses	<u>\$74,830</u>	<u>\$191,833</u>	<u>\$235,107</u>
Operating Surplus/(Deficit)	<u>\$0</u>	<u>\$26,043</u>	<u>(\$11,776)</u>
Fund Balance at beginning of year		<u>(18,186)</u>	<u>(6,410)</u>
Fund Balance at end of year		<u>\$7,857</u>	<u>(\$18,186)</u>

LUTSEL K'E DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers	\$845					\$2,881		\$3,726
Instruction Assistants								\$0
Non-Instructional Staff					(\$14)			-\$14
Board/Trustee Honoraria					\$7,416			\$7,416
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services								\$0
Postage/Communication	\$1,282				\$2,165	\$180		\$3,628
Utilities								\$0
Travel								\$0
Student Travel	\$15,842					\$262		\$16,104
Advertising/Printing/Publishing					\$2,400			\$2,400
Maintenance/Repair	\$2,010					\$769		\$2,779
Rentals/Leases	\$2,517	\$1,972		\$600	\$3,672	\$3,722		\$12,485
Contracted Services	\$14,938			\$3,500	\$5,800	\$9,173		\$33,410
Materials/Supplies/Freight								
Materials	\$72,309	\$133		\$2,201	\$3,277	\$13,374		\$91,293
Freight	\$15,211			\$781	\$893	\$1,722		\$18,608
Total	\$124,955	\$2,105	\$0	\$7,082	\$25,609	\$32,081	\$0	\$191,833

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at June 30, 2017**

	<u>2017</u>	<u>2016</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$6,323,632	\$7,042,256
Due from the GNWT	98,376	7,072
Other Accounts Receivable	182,335	200,296
	<u> </u>	<u> </u>
Total Financial Assets	<u>\$6,604,343</u>	<u>\$7,249,624</u>
<u>Liabilities</u>		
Current		
Accounts Payable and Accrued Liabilities	\$53,846	\$83,204
Due to the GNWT	13,848	52,538
Payroll Liabilities	1,139,026	1,897,213
Deferred Revenue	7,067	127,199
Post-Employment Benefits	3,963,864	2,763,430
	<u> </u>	<u> </u>
Total Liabilities	<u>\$5,177,651</u>	<u>\$4,923,584</u>
Net Financial Resources	<u>\$1,426,692</u>	<u>\$2,326,040</u>
<u>Non-Financial Assets</u>		
Prepaid Expenses (Note 20)	\$0	\$0
Accumulated Fund Balance	<u>\$1,426,692</u>	<u>\$2,326,040</u>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL RESOURCES
For the Year Ended June 30, 2017**

	<u>2017</u>	<u>2016</u>
Annual Surplus/(Deficit) (Schedule 19)	(\$899,348)	\$776,367
Prior Year Adjustments	<u>0</u>	<u>0</u>
Increase/(Decrease) in Net Financial Resources	(\$899,348)	\$776,367
Opening net Financial Resources	<u>2,326,040</u>	<u>1,549,673</u>
Closing Net Financial Resources	<u><u>\$1,426,692</u></u>	<u><u>\$2,326,040</u></u>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NON-CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended June 30, 2017**

	<u>2017 Budget (unaudited)</u>	<u>2017 Actual</u>	<u>2016 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$23,889,000	\$24,210,619	\$23,975,720
Other ECE Contributions	477,700	822,968	1,007,497
Total ECE Contributions	<u>\$24,366,700</u>	<u>\$25,033,587</u>	<u>\$24,983,217</u>
Other GNWT Contributions	\$0	\$326,000	\$233,588
Total GNWT Contributions	<u>\$24,366,700</u>	<u>\$25,359,587</u>	<u>\$25,216,805</u>
Federal Government	\$0	\$0	\$0
Other Education Bodies	\$0	\$0	\$63,361
Generated Funds			
Investment Income	\$0	\$57,664	\$51,804
Non-GNWT Contributions	0	251,883	238,728
Donations	0	90,592	6,208
Other	0	31,857	45,890
Total Generated Funds	<u>\$0</u>	<u>\$431,995</u>	<u>\$342,630</u>
Total Revenues	<u>\$24,366,700</u>	<u>\$25,791,582</u>	<u>\$25,622,796</u>
<u>EXPENSES</u>			
Administration	\$1,247,200	\$1,327,528	\$1,241,724
School Programs	14,751,067	16,904,483	15,400,492
Inclusive Schooling	4,955,417	4,700,802	4,461,152
Distance Learning/Technology	330,900	306,471	326,180
Operations and Maintenance	379,594	162,120	196,682
Aboriginal Language/Cultural Programs	1,827,941	2,001,924	1,884,048
Transfers to DEAs	1,261,577	1,287,602	1,336,151
Total Expenses	<u>\$24,753,696</u>	<u>\$26,690,930</u>	<u>\$24,846,429</u>
Operating Surplus/(Deficit)	<u><u>(\$386,996)</u></u>	<u><u>(\$899,348)</u></u>	<u><u>\$776,367</u></u>
Fund Balance at beginning of year		<u>2,326,040</u>	<u>1,549,673</u>
Fund Balance at end of year		<u><u>\$1,426,692</u></u>	<u><u>\$2,326,040</u></u>

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF EXPENDITURES
(Non-Consolidated)
For the Year Ended June 30, 2017

	School Programs	Inclusive Schooling	Distance Learning/Tech	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers	\$13,148,985	\$1,900,390				\$947,856		\$15,997,231
Instruction Assistants		\$1,695,288				\$415,711		\$2,111,000
Non-Instructional Staff	\$1,805,246	\$336,350	\$242,569		\$1,043,929	\$14,788		\$3,442,881
Board/Trustee Honoraria	\$1,000				\$3,950			\$4,950
Employee Benefits								
Employee Benefits/Allowances	\$228,799	\$78,127	\$3,720		\$11,161	\$27,902		\$349,710
Leave & Termination Benefits	\$925,618	\$316,065	\$15,051		\$45,152	\$112,880		\$1,414,765
Services Purchased/Contracted								
Professional/Technical Services	\$70,950	\$43,008		\$1,475	\$32,963	\$16,695		\$165,091
Postage/Communication	\$21,875				\$6,626			\$28,501
Utilities								\$0
Travel	\$137,354	\$188,663	\$12,284		\$77,123	\$75,104		\$490,527
Student Travel	\$79,000	\$1,865						\$80,865
Advertising/Printing/Publishing	\$414	\$3,250		\$1,995	\$7,194	\$60,489		\$73,341
Maintenance/Repair					\$11,212			\$11,212
Rentals/Leases	\$75	\$4,054		\$158,650	\$16,716	\$11,984		\$191,480
Contracted Services	\$71,517	\$20,000	\$800		\$6,158	\$221,123		\$319,598
Materials/Supplies/Freight								
Materials	\$180,266	\$111,960	\$32,047		\$64,657	\$39,621		\$428,552
Freight	\$257	\$1,782			\$687	\$770		\$3,496
Transfers to DEA's								
	\$233,128					\$57,000	\$1,287,602	\$1,577,730
Total	\$16,904,483	\$4,700,802	\$306,471	\$162,120	\$1,327,528	\$2,001,924	\$1,287,602	\$26,690,930

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
ABORIGINAL LANGUAGES**

For the Year Ended June 30, 2017

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total 2016/17
Revenues			
Funding Received	\$62,000		\$62,000
Total Funding	\$62,000	\$0	\$62,000
Expenditures			
Materials & Supplies	\$48,037	\$0	\$48,037
Wages & Benefit	\$14,788	\$0	\$14,788
Total Expenditures	\$62,825	\$0	\$62,825
Surplus/(Deficit)	(\$825)	\$0	(\$825)

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
FRENCH LANGUAGE**

For the Year Ended June 30, 2017

	Contributions July 1, 2016 to June 30, 2017	SSDEC Commitment July 1, 2016 to June 30, 2017	Total Expenses July 1, 2016 to June 30, 2017	Under/(Over) Funding
Bilateral Agreement Funding				
Core French 1-12 (salary)	\$193,000	\$234,000	\$491,283	(\$64,283)
Immersion Pioneer Class (salary)	70,000	\$50,000	\$513,231	(\$393,231)
Resources	10,000	\$5,000	\$22,901	(\$7,901)
Partnership with YK1	15,000		\$15,000	\$0
French Monitor		\$6,000	\$64,533	(\$58,533)
Professional Development		\$5,000	\$21,187	(\$16,187)
Intensive French: Salary	45,000	\$30,000	\$360,041	(\$285,041)
Intensive French: Camp				\$0
Intensive French: Resources	6,000	\$4,000	\$22,749	(\$12,749)
Intensive French: Training/Visits	7,800	\$5,200	\$21,628	(\$8,628)
Totals	\$346,800	\$339,200	\$1,532,552	(\$846,552)

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
JWT STUDENT SUCCESS INITIATIVE - PROFESSIONAL DEVELOPMENT**

For the Period July 1, 2016 to June 30, 2017

Funding Received		[]
<u>Expenditures</u>		
<u>Salaries/Wages</u>		
Facilitator's Fees		\$327,112
Substitute Teachers Wages		\$15,383
<u>Travel</u>		
Facilitator Travel		\$32,380
Staff Travel		\$25,111
Accommodation		\$18,688
Per Diems		\$13,342
<u>Workshop Expenses</u>		
Room Rental		
Tuition		
Refreshments		\$1,378
Resources		\$18,356
Miscellaneous		\$5,630
Total Expenses		\$457,380
Net Surplus/(Deficit)		-\$457,380

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
NWT STUDENT SUCCESS INITIATIVE**

For the Period July 1, 2016 to June 30, 2017

Funding Received	\$55,000
Expenditures	
<u>Salaries/Wages</u>	
Salaries	\$1,350,713
Facilitator's Fees	
Substitute Teachers Wages	
<u>Travel</u>	
Facilitator Travel	
Staff Travel	
Accommodation	
Per Diems	
<u>Workshop Expenses</u>	
Room Rental	
Tuition	
Refreshments	
Resources	\$21,842
Miscellaneous	
Total Expenses	\$1,372,555
Net Surplus/(Deficit)	-\$1,317,555

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDSES
ABORIGINAL LANGUAGE AND CULTURE-BASED EDUCATION**

For the Year Ended June 30, 2017

Student Instruction	Teaching Resources	Professional Development	School ** Activities	Total
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Salaries

ALCBE Teachers

\$962,583			\$2,881	\$965,464
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Language Consultants

				\$0
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Instruction Assistants

\$415,771			\$19,527	\$435,298
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Non-Instructional Staff

				\$0
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Honoraria

			\$7,475	\$7,475
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Employee Benefits

Employee Benefits/Allowances *

\$140,782				\$140,782
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Services Purchased/Contracted

Professional/Technical Services

	\$16,695			\$16,695
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Travel

	\$74,248		\$1,002	\$75,250
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Student Transportation (Bussing)

			\$2,512	\$2,512
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Advertising/Printing/Publishing

	\$60,489		\$721	\$61,210
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Maintenance/Repair

			\$769	\$769
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Rentals/Leases

	\$525	\$11,459	\$3,722	\$15,706
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Contracted Services

	\$221,124		\$23,439	\$244,563
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Materials/Supplies/Freight

Materials

	\$55,449	\$1,418	\$153,415	\$210,282
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Freight

	\$770		\$1,825	\$2,595
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Total

\$1,519,136	\$429,301	\$12,877	\$217,288	\$2,178,602
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South Slave Divisional Education Council
2016/17 Fund Balances
(Unaudited)

	<u>SSDEC</u>	<u>Fort Smith</u>	<u>Hay River</u>	<u>K'atlodeeche</u>	<u>Fort Resolution</u>	<u>Lutsel K'e</u>
Fund Balances as per audited Financial Statements	\$1,426,692	\$167,057	\$199,372	\$14,673	\$92,056	\$7,857
less: Staffing Surpluses						
- Lutsel K'e Dene School	\$46,113					
- Paul William Kaeser	\$270,328					
- Harry Camsell	\$39,262					
- Joseph Burr Tyrrell	\$60,958					
- Chief Sunrise	\$80,126					
- Princess Alexandra	\$37,238					
- Diamond Jenness Secondary School	\$199,290					
- Deninu School	\$152,978					
	(\$886,293)					
Commitments against surpluses						
- Council Office						
- Fort Resolution DEA plan				(\$9,064)	(\$83,827)	
- Hay River DEA plan			(\$144,086)			
- Fort Smith plan						
		(\$117,506)				
Uncommitted Fund Balance	<u>\$540,399</u>	<u>\$49,551</u>	<u>\$55,286</u>	<u>\$5,609</u>	<u>\$8,229</u>	<u>\$7,857</u>
2016/17 contributions from SSDEC		<u>\$495,506</u>	<u>\$552,864</u>	<u>\$56,091</u>	<u>\$82,286</u>	<u>\$74,830</u>
Fund Balance percentage *		<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.00%</u>	<u>10.50%</u>

* Calculated as per SSDEC policy DFAA - Financial Surplus

**Yellowknife Catholic Schools
(Yellowknife Public Denominational
District Education Authority)**

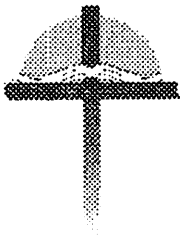
Annual Financial Report

June 30, 2017

**Yellowknife Catholic Schools
(Yellowknife Public Denominational District
Education Authority)**

Annual Financial Report

June 30, 2017



Yellowknife Catholic Schools

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis (MD&A) of the consolidated financial position and results of operations of Yellowknife Public Denominational District Education Authority (Yellowknife Catholic Schools) for the year ended June 30, 2017 should be read in conjunction with Yellowknife Catholic Schools' audited consolidated financial statements and related notes. The preparation of this report is the responsibility of management. It is the responsibility of the Board of Trustees to promote transparency and accountability.

The 2017-2018 school year will be an exciting year at Yellowknife Catholic Schools. We will continue to strive to provide faith-based, engaging, collaborate, innovative, learning environments that promote inquiry as a means to develop versatile and involved learners that are advocates of their personal learning journey.

We will provide all students with the opportunities to achieve their full potential with limited resources. The guiding principle of the 2017/2018 budget is to allocate our financial resources to allow our students to succeed. The budget will be balanced ensuring that today's dollars are spent to educate today's students with a focus on 21st century learning initiatives and student learning. Appropriate resources have been allocated so that students will have a full range of learning opportunities.

As our educational landscape moves us towards ensuring our students have the skills needed to be successful in the workplace, we will focus on developing the 21st-century skills of collaboration, communication, critical thinking and creativity using innovative teaching models that include inquiry, technology, and interest-based learning in personalized, student-centered environments.

Mission, Values and Beliefs

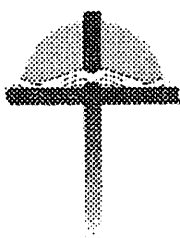
Yellowknife Catholic Schools is a family of learners: developing faith, celebrating culture, supporting diversity, teaching critical thinking and inspiring service to others.

Through Christ we value: truth, honesty, compassion, respect, forgiveness, service, love and living the faith.

We believe that we are a Catholic, Christ-centered community that strives to nurture the spiritual, intellectual, emotional, social and physical development of all learners.

Board of Trustees

There are seven trustees at Yellowknife Catholic Schools. Mr. Miles Welsh is the Chair and Ms. Erin Currie is the Vice Chair. Other trustees are John Dalton, Revi Lau-a, Tina Schauerte, Amy Kennedy and Steven Voytilla. There are two committees in place – Finance and Facilities. Trustee meetings are held each month and are open to the public.



Yellowknife Catholic Schools

Yellowknife Catholic Schools

Yellowknife Catholic Schools (YCS) is the only Catholic school board in the Northwest Territories. YCS was established in July 1951 and provides education of students from junior kindergarten to Grade 12.

YCS programs operate out of: École St. Patrick High School (ESPHS), Weledeh Catholic School (WCS), École St. Joseph School (ESJS), the Kimberlite Career and Technical Centre (KCTC), the Tallah Building, the Yellowknife Family Centre, Jim Murphy Maintenance Building and the Central Services Building. All of our facilities are in excellent condition.

The senior administration team consists of Claudia Parker – Superintendent; Simone Gessler – Assistant Superintendent – Learning and Janet Toner – Assistant Superintendent – Business.

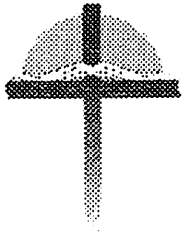
The principal at École St. Patrick High School is Gillian Dawe-Taylor. The principal at Weledeh Catholic School is Todd Stewart and the principal at École St. Joseph School is Pat Sullivan.

Student and Teacher Population

The following is the student enrolment as of September 30th and the teachers that were employed as of September 30, 2016.

	Enrolment	Teachers	Pupil/Teacher Ratio
École St Patrick High School	493	31	16
Weledeh Catholic School	351	24	15
École St Joseph School	486	30	16
KCTC	0	4	0
TTC	0	1	0
	<u>1,330</u>	<u>90</u>	<u>15</u>

There was a total of 164 staff at YCS as of June 2017.



Yellowknife Catholic Schools

Strategic Plan

Vision Statement for 2016-2019

YCS will strive to provide engaging, collaborative, innovative, inquiry and faith-based learning environments as a means to develop versatile and involved learners that are advocates of their personal learning journey.

Goals

The goals of YCS are to:

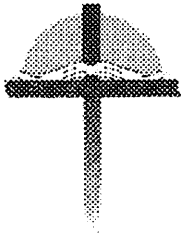
- Foster inquiry and collaboration throughout the integration of technology and the development of 21st century classrooms.
- Provide rich literacy and numeracy instruction through collaborative and supporting programming
- Develop spiritually and culturally-rich global citizens with a sense of social justice and community awareness

Commitments

YCS is committed to the following:

- Engage in continuous growth and improvement, make decisions to enhance student learning and provide opportunities for the community to learn together.
- Provide all learners with a safe environment that promotes spiritual, academic, physical, emotional, and social growth, encouraging inquiry, innovation and self-reflection.
- Allocate resources based on our vision and commitment to our learners.

YCS realizes its responsibility to provide an excellent education for our students. Our district is proud of its reputation for providing high-quality education to the students of our community through continuous improvement and the cooperative efforts of the Northwest Territories (GNWT) Minister of Education, Culture and Employment (ECE), administration, teachers, staff, students, families and a supportive community.



Yellowknife Catholic Schools

Financial Condition

The audited consolidated financial statements were prepared for the Government of the Northwest Territories (GNWT) Minister of Education, Culture and Employment (ECE), in accordance with Canadian public sector accounting standards.

Highlights of YCS Financial Position

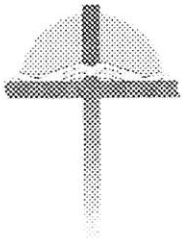
Financial Assets

The financial and non-financial assets of YCS consist of cash and accounts receivable. The cash balance was \$4,215,783 on June 30, 2017 (prior year - \$4,521,653) and indicates a good cash flow. The financial position at June 30, 2017 was \$4,666,773 (prior year \$4,916,456).

Liabilities

Liabilities consist of payroll liabilities, accounts payable and long term debt. The payroll liabilities consist of payroll liabilities to staff for July and August. The long term debt was reduced by \$863,764 during the year. YCS issued debentures for the construction of Weledeh Catholic School and for the purchase of the Tallah Building. Future streams of revenue (rental revenue for the Tallah building and GNWT Core funding for the Weledeh debenture) will more than cover the net financial debt.

The Consolidated Statement of Financial Position has a subtotal called "Net debt". This line is an indicator of the ability to discharge all of the entity's debt with financial assets. This year the net debt is \$1,212,218 compared to \$1,813,687 which indicates a slightly better financial position.



Yellowknife Catholic Schools

Non-financial Assets

Non-financial assets include land and buildings that YCS has no intention of selling and that would not be able to be quickly converted to cash. The non-financial assets decreased from \$44,277,814 to \$42,988,243 which mainly reflects the change in the value of the tangible capital assets owned by Yellowknife Catholic Schools.

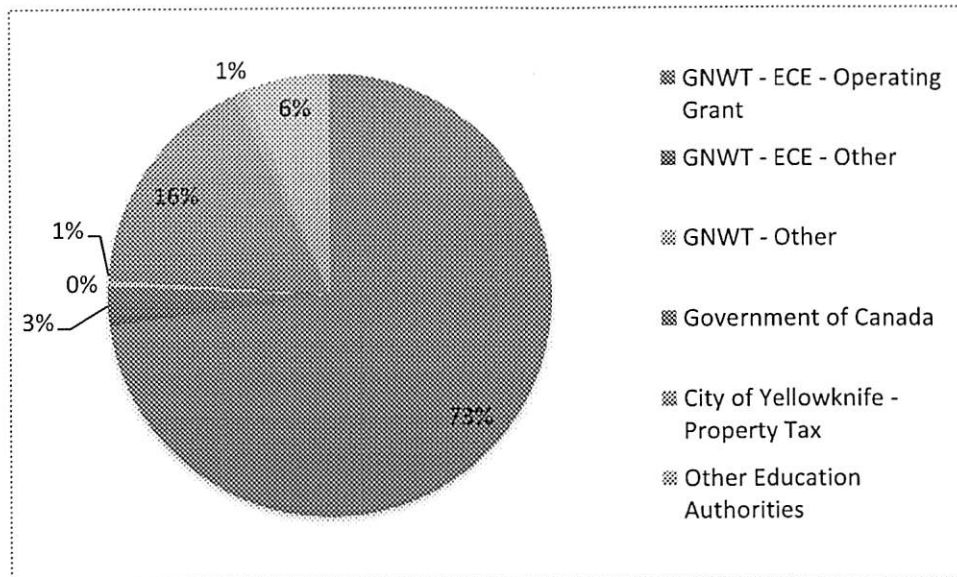
The \$1,274,816 decrease in tangible capital assets relates to depreciation of tangible capital assets for this fiscal year partially offset by capital improvements at École St Patrick High School.

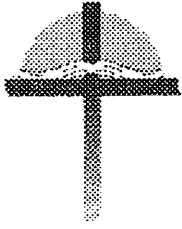
Accumulated Surplus

Accumulated surplus is equal to the difference between non-financial assets and net debt. Accumulated surplus represents the equity that YCS has generated in the last 66 years. The largest component of accumulated surplus is the Investment in Tangible Capital Assets. A further breakdown of accumulated surplus can be found on the Consolidated Statement of Accumulated Surplus.

Highlights of YCS Operations

Operating Revenue





Yellowknife Catholic Schools

Operating Revenue

The majority of the funding (73%) for YCS comes from the Government of the Northwest Territories (GNWT) Department of Education, Culture and Employment (ECE) as core funding. The core funding is derived from a funding formula developed by ECE. The most important factor in the funding formula is student enrollment. GNWT core funding also includes \$860,000 paid to YCS each year to cover principal and interest payments on a debenture issued by YCS to fund the construction of Weledeh Catholic School.

YCS also generates revenue from property taxes – 16% of revenue. The City of Yellowknife collects property tax revenue on our behalf.

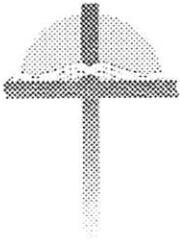
Yellowknife Catholic Schools has a contract with the Government of Canada for the Yellowknife Family Centre. On March 31st there was a successful transition of the Yellowknife Family Centre to the YWCA NWT.

Other GNWT funding includes contribution agreement funding for: French language programs, the Four Plus program, Yellowknife Family Centre, preschool programs, active after-school programs and for the development of materials for aboriginal languages. In the upcoming year, there will be no more funding for the Four Plus and preschool programs since junior kindergarten will now be offered at Yellowknife Catholic Schools.

Board generated funds include donations, bus pass sales, day care fees, investment revenue, and rental revenue.

YCS generates revenue from other school districts when a student from that district attends an YCS school and the other district receives GNWT core funding for that student.

YCS is economically dependent upon the GNWT for the majority of its operating revenue. Significant changes to enrollment in Yellowknife or to the GNWT funding formula would have dramatic effects on the future operations of YCS.

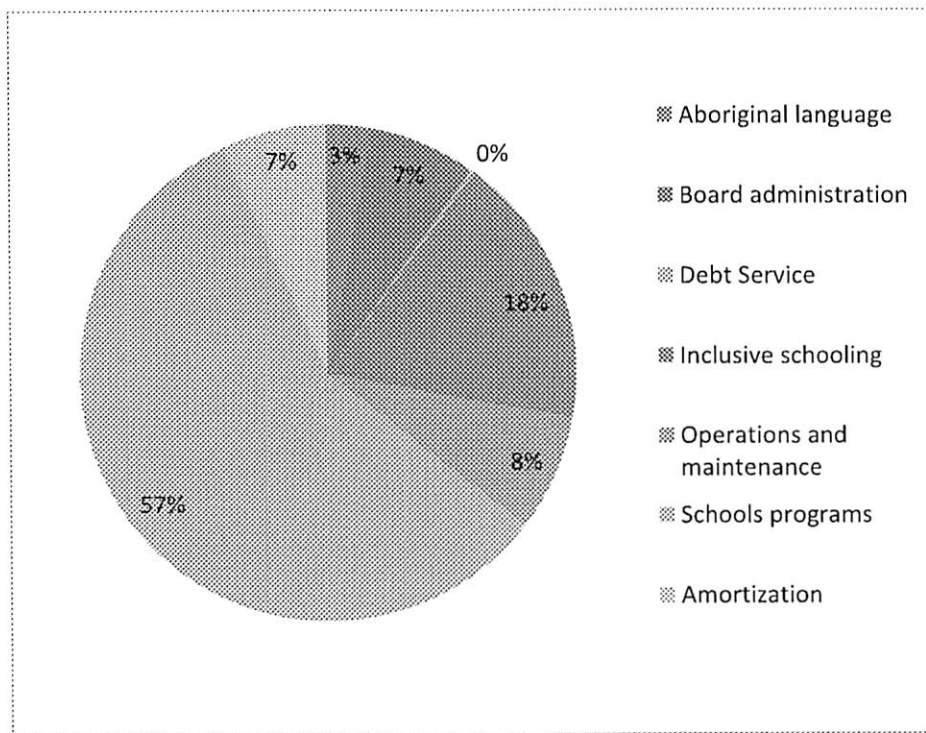


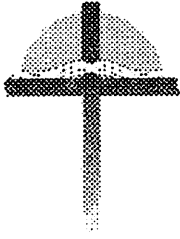
Yellowknife Catholic Schools

Operating Expenditures

The Consolidated Statement of Operations and Schedule 1 provide two different ways to classify expenditures. In the Consolidated Statement of Operations, expenditures are classified by program. Schedule 1 of the consolidated financial statements provides an additional breakdown by object.

Expenditures – By Program



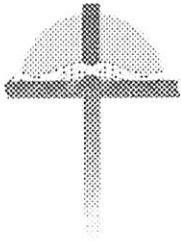


Yellowknife Catholic Schools

Expenditures – By Program

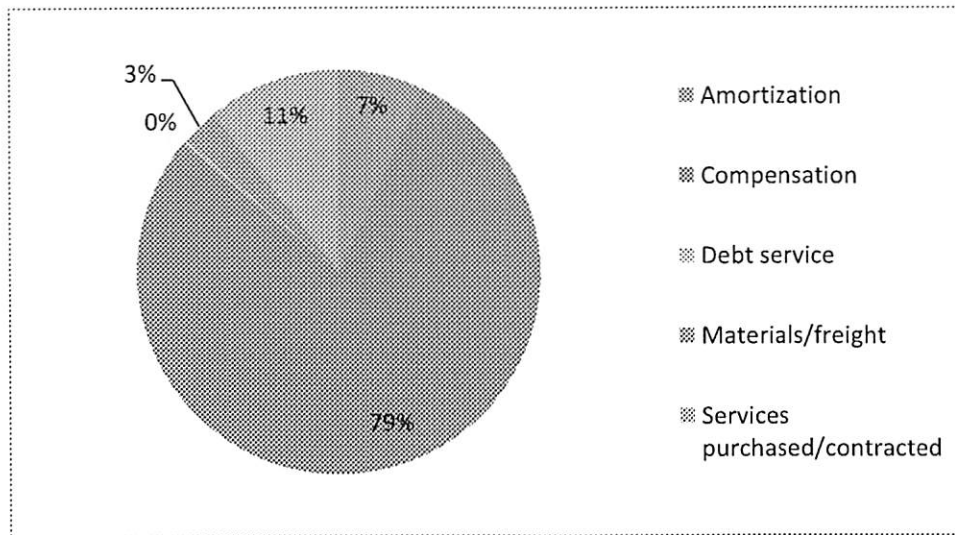
Program categories for YCS are:

- **Aboriginal Language and Culture (3%):** Includes salary and benefits of Dogrib Language instructors, salary and benefits of the literacy coach, costs related to the creation of learning materials in the Dogrib language and the cost of running our aboriginal language and culture camps.
- **Board Administration (7%):** Includes salary and benefits for central services administrative and technology staff, honoraria for trustees, audit and legal fees, travel costs, advertising and publishing costs.
- **Debt service:** Relates to interest on long-term debt for the repayment of debentures for Weledeh Catholic School (WCS) and the Tallah Building. The WCS debenture repayments are fully funded through an agreement with the GNWT. Debenture repayments for the Tallah building are mostly funded through lease payments from Aurora College.
- **Inclusive schooling (18%):** Expenditures in this program relate to supporting students with diverse needs. This support can include enrichment opportunities as well as supporting students with learning challenges. Salary and benefits for program support teachers, literacy and early intervention teachers, the student services coordinator, counselors, classroom assistants, and advanced placement teachers are included in this category.
- **Operations and maintenance (8%):** Includes salary and benefits of maintenance staff, cost of electricity, fuel and water, expenditures on janitorial services, expenditures on repair and maintenance of our facilities (including minor capital projects).
- **School programs (57%):** Salary and benefits for the majority of teachers are recorded in this program. Other large components of expenditure in this program are salary and benefits for school administrative assistants, library technicians, and curriculum coordinators, the cost for school textbooks and supplies and the cost of busing services.
- **Amortization (7%):** This expense relates to the rational and systematic manner to write off the value of the tangible capital asset over an appropriate number of accounting periods.



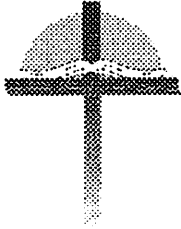
Yellowknife Catholic Schools

Expenditures by Object



Expenditures by Object

- **Compensation (79%):** Includes salary for teachers, coordinators, classroom assistants, maintenance staff, administration assistants, library technicians, counsellors, technology staff, administrative staff and trustee honoraria. The majority of YCS staff is unionized and collective agreements with the unions specify pay and benefits for these staff. Compensation also includes employee benefits which consists of employer contributions to pension plans, extended health and dental plans, CPP, EI, WSCC premiums, life insurance, long term disability insurance, maternity leave, professional development, medical travel, vacation travel, removal benefits and other allowances.
- **Services Purchased/contracted services (11%):** Include busing, janitorial services, insurance services, security services and snow removal.
- **Materials/freight (3%):** Include expenses for material and freight of goods.
- **Amortization (7%) :** This expense relates to the rational and systematic manner to write off the value of the tangible capital asset over an appropriate number of accounting periods.
- **Debt service:** Include interest expense paid during the year for the Weledeh and Tallah building debentures.



Yellowknife Catholic Schools

Operating Deficit

At the end of the year, there was a deficit of \$688,102 and this includes the amortization expense. Before the amortization expense, there was an operating surplus of \$1,108,023.

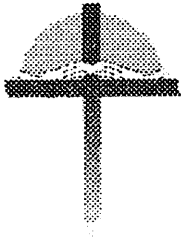
Summary of Accumulated Surplus

	Opening	Increase (Decrease)	Closing
Operating Fund Surplus	\$ 339,253	-\$ 282,655	\$ 56,598
Investment in Tangible Capital Assets	41,854,688	-411,053	41,443,635
Decentralized Budget Accumulated Surplus	270,186	5,606	275,792
	<u>\$ 42,464,127</u>	<u>-\$ 688,102</u>	<u>\$ 41,776,025</u>

The operating fund surplus decreased by \$282,655 during the year and this is mainly due to higher than anticipated pension costs. The increased pension cost is due to the wind up valuation and the requirement to pay the pension trust a portion of this pension valuation deficit. This requirement is a statutory requirement and the funds are held in the pension trust fund for future use. The wind up valuation payment for 2016 was \$187,800 and the estimated wind up payment for 2017 is \$350,000.

Investment in tangible capital assets represents the amount of funds received and recognized as revenue that allow us to purchase our tangible capital assets less accumulated amortization. The decrease in this account this year is due to amortization of our tangible capital assets offset by the principal portion of the repayment of debentures on WCS and the Tallah Building and offset by the purchase of a new roof at the Tallah building.

The decentralized budget accumulated surplus consists of funds, which are committed to or designated to specific purposes. The majority of these funds are professional development obligations carried forward under the terms of employment contracts. Other significant amounts in the decentralized budget accumulated surplus are school-based funds. Decisions on expenditure of school based funds are made by individual schools under YCS' School Based Decision Making Procedure.



Yellowknife Catholic Schools

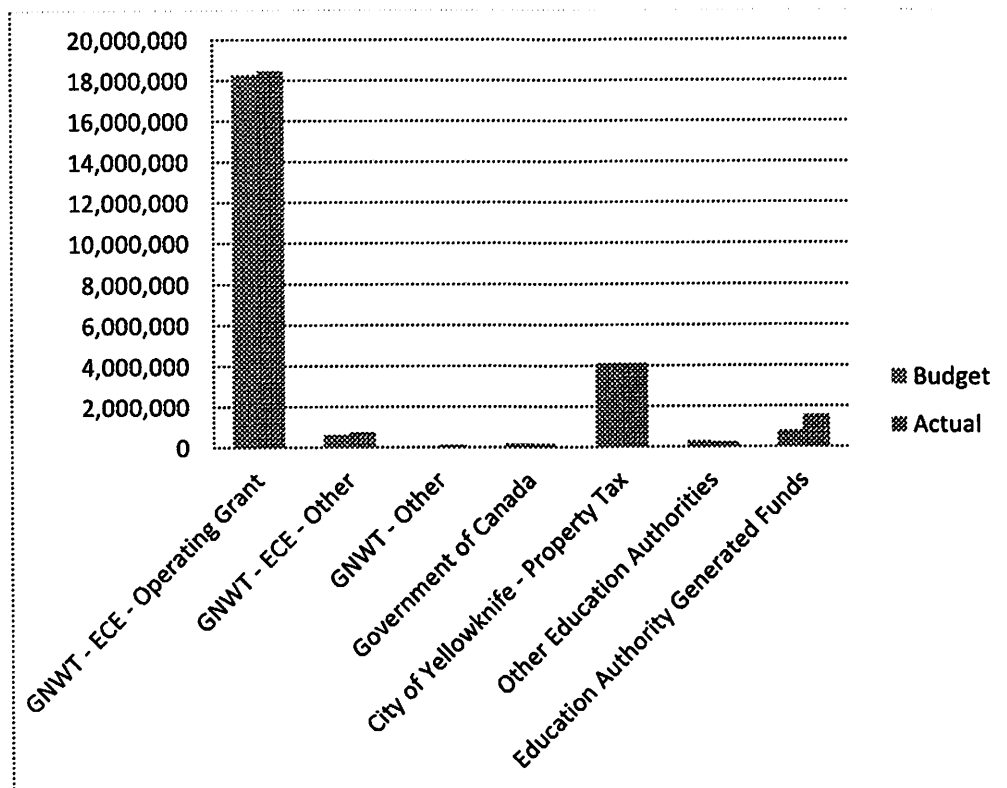
Budget Variance

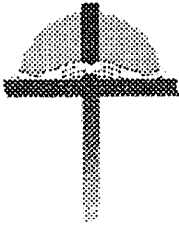
Revenue

In 2016/2017, an annual deficit of \$722,948 was budgeted and the actual deficit was \$688,102 (variance \$34,845).

The budgeted revenue for 2016/2017 was \$24,173,540 and the actual revenue was \$25,281,536. The increase in revenue is due to increased core and other contributions of approximately from the Government of Education, Culture and Employment. There was also an increase in education authority generated funds due to funds from a staff secondment and other sources of income.

Revenue – Current year (Actual) vs Budget





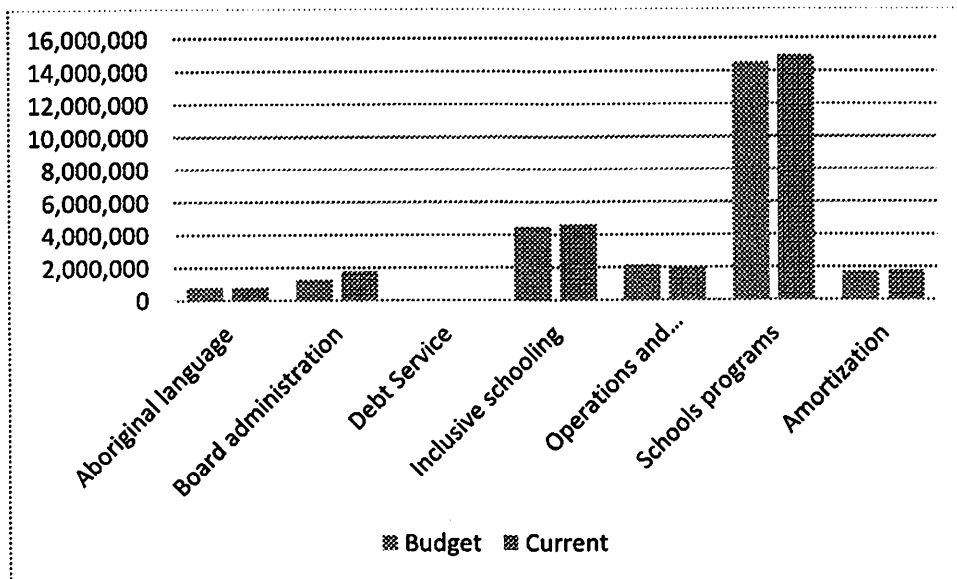
Yellowknife Catholic Schools

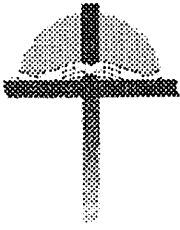
Expenditures

The budgeted expenditures for 2016/2017 were \$24,896,488 and the actual expenditures were \$25,969,638 resulting in a variance of \$1,073,150. The difference in salaries is due to increased cost of special payments to the pension fund. The change in materials and supplies is due to higher supplies purchased for the Indigenous program at year end.

Expenditures – Budget vs. Actual

	Budget	Actual	Variance	%
Salaries	\$14,880,392	\$15,644,470	-\$ 764,078	1.05
Employee Benefits Services	4,812,917	4,918,669	-105,752	1.02
Purchased/contracted	2,886,443	2,763,026	123,417	0.96
Materials/supplies/freight	544,306	771,098	-226,792	1.42
Amortization	1,700,000	1,796,125	-96,125	1.06
Debt Services	72,430	76,250	-3,820	1.05
	\$24,896,488	\$25,969,638	-\$ 1,073,150	



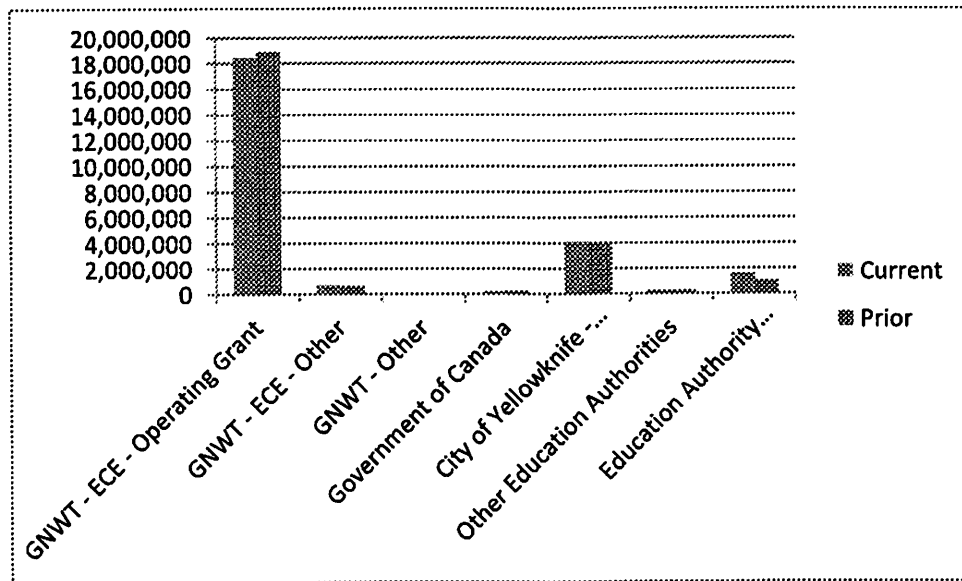


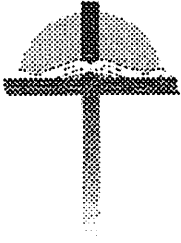
Yellowknife Catholic Schools

Current Year Compared to Prior Year

The prior year operating deficit was \$1,399,519 and the current operating deficit is \$688,102. Revenue in the prior year was \$25,180,122 and \$25,281,536 in the current year, resulting in a variance of \$101,424. Expenditures in the prior year were \$26,579,631 and \$25,969,638 resulting in a variance of \$606,993. The variance is mainly due to the reduction of some positions in the Central Services and Maintenance department.

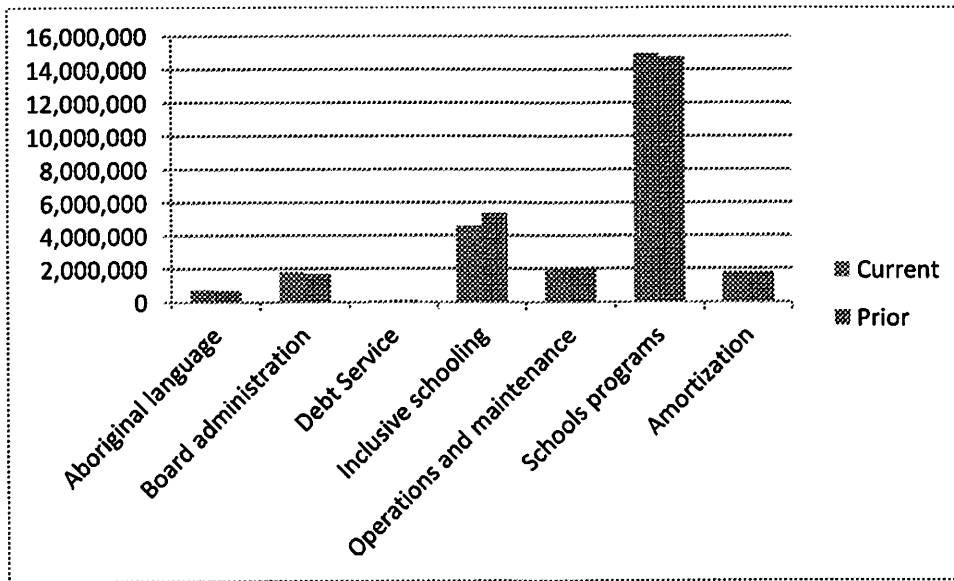
Revenue – current year (actual) compared to prior year

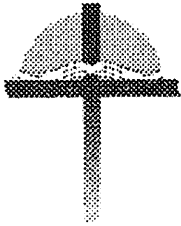




Yellowknife Catholic Schools

Expenditures – current year (actual) compared to prior year





Yellowknife Catholic Schools

Summary and Outlook

The 2017/2018 school year will be an exciting year at all three schools. We will continue to focus on 21st century learning skills. This year we continue the theme of Merciful Hearts, with the specific focus on Mercy that Serves.

As our population is growing, we are challenged by our space needs. We continue to work with ECE staff to resolve our space needs at École St. Joseph School.

We continue to struggle with the special needs requirements in the classroom. Due to financial constraints, we are unable to increase the number of classroom assistants.

In the budget for 2017/2018, the Trustees committed to supporting all the present programs and positions at Yellowknife Catholic Schools. The Trustees and administration will continue to work together to provide the best education while being fiscally responsible.

We have developed a five year capital plan that has identified the capital needs of the schools. Many of the projects will save operational costs as we look at providing more energy efficient items in our schools.

In 2017/2018, we will welcome Ms. Gillian Dawe-Taylor as the principal of École St. Patrick High School. Last year she was on secondment with the ECE and the former principal of École St. Joseph School.

YCS has a small operating fund deficit for the year and has a strong cash position that will allow us to continue to operate in a financially prudent manner in the future. We will continue to be challenged to provide quality education in a fiscally responsible manner. While we are faced with financial constraints, we will ensure that today's dollars are spent on today's students. This will ensure that all of our students are prepared for their exciting lives.

**Yellowknife Catholic Schools
(Yellowknife Public Denominational
District Education Authority)**

Consolidated Financial Statements

June 30, 2017

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Consolidated Financial Statements

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**To the Minister of Education, Culture and Employment
Government of the Northwest Territories**

Management's Responsibility for Financial Reporting with respect to the school year ended June 30, 2017

The Management Discussion and Analysis, Consolidated Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of Yellowknife Catholic Schools (YCS) in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Yellowknife Catholic Schools have been conducted within the statutory powers of the Education Authority. The operations and administration of the Education Authority as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the *Education Act*, *Financial Administration Act*, CPSAS, FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Education Authority Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Education, Culture, and Employment (ECE) of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Yellowknife Catholic Schools.

Claudia Parker Superintendent

Janet Toner Assistant Superintendent - Business

September 12, 2017

Independent Auditors' Report

To the Minister of Education, Culture and Employment Government of the Northwest Territories

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Yellowknife Public Denominational District Education Authority ("Yellowknife Catholic Schools"), which comprises the consolidated statement of financial position as at June 30, 2017, and the consolidated statement of changes in net debt, the consolidated statement of operations, the consolidated statement of cash flows and the consolidated statement of accumulated surplus for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal controls. An audit also included 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 consolidated financial statements.

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

Independent Auditors' Report (continued)

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yellowknife Catholic Schools as at June 30, 2017 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report in accordance with the *Financial Administration Act* that, in our opinion, proper books of account have been kept by Yellowknife Catholic Schools, the consolidated financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant aspects, been within the statutory powers of Yellowknife Catholic Schools.

Crowe MacKay LLP

Chartered Professional Accountants

Yellowknife, Northwest Territories
September 12, 2017


Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Financial Position

As at June 30,	2017	2016
Financial Assets		
Cash and cash equivalents (Note 4)	\$ 4,215,783	\$ 4,521,653
Due from the Government of Canada (Note 13)	132,809	118,976
Accounts receivable (Note 8)	318,181	275,827
	4,666,773	4,916,456
Liabilities		
Accounts payable and accrued liabilities (Note 10)	605,147	418,415
Payroll benefits payable	206,784	322,928
Due to the Government of Canada (Note 13)	11,685	33,058
Pensions (Note 15)	101,300	59,900
Long term debt (Note 16)	1,505,253	2,369,017
Deferred revenue (Note 11)	-	66,480
Post-employment benefits (Note 17)	806,054	753,217
Accrued payroll liabilities (Note 33)	2,642,768	2,707,128
	5,878,991	6,730,143
Net debt	(1,212,218)	(1,813,687)
Non-financial Assets		
Tangible capital assets (Note 19)	42,948,889	44,223,705
Prepaid expenses and deposits (Note 20)	39,354	54,109
	42,988,243	44,277,814
Accumulated Surplus	\$ 41,776,025	\$ 42,464,127
Represented By:		
Operating fund surplus	\$ 56,597	\$ 339,253
Investment in tangible capital assets	41,443,636	41,854,688
Decentralized budget accumulated surplus	275,792	270,186
	\$ 41,776,025	\$ 42,464,127

Contractual obligations and contingencies (Note 24 and 25)

Approved on behalf of the Board

 Trustee

 Trustee

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Changes in Net Debt

For the period ended June 30,	2017	2016
Annual deficit	\$ (688,102)	\$ (1,399,519)
Change in prepaid expenses and deposits	14,755	9,913
Change in tangible capital assets	1,274,816	1,431,878
Decrease in net debt	601,469	42,272
Net debt, beginning of year	(1,813,687)	(1,855,959)
Net debt, end of year	\$ (1,212,218)	\$ (1,813,687)

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Operations

For the period ended June 30,	2017 Budget	2017 Actual	2016 Actual
Revenue			
Government of the Northwest Territories			
Operating grant	\$ 18,244,000	\$ 18,424,022	\$ 18,885,920
ECE - Other contributions	586,000	728,901	631,592
GNWT - Other contributions	-	98,631	72,968
	18,830,000	19,251,554	19,590,480
Government of Canada - grants and contributions	182,000	161,108	208,242
City of Yellowknife - property tax requisitioned	4,077,000	4,088,719	4,058,319
Other Education Authorities			
Extra-jurisdictional tuition	280,000	217,120	271,189
Joint venture funding	8,000	-	-
	288,000	217,120	271,189
Education authority generated funds (Note 35)	796,540	1,563,035	1,051,882
	24,173,540	25,281,536	25,180,112
Expenditures			
Aboriginal language and culture	746,888	833,735	706,050
Board administration (Schedule 1)	1,233,358	1,793,011	1,693,519
Debt service (Schedule 1)	72,430	76,250	115,695
Inclusive schooling (Schedule 2)	4,480,335	4,619,497	5,399,981
Operations and maintenance (Schedule 1)	2,142,680	1,984,141	2,117,151
School programs (Schedule 1)	14,520,797	14,866,879	14,774,819
Amortization (Schedule 1)	1,700,000	1,796,125	1,772,416
	24,896,488	25,969,638	26,579,631
Annual deficit	\$ (722,948)	\$ (688,102)	\$ (1,399,519)

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Cash Flows

For the period ended June 30,	2017	2016
Cash provided by (used in):		
Operating transactions		
Operating deficit	\$ (688,102)	\$ (1,399,519)
Items not affecting cash:		
Amortization	1,796,125	1,772,416
	1,108,023	372,897
Changes in non-cash working capital items		
Due from the Government of Canada	(13,833)	23,607
Accounts receivable	(42,354)	(170,083)
Accounts payable	186,732	(983,334)
Payroll benefits payable	(116,144)	(242,037)
Due to the Government of Canada	(21,373)	27,198
Pensions	41,400	33,500
Deferred revenue	(66,480)	(59,903)
Post employment benefits	52,837	113,143
Accrued payroll liabilities	(64,360)	359,169
Prepaid expenses	14,755	9,913
	(28,820)	(888,827)
Cash flow from financing activities		
Repayment of long term debt	(863,764)	(820,498)
Cash flow from capital activities		
Purchase of tangible capital asset	(521,309)	(340,538)
Increase (decrease) in cash	(305,870)	(1,676,966)
Cash and cash equivalents, beginning of year	4,521,653	6,198,619
Cash and cash equivalents, end of year	\$ 4,215,783	\$ 4,521,653

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Accumulated Surplus

For the period ended June 30, **2017** **2016**

Operating Fund Surplus

Operating fund surplus, beginning of year	\$ 339,253	\$ 1,183,276
Annual deficit	(688,102)	(1,399,519)
Transfer from investment in tangible capital assets	411,052	611,380
Transfer from (to) decentralized budget accumulated surplus	(5,606)	(55,884)
Operating fund surplus, end of year	\$ 56,597	\$ 339,253

Transfer from Investment in Tangible Capital Assets consists of:

Amortization	\$ 1,796,125	\$ 1,772,416
Capital acquisitions	(521,309)	(340,538)
Debenture principal repayment	(863,764)	(820,498)

\$ 411,052 **\$ 611,380**

Investment in Tangible Capital Assets

Investment in tangible capital assets, beginning of year	\$ 41,854,688	\$ 42,466,068
Amortization	(1,796,125)	(1,772,416)
Capital acquisitions	521,309	340,538
Debenture principal repayment	863,764	820,498
Investment in tangible capital assets, end of year	\$ 41,443,636	\$ 41,854,688

Decentralized Budget Accumulated Surplus

Decentralized budget accumulated surplus, beginning of year	\$ 270,186	\$ 214,302
Transferred from (to) operating fund surplus	5,606	55,884
Decentralized budget accumulated surplus, end of year	\$ 275,792	\$ 270,186

Total Accumulated Surplus **\$ 41,776,025** **\$ 42,464,127**

Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

1. Nature of the Organization

Yellowknife Public Denominational District Education Authority, Yellowknife Catholic Schools ("YCS") was established in July 1951 and is presently the only Catholic school board in the Northwest Territories. A full range of instructional programs ranging from Kindergarten through Grade 12 is offered by the YCS.

YCS is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the YCS includes all aspects of operation and management relating to Catholic education within the boundaries of the City of Yellowknife. The Board of Trustees is the lowest (and sole) level of government exercising oversight responsibility. The consolidated financial statements of the YCS are not included in the financial statements of the City of Yellowknife as the YCS trustees are a separate governing body that is not under the control of the City of Yellowknife. The City of Yellowknife, however, does collect and remit property taxes requisitioned by the Board.

2. Significant Accounting Policies

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards. The consolidated financial statements reflect the assets, liabilities, revenue and expenses of the reporting entity, which is composed of all organizations which are controlled by YCS. These organizations include the three schools, maintenance shop and Kimberlite Career and Technical Centre.

The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

YCS uses fund accounting to separate transactions between its Operating fund surplus, Investment in tangible capital assets and Decentralized budget accumulated surplus.

Operating Fund Surplus

The Operating fund surplus is the general operating fund of the YCS in which all transactions concerned with current operations are recorded. Substantially all territorial, local (primarily property tax), and other operating revenue is accounted for in the Operating fund surplus. In accordance with accounting principles that are considered appropriate for organizations of this type, tangible capital assets acquired and debenture debt repayment that are financed with operating funds are treated as expenditures in the Operating fund surplus and then transferred to the Investment in tangible capital asset fund. The Operating fund also accounts for expenditures and contributions to or from other funds (transfers) which provide for day-to-day operations.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(a) Basis of Accounting (continued)

Operating Fund Surplus (continued)

In summary, the Operating fund surplus is used to account for all financial activities except those accounted for in the Investment in tangible capital assets fund and Decentralized budget accumulated surplus.

Investment in Tangible Capital Assets

The Investment in tangible capital assets fund is used to account for financial transactions related to the acquisition of tangible capital assets in excess of \$50,000.

Properties are carried at cost at the date of acquisition and amortization is recorded in the accounts. The cost of additions and repayment of debentures or other long-term debt is charged to the Investment in tangible capital assets fund. This results in a corresponding increase in the equity in tangible capital assets. Other additions are initially charged to the statement of operations.

Decentralized Budget Accumulated Surplus

The Decentralized budget accumulated surplus fund represents specific amounts eligible for carry-over to subsequent years for each school.

(b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.

(c) 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 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.

Financial assets subsequently measured at amortized cost include cash and cash equivalents, accounts receivable, and due from the Government of Canada.

Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities, long term debt, payroll benefits payable and accrued payroll liabilities.

There are no financial instruments subsequently measured at fair value.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(c) Financial Instruments (continued)

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

(d) Non-Financial Assets

Prepaid expenses and other non-financial assets are accounted for as assets by YCS because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of YCS.

(e) Tangible Capital Assets

Tangible capital assets acquired for more than \$50,000 are capitalized and amortized. Tangible capital assets are recorded at cost plus any betterments less accumulated amortization. The cost includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The buildings, portables and equipment will be amortized using the straight line method, based on their useful life. The buildings, portables and equipment have useful lives of 40, 25 and 10 years respectively. Any additions to the buildings and portables will be amortized over the remaining useful life of the assets.

(f) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government Transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (continued)

(f) Revenue Recognition (continued)

GNWT - Regular Contributions

The regular contributions from the GNWT are determined by a funding formula, based on student enrolment, and are received in monthly installments. YCS retains surpluses and are responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the GNWT.

The YCS is economically dependent on the GNWT to provide funding for continued operations.

Local Tax Revenue

The *Education Act*, by virtue of Section 136(2), empowers a Board of Education to determine the amount, after taking into consideration territorial grants and other revenue, that is to be requisitioned from the municipality within the territory under the jurisdiction of the Board. This requisitioned amount is one portion of the property tax paid annually by property owners.

The City of Yellowknife is advised subsequent to the adoption of the budget of the amount of the requisition of the YCS and is responsible for the collection of taxes.

Section 136(4) of the *Education Act* requires the amount requisitioned to be paid to the YCS in equal quarterly installments on or before the first day of the months of June, September, December and March.

Other Contributions

YCS follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Tuition fees revenue is recognized as educational services are provided. Insurance proceeds relating to ongoing expenses are recognized as the expenses are incurred. Insurance proceeds relating to building and equipment loss are recognized at the date of loss.

Deferred Revenue

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

Special Purpose Funds

Schools in the system administer funds which arise from certain school and student activities. Such funds, although subject to internal review, are not recorded in the accounts or in the consolidated financial statements of the YCS as they do not constitute any part of the approved Operating fund surplus (deficit) budget and are available for use at the discretion of each individual school.

Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Accounting Policies (continued)

(g) Budget Data

The *Education Act* of the Northwest Territories requires that Education Authorities prepare an annual budget, as outlined in Section 128 and 129.

The priorities and funding allocations are determined by the Board of Trustees of each Education Authority and the budget is legally adopted by a motion of the Board in accordance with Section 135 (3) of the *Education Act*.

The budget is legally adopted by a motion of the Board which also establishes a tax levy to support the approved budget in accordance with Section 135(2) of the *Education Act*.

Budget approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2) k, l and m of the *Education Act*.

This annual budget includes estimates of revenue and expenditures for the Operating fund surplus along with estimates of source and application for the Investment in tangible capital assets fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the YCS.

The budget may be amended within a given fiscal year in accordance with Board policy, regulations and approved budget procedures. The budget data presented in the consolidated financial statements reflects the Minister approved budget for the school year.

(h) Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian Public Sector Accounting Standards 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 consolidated financial statements and the amounts of revenue and expenses during the period. Actual results could differ from these estimates.

(i) Inventories Including Materials and Supplies

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

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Accounting Policies (continued)

(j) Payroll Liabilities

Payroll costs for teachers are accrued for July and August. Payroll costs for members of the Union of Northern Workers (UNW) and employees who work for 10 and 11 months during the fiscal year are accrued as appropriate.

(k) Employee Future Benefits

i) Post employment benefits

YCS provides post employment benefits for certain employees pursuant to certain contracts and collective agreements. These include removal assistance, severance, long and short term disability, and sick leave.

Teachers and UNW employees leaving Yellowknife within one year of the date of resignation, after completing a minimum of two years experience with YCS, will receive removal assistance of \$1,500 plus \$400 for each year of consecutive service with YCS, excluding years on deferred salary leave. Teachers who leave the employment of YCS after twenty years of consecutive service will receive an additional payment of \$2,000. This benefit is considered to vest and accumulate. YCS recognizes a liability and expense for this post employment benefit in the period in which teachers and UNW employees render services to YCS.

YCS recognizes a liability and an expense for post employment benefits and compensated absences that do not vest or accumulate when the event that obligates YCS occurs. This includes benefits to employees in the event of an accident or injury. The benefit would be accrued when the accident or injury occurs.

ii) Sick leave

Sick leave benefits accumulate but do not vest and are normally paid only upon an illness or injury-related absence. Such benefits are obligations and would be recognized. The actuarial company hired by the GNWT conducted a review and has estimated the sick leave obligation as at June 30, 2017.

iii) Pensions

Prior to May 1, 2013 all indeterminate full-time employees had the option to participate in a Defined Contribution (DC) pension plan. YCS contributions to this plan were recognized as an expense on a current year basis and represented YCS total pension obligations.

Effective May 1, 2013 the YCS added a Defined Benefit (DB) provision to the Pension Plan for the employees of Yellowknife Catholic Schools. The pension benefits under the DB provision are reported on an actuarial basis. This is done to determine the current value of future entitlements and uses various assumptions. When actual experience varies from assumptions, the resulting gains or losses are amortized on a straight line basis over the estimated average remaining service lives of the contributors.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Accounting Policies (continued)

(l) Employee Benefit Plans

The YCS contributes 100% of the premiums related to life insurance, long term disability insurance and extended health care benefits for eligible employees, in accordance with negotiated salary agreements and employment practices.

In addition, the YCS contributes 100% of the premiums related to dental insurance in accordance with negotiated salary agreements and employment practices.

Employee and employer contributions are made on behalf of all employees for statutory federal deductions related to Canada Pension Plan and Employment Insurance.

(m) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. Transfers include entitlements and grants and are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

(n) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. A liability would be recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met: an environmental standard exists; contamination exceeds the environmental standard; YCS is directly responsible or accepts responsibility and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available as at June 30, 2017.

At each financial reporting date, Management reviews the carrying amounts of the liability. Any revisions required to the amount previously recognized are accounted for in the period revisions are made. Management at YCS has concluded that there is no contamination that exceeds environmental standards and as a result there are no liabilities for contaminated sites.

(o) Net Debt

YCS's financial statements are presented so as to highlight net financial assets (net debt) as the measurement of financial position. The net financial assets (net debt) of YCS is determined by its financial assets less its liabilities. Net debt combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

3. Future Accounting Changes

Related Party Disclosures, Section PS 2200

This new section defines a related party and establishes disclosures required for related party transactions. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Inter-entity Transactions, Section PS 3420

This new section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Assets, Section PS 3210

This new section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure information about the major categories of assets that are not recognized is required. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Contingent Assets, Section PS 3320

This new section defines and establishes disclosure on contingent assets. Disclosure of information about contingent assets is required when the occurrence of the confirming future event is likely. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Contractual Rights, Section PS 3380

This new section defines and establishes disclosure standards on contractual rights. Disclosure of the nature, extent, and timing or any contractual rights is required. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Restructuring Transactions, Section PS 3430

This new section establishes standards on how to record assets, liabilities, revenues and expenses related to restructuring transactions as well as disclosure requirements for the recipient and transferor. This Section applies to fiscal years beginning on or after April 1, 2018. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Financial Instruments, Section PS 3450 and related amendments to Financial Statement Presentation, Section PS 1201

This standard will establish how to account for and report all types of financial instruments including derivatives. Financial instruments include primary instruments and derivative financial instruments. Governments should adopt Section PS 3450 in the same fiscal year Section PS 2601, Foreign Currency Translation, is adopted. This Section is effective for fiscal periods beginning on or after April 1, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards is being reviewed by management.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

3. Future Accounting Changes (continued)

Foreign Currency Translation, Section PS 2601

This section is replacing existing Section PS 2600, Foreign Currency Translation. Governments should adopt Section PS 2601 in the same fiscal year Section PS 3450, Financial Instruments, is adopted. This Section is effective for fiscal periods beginning on or after April 1, 2019. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management and is not considered significant.

Student Activity Funds

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the consolidated financial statements of Yellowknife Catholic Schools in the future.

4. Cash and Cash Equivalents

	2017	2016
Cash	\$ 4,215,783	\$ 4,521,653

The cash is held in a bank account with the Canadian Imperial Bank of Commerce (CIBC) and is invested with the GNWT's investment pool.

5. Special Purpose Funds

YCS does not have special purpose funds.

6. Restricted Assets

YCS does not have any restricted assets.

7. Portfolio Investments

YCS does not have any portfolio investments.

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

8. Accounts Receivable

	Accounts Receivable	AFDA	Net 2017	Net 2016
Due from GNWT	\$ 263,563	\$ -	\$ 263,563	\$ 136,964
Due from WSCC	2,136	-	2,136	-
Due from other	48,523	-	48,523	138,863
Due from related parties	3,959	-	3,959	-
Total	\$ 318,181	\$ -	\$ 318,181	\$ 275,827

9. Inventories

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

10. Accounts Payable and Accrued Liabilities

	2017	2016
Accrued interest	\$ 3,821	\$ 68,015
Damage deposits	3,262	3,262
Due from GNWT	1,004	-
Trades payable	597,060	347,026
Due to Workers' Safety and Compensation Commission	-	112
	\$ 605,147	\$ 418,415

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

11. Deferred Revenue

	2017	2016
Government of Canada - Public Health Agency Canada	\$ -	\$ 66,480

12. Contribution Repayable

YCS does not have any contribution repayable.

13. Due from and to the Government of Canada

	Accounts Receivable		AFDA		Net 2017		Net 2016
Receivable							
GST receivable	\$ 132,809	\$	-	\$	132,809	\$	118,976
Payable							
Public Health Agency Canada	-	\$	-	\$	-	\$	33,058
GST payable	11,685		-		-		-
	\$ 11,685	\$	-	\$	11,685	\$	33,058

14. Capital Lease Obligations

YCS does not have any capital lease obligations.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions

(a) Defined Contribution Plan

Since January 1, 1966 Yellowknife Catholic Schools indeterminate staff have had the option to participate in a voluntary Defined Contribution (DC) pension plan. Since January 1, 1988, that participation has been in the Pension Plan for the Employees of Yellowknife Catholic Schools (the Plan).

All DC assets of the Plan are held by a Trustee in favour of individual employees. The only obligation to YCS is to match employee contributions. YCS fully funds its DC obligation under the Plan each month. YCS did not have any liability under the DC provision of the Plan as of June 30, 2017.

Effective May 1, 2013 teaching and non-union staff could no longer contribute to the DC provision. Instead all indeterminate teaching and non-unionized staff joined a new Defined Benefit (DB) provision of the Plan. Effective July 1, 2013, all indeterminate unionized non-teaching staff also ceased to make contributions to the DC provision and joined the DB provision of the Plan. After July 1, 2013, there are no employees making contributions to the DC provision.

DC assets of the Plan will continue to be held in Trust for the individual employees unless they either elect to transfer their DC account to the DB provision or leave the employment of Yellowknife Catholic Schools.

No assets or liabilities related to the DC provision are recorded in the financial statements of Yellowknife Catholic Schools.

(b) Defined Benefit Plan

Effective May 1, 2013 a Defined Benefit (DB) provision was added to the Pension Plan for the Employees of Yellowknife Catholic Schools.

Summary of Defined Benefit provision:

Each permanent full-time employee, belonging to an eligible class of employees, automatically becomes a Member of the plan as of the first day of employment with YCS.

Each permanent part-time employee, belonging to an eligible class of employees, automatically becomes a Member of the plan if the employee earns at least 37% of the equivalent full-time earnings for his or her particular position.

All Members and the Employer have agreed to share the cost of benefits accrued annually, plus the administrative expenses of the DB plan in the following ratio:

- Employer 52.38%
- Employee 47.62%

Members are required to make contributions at 8.80% of earnings below the Year's Maximum Pensionable Earnings (YMPE) and 11.60% of earnings above YMPE. The YMPE for the 2017 calendar year is \$55,300 (2016 - \$54,900).

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions (continued)

(b) Defined Benefit Plan (continued)

The employer must contribute to the DB pension trust fund each year no less than its portion of the total current service cost as determined by the Actuary. In addition, YCS shall contribute to the Solvency Account such additional amounts as may be required, based on the advice of the Actuary, to amortize any going concern unfunded liabilities and solvency deficiencies of the Plan.

Normal retirement date for an employee is when they terminate employment with YCS having reached the age of 65. An employee would be entitled to an unreduced early retirement date when the Members' age plus years of service at YCS total 90. A Member may elect to retire up to 10 years prior to their normal retirement date or their unreduced retirement date and take a reduced pension benefit.

The annual pension payable to Member who retires at the normal retirement date is equal to 1.30% of the a Member's Best Average Pensionable Earnings up to the Average YMPE plus 2% of the Member's Best Average Pensionable Earnings in excess of the Average YMPE, multiplied by years of Pensionable Service. Pensionable Earnings and the YMPE are averaged over the best 10 years prior to termination, death or retirement.

The plan provides inflation protection during retirement at 75% of the increase in Northwest Territories Consumer Price Index.

Benefits are vested immediately.

During fiscal 2016/2017 Yellowknife Catholic Schools contributed **\$1,535,319** (\$1,591,275 in fiscal 2015/2016) in respect of DB accruals.

The date of the most recent actuarial valuation of the Plan is June 30, 2016. The Accrued Benefit Obligation was calculated using the projected unit credit method, pro-rated on service.

The DB Pension Trust fund assets are recorded at fair market value.

(c) Supplementary Defined Benefit Pension Plan

The supplementary plan applies to the Superintendent and the Assistant Superintendents. The supplementary plan provides a pension benefit for pensionable earnings in excess of the defined benefit limit set out in the Income Tax Act. This plan is a non-contributory plan and is not funded until the employee terminates their employment from Yellowknife Catholic Schools. The employer is responsible to provide a pension at retirement equivalent to what the employee would have earned under the Defined Benefit provision of the Pension Plan for the Employees of Yellowknife Catholic schools if there were no *Income Tax Act* maximum pension limits in place. The Accrued Benefit Obligation was calculated using the projected unit credit method, pro-rated on service.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions (continued)

Information about the Defined Benefit Plan and Supplementary Defined Benefit Pension Plan as at June 30, 2017 is as follows:

(d) Plan assets

	Pension Plan	Supplementary Plan	2017
Fair value, beginning of year	\$ 13,112,900	\$ -	\$ 13,112,900
Expected return on plan assets	643,900	-	643,900
Employer contributions	1,752,100	-	1,752,100
Employee contributions	1,413,400	-	1,413,400
Employee prior service contributions	-	-	-
Benefit payments and expenses	(773,900)	-	(773,900)
Experience (loss) gain	106,700	-	106,700
Fair value, end of year	\$ 16,255,100	\$ -	\$ 16,255,100

(e) Accrued benefit obligations

	Pension Plan	Supplementary Plan	2017
Balance, beginning of year	\$ 12,881,900	\$ 74,100	\$ 12,956,000
Current service cost	2,637,700	38,800	2,676,500
Interest cost on accrued benefit obligation	681,000	1,400	682,400
Employer prior service cost	-	-	-
Employee prior service cost	-	-	-
Benefit payments and expenses	(773,900)	-	(773,900)
(Gains) / losses on accrued benefit obligation	(38,000)	12,100	(25,900)
Balance, end of year	\$ 15,388,700	\$ 126,400	\$ 15,515,100

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions (continued)

(f) Funded status

	Pension Plan	Supplementary Plan	2017
Plan surplus / (deficit)	\$ 866,400	\$ (126,400)	\$ 740,000
Unrecognized (gains) losses	255,600	25,100	280,700
Accrued benefit asset (liability) before limit on assets	1,122,000	(101,300)	1,020,700
Impact of limit on assets	(1,122,000)	-	(1,122,000)
Accrued benefit asset (liability) after limit on assets	\$ -	\$ (101,300)	\$ (101,300)

(g) Determination of pension cost

	Pension Plan	Supplementary Plan	2017
Current service cost	\$ 1,224,300	\$ 38,800	\$ 1,263,100
Interest on accrued benefit obligation	37,100	1,400	38,500
Amortization of losses / (gains)	31,000	1,200	32,200
Extraordinary items	-	-	-
Change in valuation allowance	459,700	-	459,700
Pension expense	\$ 1,752,100	\$ 41,400	\$ 1,793,500

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions (continued)

Information about the Defined Benefit Plan and Supplementary Defined Benefit Pension Plan as at June 30, 2016 is as follows:

(h) Plan assets

	Pension Plan	Supplementary Plan	2016
Fair value, beginning of year	\$ 10,237,300	\$ -	\$ 10,237,300
Expected return on plan assets	519,500	-	519,500
Employer contributions	1,690,200	-	1,690,200
Employee contributions	1,464,200	-	1,464,200
Employee prior service contributions	5,100	-	5,100
Benefit payments and expenses	(544,900)	-	(544,900)
Experience (loss) gain	(258,500)	-	(258,500)
Fair value, end of year	\$ 13,112,900	\$ -	\$ 13,112,900

(i) Accrued benefit obligations

	Pension Plan	Supplementary Plan	2016
Balance, beginning of year	\$ 9,895,300	\$ 24,800	\$ 9,920,100
Current service cost	2,779,400	33,000	2,812,400
Interest cost on accrued benefit obligation	559,100	700	559,800
Employer prior service cost	18,200	-	18,200
Employee prior service cost	5,100	-	5,100
Benefit payments and expenses	(544,900)	-	(544,900)
(Gains) / losses on accrued benefit obligation	169,700	15,600	185,300
Balance, end of year	\$ 12,881,900	\$ 74,100	\$ 12,956,000

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions (continued)

(j) Funded status

	Pension Plan	Supplementary Plan	2016
Plan surplus (deficit)	\$ 231,000	\$ (74,100)	\$ 156,900
Unrecognized (gains) losses	431,300	14,200	445,500
Accrued benefit asset (liability) before limit on assets	662,300	(59,900)	602,400
Impact on limit of assets	(662,300)	-	(662,300)
Accrued benefit asset (liability)	\$ -	\$ (59,900)	\$ (59,900)

(k) Determination of pension cost

	Pension Plan	Supplementary Plan	2016
Current service cost	\$ 1,315,200	\$ 33,000	\$ 1,348,200
Interest on accrued benefit obligation	39,600	700	40,300
Amortization of losses/ (gains)	200	(200)	-
Extraordinary items	18,200	-	18,200
Change in valuation allowance	317,000	-	317,000
Pension expense	\$ 1,690,200	\$ 33,500	\$ 1,723,700

(l) Actuarial assumptions

	2017	2016
Discount rate - pension plan	4.75%	4.50%
Discount rate - supplementary plan	1.20%	1.20%
Expected return on plan assets - pension plan	4.75%	4.50%
Expected return on plan assets - supplementary plan	n/a	n/a
Salary increase - pension plan	2.00%	2.00%
Salary increase - supplementary plan	2.00%	2.00%
Mortality table	120% of the CPM 2014 table *	120% of the CPM 2014 table *
Expected average remaining services lifetime (EARSL) - pension plan	13.7 Years	13.9 Years
Expected average remaining services lifetime (EARSL) - supplementary plan	10.7 Years	

* 2017 - 100% of the 2014 Canadian Pensioners' Public Sector Mortality Table with projection scale CPM-B; 2016 - 120% of the 2014 Canadian Pensioners' Private Sector Mortality Table with projection scale CPM-B.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

15. Pensions (continued)

(m) Plan assets consist of:

	2017	2016
Fixed income securities	60%	60%
Equity securities	40%	40%

16. Long Term Debt

	2017	2016
VersaBank (formerly Pacific and Western) debenture facilities number 2, 3, and 4, repayable in monthly installments of \$68,016, including interest at 5.73%, final installment on maturity due in March 2018.	\$ 662,630	\$ 1,417,219

Government of the Northwest Territories debenture, repayable in monthly installments of \$10,000 including interest. Interest rate consistent with GNWT cost of borrowing at a current rate of 1.20%. If rates do not change the final installment will be due in 2024.

842,623 951,798

\$ 1,505,253 \$ 2,369,017

The debenture are repayable annually as follows:

2018	\$ 773,123
2019	111,828
2020	113,156
2021	114,540
2022 and thereafter	392,606

\$ 1,505,253

The debentures are registered.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

17. Post Employment Benefits and Compensated Absences

In addition to pension benefits, the YCS provides severance, removal and compensated absence (sick, accident or injury, special) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to YCS employees based on the appropriate combinations that include inputs such as when the employee was hired, the rate of pay, and the number of years of continuous employment. Removal benefits are paid to YCS employees based on the number of years of continuous employment. The benefits under these two categories were actuarially valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness, and death of an immediate family member. Non-accruing benefits include maternity. Benefits that accrue under compensated absence were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

Yellowknife Catholic Schools**(Yellowknife Public Denominational District Education Authority)****Notes to Consolidated Financial Statements**

June 30, 2017

17. Post Employment Benefits and Compensated Absences (continued)**Reconciliation of Accrued Benefit Obligation**

	Severance and removal	Compensated absences	2017	2016
Accrued benefit obligation, beginning of year	\$ 729,534	\$ 23,684	\$ 753,218	\$ 562,852
Current service cost	47,309	2,119	49,428	171,255
Interest cost	21,931	777	22,708	36,000
Benefits paid	(16,234)	(3,066)	(19,300)	(16,890)
Plan amendments	-	-	-	-
Actuarial gains/losses	41,827	676,113	717,940	-
Accrued benefit obligations, end of year	824,367	699,627	1,523,994	753,217
Unamortized net actuarial gain/loss	(41,827)	(676,113)	(717,940)	-
Accrued benefit liability	\$ 782,540	\$ 23,514	\$ 806,054	\$ 753,217

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

17. Post Employment Benefits and Compensated Absences (continued)

Benefits Expense

	Severance and removal		Compensated absences		2017	2016
Current period benefit cost	\$	47,309	\$	2,119	\$	171,255
Interest accrued		21,931		777	\$	36,000
Benefit expense, end of year	\$	69,240	\$	2,896	\$	207,255

The discount rate used to determine the accrued benefit obligation was an average of 3.3% (2016 - 3.2%). The expected payments during the next five fiscal years are:

	Severance and removal		Compensated absences		Total
2018	\$	227,191	\$	200,292	\$ 427,483
2019		172,294		108,531	280,825
2020		106,951		62,589	169,540
2021		70,122		43,067	113,189
2022		54,715		39,778	94,493
Total	\$	631,273	\$	454,257	\$ 1,085,530

18. Trust Assets Under Administration

YCS does not have any trust assets under administration.

Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

Notes to Financial Statements

June 30, 2017

19. Tangible Capital Assets

	Cost	Additions	Disposals	Amortization	Accumulated Amortization	Net Book Value, June 30, 2017	Net Book Value June 30, 2016
Land and Improvements	\$ 1,838,825	\$ -	\$ -	\$ -	\$ -	\$ 1,838,825	\$ 1,838,825
Equipment	463,115	-	-	63,508	198,202	264,913	328,421
Buildings and Portables							
Career and Technical Centre	2,878,913	-	-	73,888	957,826	1,921,087	1,994,975
Central Services offices	953,899	-	-	34,426	576,968	376,931	411,358
Ecole St. Joseph School	37,380,149	-	-	958,888	12,455,739	24,924,410	25,883,297
Ecole St. Patrick High School	11,723,900	521,309	-	319,497	6,471,897	5,773,312	5,571,499
Tallah Building	621,027	-	-	15,757	73,349	547,678	563,436
Weledeh Catholic School	12,557,840	-	-	330,161	5,256,107	7,301,733	7,631,894
	66,115,728	521,309	-	1,732,617	25,791,886	40,845,151	42,056,459
	\$ 68,417,668	\$ 521,309	\$ -	\$ 1,796,125	\$ 25,990,088	\$ 42,948,889	\$ 44,223,705

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2017

20. Prepaid Expenses and Deposits

	2017	2016
Deposits	\$ -	\$ 1,105
Other prepaids	39,354	53,004
	\$ 39,354	\$ 54,109

21. Accumulated Surplus/Deficit

A consolidated statement of accumulated surplus/deficit has been prepared and included in the Consolidated Financial Statements.

22. Capital Advances

YCS does not have any capital advances.

23. GNWT Assets Provided At No Cost

YCS does not have any GNWT assets provided at no cost.

24. Contractual Obligations

YCS has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2017. YCS is committed to five janitorial contracts for various schools and buildings. All of the contracts expire in June 2018. YCS has a contract with First Canada ULC (o/a First Student Canada) for student transportation. The contract expires in June 2018 and can be extended for another three year period to June 2021. YCS has a contract with ThyssenKrupp for elevator maintenance. YCS is invoiced annually. This contract expires in February 2021. In its normal course of operations, YCS has leases for equipment. The equipment leases are payable in varying quarterly and annual installments.

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2017

24. Contractual Obligations (continued)

The future minimum payments are as follows.

	Expires in fiscal year	2018	2019 - 2022	Total
Equipment leases	2019-2021			
Photocopier leases		\$ 62,287	\$ 126,554	\$ 188,841
		62,287	126,554	188,841
Operation contracts	2018 - 2022			
Employee assistance program	2019	10,243	7,682	17,925
Mail services	2018	6,553	-	6,553
Janitorial services	2018	574,873	-	574,873
Bussing services	2018	343,006	-	343,006
Elevator maintenance	2021	27,005	122,871	149,876
		961,680	130,553	1,092,233
		\$ 1,023,967	\$ 257,107	\$ 1,281,074

Collective agreements with the Northwest Territories Teachers' Association and the Public Service Alliance of Canada as represented by its agent the Union of Northern Workers were negotiated during the year. A four year agreement with the Northwest Territories Teachers' Association was signed for the period from September 2016 to August 2020. A three year agreement has been agreed to by the Union of Northern Workers from July 2016 June 2019. The agreement will be signed by both parties in September 2017.

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2017

25. Contingencies

As of the audit report date, YCS does not have any contingencies.

26. Related Parties

YCS has the following transactions with government and other government controlled organizations:

Due to related parties:

	2017	2016
Government of the Northwest Territories		
Department of Infrastructure	\$ 1,004	\$ -
Workers' Safety and Compensation Commission	\$ -	\$ 112

Due from related parties:

	Accounts Receivable	AFDA	2017	2016
Government of the Northwest Territories				
Department of Education, Culture and Employment	\$ 255,635	\$ -	\$ 255,635	\$ 125,410
NWT Health & Social Services - Yellowknife Region	\$ 7,416	\$ -	\$ 7,416	\$ 11,554
Aurora College	\$ 513	\$ -	\$ 513	\$ -
YK Education District #1	\$ 3,959	\$ -	\$ 3,959	\$ -

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2017

26. Related Parties (continued)

Revenue from related parties:

	2017	2016
Government of the Northwest Territories		
Department of Education, Culture and Employment		
Operations and maintenance	\$18,424,022	\$18,936,397
French funding	\$ 365,700	\$ 280,000
Preschool subsidy	\$ 62,300	\$ -
4 Plus program	\$ 100,000	\$ 100,000
4th R training	\$ 840	\$ -
Aboriginal language	\$ 59,000	\$ 59,000
DELFI	\$ 40,000	\$ -
French funding - resources	\$ 24,700	\$ 68,875
Secondment	\$ 161,749	\$ -
Self-regulation	\$ 7,000	\$ -
YK Family Centre	\$ 40,500	\$ 67,000
Other	\$ 76,065	\$ 210,595
Safe and caring schools	\$ -	\$ 10,000
Department of Municipal and Community Affairs		
Active After School	\$ 48,900	\$ 52,423
Regional youth sporting event - hand games	\$ 25,000	\$ -
Department of Health and Social Services		
Drop the Pop	\$ 12,731	\$ 12,545
Department of Environment & Natural Resources		
Take a Kid Trapping	\$ 12,000	\$ 8,000
Beaufort Delta Education Authority		
Aurora College - Tallah building rental	\$ 118,051	\$ 117,654
Workers' Safety and Compensation Commission		
NWT Health & Social Services - Yellowknife	\$ 11,124	\$ 32,466
Region - preschool payments		
Yellowknife District #1	\$ 5,159	\$ 600
Commission scolaire	\$ -	\$ 19,043
Dettah District Education Authority	\$ 217,120	\$ 271,189
Sahtu District Education Authority	\$ -	\$ 3,066
South Slave District Education Authority	\$ -	\$ 1,533
Tli Cho Community Services	\$ -	\$ 4,599

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Notes to Consolidated Financial Statements

June 30, 2017

26. Related Parties (continued)

Expenses from related parties:

	2017	2016
Government of the Northwest Territories		
Department of Infrastructure	\$ 1,984	\$ 1,984
Department of Finance		
Debenture payments	\$ 120,000	\$ 120,000
NWT payroll tax	\$ 341,466	\$ 332,338

27. Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the *Education Act*.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of YCS.

The budget figures presented are those approved by the Trustees of YCS on May 16, 2016 and have not been audited.

28. Economic Dependence

YCS receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that YCS operations would be significantly affected.

Yellowknife Catholic Schools

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Notes to Consolidated Financial Statements

June 30, 2017

29. Risk Management

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

a) Credit risk

Credit risk is the risk of financial loss to the YCS if a debtor fails to make payments of interest and principal when due. The YCS is exposed to this risk relating to its cash and cash equivalents, due from the Government of Canada, and accounts receivable. The YCS holds its cash in accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the YCS's cash in accounts are insured up to \$300,000.

YCS's maximum exposure to credit risk is represented by the financial assets balance for a total of **\$4,666,773** (2016 - \$4,916,452).

Accounts receivable are ultimately due from the departments of the Government of Canada and the Northwest Territories and pertain to outstanding contribution agreements. Accounts receivable from the Government of Canada represents goods and services tax receivable from the Government of Canada. There is a concentration of credit risk as the majority of the deposits are held in one Canadian chartered bank and more than 10% of the total accounts receivable is from the Government of the Northwest Territories. The amounts represent a low credit risk as the debtors are reputable governments and government organizations with a good credit score.

b) Interest rate risk

YCS manages its exposure to interest rate risk through fixed rate borrowings for its debentures. The fixed rate debts are subject to interest rate price risk, as the value will fluctuate as a result of changes in interest rates.

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Notes to Consolidated Financial Statements

June 30, 2017

29. Risk Management (continued)

c) Liquidity risk

Liquidity risk is the risk that the YCS will not be able to meet all cash outflow obligations as they come due. The YCS mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise.

The table below shows when various financial assets and liabilities mature.

Financial assets	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Cash and cash equivalents	\$ 4,215,783	\$ -	\$ -	\$ -
Due from the government of Canada	132,809	-	-	-
Accounts receivable	318,181	-	-	-
Total assets	\$ 4,666,773	\$ -	\$ -	\$ -
Total assets - prior year	\$ 4,916,456	\$ -	\$ -	\$ -
Financial liabilities	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 605,147	\$ -	\$ -	\$ -
Payroll benefits payable Due to the Government of Canada	206,784 11,685	- -	- -	- -
Long term debt	-	773,123	455,446	276,684
Accrued payroll liabilities	2,642,768	-	-	-
Total liabilities	\$ 3,466,384	\$ 773,123	\$ 455,446	\$ 276,684
Total liabilities - prior year	\$ 4,320,533	\$ 779,641	\$ 2,568,874	\$ 620,641
Net total	\$ 1,200,389	\$ (773,123)	\$ (455,446)	\$ (276,684)
Net total - prior year	\$ 595,923	\$ (779,641)	\$ (2,568,874)	\$ (620,641)

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

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2017

30. Expenditures By Object

	2017	2017	2016
	Budget	Actual	Actual
Amortization	\$ 1,700,000	\$ 1,796,125	\$ 1,772,416
Compensation	19,693,309	20,563,139	21,079,290
Interest on long term debt	72,430	76,250	115,695
Materials/freight	544,306	771,098	586,809
Services purchased/contracted	2,886,443	2,763,026	3,025,421
	\$ 24,896,488	\$ 25,969,638	\$ 26,579,631

31. Subsequent Events

Subsequent to the year end, YCS contracted Arcan Roofing and Cladding Ltd. to perform roof repairs at the central services building for proper drainage and standing water for \$97,723.

32. Comparative Figures

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

33. Payroll Liabilities

	2017	2016
Teachers - Northwest Territories Teachers' Association	\$ 2,144,352	\$ 2,137,079
Non-Teacher - Union of Northern Workers	498,416	570,049
	\$ 2,642,768	\$ 2,707,128

34. Statement of Remeasurement Gains and Losses

YCS does not have any remeasurement gains or losses.

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2017

35. Education Authority Generated Funds

	2017 Budget	2017 Actual	2016 Actual
Donations	\$ 15,000	\$ 66,991	\$ 53,897
Fees and sales	278,540	430,421	405,992
Investments	60,000	48,293	54,378
Other	263,000	850,029	371,463
Rentals	180,000	167,301	166,152
	\$ 796,540	\$ 1,563,035	\$ 1,051,882

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 1
Operating Fund - Detail of Expenditures

For the period ended June 30, 2017

	School Programs	Inclusive Schooling (Schedule 2)	Operations & Maintenance	Board Administration	Aboriginal Languages (Schedule 3)	Transfers & Others	Total 2017	Budget 2017	Total 2016
Salaries									
Teachers	\$9,329,075	\$1,384,523	\$ -	\$ -	\$ 468,737	\$ -	\$11,182,335	\$10,454,043	\$11,226,086
Instruction assistants	-	1,523,776	-	-	-	-	1,523,776	1,588,659	1,611,090
Non-instructional	928,950	464,247	233,020	1,246,915	-	-	2,873,132	2,770,178	2,727,410
Board honoraria	-	-	-	65,227	-	-	65,227	67,512	68,474
	10,258,025	3,372,546	233,020	1,312,142	468,737	-	15,644,470	14,880,392	15,633,060
Employee Benefits									
Employee benefits	3,264,407	1,131,584	88,673	216,523	150,774	-	4,851,961	4,795,917	5,226,784
Leave and termination benefits	16,234	-	-	50,474	-	-	66,708	17,000	219,446
	3,280,641	1,131,584	88,673	266,997	150,774	-	4,918,669	4,812,917	5,446,230
Services Purchased/Contracted									
Advertising/publishing	2,922	-	-	38,164	10,489	-	51,575	76,600	67,699
Communication	47,134	680	6,903	19,023	-	-	73,740	78,938	80,846
Contracted services	585,887	7,472	643,527	1,215	7,920	-	1,246,021	1,182,790	1,185,668
Maintenance & repairs	-	2,431	242,271	-	2,379	-	247,081	297,148	302,379
Other	187,989	6,640	12,976	46,154	-	-	253,759	130,100	321,775
Professional/technical	3,466	30,176	-	19,575	800	-	54,017	148,757	146,736
Rental/leases	31,986	882	-	7,374	-	-	40,242	120,160	111,301
Student transportation	-	5,157	-	-	-	-	5,157	7,250	11,663
Travel	9,415	-	-	25,248	-	-	34,663	33,800	54,445
Utilities: Electricity	-	-	413,441	-	-	-	413,441	438,000	426,019
Heating	-	-	246,679	-	-	-	246,679	282,400	219,418
Water/sewage	-	-	96,651	-	-	-	96,651	90,500	97,472
	868,799	53,438	1,662,448	156,753	21,588	-	2,763,026	2,886,443	3,025,421
Materials/Freight									
Materials	454,220	61,929	-	57,119	192,636	-	765,904	532,306	582,443
Freight	5,194	-	-	-	-	-	5,194	12,000	4,366
	459,414	61,929	-	57,119	192,636	-	771,098	544,306	586,809

Continued on next page

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 1 (Continued)
Operating Fund - Detail of Expenditures

For the period ended June 30, 2017

	School Programs	Inclusive Schooling (Schedule 2)	Operations & Maintenance	Administration	Aboriginal Languages (Schedule 3)	Transfers & Others	Total 2017	Budget 2017	Total 2016
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,796,125	\$ 1,796,125	\$ 1,700,000	\$ 1,772,416
Debenture Interest	-	-	-	-	-	76,250	76,250	72,430	115,695
	-	-	-	-	-	1,872,375	1,872,375	1,772,430	1,888,111
Total	\$14,866,879	\$ 4,619,497	\$ 1,984,141	\$ 1,793,011	\$ 833,735	\$ 1,872,375	\$25,969,638	\$24,896,488	\$26,579,631

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 2
Detail of Inclusive Schooling Expenditures

For the period ended June 30, 2017

	Staff Development	Intervention Strategies	Assistive Technology	Early Childhood	Magnet Facilities	General Inclusive Schooling	Total
Salaries							
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 115,717	\$ 115,717
Non-instructional	-	193,734	-	270,513	-	-	464,247
Support assistants	-	1,466,310	-	-	57,466	-	1,523,776
Teachers	45,032	1,116,482	-	-	107,292	-	1,268,806
	45,032	2,776,526	-	270,513	164,758	115,717	3,372,546
Employee Benefits	68,759	910,249	-	71,179	50,094	31,303	1,131,584
Services Purchased/Contracted							
Contracted services	-	-	-	7,472	-	-	7,472
Communication	-	-	-	680	-	-	680
Maintenance & repairs	-	-	2,431	-	-	-	2,431
Professional/technical	585	28,202	-	1,389	-	-	30,176
Rental/leases	-	-	-	882	-	-	882
Student transportation	-	5,157	-	-	-	-	5,157
Other	-	6,640	-	-	-	-	6,640
	585	39,999	2,431	10,423	-	-	53,438
Materials/Freight	5,931	21,025	9,561	10,433	2,979	12,000	61,929
Total	\$ 120,307	\$ 3,747,799	\$ 11,992	\$ 362,548	\$ 217,831	\$ 159,020	\$ 4,619,497

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 3
Aboriginal Language and Culture Program Expenditures

For the period ended June 30, 2017

	Student Instruction	Teaching/ Learning Resources	Total
Salaries			
Elders honorarium	\$ 55,105	\$ -	\$ 55,105
Teachers	371,134	42,498	413,632
	426,239	42,498	468,737
Employee Benefits	144,189	6,586	150,774
Services Purchased/Contracted			
Contracted services	7,920	-	7,920
Maintenance and repairs	2,379	-	2,379
Printing and publishing	-	10,489	10,489
Professional/technical	800	-	800
	11,099	10,489	21,588
Materials/Freight	192,636	-	192,636
Total	\$ 774,163	\$ 59,573	\$ 833,735

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 4
Aboriginal Language Materials

For the period ended June 30, 2017

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total
Revenue			
Secretary of State Funding Aboriginal Languages	\$ 44,250	\$ 14,750	\$ 59,000
Expenditures			
Salary and benefits	36,444	12,640	49,084
Supplies and materials	5,996	4,493	10,489
	42,440	17,133	59,573
Surplus (deficit)	\$ 1,810	\$ (2,383)	\$ (573)

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 5
Four Plus

For the period ended June 30, 2017

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total
Revenue			
Contract	\$ 75,000	\$ 25,000	\$ 100,000
GNWT - Department - Subsidy	19,566	6,522	26,088
Usage	53,298	17,766	71,064
	147,864	49,288	197,152
Expenditures			
Operations and maintenance	1,614	1,040	2,654
Salary and benefits	103,758	77,060	180,818
	105,372	78,100	183,472
Surplus (deficit)	\$ 42,492	\$ (28,812)	\$ 13,680

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 6
Yellowknife Family Centre

For the period ended June 30, 2017

	July 1, 2016 to March 31, 2017	April 1, 2017 to June 30, 2017	Total
Revenue			
Health Canada	\$ 161,108	\$ -	\$ 161,108
Government of the Northwest Territories	40,500	-	40,500
Other	3,950	-	3,950
	205,558	-	205,558
Expenditures			
Operations and maintenance	16,891	-	16,891
Salary and benefits	160,873	-	160,873
	177,764	-	177,764
Surplus	\$ 27,794	\$ -	\$ 27,794

On March 31, 2017, the Family Centre was successfully transferred to the YWCA NWT.

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Schedule 7
French Language Programs

For the period ended June 30, 2017

	Contribution from GNWT	Commitment from YCS	Actual Expenditures	(Over) under Expenditures
Bilateral Agreement Funding				
Special Projects				
Consultant - Immersion/Core French	\$ 60,000	\$ 87,000	\$ 152,044	\$ (5,044)
Core French (salary and benefits)	100,000	182,000	302,281	(20,281)
French cultural activities	4,000	5,000	12,453	(3,453)
French resources	11,000	8,000	60,704	(41,704)
Late Immersion Salary	72,000	48,000	125,154	(5,154)
Late Immersion Supplies	9,600	6,400	16,000	-
Late Immersion Training	1,800	1,200	609	2,391
Late immersion Camp	1,800	1,200	3,309	(309)
Literacy (salary and benefits)	56,000	65,000	161,057	(40,057)
Professional development	4,000	8,000	15,548	(3,548)
Teacher assistant (salary and benefits)	45,500	30,000	78,412	(2,912)
Total	\$ 365,700	\$ 441,800	\$ 927,571	\$ (120,071)
Regular GNWT Funding				
Core French			\$ 466,687	
Immersion Program			1,415,225	
Total			\$ 1,881,912	

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 8
Student Success Initiative Projects

For the period ended June 30, 2017

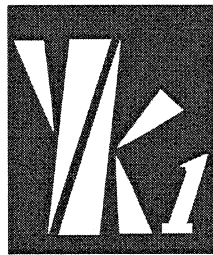
	21st Century/ Google	Differentiated Professional Development	Total
Revenue			
Government of Northwest Territories - Department of Education, Culture and Employment	\$ 55,000	\$ 48,000	\$ 103,000
Expenditures			
Professional development	56,388	11,448	67,836
Substitute teacher wages	854	46,925	47,779
	57,242	58,373	115,615
Deficit	\$ (2,242)	\$ (10,373)	\$ (12,615)

Yellowknife District No.1 Education Authority

(Yellowknife Education District No. 1)

Financial Statements

June 30, 2017



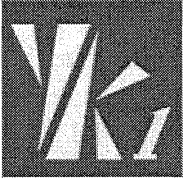


Yellowknife District No. 1 Education Authority

(the Authority)

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YELLOWKNIFE EDUCATION DISTRICT NO.1
OF THE NORTHWEST TERRITORIES
DISTRICT SCOLAIRE No.1 DE YELLOWKNIFE
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yk1.nt.ca – yk1@yk1.nt.ca

Management Discussion and Analysis

June 2017

Introduction

Yellowknife Education District No. 1 (YK1) Administration:

Metro Huculak, Superintendent of Education/CEO
Ed Lippert, Assistant Superintendent
Tram Do, Director of Corporate Services

Current Board Members:

John Stephenson, Chairperson
Allan Shortt, Acting Vice Chairperson

Trustees:

Tina Drew
Jay Butler
Terry Brookes
Rajiv Rawat

Active Committees include:

- Policy Committee
- Public Relations Committee
- Finance Committee

YK1 Core Strategies

To ensure all students reach their highest level of learning by:

- Increasing success rate of early learners
- Consistently increasing the percentage of students working at grade level
- Increasing the percentage of students who successfully graduate or complete high school programs
- Increasing the success of all students reflecting the diversity of the student population
- Increasing student success in Mathematics and Science

To ensure all students receive programming which responds to their diverse learning needs in a respectful and inclusive manner by:

- Maintaining a high level of satisfaction with our Inclusive Education Program
- Strengthening inclusive school communities
- Increasing the level of competence among teachers in their ability to deal with diverse needs

To ensure all students are engaged in Indigenous languages, perspectives and culture-based education by:

- Integrating culturally relevant learning into instructional programming
- Increasing the offerings of the Willideh language
- Ensuring all schools reflect Indigenous Language and culture
- Engaging all students in Indigenous cultural experiences
- Increasing the number of skilled instructors of Indigenous language and culture-based education
- Strengthening relationships with Indigenous communities

To ensure all students engage in healthy lifestyles and respectful, caring relationships by:

- Increasing student participation in physical activities
- Improving student involvement and participation in the Arts
- Increasing student awareness of nutrition and the importance of healthy food choices
- Promoting positive relationships, resiliency and good citizenship
- Increasing awareness and access to wellness and mental health activities

Operating Environment

YK1 operates six schools in the City of Yellowknife. The following lists key programming in our schools:

Mildred Hall School (JK-8)

- Mildred Hall School (MHS) is an English school which also offers Core French and Tlicho language courses
- The school offers many extracurricular activities such as team sports, fine arts, guitar, fiddling and various band instruments; alternative sports such as mountain biking roller blading; alternative options such as magic, lego and crochet clubs
- An "On the Land Mentorship" program was established where students are paired with Aboriginal experts and elders to learn important skills like snaring, tanning moose hide and setting nets
- MHS provides a breakfast and hot lunch program. The school also has a large garden where students grow vegetables that are used in the foods program
- 'Peacemakers', a peer leadership group in the school, promotes education surrounding bullying and bullying prevention

N.J Macpherson School (JK-5)

- NJM is an English school which offers Core French
- Special programs at NJM include Montessori, Visual Arts, Music, Drama and Gymnastics. Several extracurricular sports, clubs and after-school programs are also offered
- Aboriginal language and culture is integrated into classroom sessions and students attend culture camps throughout the year
- NJM has an active Parent Advisory Council and a strong recycling program

École J.H. Sissons (JK-5)

- École J.H. Sissons School (ÉJHS) offers French Immersion programming
- Special programs include choir, musical theatre, afterschool athletic program and a speed skating academy. Afterschool activities include judo, soccer, improvisation, painting, chess and choir
- ÉJHS celebrates diversity through various events during the year
- Students and staff participate in a 7-day annual French language and culture camp - 'Camp de neige' - at the Yellowknife Ski Club

École William McDonald Middle School (6-8)

- École William McDonald Middle School (ÉWMS) offers programming for grades 6 to 8 in both English and French Immersion
- Other French options include: Intensive French - Grade 6, Post-Intensive French - grade 7 and 8, and Core French - Grade 6 to 8
- ÉWMS offers exploratory programs such as Industrial Arts, Home Economics and Outdoor Education

- The school offers a multi-sport Sports Academy program which includes hockey, soccer, dance, fitness and cross training. A newly-constructed fitness room allowed the school to expand its sports programming in the 2016-17 school year
- Special multiple-day camps available for Grade 8 students such as Camp Akaitcho and Hidden Lake Canoe Trip

Range Lake North School (JK-8)

- Intensive French is offered in Grade 6, Post-Intensive French in Grades 7 and 8 and Core French is offered in Grades 6 to 8
- Aboriginal language and culture is integrated into classroom sessions and students attend culture camps throughout the year
- Special programs at RLNS include music, band, fine arts, choir and drama
- Range Lake North School (RLN) offers an advanced technology program and technology classes are offered in robotics
- RLNS has an Athletic Excellence program and offers many extracurricular sports
- RLN has an active and involved Parent Advisory Committee who organize their largest fundraiser, Family Fun Night in the spring. All proceeds go back to support RLNS students

École Sir John Franklin High School (9-12)

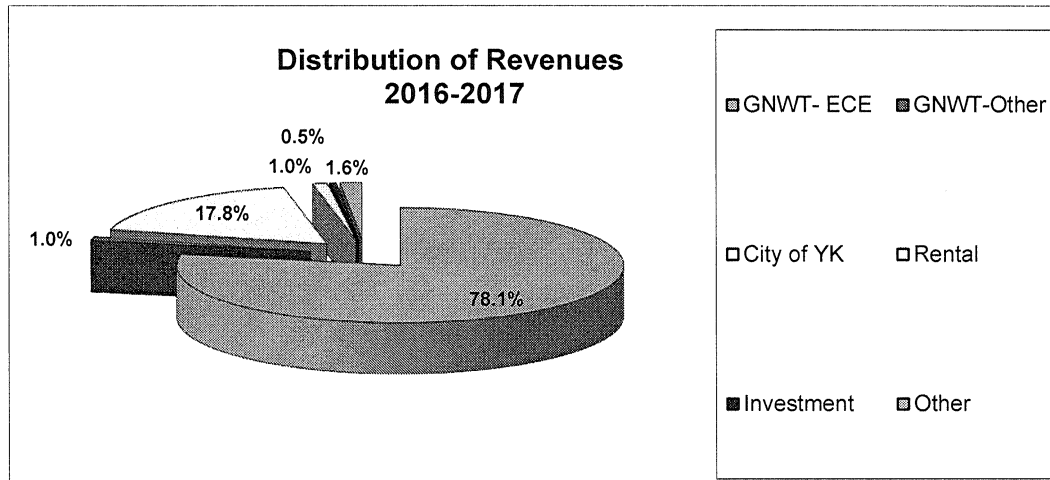
- École Sir John Franklin High School (ÉSJF) offers programming from Grades 9 to 12 in both English and French Immersion
- ÉSJF has a dynamic Fine Arts program which includes music, band, choir, drama and visual arts
- The school offers an extensive trades curriculum and work experience program which includes Industrial Arts, automotives and esthetics
- ÉSJF offers Aboriginal culture programming and camps including Tlicho language instruction
- The school has a successful Sports Academy and several extra-curricular sports and clubs are offered
- ÉSJF has an At-Risk Student program which provides support and resources for students struggling in school, socially, or at home. Each at-risk student is assigned a student support staff person, and they organize weekly check-ins with the student to ensure they are on track for graduation. For those students that need counselling or suffer from addictions, weekly visits from Yellowknife Health & Social Services are arranged
- The school offers many opportunities for students to travel abroad for volunteering, scuba club trips and a French Immersion trip
- Night classes are also available

Route 51 Learning:

Route 51 Learning Institute is an alternate high school program which offers:

- a flexible schedule designed to accommodate students
- credits for work experience
- smaller student-to-teacher ratio, and students can focus on one course at a time

Financial Condition

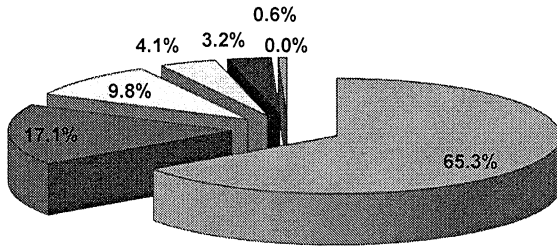


Revenues

	\$
GNWT- ECE	26,550,111
GNWT-Other	354,097
Property Taxation	6,062,772
Rental	347,206
Investment	170,637
Other	<u>531,089</u>
Total Revenues	<u>34,015,912</u>

Funding from the Department of Education, Culture and Employment (ECE) makes up 78.1% of YK1's revenues. Property taxation revenue is 17.8% and the remainder is generated from investment income, Nordic Arms apartment rentals, preschool fees, superintendent services and parking lot rentals.

**Distribution of Expenditures
2016-2017 excluding amortization**



- School Programs
- Inclusive Schooling
- Operations & Maintenance
- Administration
- Aboriginal Language & Culture
- Accommodation
- Transfers to Capital

Expenses (excluding amortization)

School Programs	22,185,440
Inclusive Schooling	5,793,570
Operations & Maintenance	3,327,864
Administration	1,395,138
Aboriginal Language & Culture	1,077,829
Accommodation	197,630
Total Expenses	<u>33,977,470</u>

Expenditure allocations are based on the Department of Education, Culture and Employment (ECE) funding formula. 85.6% of expenditures consist of school programs, inclusive schooling, and Aboriginal Language and Culture which are directly related to schools.

Unrestricted Surpluses

The accumulated operating surplus is the overall operations of the district, the decentralized surplus is school operations and maintenance, and capital surplus is for major capital expenditures.

Surplus	2016/2017	2015/2016	Change
Operating	566,402	729,783	-163,381
Capital	904,165	904,165	0
Decentralized(Schools)	246,285	130,049	+116,236
<hr/>			
Total Accumulated Surplus	1,716,852	1,763,997	-47,145
<hr/>			
Unfunded :			
Leave and Termination Benefits	1,705,424	1,645,992	+59,432
<hr/>			
	3,422,276	3,409,984	+12,287
<hr/>			

The accumulated operating surplus decreased by \$163,381 and the decentralized surplus increased by \$116,236, the total change is an overall decrease of \$47,145. The overall unrestricted surplus is 4.8% (\$1,716,852/\$35,606,554) of total 2017/2018 budgeted expenditures excluding amortization.

The accumulated unrestricted surplus has enabled YK1 to maintain quality programming for students, which has been a key strength of the district.

YK1 has older schools that require replacement or renovation. ECE has started the planning study for the J.H. Sissons renovations. The contract for J.H. Sissons School schematic design has been awarded. YK1 continues to lobby ECE to have Mildred Hall School renovations completed.

Some of the District's schools are underutilized. YK1 participates in space-sharing with Commission Scolaire Francophone Territoires Du Nord-Ouest (CSFC) and various other groups to fill some of these spaces.

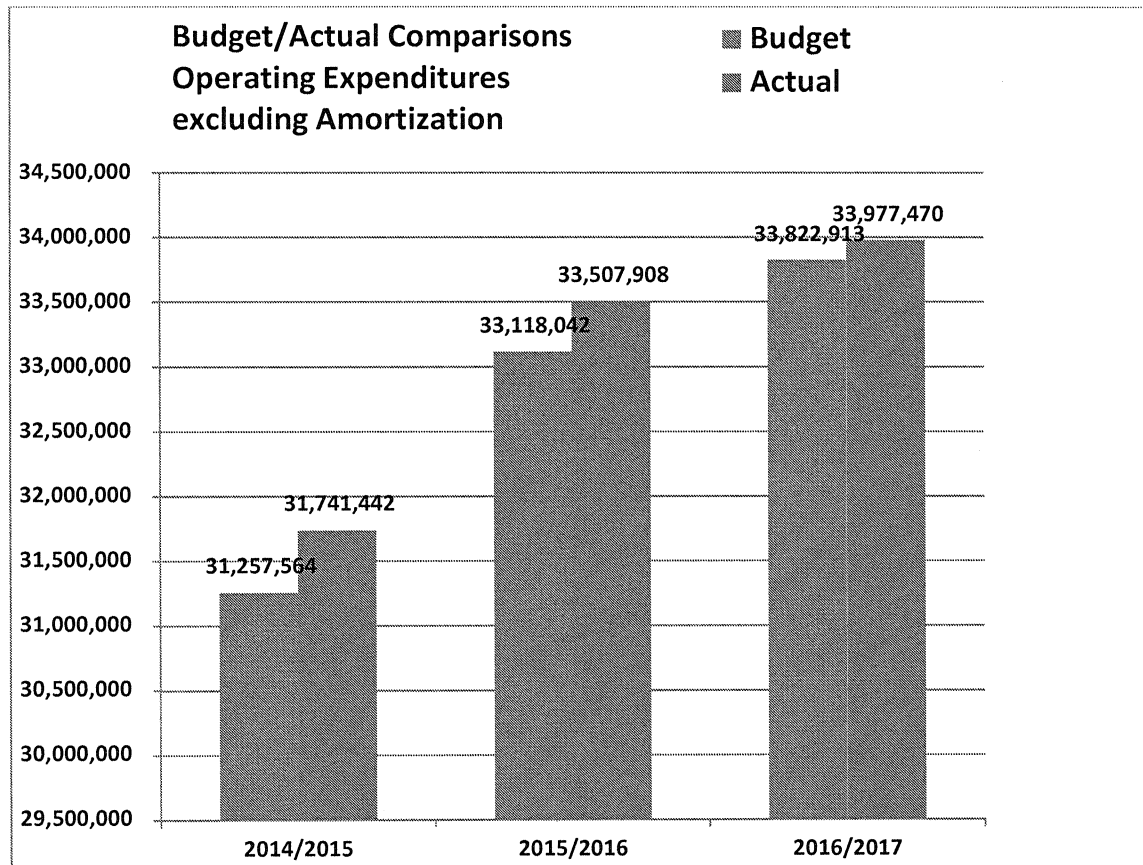
Restricted Reserves

The Department of Education, Culture and Employment has agreed to allow YK1 to maintain the unspent utility funding to be used for conversion of current lighting to LED lighting in the schools and minor capital expenditures. LED lights can save 30% or more on energy costs. ECE has agreed to allow YK1 to keep all utilities savings to be reinvested into minor capital projects or LED lighting upgrades.

YK1 has completed the LED light conversion for all outdoor lights and emergency exit lights at schools and buildings. This project completed April 2017. Over the summer months, DT Electric will be converting all the gymnasium lights in the schools to LED lights.

LED Restricted	2016/2017	2015/2016	Change
Beginning Balance	336,450		+336,450
Utility Savings	215,376	336,450	-121,074
Outdoor Lights Conversion	-129,789		-129,789
Total LED Reserve	422,037	336,450	+85,587

Budget/Actual Comparisons



YK1 revenues are higher than budget by \$427,000 due to:

- ECE revenues higher by \$83,000 due to Mentorship and terminations funding
- French Revenue higher due to increased funding from ECE and other school boards, in the amount of \$131,000
- Custodial cost recovery from CSFC (French school board), in the amount of \$31,000
- Portfolio Investment income higher by \$68,000 from previous years' interest owed from the GNWT Investment pool
- MACA, \$111,800 for active after-school and youth outdoor activities funding
- Drop the pop funding in the amount of \$22,233, Take a kid trapping and compost program in the amount of \$ 21,500
- Rental revenue lower by \$32,000 due to changing revenue recognition of teachers July and August rent payments to the next fiscal year

YK1 expenses variance highlights are:

- Amortization of fixed assets of \$982,742 was not considered when the budget was prepared

- Large variances under School Programs and Administration are due to Information Technology staff. The cost of \$355,000 was originally budgeted under Administration but the budget was amended in September and they are coded back under School Programs
- Schools saved on their O&M and substitute costs, therefore their surpluses increased by \$116,000
- School programs O&M increase by \$240,000 due to increased O&M supplies, busing costs, removal and recruitment costs, homeschooling

School	Enrolment K-12		Teachers/ Admin/ PST		Pupil/Teacher ratio	
	Sep-16	Jun-17	Sep-16	Jun-17	Sep-16	Jun-17
Mildred Hall School	247.00	259.00	16.00	16.50	15.44	15.70
JH Sissons	248.00	247.00	18.00	17.45	13.78	14.15
William McDonald School	210.00	207.00	14.00	14.45	15.00	14.33
NJ Macpherson School	283.50	284.00	17.50	17.50	16.20	16.23
Range Lake North School	288.00	278.00	20.00	20.00	14.40	13.90
Sir John Franklin High School	634.50	679.00	32.50	32.50	19.52	20.89
Total District	1,911.0	1,954.0	118.00	118.40	16.19	16.50

Overall enrolment increased by 43 students by the end of the year.

Summary and Outlook

In 2016-2017, YK1 faced many challenges including important decisions about the use of its facilities, the rollout and preparation of Junior Kindergarten (JK) and budget restrictions.

Despite these challenges, the Board looks back proudly at their achievements and successes over the past year:

- YK1 continued to work with the community to enrich student development by facilitating new learning opportunities including:
 - Elders in school programs
 - Artists and musician visits
 - Adding programs at SJF to include more CTS modules and a drones class
 - Workshops and field trips to various Yellowknife establishments
- The District is transitioning from fluorescent lightbulbs to LED lightbulbs. This will be more environmentally sustainable, and will save the District and ECE money in the long-term. All the outdoor lights are now LED lights, the school gym lights will be converted to LED lights over the summer.
- Outdoor beautification initiatives and gardening at the District's schools continues to be a priority of the Board
- All of the schools continued to offer a food program, which included a breakfast, lunch and snacks for students who need that kind of support
- Parent conversation nights held at YK1 schools encouraged parents to speak about what programming they wanted to see at their schools

- The Board finalized the Strategic Plan for 2016-2019, which includes a strong focus on literacy and numeracy, inclusive schooling, Aboriginal culture and promoting healthy relationships and lifestyles

Foreseeable Challenges for 2017-2018

- While a unanimous decision to retain all YK1 facilities status quo was reached, the Board is aware that enrolment and facility decisions will continue to be discussed
- The Board has approved a 5-year Capital Plan for YK1 schools. The Plan has been submitted to ECE to assist with their Capital planning
- The Board contracted Associated Environmental to complete a Hazardous Building Material Assessment of all YK1 buildings. The final report is expected to be presented to YK1 in September. There are potential remediation costs as a result of findings
- The YK1 Board is preparing for the rollout of the GNWT's JK in YK1 schools in the 2017-18 school year with no additional funding for Inclusive Education, Aboriginal Language and Culture, and busing
- The three Yellowknife school boards have chosen to jointly review alternative scenarios for JK busing in the fall of 2017, which will be in line with the contract renewal for busing services for 2018/2019
- The Department of Education, Culture and Employment has contracted A to Z to come up with Shared Services options for education authorities in the Northwest Territories. A report is expected to be released for September 2017



Yellowknife District No. 1 Education Authority

(the Authority)

Management Responsibility for Financial Reporting

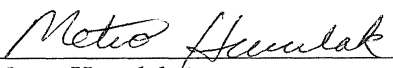
**To the Minister of Education, Culture and Employment
Government of the Northwest Territories**

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) and the Financial Administration Manual for Education Authorities (FAMEA) of the Government of the Northwest Territories.

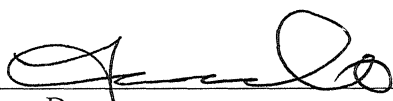
Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Yellowknife District No. 1 Education Authority have been conducted within the statutory powers of the Authority. The operations and administration of the Education Body as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Education Act, Financial Administration Act, CPSAS FAM, FAMEA, Human Resources Manual, Ministerial Directives and the policies of the Authority's Board. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in material respects, in accordance with specified legislation and directives from the Department of Education, Culture and Employment of the Government of the Northwest Territories.



Metro Huculak
Superintendent
Yellowknife District No. 1 Education Authority



Tram Do
Director of Corporate Services
Yellowknife District No. 1 Education Authority

Independent Auditors' Report

To the Minister of Education, Culture and Employment Government of the Northwest Territories

We have audited the accompanying consolidated financial statements of the Yellowknife District No. 1 Education Authority (the Authority), which comprise of the consolidated statement of financial position as at June 30, 2017, consolidated statements of operations, consolidated changes in net assets, and consolidated 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation 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 Authority'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 consolidated financial statements.

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

Independent Auditors' Report (continued)*Opinion*

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Yellowknife District No. 1 Education Authority as at June 30, 2017, and its consolidated financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

We further report in accordance with the *Financial Administration Act* that, in our opinion, proper books of account have been kept by Yellowknife District No. 1 Education Authority, the financial statements are in agreement therewith and the transactions that have come under our notice, have, in all significant respects, been within the statutory powers of Yellowknife District No. 1 Education Authority.



**Yellowknife, Northwest Territories
September 12, 2017**

Chartered Professional Accountants



Yellowknife District No. 1 Education Authority

(the Authority)

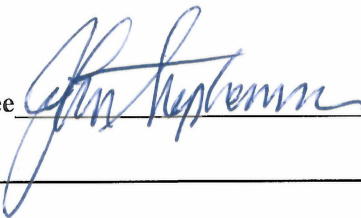
Consolidated Statement of Financial Position

Statement 1

As at June 30,	2017	2016
	\$	\$
FINANCIAL ASSETS		
Cash (Note 4)	2,134,439	668,843
Portfolio Investments (Note 7)	5,031,812	5,193,662
Due from Government of Canada (Note 13)	166,457	89,104
Accounts Receivable (Note 8)	923,210	1,569,312
	8,255,918	7,520,921
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 10)	511,328	292,534
Payroll Liabilities	3,743,113	3,363,405
Leave and Termination Benefits (Note 17)	1,705,424	1,645,992
Vacation payable	290,984	267,122
Deferred revenue (Note 11)	20,000	26,000
	6,270,849	5,595,053
NET FINANCIAL ASSETS	1,985,069	1,925,868
NON-FINANCIAL ASSETS		
Prepaid Expenses (Note 20)	133,540	147,714
Tangible Capital Assets (Note 19)	13,538,438	14,521,180
Inventories (Note 9)	20,280	26,865
	13,692,258	14,695,759
ACCUMULATED SURPLUS	15,677,327	16,621,627
Represented by:		
Operating Fund	566,402	729,783
Investment in Tangible Capital Assets	13,538,438	14,521,180
Decentralized Surplus	246,285	130,049
Capital Fund Reserve	904,165	904,165
LED Reserve	422,037	336,450
	15,677,327	16,621,627

Contractual Obligations (Note 24), Contingencies (Note 25)

Approved on behalf of the board:

Trustee 

Trustee 



Yellowknife District No. 1 Education Authority

(the Authority)

Consolidated Statement of Operations

Statement 2

For the year ended June 30,	2017 Budget \$	2017 Actual \$	2016 Actual \$
REVENUE			
Government of the Northwest Territories			
Regular contributions	25,594,148	25,678,111	25,143,756
Other contributions	123,000	314,237	335,233
Aboriginal languages	60,000	60,000	60,000
French revenue	422,000	523,000	438,157
Total ECE	26,199,148	26,575,348	25,977,146
GNWT other contributions	-	155,533	182,160
Property tax requisitioned	6,071,000	6,062,772	5,879,078
Education authority generated funds			
Rental income	380,000	347,206	398,626
Portfolio investment income	102,000	170,637	103,222
Other	836,332	704,416	568,997
	1,318,332	1,222,259	1,070,845
Total revenue	33,588,480	34,015,912	33,109,229
EXPENDITURES			
School programs	21,706,926	22,185,439	21,594,278
Inclusive schooling	5,743,750	5,793,570	5,963,079
Staff accommodations	197,500	197,630	201,858
Operations and maintenance	3,253,661	3,327,864	3,164,669
Administration	1,812,074	1,395,138	1,506,971
Aboriginal language/cultural programs	1,109,002	1,077,829	1,077,050
Amortization	-	982,742	1,024,113
Total operating expenditures	33,822,913	34,960,212	34,532,018
Operating deficit before other items	(234,433)	(944,300)	(1,422,789)
Other items			
Grant in-kind - GNWT Assets provided at no cost (Note 23)	-	1,361,287	1,799,767
Rent expense - GNWT Assets provided at no cost (Note 23)	-	(1,361,287)	(1,799,767)
Operating deficit	(234,433)	(944,300)	(1,422,789)
Opening accumulated surplus	-	16,621,627	18,044,416
Closing accumulated surplus	(234,433)	15,677,327	16,621,627

(the Authority)

Consolidated Statement of Changes in Net Financial Assets

Statement 3

For the ended June 30,	2017	2016
	\$	\$
Operating deficit	(944,300)	(1,422,789)
Amortization of tangible capital assets	982,742	1,024,113
	38,442	(398,676)
Change in inventory	6,585	(58)
Change in prepaid expenses	14,174	22,707
	20,759	22,649
Increase (decrease) in net assets	59,201	(376,027)
Net asset at beginning of year	1,925,868	2,301,895
Net asset at end of year	1,985,069	1,925,868



Yellowknife District No. 1 Education Authority

(the Authority)

Consolidated Statement of Cash Flows

Statement 4

For the year ended June 30,	2017 \$	2016 \$
<i>Cash provided by (used in)</i>		
OPERATING TRANSACTIONS		
Operating deficit	(944,300)	(1,422,789)
Item not affecting cash:		
Amortization	982,742	1,024,113
Changes in non-cash assets and liabilities		
Decrease (increase) Due from Government of Canada	(77,353)	7,729
Decrease (increase) accounts receivable	646,102	(65,240)
Increase (decrease) accounts payable	218,795	(149,174)
Increase (decrease) payroll liabilities	379,708	293,507
Increase (decrease) leave and termination benefits	59,432	69,375
Increase (decrease) vacation payable	23,862	(9,527)
Increase (decrease) deferred revenue	(6,000)	(46,000)
Decrease (increase) prepaid expenses	14,174	22,707
Decrease (increase) inventories	6,584	(58)
CASH PROVIDED BY (USED FOR) OPERATING TRANSACTIONS	1,303,746	(275,357)
INVESTING TRANSACTIONS		
Disposition of portfolio investments	161,850	989,444
CASH PROVIDED BY INVESTING TRANSACTIONS	161,850	989,444
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	-	-
Proceeds of disposition of tangible capital assets	-	-
CASH USED FOR CAPITAL TRANSACTIONS	-	-
FINANCING TRANSACTIONS		
Repayment of capital lease obligation	-	-
Proceeds from capital lease obligation	-	-
CASH PROVIDED BY FINANCING TRANSACTIONS	-	-
DECREASE IN CASH AND CASH EQUIVALENTS	1,465,596	714,087
CASH (BANK INDEBTEDNESS) AT BEGINNING OF YEAR	668,843	(45,244)
CASH (BANK INDEBTEDNESS) AT END OF YEAR	2,134,439	668,843



Yellowknife District No. 1 Education Authority

(the Authority)

Consolidated Details of Expenditures

Statement 5

For the year ended June 30,	School Programs \$	Inclusive Schooling \$	Staff Accommodation \$	Operations and Maintenance \$	Administration \$	Aboriginal Languages \$	Total 2017 \$	Budget 2017 \$	Total 2016 \$
SALARIES									
Honoraria	-	-	-	-	70,275	-	70,275	72,908	62,145
Instructional assistants	785,647	2,290,812	-	-	-	96,988	3,173,447	3,244,083	3,100,709
Non-instructional staff	2,006,175	-	20,839	527,235	918,866	286,360	3,759,475	3,343,000	3,734,597
Teachers	14,121,209	2,676,937	-	-	29,598	286,740	17,114,484	15,452,159	16,116,117
	16,913,031	4,967,749	20,839	527,235	1,018,739	670,088	24,117,681	22,112,150	23,013,568
EMPLOYEE BENEFITS									
Employee benefits/allowances	2,370,401	651,448	1,385	115,174	148,320	76,833	3,363,561	5,733,420	4,097,827
Leave and termination benefits	99,352	(37,235)	-	(3,100)	(5,504)	5,919	59,432	-	70,321
	2,469,753	614,213	1,385	112,074	142,816	82,752	3,422,993	5,733,420	4,168,148
SERVICES PURCHASED									
Advertising and printing	-	-	-	-	31,270	-	31,270	32,800	30,744
Communication	58,830	567	-	7,976	41,174	-	108,547	91,460	131,973
Contracted services	373,406	111,768	-	250,027	-	139,721	874,922	732,373	770,330
Maintenance and repairs	54,868	42,669	76,249	639,405	8,965	33,941	856,097	638,627	702,427
Other	143,606	-	-	-	69,477	-	213,083	201,000	199,039
Professional and technical	571,950	25,873	-	97,500	34,483	49,529	779,335	496,900	860,853
Rentals and leases	139,454	-	-	-	7,745	-	147,199	168,576	148,622
Student transportation	444,772	21,349	-	-	-	8,270	474,391	433,000	449,544
Travel	70,681	-	-	-	-	985	71,666	5,000	103,405
Utilities									
Heating	-	-	38,499	610,809	-	-	649,308	695,000	568,065
Electricity	-	-	35,650	911,925	-	-	947,575	1,000,000	965,454
Water/Sewage	-	-	23,403	168,766	-	-	192,169	172,000	182,927
	1,857,567	202,226	173,801	2,686,408	193,114	232,446	5,345,562	4,666,736	5,113,383
MATERIALS									
Awards and student events	13,871	-	-	-	7,703	-	21,574	25,500	41,146
Freight	10,483	-	-	908	3,986	-	15,377	31,699	21,175
Materials and supplies	920,734	9,382	1,605	1,239	28,780	92,543	1,054,283	1,253,408	1,150,485
	945,088	9,382	1,605	2,147	40,469	92,543	1,091,234	1,310,607	1,212,806
AMORTIZATION									
	-	-	-	-	982,742	-	982,742	-	1,024,113
Total operating expenditures	22,185,439	5,793,570	197,630	3,327,864	2,377,880	1,077,829	34,960,212	33,822,913	34,532,018



Yellowknife District No. 1 Education Authority

(the Authority)

Details of Aboriginal Language and Culture-Based Education Expenditures

Statement 6

For the year ended June 30,	Student Instruction \$	Professional Development \$	School Activities and Integrated Community Programs \$	Total 2017 \$
SALARIES				
ALCBE Teachers	286,740	-	-	286,740
Instructional Assistants	96,988	-	-	96,988
Non Instructional Staff	-	-	286,360	286,360
	383,728	-	286,360	670,088
EMPLOYEE BENEFITS	82,752	-	-	82,752
SERVICES PURCHASED				
Professional and technical	-	49,529	-	49,529
Travel	-	985	-	985
Maintenance and repairs	-	-	33,941	33,941
Student travel	-	-	8,270	8,270
Contracted services	-	-	139,721	139,721
	-	50,514	181,932	232,446
MATERIALS				
Materials and supplies	-	-	92,543	92,543
Total operating expenditures	466,480	50,514	560,835	1,077,829



Yellowknife District No. 1 Education Authority

(the Authority)

Details of Inclusive Schooling Expenditures

Statement 7

For the year ended June 30,

	Student Resources \$	General Inclusive Schooling \$	Total 2017 \$
SALARIES			
Program support teachers	-	2,676,937	2,676,937
Support assistants	20,839	2,269,973	2,290,812
	20,839	4,946,910	4,967,749
EMPLOYEE BENEFITS			
	-	614,213	614,213
SERVICES PURCHASED			
Professional and technical	25,873	-	25,873
Communication	567	-	567
Student transportation	21,349	-	21,349
Maintenance and repairs	42,669	-	42,669
Contracted services	111,768	-	111,768
	202,226	-	202,226
MATERIALS			
Materials and supplies	9,382	-	9,382
Total operating expenditures	232,447	5,561,123	5,793,570



Yellowknife District No. 1 Education Authority

(the Authority)

Report on Activities of Specific Programs

Statement 8

French Language Program

BILATERAL AGREEMENT FUNDING

For the year ended June 30, 2017

	Contribution from the Department \$	Commitment from the Authority \$	Expenses \$	Over (under) funding \$
Literacy Coach (Salary)	70,000	50,000	139,107	(19,107)
Core French Instruction (Salary)	50,000	75,000	176,254	(51,254)
Teacher Assistants (Salary)	35,000	35,000	85,324	(15,324)
Intensive & PIF (Salary)	70,000	230,000	559,074	(259,074)
PIF (Elective courses at SJF)	50,000	10,000	98,098	(38,098)
Special Projects				
French Camps	13,000	2,000	44,805	(29,805)
French Resources	46,000	10,000	41,231	14,769
Assessment, Intensive French	15,000	5,000	33,644	(13,644)
Cultural Activities	12,000	3,000	14,388	612
Professional Development	31,000	9,000	54,186	(14,186)
Consultant	80,000	140,000	179,892	40,108
Total	472,000	569,000	1,426,003	(385,003)



Yellowknife District No. 1 Education Authority

(the Authority)

Report on Activities of Specific Programs

Statement 9

Aboriginal Languages

For the year ended June 30,

2017
\$

Secretary of State (Heritage Canada)

Revenue

Contribution from federal government

60,000

Expenses

Salaries and benefits

60,815

Deficit

(815)



Yellowknife District No. 1 Education Authority

(the Authority)

Report on Activities of Specific Programs

Statement 10

Student Success Initiative Projects

For the year ended June 30,

2017

\$

Revenue

Government of the Northwest Territories

123,000

Contribution from the Authority

15,000

Surplus carry-over

(23,231)

Total revenue

114,769

Expenses

Salaries/Wages

Facilitator fees (including per diems)

50,299

Substitute teacher wages

56,100

Travel

Facilitator travel

7,413

Workshop expenses

Refreshments

957

Total expenses

114,769

Deficit

-



Yellowknife District No. 1 Education Authority

(the Authority)

Report on Activities of Specific Programs

Statement 11

Community Outreach Program

For the year ended June 30,

2017

\$

Revenue

NT/NU Council of Friendship Centres

120,000

Deficit from Prior Years

(15,773)

Total revenue

104,227

Expenses

Salaries and benefits

74,488

Materials and supplies

38,626

Total expenses

113,114

Deficit

(8,887)



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

1. Nature of the Organization

The Yellowknife District No. 1 Education Authority (the "Authority"), was established by the *Education Act* of the Government of the Northwest Territories (GNWT). Its purpose is to administer and maintain the standards of education programs defined under the *Education Act* in the City of Yellowknife.

The Authority is an independent legal and accounting entity with an elected Board of Trustees as stipulated in Section 82 of the *Education Act*. The Board of Trustees ("the Board") has decision making authority, the power to delegate authority, the ability to significantly influence operations and the sole accountability for all fiscal matters.

Section 81 of the *Education Act* outlines the powers of a Board of Education which for the Authority includes all aspects of operation and management relating to Public Education within the boundaries of the City of Yellowknife. The Board is the lowest (and sole) level of government exercising oversight responsibility. The financial statements of the Authority are not included in the financial statements of the City of Yellowknife as the Authority trustees are a separate governing body that is not under the control of the City of Yellowknife. The City of Yellowknife, however, does collect and remit property taxes requisitioned by the Board.

2. Significant Accounting Policies

a) Basis of Accounting

The consolidated financial statements of the Authority have been prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada.

The consolidated financial statements have, in management's opinion, been properly prepared with reasonable limits of materiality. The basis of accounting refers to the timing of when revenue and expenditure items are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized for all funds. Under the basis of accounting, revenues are recognized in the accounting period in which they are earned and become measurable, and expenses are recorded when they are incurred.

The Authority uses fund accounting to separate transactions between its Operating fund surplus, Investment in tangible capital assets and decentralized budget accumulated surplus.



June 30, 2017

2. Significant Accounting Policies (Continued)

Operating Fund Surplus

The Operating fund surplus is the general operating fund of the Authority in which all transactions concerned with current operations are recorded. Substantially all territorial, local (primarily property tax), and other operating revenue is accounted for in the Operating fund surplus. In accordance with accounting principles that are considered appropriate for organizations of this type, tangible capital assets acquired and debenture debt repayment that are financed with operating funds are treated as expenditures in the Operating fund surplus and then transferred to the Investment in tangible capital asset fund. The Operating fund also accounts for expenditures and contributions to or from other funds (transfers) which provide for day-to-day operations. In summary, the Operating fund surplus is used to account for all financial activities except those accounted for in the Investment in tangible capital assets fund and decentralized budget accumulated surplus.

Investment in Tangible Capital Assets

Investment in tangible capital assets is used to account for financial transactions related to the acquisition of tangible capital assets in excess of \$50,000.

Properties are carried at cost at the date of acquisition and amortization is recorded in the accounts. The cost of additions and repayment of debentures or other long-term debt is charged to Investment in tangible capital assets. This results in a corresponding increase in the equity in tangible capital assets.

Decentralized Budget Accumulated Surplus

The decentralized budget accumulated surplus represents specific amounts eligible for carry-over to subsequent years for each school.

LED Reserve

The LED Lights Reserve represents the unspent portion of the ECE's utility funding since the 2014/2015 school year as a result of lower fuel costs. The reserve funds will be used for YK1 to convert current lights to LED lights which are expected to result in a decrease of at least 30% in electricity costs.

b) Cash and Cash Equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques.



June 30, 2017

2. Significant Accounting Policies (Continued)

c) Financial Instruments

Financial assets originated or acquired or financial liabilities issued or assumed in an arms'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 transaction 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.

Financial assets measured at amortized cost include cash, portfolio investments, accounts receivable and due from Government of Canada.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and payroll liabilities.

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. Previously recognized impairment losses may be reversed to the extent of any improvement. The amount of the reversal, to a maximum of the related accumulated impairment charges recorded in respect of the particular asset is recognized in operations.

d) 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 for the year.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (Continued)

e) Tangible Capital Assets

Tangible capital assets with a cost lower than a threshold value of \$50,000 will be expensed in the year of acquisition or amortized at a rate of 100%. Assets with an acquisition value more than \$50,000 are capitalized and amortized using the straight-line method.

Asset Category Amortization Period:

Land and improvements - Indefinite

Buildings - 40 years

Equipment and furnishings - 4 - 10 years

All capital facilities planning and construction undertaken by the Authority, excluding the Administration Building and Nordic Arms, are funded by the Government of the Northwest Territories and subject to their capital planning and approval process. Capital contributions received but not spent at year end, are recorded as deferred revenue.

The GNWT retains ownership of some tangible capital assets used by the Authority. These assets are used by the Authority and held on behalf of, or in trust for, the GNWT are not recognized by the Authority in the financial statements.

The statement of operations reflects the amount that would otherwise be considered amortization expense for the fiscal year as rent expense with an offsetting corresponding amount as a grant in-kind revenue.



June 30, 2017

2. Significant Accounting Policies (Continued)

f) Revenue Recognition

Government Transfers:

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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 or transfers of tangible capital assets are initially recognized as deferred revenue and subsequently recognized as revenue when the related tangible capital asset are recognized as acquired or built.

GNWT - Regular Contributions:

The regular contributions from the Government of the Northwest Territories (GNWT) is determined by a funding formula, based on student enrolment and price and volume fluctuation, and is received in monthly installments. The Authority retains surpluses and is responsible for deficits. Any funding requests, over and above those levels provided by the formula, must be first approved by the Government of the Northwest Territories.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (Continued)

Local Tax Revenue:

The *Education Act of the Northwest Territories*, by virtue of Section 136(2), empowers a Board of Education to determine the amount, after taking into consideration territorial grants and other revenue, that is to be requisitioned from the municipality within the territory under the jurisdiction of the Board. This requisitioned amount is one portion of the property tax paid annually by property owners. The City of Yellowknife is advised subsequent to the adoption of the budget of the amount of the requisition of the Authority and is responsible for the collection of taxes.

Other Contributions:

The Authority follows the deferral method of accounting for contributions from funding arrangements. Unrestricted contributions are recognized as revenue when they are received or receivable, if the amount can be reasonably estimated and its collection is reasonably assured. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.

Revenue from rentals is earned as the facilities are used. Other revenue is recorded as the service is provided and receipt is reasonably assured.

Deferred Revenue:

Deferred revenue consists of funds received in advance of providing the services or acquiring the goods. These amounts are taken into revenue when the eligible expenditures are incurred.

Investment Income:

Investment income is recognized when received or receivable, if the amount can be reasonable estimated.



June 30, 2017

2. Significant Accounting Policies (Continued)

School Funds

Schools in the system administer funds which arise from certain school and student activities. Such funds, although subject to internal review, are not recorded in the accounts or in the financial statements of the Authority as they do not constitute any part of the approved Operating fund surplus (deficit) budget and are available for use at the discretion of each individual school.

g) Infrastructure Funding

Any personnel, utilities, and leases infrastructure funding net surplus at the end of the fiscal year is recorded as a payable to the GNWT. Net deficits are not shown as receivable from the GNWT since these amounts are not repayable.

h) Budget Data

The *Education Act* of the Northwest Territories requires that Boards of Education prepare an annual budget, as outlined in Section 128 and 129.

The final priorities and funding allocations are determined by the Board of Trustees at a special meeting called for the purposes of reviewing budget proposals, recommending changes, additions or deletions and adopting the proposed budget.

The budget is legally adopted by a motion of the Board which also establishes a tax levy to support the approved budget in accordance with Section 135(3) of the *Education Act*.

Board approved budgets are submitted to the Minister of Education, Culture and Employment for final approval as directed by Sections 117(2)k, l and m of the *Education Act*.

This annual budget includes estimates of revenue and expenditures for the Operating fund surplus (deficit) along with estimates of source and application for the Investment in tangible capital assets fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Board.

The budget may be amended within a given fiscal year in accordance with Board policy, regulations and approved budget procedures. The budget data presented in the financial statements reflects the amended budget for the fiscal year, and therefore, includes any amendments that may have been made during the year. Schools carry forward surplus or deficit amounts from their school budgets.



June 30, 2017

2. Significant Accounting Policies (Continued)

i) Measurement Uncertainty

The preparation of these financial statements in conformity with Canadian public sector accounting standards 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 amounts of revenue and expenses during the period. Actual results could differ from these estimates.

j) Inventories Including Materials and Supplies

Supplies inventory held for consumption or use are recorded at the lower of historical cost and replacement cost.

k) Payroll Liabilities

Payroll costs for teachers are accrued for July and August.

l) Post-employment benefits, compensated absences and termination benefits

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Annual leave is payable within one fiscal year. Employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Payment of the removal and termination is dependent on employees leaving the Authority and other criteria as outlined in the negotiated employment collective agreements or their excluded contracts.

m) Special Purpose Funds

School activity funds which are fully controlled by the Authority with respect to when and how the funds available can be disbursed are included in the Special Purpose Funds line item. The funds reported are internally restricted as to purpose and may include the proceeds of fundraising, contributions or fees paid related to a specific planned benefit. Examples might include planned student trips or funds specifically designated for the purchase of equipment or materials required to support an activity.

Student activity funds which are controlled by students or parties other than the Authority are not included even if custody of the funds is held by the Authority. Examples of excluded funds might be student clubs or associations for which the Authority has no ongoing responsibility of liability for losses.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

2. Significant Accounting Policies (Continued)

n) Fund Accounting

The Authority uses fund accounting to separate transactions.

The Operating Fund accounts for the Authority's operating and administrative activities.

The Investment in Tangible Capital Assets reports the transactions related to tangible capital assets.

The Decentralized Surplus is the operating surpluses retained by the individual schools.

The Capital Fund Reserve is funding set aside by the Authority for any repairs or maintenance to the district assets.

The LED Lights Reserve is unspent utility funding from ECE set aside by the Authority for conversion to energy efficient lighting in schools.

3. Future Accounting Changes

Related Party Transactions: Inter-entity Transfer Valuations, Section PS 2200

PSAB approved Section PS 2200, Related Party Disclosures. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines related parties and establishes disclosures required for related party transactions. It is expected that reasonable efforts would be made to identify related party transactions. This may involve adopting policies and procedures designed to ensure that these transactions are appropriately identified, measured and disclosed in the financial statements. Not all related party relationships or transactions occurring between related parties are required to be disclosed. Disclosure is generally required when related party transactions have occurred at a value different from that which would have been arrived at if the parties were unrelated. However, not all of these transactions are reportable under this Section. Only those transactions that have or could have a material financial effect on the financial statements are disclosed.

The impact of the transition to this accounting standard has not yet been determined.



June 30, 2017

2. Future Accounting Changes (Continued)

PSAB approved Section PS 3210, Assets. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section provides guidance on how to apply the definition of assets as set out in Section PS 1000, and establishes standards for disclosure of assets except certain specific types of assets, which are dealt with in other Sections.

The impact of the transition to this accounting standard has not yet been determined.

Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section defines and establishes standards for disclosure of rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future except certain specific types of contractual rights.

The impact of the transition to this accounting standard has not yet been determined.

Inter-entity Transactions, Sections PS 3420

PSAB approved Section PS 3420, Inter-entity Transactions. This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. This Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This section may be applied in conjunction with Related Party Disclosures, Section PS 2200.

The impact of the transition to this accounting standard has not yet been determined.

Student Activity Funds

Under direction from the Government of Northwest Territories - Department of Education, Culture and Employment, student funds may be required to be reported on the consolidated financial statements of Yellowknife Education District No. 1 in the future.

4. Cash (Bank Indebtedness)

	2017	2016
	\$	\$
Cash	2,134,439	668,843

The cash is held in a bank account with RBC and is invested with the GNWT's investment pool.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

5. Special Purpose Funds

The Authority does not have special purpose funds.

6. Restricted Assets

The Authority does not have restricted assets.

7. Portfolio Investments

	2017	2016
	\$	\$
GIC Investment with CIBC (interest rate range from 1.2% to 1.75% and maturity range from April 23, 2018 to November 19, 2019)	3,010,704	3,169,590
GIC Investment with RBC Dominion Securities (interest rate range from 1.45% to 1.85% and maturity range from November 5, 2017 to November 19, 2018)	2,021,108	2,024,072
	5,031,812	5,193,662

The investments are recorded at amortized cost, which includes the cost plus any interest earned to June 30, 2017.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

8. Accounts Receivable

	2017	2016
	\$Net	\$Net
Aurora College	2,534	5,184
South Slave DEC	1,576	-
N'Dilo District Education Authority (Kalemi Dene School)	595,701	1,140,715
Dettah District Education Authority (Kaw Tay Whee School)	139,594	211,268
Commission Scolaire Francophone Territoires Du Nord Ouest	31,695	16,250
Department of Education, Culture and Employment	47,720	10,105
Yellowknife Catholic Schools	1,070	1,070
Trade Receivables	103,320	184,720
Total	923,210	1,569,312

Allowance for doubtful accounts at June 30, 2017 is \$nil, (2016 \$nil).

9. Inventories

Inventory consists of computer equipment held for use for the next school year.

10. Accounts Payable and Accrued Liabilities

	2017	2016
	\$	\$
Aurora College	-	1,050
Accrued interest	24	17
Damage deposits	23,687	25,602
Due to GNWT	389	-
Trade payable	487,228	265,865
	511,328	292,534



June 30, 2017

11. Deferred Revenue

Deferred revenue consists of contributions or revenue received from contributors for expenditures not yet incurred.

	2017	2016
	\$	\$
GNWT HSS - Drop the Pop	-	3,000
GNWT MACA - Take a Kid Trapping	-	8,000
GNWT MACA - Youth Corps	20,000	15,000
	20,000	26,000

12. Contribution Repayable

The Authority does not have any contribution repayable.

13. Due from the Government of Canada

Receivables	2017	2016
	\$	\$
GST Receivable	166,457	89,104

14. Capital Lease Obligations

The Authority does not have any Capital Lease Obligations.



June 30, 2017

15. Pension

The Authority makes contributions to the Northern Employee Benefits (NEBS) Pension Plan, which is a multi-employer plan, on behalf of some members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to the NEBS pension was \$2,696,768. The contributions are calculated at a rate of 8% of earning and allowances employee and employer contribution for a total of 16%. The maximum pensionable earnings is \$165,077 for January 2017, and \$163,715 for January 2016. The maximum monthly contributions is \$2,914 for January 2017, and \$2,182 for January 2016.

NEBS is an employer owned program and as such the Authority will be liable for its portion of any shortfall. The Plan serves 2,600 Employee Members and 99 Employer Members (total active, disabled and on leave 1542).

As of January 1, 2017, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be \$18,500,000 - funded ratio 111% (2016 - \$12,500,000 and 109%) on a going concern valuation basis. The Plan had a solvency ratio deficiency of \$102,495,300 and a solvency ratio of 64%. Solvency is calculated for the purposes of determining obligations only in the event of a plan wrap up. Any potential deficiency in termination payments is guaranteed to be paid over the next 10 years or less, depending on the position of the fund. For the period ending December 31, 2016, the NEBS Pension plan had an accumulated surplus of \$25,121,532.

As of April 2004, the OSFI has exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). On April 2015, the Legislative Assembly passed The Northern Employee Benefits Act (Bill 12) which was enacted October 1, 2015. NEBS is now operating under Bill 12.

16. Long-Term Debt

The Authority does not have long-term debt.



June 30, 2017

17. Other Employee Future Benefits and Compensated Absences

In addition to the pension benefits, the Authority provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Authority's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits for all staff are accrued as employee render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2018. The liabilities are actuarially determined as the present value of the accrued benefits at March 31, 2017 and the results extrapolated to June 30, 2017. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Authority.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

17. Other Employee Future Benefits and Compensated Absences (Continued)

Changes in Obligation	Severance and Removal \$	Compensated Absences \$	2017 \$	2016 \$
Accrued benefit obligation beginning of year	1,309,963	336,029	1,645,992	145,408
Current period benefit cost	92,873	27,843	120,716	285,031
Interest accrued	37,235	10,448	47,683	58,302
Benefits payments	(88,349)	(73,140)	(161,489)	(122,749)
Actuarial (gain)/loss	(69,586)	93,770	24,184	-
Plan amendments	-	52,520	52,520	-
Accrued benefit obligation end of year	1,282,136	447,470	1,729,606	365,992
Unamortized net actuarial loss/(gain)	69,586	(93,770)	(24,184)	-
Total employee future benefits and compensated absences	1,351,722	353,700	1,705,422	365,992
Benefits Expense				
Current period benefit cost	92,873	27,843	120,716	285,031
Interest accrued	37,235	10,448	47,683	58,302
Plan amendments	-	52,520	52,520	-
Total benefits expense	130,108	90,811	220,919	343,333



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

17. Other Employee Future Benefits and Compensated Absences (Continued)

The discount rate used in the 2017 fiscal year to determine the accrued benefit obligation was an average of 3.3% (2016 - 3.2%). The expected payments during the next five fiscal years are:

	Severance and Removal \$	Compensated Absences \$	Total \$
2018	568,871	83,728	652,599
2019	128,667	52,462	181,129
2020	113,997	51,588	165,585
2021	107,149	49,977	157,126
2022	111,258	52,973	164,231
2023-2027	501,219	262,198	763,417
Total	1,531,161	552,926	2,084,087

18. Trust Assets Under Administration

The Authority does not have any trust assets under administration.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

19. Tangible Capital Assets

	Cost \$	Accumulated Amortization \$	2017 Net Book Value \$	2016 Net Book Value \$
Land and improvements	1,299,476	-	1,299,476	1,299,476
School buildings				
Ecole Sir John Franklin	2,253,436	(1,071,515)	1,181,920	1,246,194
William McDonald	7,078,328	(6,193,537)	884,791	1,061,749
Mildred Hall	11,009,651	(6,026,674)	4,982,978	5,258,219
Range Lake North	8,215,859	(4,929,515)	3,286,344	3,491,740
N. J. Macpherson	5,329,162	(3,952,833)	1,376,329	1,512,788
Ecole J. H. Sissons	2,436,769	(2,436,769)	-	-
	36,323,205	(24,610,843)	11,712,362	12,570,690
Other buildings				
Administration office	1,070,827	(642,496)	428,331	455,102
Nordic Arms residence	595,205	(595,205)	-	-
Total land and buildings	39,288,713	(25,848,544)	13,440,169	14,325,268
Equipment and furnishings				
Schools	4,427,048	(4,359,654)	67,394	159,891
Playgrounds	149,972	(149,972)	-	-
Residences	64,045	(64,045)	-	-
Administration office	322,132	(322,132)	-	-
Vehicles	246,532	(215,656)	30,875	36,021
	5,209,729	(5,111,459)	98,269	195,912
	44,498,442	(30,960,003)	13,538,438	14,521,180



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

20. Prepaid Expenses

	2017	2016
	\$	\$
Insurance	29,324	27,813
Professional Development	2,667	27,341
Materials and Supplies	23,329	8,382
Licenses	-	12,965
Workers' Safety Compensation Commission	78,220	71,213
	133,540	147,714

21. Accumulated Surplus/ Deficit

A consolidated statements of funds and surplus and reserves have been prepared as follows:

Details of Funds

For the year ended June 30,	2017	2016
	\$	\$
OPERATING FUND		
Balance, beginning of year	729,783	1,352,510
Operating deficit (Statement 2)	(944,300)	(1,422,789)
Transfer (to) from Investment in Tangible Capital Assets	982,742	1,024,113
Transfer (to) from Decentralized Surplus	(116,236)	112,399
Transfer to LED reserve	(215,376)	(336,450)
Transfer from LED reserve for lighting upgrades	129,789	-
Balance, end of year	566,402	729,783
INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Balance, beginning of year	14,521,180	15,545,293
Amortization	(982,742)	(1,024,113)
Balance, end of year	13,538,438	14,521,180



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

21. Accumulated Surplus/ Deficit (Continued)

Details of Surplus and Reserves

For the year ended June 30,	2017	2016
	\$	\$
DECENTRALIZED SURPLUS		
Balance, beginning of year	130,049	242,448
Transfer (to) from Operating Fund	116,236	(112,399)
Balance, end of year	246,285	130,049
CAPITAL FUND RESERVE		
Balance, beginning of year	904,165	904,165
Balance, end of year	904,165	904,165
LED Reserve		
Balance, beginning of year	336,450	-
Transfer from Operating Fund	215,376	336,450
Transfer to Operating Fund for lighting upgrades	(129,789)	-
Balance, end of year	422,037	336,450

22. Capital Advances

The Authority does not have any Capital Advances.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

23. GNWT Assets Provided at no Cost

The following assets were provided to the Authority by the GNWT at no cost.

	Cost \$	Accumulated Amortization \$	2017 Net Book Value \$	2016 Net Book Value \$
Ecole Sir John Franklin	25,965,232	25,965,232	-	1,414,616
Ecole Sir John Franklin portable classrooms	419,724	306,957	112,767	123,257
N.J. Macpherson	1,413,831	344,404	1,069,427	1,104,780
	27,798,787	26,616,593	1,182,194	2,642,653
Deferred capital contributions				
Ecole Sir John Franklin	(1,442,500)	(1,442,500)	-	(99,172)
	26,356,287	25,174,093	1,182,194	2,543,481

Rent expense of \$1,361,287 (2016 - \$1,799,767) was offset by a grant in-kind.



(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

24. Contractual Obligations (Commitments)

The Authority has a contract with Cardinal Coach Lines Limited for student transportation. The Authority is invoiced monthly and the amounts vary depending on a number of factors. The contract expires in June 2018.

The Authority leases space from Route 51. The contract expires in June 2018.

The Authority has a collective bargaining agreement with the NWT Teachers Association for teachers, specialists and education assistance which expired August 31, 2020.

The Authority has a collective bargaining agreement with the United Steelworkers for support staff which expired on June 30, 2017. The Authority will commence negotiations with the United Steelworkers union in the fall of 2017.

The Authority has a Ricoh photocopy equipment lease with annual payments of \$30,037 plus maintenance expiring in July 1, 2021.

The Authority also leases from Lenovo computers with 2017/2018 lease payments of \$49,505. The last lease expires April 1, 2020.

	Expires in Fiscal Year	2018 \$	2019 - 2021 \$	Total \$
Commitments:				
Commercial and Residential Leases	2018	37,800	-	37,800
Equipment Leases	2021	79,543	105,402	184,945
Operational Leases (Bussing)	2018	440,000	-	440,000
Total		557,343	105,402	662,745

25. Contingencies

The Authority does not have contingencies.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

26. Related Parties

Transactions with Related Parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note.

	2017	2016
	\$Net	\$Net
Due to Related Parties:		
Accounts Payable:		
Dettah District Education Authority	-	1,000
Aurora College	-	1,050
Government of the NWT	389	-
Total Due to Related Parties	389	2,050
Due from Related Parties:		
Accounts Receivable:		
Aurora College	2,534	-
N'Dilo District Education Authority	595,701	1,140,715
Dettah District Education Authority	139,594	211,268
Commission Scolaire Francophone Territories Du Nord Ouest	31,695	16,250
Department of Education, Culture and Employment	47,720	10,105
Department of Health and Social Services	-	8,741
South Slave DEC	1,576	-
Yellowknife Catholic Schools	-	1,070
Total Due from Related Parties	818,820	1,388,149



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

26. Related Parties (Continued)

	2017 \$Net	2016 \$Net
Revenues from Related Parties:		
Government of the Northwest Territories:		
Department of Education Culture & Employment	26,575,348	26,040,046
Department of Health & Social Services	22,233	17,960
Department of Municipal and Community Affairs	111,800	100,800
Department of Environment and Natural Resources	21,500	-
Commission Scolaire Francophone Territories Du Nord Ouest	31,356	16,251
Yellowknives Dene First Nation (Kalemi Dene School)	30,000	27,500
Dettah District Education Authority	77,590	43,490
South Slave DEC	30,000	-
Total Revenues from Related Parties	26,899,827	26,246,047
Expenses Paid to Related Parties:		
Government of the Northwest Territories:		
Department of Finance	452,956	526,318
Department of Infrastructure	5,254	5,254
Department of Industry, Tourism and Investment	6,718	1,645
Department of Health and Social Services	1,750	-
Department of Justice	-	100
Stanton Territorial Health Authority	3,227	-
Yellowknife Catholic Schools	2,320	600
Aurora College	-	1,050
Total Expenses paid to Related Parties	472,225	534,967



June 30, 2017

27. Budget Data

The *Education Act* of the Northwest Territories requires that Education Bodies prepare an annual budget, as outlined in Section 117, Duties and Powers of Education Bodies. The budget is legally adopted by a motion of the Education Body which includes the establishment of a tax levy to support the approved budget in accordance with Section 135, Assessment and Taxation, of the Education Act.

The annual budget includes estimates of revenue and expenditures for the Operating Fund. Budgets are considered a management control and planning tool and as such are incorporated into the accounting system of the Authority.

The budget figures presented are those approved by the Trustees of the Authority on June 14, 2016 and submitted to the Minister of Education, Culture and Employment and have not been audited. The Budget was amended and submitted to the minister on September 23, 2016, the original budget deficit is \$234,433 and the amended deficit is \$381,085. At the request of the Department of Education, Culture and Employment, the original budget figures are presented.

28. Economic Dependence

The Authority is economically dependent on the Government of the Northwest Territories to provide funding for continued operations. If the funding arrangements were to change management is of the opinion that the Authority's operations would be significantly affected.



June 30, 2017

29. Financial Instruments

Financial instruments consist of recorded amounts of cash, portfolio investments, due from GNWT, due from Government of Canada and other accounts receivable which will result in future cash receipts, as well as accounts payable and accrued liabilities, and wages and employee deductions payable which will result in future cash outlays.

The Authority is exposed to the following risks in respect of certain of the financial instruments held:

a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Authority is exposed to credit risk from funding agencies, recipients of services and preschool clients. The Authority has a concentrated risk of credit from two other school districts whose funding also comes from the Department of Education, Culture, and Employment. At June 30, 2017, receivables from two organizations comprised approximately 87% (2016 - 92%) of the total outstanding receivables. Furthermore there is a concentration risk in cash and portfolio investments the full balance in these accounts is held at two financial institutions. The Authority is funded by Government of Northwest Territories - Department of Education, Culture, and Employment and other stable organizations, which reduces its exposure to credit risk. Most of the credit risk exposure is with trade receivables, Dettah District Education Authority, and the N'Dilo District Education Authority. The authority reduces its risk exposure by following up on old account receivables for collection and entering into service agreement with well-established organizations. As at June 30, 2017, 22% (2016 - 48%) of other account receivable was non-current which represents \$189,323 (2016 - \$1,474,773) of the total balance. All of these were deemed collectable, and as a result, none are impaired.

b) Interest rate risk

Interest rate risk is the risk that the fair value of financial instruments will fluctuate because of changes in market interest rate. The Authority is exposed to interest rate risk on its fixed and floating interest rate on cash and portfolio investments. Fixed interest instruments subject the Authority to a fair value risk while the floating rate instruments subject it to cash flow risk (see note 7). The Authority complies with the GNWT financial administration policies and guidelines which reduces its exposure to interest rate risk. Because portfolio investments can be converted into cash on a short notice, the Authority's exposure to market risk is reduced.



(the Authority)

Notes to Consolidated Financial Statements

June 30, 2017

29. Financial Instruments (Continued)

c) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. Some of the Authority's financial assets and most of the financial liabilities at June 30, 2017 mature within the next six months. Total financial assets \$8,255,918 (2016 - \$7,520,921) of which \$4,181,714 (2016 - \$3,055,043) are not expected to mature within one year. Total financial liabilities are \$6,250,849 (2016 - \$5,569,053). The authority has disclosed future financial liabilities and commitments in Note 24.

30. Expenditures By Object

	2017 Budget	2017 Actual	2016 Actual
	\$	\$	\$
Amortization	-	982,742	1,024,113
Compensation	27,845,570	27,540,674	27,181,716
Other	5,977,343	6,436,796	6,326,189
	33,822,913	34,960,212	34,532,018

31. Subsequent Events

There were no material subsequent events that have taken place between June 30, 2017 and the date the audit report was signed.

32. Comparative Figures

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



June 30, 2017

33. Liability for Contaminated Sites

The Authority has identified possible environmental liabilities at William MacDonald School and Range Lake North School that have underground fuel tanks. The Department of Education, Culture and Employment, and the Department of Infrastructure is working towards replacing the underground fuel tanks.

The Authority has contracted Associated Environmental to complete a Hazardous Building Materials Assessment on all of the Buildings owned and managed by the Authority. The final reports are expected to be completed by the end of September 2017 and a management plan is expected to be put in place by January 2018. Liabilities discovered as a result of the assessment will be communicated to the Department of Education, Culture, and employment. There is uncertainty as to the amounts of these potential liabilities.

Financial Report

**Tlicho Community Services Agency
Behchoko, NT**

For the year ended March 31, 2018

Tlicho Community Services Agency

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Tlicho Community Services Agency

Management Discussion Analysis March 31, 2018

The Tlicho Community Services Agency (TCSA) is a unique organization in the Northwest Territories. It is a Government of the Northwest Territories Agency, while incorporating the values and principles of the Tlicho people.

Our mission statement “Strong Like Two People” was developed to ensure that the TCSA is committed to the development of a continuum of care that will return control of education, health and social programs and services to the people of our communities, support them in the task of strengthening their families, promote the knowledge and skills they need to survive today and model the values they need to live in harmony with their families, our communities and our land.

The Agency is also unique in that it is the only agency in the Northwest Territories to deliver both the health and social services programs along in conjunction with the education programs. All the other regions have separate Agencies for the delivery of health and education programs. The advantage of the TCSA model is that we are able to more effectively link the delivery of the programs.

The TCSA serves a population of approximately three thousand people (3,000) in the communities of Behchoko, Whati, Gameti and Wekweeti. The TCSA delivers its programs through five schools, four health centres in the region and Long Term Care Facility located in Behchoko.

The Agency had an annual budget in fiscal 2017-2018 of \$35.836 million, a dedicated workforce of approximately 240 employees with a total payroll budget of \$27.767 million, which represents 77.5% of the Agency’s total annual budget.

For the 2017-2018 fiscal year, the TCSA Health and Social Services Activities incurred an operating deficit of \$476,044, representing an improvement of 46.5% in comparison with the prior year’s operating deficit (2016-2017: \$889,081). Thereby the TCSA Health and Social Services Activities have arrived at an accumulated operating deficit of \$2.802 million by the end of the 2017-2018 fiscal year. The reduction in deficit in the current year is a result of increased focus on managing expenditures, a favorable pension adjustment as well as the fact that JESH hires were not all in place at the beginning of the year.



Tłıchǫ Community Services Agency

The operating deficit in health for 2017-2018 can be attributed to a number of factors:

- (1) The Agency remains underfunded for the delivery of Child and Family Services. Spending for Foster care exceeded the budgeted amount by \$137,805. This spending was required due to the number of children in care.
- (2) The costs to operate the health centres in our three main communities has slightly decreased compared to the prior year's costs, but still exceeded the current year's budgeted amount by \$594,927. Overtime / standby costs continue to run over budgeted amounts. The overtime would normally be expected as services are required to be delivered outside of the regular business hours. The Agency has been running the Health Centers with a reduced number of employees to partially offset these costs.
- (3) The ongoing costs to operate our Ambulance Services continue to run over budget and the operating deficit has increased to \$246,884 (2016-2017: \$203,673).

For its 2017-2018 Education activities the TCSA incurred an annual surplus of \$1,022,114. As a result of this the TCSA Education activities now have a closing surplus of \$894,317.

While these financial statements include expenses for education from April to March, an additional set of financial statements is prepared annually for Education which runs for the school year of July 1 to June 30, and we will report to the department of Education our complete results at that time. Alternatively, in these statements we expect the operating surplus to be of a smaller magnitude for the 2017-2018 school year.



Tłıchǫ Community Services Agency

Summary and Outlook

- The fiscal outlook for the TCSA remains challenging and this is in large part caused by two items:
 - The GNWT funds positions at a pay step 4 to take turnover into account. At the TCSA however, turnover is very low. As a result of this many employees are paid at a pay step level 8 which results in the funding for regular payroll being insufficient to cover the actual payroll cost.
 - Overtime, standby and callback pay are not specifically funded by the GNWT. The majority of these expenses are unavoidable however. The TCSA is able to offset part of these costs by keeping vacancies. Increasing the vacancy rate would be difficult as it would adversely affect the service standards required.
- The department of Health recognizes the above issues and for 2018-2019 the TCSA revised its budget prior to seeking approval by the Minister.
- For 2018-2019 the TCSA has received funding for five positions to provide counselling services to students at our schools. The three current employees providing similar services will be integrated into this program.
- Also, in 2018-2019 the TCSA will continue with developing virtual classroom and remote education project.


Chief Executive Officer

June 29, 2018



Tlicho Community Services Agency

Management Responsibility Letter

To the Ministers' of Health and Social Services and Education, Culture and Employment

Management Responsibility for Financial Reporting for the year ended March 31, 2018

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriated accountability for performance within well-defined areas of responsibility. The operations and administration of Tlicho Community Services Agency have been conducted with the statutory powers of the Health Authority and Divisional Education Council. The operations and administration of the Health and Education as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Financial Administration Act, CPSAS, FAM, Human Resources Manual, Ministerial Directives and the policies of the Health Authority Board and Divisional Education Council. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts Avery Cooper & Co Ltd. has been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management and employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards with its jurisdiction.

The Auditors annually provide an independent, objective audit for the purpose of expressing an opinion of the financial statements in accordance with generally accepted auditing standards. The auditor also considers whether the transactions that come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Health and Social Services and Department of Education, Culture and Employment, Government of the Northwest Territories.

Approved and confirmed on behalf of the Tlicho Community Services Agency

Rose Jiang, Director of Finance and Corporate Services
Tlicho Community Services Agency
June 29, 2018



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Chartered Professional Accountants

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INDEPENDENT AUDITORS' REPORT

To the Ministers of Health and Social Services and Education, Culture and Employment Government of the Northwest Territories

Report on the Financial Statements

We have audited the accompanying financial statements of the Tlicho Community Services Agency, which comprise the Statement of Financial Position as at March 31, 2018, and the Statements of Operations, Changes in Net Financial Resources and Cash Flow for the year then ended. We have also audited the revenue and expenditures of programs funded through contribution agreements by the Departments of Health and Social Services which total \$250,000 or more as listed in Schedule A.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 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 of 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.

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

Basis for Qualified Opinion

The GNWT is responsible for the calculation and distribution of the salaries and wages that appear on the statement of operations, the accuracy of which is not susceptible to complete audit verification. We have satisfied ourselves that the payroll information provided by the GNWT was accurately reflected in the Agency's records.

Qualified Opinion

In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Agency as at March 31, 2018 and the results of operations, net debt and cash flows for the year then ended in accordance with Canadian public sector accounting standards. Furthermore, these statements present fairly in all material respects, the funding and expenditures of all Health and Social Services funded programs which total \$250,000 or more in Schedule A for the year ended March 31, 2018 in accordance with the provisions established by the individual contribution agreements.



AVERY COOPER IS A MEMBER OF MSI, AN INTERNATIONAL ASSOCIATION OF INDEPENDENT PROFESSIONAL FIRMS

Report on Other Legal and Regulatory Requirements

We further report, in accordance with the Financial Administration Act, in our opinion, proper books of account have been kept by the Tlicho Community Services Agency, the financial statements are in agreement therewith and the transactions that have come under our notice have, in all significant respects, been within the statutory powers of the Agency.

Avery Cooper & Co. Ltd.

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

June 29, 2018

Tlicho Community Services Agency
Statement of Financial Position
As at March 31, 2018

	March 31, 2018	March 31, 2017
Financial Assets		
Cash and Cash Equivalents (Note 4)	\$ 2,232,820	741,794.66
Accounts Receivable (Note 8)	968,855	604,393
	3,201,674	1,346,188
Liabilities		
Accounts Payable and Accrued Liabilities (Note 10)	776,131	694,991
Wages and Benefits Payable - GNWT (Note 10)	2,775,699	1,481,023
Employee Future Benefits (Note 16)	1,156,250	1,557,142
Deferred Revenue (Note 11)	417,282	172,978
	5,125,363	3,906,134
 Net Financial Assets (Debt)	(1,923,688)	(2,559,946)
Non Financial Assets		
Inventory held for use (Note 9)	63,500	56,864
Tangible Capital Assets (Note 18)	72,315	120,852
	135,815	177,716
 Accumulated Surplus (Deficit)- per page 8	\$ (1,787,873)	\$ (2,382,230)

 Chief Executive Officer

 Chairman of the Board

**Tlicho Community Services Agency
Consolidated Operations
Statement of Operations
For the year ended March 31, 2018**

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Revenue			
Health & Social Services - per page 5	\$ 16,675,200	\$ 17,082,384	\$ 16,031,647
Education - per page 6	17,703,688	18,037,159	17,419,754
Other Operations - per page 7	300,000	318,311	250,089
	<u>34,678,888</u>	<u>35,437,854</u>	<u>33,701,490</u>
Expenditure			
Health & Social Services - Compensation	12,392,604	13,469,095	12,771,413
Health & Social Services - Other	4,666,021	4,089,332	4,149,315
Total Health and Social Services - per page 5	<u>17,058,625</u>	<u>17,558,428</u>	<u>16,920,727</u>
Education - Compensation	15,374,585	14,155,095	15,119,663
Education - Other	3,102,715	2,859,950	3,140,796
Total Education - per page 6	<u>18,477,300</u>	<u>17,015,045</u>	<u>18,260,459</u>
Other Operations - Compensation	-	-	-
Other Operations - Other	300,000	270,024	230,596
Total Other Operations - per page 7	<u>300,000</u>	<u>270,024</u>	<u>230,596</u>
	<u>35,835,925</u>	<u>34,843,497</u>	<u>35,411,782</u>
Operating Surplus / (Deficit)	<u>\$ (1,157,037)</u>	<u>\$ 594,357</u>	<u>\$ (1,710,292)</u>
Rent Expense - GNWT Assets provided at no cost (note 21)		542,794	275,357
Grant-In-Kind - GNWT Assets Provided at no cost (note 21)		<u>(542,794)</u>	<u>(275,357)</u>
Annual Surplus / (Deficit)	<u>\$ (1,157,037)</u>	<u>\$ 594,357</u>	<u>\$ (1,710,292)</u>

**Tlicho Community Services Agency
Health and Social Services
Statement of Operations
For the year ended March 31, 2018**

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Revenue			
Contributions from GNWT (Schedule A)	\$ 16,127,000	\$ 16,260,433	\$ 15,314,760
Interest Income	30,000	33,272	24,168
Other Income	140,000	303,480	163,495
Recoveries	378,200	485,198	529,223
	<u>16,675,200</u>	<u>17,082,384</u>	<u>16,031,647</u>
Expenses			
Administrative and Support Services	1,418,626	1,136,841	1,324,880
Ambulatory Care Services	764,472	980,859	1,010,602
Community Health Programs	6,947,655	7,351,485	7,537,395
Community Social Programs	7,781,582	7,960,588	6,855,143
Diagnostic & Therapeutic Services	146,290	128,655	192,707
	<u>17,058,625</u>	<u>17,558,428</u>	<u>16,920,727</u>
Operating Surplus / (Deficit)	<u>\$ (383,425)</u>	<u>\$ (476,044)</u>	<u>\$ (889,081)</u>
Rent Expense - GNWT Assets provided at no cost (note 21)		542,794	275,357
Grant-In-Kind - GNWT Assets Provided at no cost (note 21)		<u>(542,794)</u>	<u>(275,357)</u>
Annual Surplus / (Deficit)		<u>\$ (476,044)</u>	<u>\$ (889,081)</u>
Opening accumulated (deficit)		<u>\$ (2,326,230)</u>	<u>\$ (1,437,149)</u>
Closing accumulated (deficit)		<u>\$ (2,802,275)</u>	<u>\$ (2,326,230)</u>

**Tlicho Community Services Agency
Education
Statement of Operations
For the year ended March 31, 2018**

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
OPERATING FUND - REVENUE			
Government of the Northwest Territories			
Regular Contribution from ECE	\$ 17,373,688	17,246,577	\$ 16,719,739
Other ECE Contribution (Schedule C.1)	60,000	64,943	60,000
	<u>17,433,688</u>	<u>17,311,520</u>	<u>16,779,739</u>
BOARD GENERATED FUNDS			
Other contributions and miscellaneous	-	140,483	54,645
Investment income	30,000	33,272	24,168
Projects Revenue (Schedule C.1)	240,000	551,885	561,201
	<u>270,000</u>	<u>725,639</u>	<u>640,015</u>
TOTAL OPERATING REVENUE	<u>17,703,688</u>	<u>18,037,159</u>	<u>17,419,754</u>
OPERATING FUND EXPENSES - per schedule			
School Programs	11,654,565	10,784,848	11,577,571
Inclusive Schooling	3,233,761	2,836,078	2,713,993
Operations and Maintenance	-	-	156,334
Administration	1,321,771	947,093	1,174,208
Aboriginal Language/Cultural Programs	1,967,203	1,830,398	1,985,425
Projects Expenditures (Schedule C.1)	300,000	616,628	652,928
TOTAL EXPENSE	<u>18,477,300</u>	<u>17,015,045</u>	<u>18,260,459</u>
EXCESS REVENUE	<u>\$ (773,612)</u>	<u>\$ 1,022,114</u>	<u>\$ (840,705)</u>

**Tlich Community Services Agency
Other Operations
Statement of Operations
For the year ended March 31, 2018**

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Revenue			
Recoveries Housing	\$ 300,000	\$ 318,311	\$ 250,089
Expenses			
General Administrative Expenditures	-	24,364	12,268
Leased Property - Housing	300,000	245,660	218,328
	<u>300,000</u>	<u>270,024</u>	<u>230,596</u>
Operating Surplus / (Deficit)	<u>\$ -</u>	<u>\$ 48,287</u>	<u>\$ 19,494</u>

**Tlicho Community Services Agency
Statement of Changes in Net Debt
For the year ended March 31, 2018**

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Annual Surplus (Deficit)	\$ (1,157,037)	\$ 594,357	\$ (1,710,292)
Decrease/(Increase) in Inventories held for use		(6,636)	4,136
Decrease (Increase) in Prepaid Expenses		-	3,373
Amortization of tangible capital assets		48,537	48,537
Increase (Decrease) in Net Financial Resources	(1,157,037)	636,258	(1,654,246)
Opening Net Financial Resources	(2,559,946)	(2,559,946)	(905,700)
Closing Net Debt	(3,716,983)	(1,923,688)	(2,559,946)
Accumulated Surplus (Deficit)			
<u>Health and Social Services</u>			
Opening Surplus - Health and Social Services	(2,326,230)	(2,326,230)	(1,437,149)
Current years' surplus (deficit) per page 5	(383,425)	(476,044)	(889,081)
Closing Surplus (Deficit)	(2,709,655)	(2,802,275)	(2,326,230)
<u>Education</u>			
Opening Surplus - Education	(127,797)	(127,797)	712,908
Current years' (deficit) per page 6	(773,612)	1,022,114	(840,705)
Closing Surplus (Deficit)	(901,409)	894,317	(127,797)
<u>General</u>			
Opening Surplus - Other	71,792	71,792	52,298
Current years' surplus (deficit) per page 7	-	48,287	19,494
Closing surplus	71,792	120,079	71,792
Total Closing Accumulated Surplus (Deficit)	\$ (3,539,267)	\$ (1,787,873)	\$ (2,382,230)

**Tlcho Community Services Agency
Statement of Cash Flow
For the year ended March 31, 2018**

	<u>2018</u>	<u>2017</u>
Cash Provided by (used in) Operating Transactions		
Annual Surplus /(Deficit)	\$ 594,357	\$ (1,710,292)
Items not affecting cash:		
Change in valuation allowances	-	-
Amortization	48,537	48,537
(Increase) Decrease in due to (from) the Government of Canada		
(Increase) Decrease in Accounts Receivable	(364,461)	(254,406)
Increase (Decrease) in Accounts Payable	81,140	35,048
Increase (Decrease) in Wages and Benefits Payable	1,294,676	474,074
Increase (Decrease) in Inventory held for use	(6,636)	4,136
Increase in Employee Future benefits	(400,892)	(279,302)
Increase (Decrease) in Deferred Revenue	244,305	(46,846)
Decrease (Increase) Prepaid Expenses	-	3,373
Net Cash Provided from Operating Transactions	<u>1,491,025</u>	<u>(1,725,677)</u>
Cash Provided by (used in) Investing Transactions		
Disposition (Acquisition) of Portfolio Invesetments	-	-
Net Cash Provided by Investing Transactions	<u>-</u>	<u>-</u>
Cash Provided by (used in) Financing Transactions		
Net Proceeds from (Repayment) of Capital Lease Obligations	-	-
Net Cash Provided by Financing Transactions	<u>-</u>	<u>-</u>
Increase (Decrease) in Cash and Cash Equivalents	1,491,025	(1,725,677)
Cash and Cash Equivalents at Beginning of Year	<u>741,795</u>	<u>2,467,472</u>
Cash and Cash Equivalents at End of Year (Note 4)	<u>\$ 2,232,820</u>	<u>\$ 741,795</u>

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

1. NATURE OF ORGANIZATION

The Agency was established under the Tlicho Government Act by order of the Minister dated August 4, 2005. Its purpose is to administer and maintain the standards of Health and Educational programs defined under the respective Acts in the Member communities of the Tlicho Region.

The Agency was formerly known as the Dogrib Community Services Board and the Dogrib Divisional Board of Education. On May 22, 1997, an agreement was signed between the Dogrib Community Services Board and the Government of the Northwest Territories, Department of Health and Social Services, with the support of the Treaty 11 Council, to deliver Health and Social Service programs in the Dogrib region. The Tlicho Community Services Agency (TCSA) is an integrated Education and Health & Social Services Agency.

The Agency is dependent upon funding from the Government of the Northwest Territories and is a registered charity.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board of the Chartered Professional Accountants of Canada and by the directives of the Government of the Northwest Territories - Department of Health and Social Services ("DHSS") and Department of Education, Culture and Employment ("ECE"). Significant accounting policies are as follows.

a) Cash and cash equivalents

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques, and short term highly liquid investments that are readily convertible to cash and with a maturity date of 90 days or less from the date of acquisition.

b) Funds

The Agency records financial information in individual funds that are segregated for the purpose of carrying on specific activities or attaining certain objectives. Funds established by the Agency are:

Operating Fund- reflecting activities associated with the Agency's day-to-day operations.

Leave and Termination Liability Fund - reflecting activities in employee leave and termination benefits combined with any amounts transferred from operations to fund these liabilities. This fund represents liabilities which will be funded in the year they become due through the regular annual allocations from the Government of the Northwest Territories ("GNWT").

Endowment and Special Purpose Fund - reflecting activities relating to endowments and other special purpose funds made available to the Agency under conditions specified by donors and other providers.

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) Surplus Reserves

The DHSS policy requires the Agency to establish the following reserves:

Surplus Reserve- reflects funds maintained in a reserve according to the DHSS Operations and Maintenance Surplus Retention Policy.

Employee Future Benefit Reserve- the funds received in advance for the severance liability of employees who were transferred to the Agency from the GNWT. These liabilities are reduced as employees are paid out upon termination of employment with the agency.

d) Tangible Capital Assets

The GNWT retains ownership of all tangible assets (TCA) used by the Agency or purchased by the Agency (regardless of source of funding for the purchase). The GNWT amortizes TCAs over the estimated useful lives of the assets at the rates established in the Financial Administration Manual over the following terms:

Buildings	40 years
Mainframe and software systems	5-10 years
Leasehold Improvements	Lesser of useful life or lease term plus renewal option

The TCAs used by the Agency and held on behalf of, or in trust for, the GNWT are not recognized by the Agency in the financial statements.

The statement of operations reflects the Rent Expense amount that would otherwise be considered amortization expense for the fiscal year with an offsetting corresponding amount as a Grant-In-Kind revenue.

e) Inventory of Supplies

Inventories of supplies include inventories held for use in the process of providing services and are distributed to clients at no charge or for a nominal charge. Inventories consist of pharmacy items, parts for various equipment, and office supplies. Inventories of supplies are valued at the lower of cost and replacement value.

f) Accrued Employee Leave and Termination Benefits

In accordance with GNWT accounting policies specified for public agencies, the Agency annually accrues estimated employee leave and termination benefits payable

g) Pension Contributions

The Agency and its employees make contributions to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability to the Agency and are recognized in the accounts on a current basis.

Tlich Community Services Agency
Notes to the Financial Statements
March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h) Revenue Recognition

The Agency is primarily funded by the GNWT in accordance with budget arrangements established by the DHSS and ECE. Under the arrangements, the Agency is responsible for the net deficit from operations and is allowed to retain surpluses from core programs. Any capital funding not spent may be retained for future capital purchases. These policies do not apply to contribution agreements, where an accounting of and return of surpluses may be required.

Other revenue is recognized when the service is performed or the goods are provided.

Government transfers

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except for the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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

i) Financial Instruments

The Agency classifies its financial instruments at cost or amortized cost.

The Agency's accounting policy for this financial instrument category is as follows:

This category includes cash, accounts receivable, accounts payable and accrued liabilities, payroll liabilities and deferred revenues. They are initially recorded at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Non-financial assets

Non-financial assets are accounted for as assets by the Agency because they can be used to provide government services in future periods. These assets do not normally provide resources to discharge the liabilities of the Agency unless they are sold.

k) Measurement uncertainty

The preparation of these financial statements, in conformity with Canadian public sector accounting standards, requires management to make estimates and assumptions. This affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the updated amounts of revenue and expenses during the period. Significant estimates include accounts receivable and doubtful accounts and the actuarial valuation of employee leave and termination benefits. Actual results could differ from these estimates.

3. FUTURE ACCOUNTING CHANGES

Nil Report

4. CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
Cash	\$ 2,232,820	\$ 741,795

5. SPECICAL PURPOSE FUNDS

Nil Report

6. RESTRICTED ASSETS

Nil Report

7. PORTFOLIO INVESTMENTS

Nil Report

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

8. ACCOUNTS RECEIVABLE

	Accounts Receivable <u>2018</u>	Allow. For Doubtful Accounts <u>2018</u>	Net <u>2018</u>	Net <u>2017</u>
Due from Third Parties	\$ 406,507	\$ -	\$ 406,507	\$ 205,246
Due from Government of the Northwest Territories Workers' Safety and Compensation Commission	482,262 4,973	- -	482,262 4,973	300,002 1,262
Northwest Territories Health and Social Services Authority	75,113	-	75,113	50,820
Due from MEZI School	-	-	-	18,166
Due from CJBS School	-	-	-	28,896
	<u>\$ 968,855</u>	<u>\$ -</u>	<u>\$ 968,855</u>	<u>604,393</u>

9. INVENTORIES

	<u>2018</u>	<u>2017</u>
Inventory held for use Health Centre Supplies	\$ 63,500	\$ 56,864

10 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2018</u>	<u>2017</u>
Due to the Government of the Northwest Territories	\$ 121,846	\$ 66,588
Due to NWT Housing Corporation	11,550	5,628
Due to NWT Power Corporation	377	-
Due to Workers Safety and Compensation Commission	-	11,620
Due to Northwest Territories Health and Social Services Authority	6,684	14,152
Due to Hay River Health and Social Services Authority	-	1,750
Payable to Gameti School	-	63,621
Payable to Elizabeth Mackenzie Elementary School	-	27,307
Payable to Wekweti School	-	40,186
Due to Third Parties	635,674	464,139
	<u>\$ 776,131</u>	<u>694,991</u>

	<u>2018</u>	<u>2017</u>
<u>Payroll Liabilities</u>		
Due to GNWT payroll liabilities	\$ 2,131,032	\$ 1,018,972
Accrued Vacation and Lieu	594,667	462,051
Employee Retroactive Pay	50,000	
Government of the Northwest Territories	<u>\$ 2,775,699</u>	<u>1,481,023</u>

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

11. DEFERRED REVENUE

Deferred revenue consists of contributions received in advance for activities with dates beyond the fiscal year end. These amounts will be recognized in revenue as expenditures are incurred.

	<u>2018</u>	<u>2017</u>
CJBS - BHP Culture	\$ -	\$ 25,000
CJBS - Breakfast for Learning	9,984	1,691
CJBS - Breakfast for Learning- High School	-	8,628
CJBS - Dominion Diamond Ekati	15,993	-
CJBS - Food First Foundation	-	1,022
CJBS - Fundraising	21,422	-
CJBS - Miscellaneous	1,665	-
MEZI - BHP Culture	-	25,105
MEZI - Breakfast for Learning	-	1,240
MEZI - Dominion Diamond Ekati	50,105	-
MEZI - Food First Foundation	-	1,200
EMES - BHP Culture	-	19,074
EMES - Breakfast for Learning	3,871	10,011
EMES - Breakfast Club	5,000	-
EMES - Dominion Diamond Ekati	10,052	-
EMES - Health Food First	-	626
EMES - Literacy / Book fair	6,801	2,491
EMES - Miscellaneous	3,766	-
EMES - On the Land Collaborative	5,734	-
AAS - BHP Culture	-	38,281
AAS - Breakfast for Learning	2,206	3,253
AAS - Dominion Diamond Ekati	26,857	-
AAS - Food First Foundation	1,720	-
AAS - Literacy	2,395	-
AAS - Miscellaneous	12,002	13,213
JWGS - BHP Culture	-	18,728
JWGS - Breakfast Club	1,983	-
JWGS - Dominion Diamond Ekati	15,266	-
JWGS - Food First Foundation	2,227	-
JWGS - Fundraising	13,000	-
JWGS - Literacy	1,177	-
JWGS - Yoga Fitness	-	3,414
Regional - Dogrib Learning Materials	204,057	-
	\$ 417,282	\$ 172,978

12. CONTRIBUTIONS REPAYABLE

Nil Report

13. DUE FROM AND TO THE GOVERNMENT OF CANADA

Nil Report

**Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018**

14. CAPITAL LEASE OBLIGATIONS

Nil Report

15. PENSIONS

The TCSA's employees participate in Canada's Public Service Plan (PSPP). The PSPP 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 pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

The public service plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to 65 for new members joining the plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60. Furthermore, contribution rates or current service for all members of the public service will increase gradually to an employer: employee cost sharing ratio of 50:50 by 2017. The employer contribution rate effective at the end of the year is 1 times (2016 - 1.15) the employees' contributions for employees who started prior to January 2013 and 1 times (2016 - 1.1) the employees' contributions for all other employees

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced by early retirement, pensions and disability pensions.

Contributions to the PSPP are broken down as follows.

	<u>2018</u>	<u>2017</u>
HSS activities		
Employee	\$ 732,719	\$ 1,094,824
Employer	767,918	996,708
	<u>\$ 1,500,637</u>	<u>\$ 2,091,531</u>
ECE activities		
Employee	\$ 1,082,767	\$ 1,590,574
Employer	1,079,521	1,563,100
	<u>2,162,288</u>	<u>\$ 3,153,674</u>
	<u>\$ 3,662,925</u>	<u>\$ 5,245,205</u>

Tlichco Community Services Agency
Notes to the Financial Statements
March 31, 2018

16. EMPLOYEE FUTURE BENEFITS

In addition to pension benefits, Tlichco Community Service Agency provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Tlichco Community Services Agency employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation result

The last actuarial valuation was dated March 31, 2018. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the Agency.

Employee Long term Benefits consist of:

	ECE	HSS	<u>2018</u>	<u>2017</u>
Severance and Removal	\$ 654,632	\$ 225,355	\$ 879,987	\$ 1,226,203
Compensated Absences	191,452	84,811	276,263	330,939
	<u>\$ 846,084</u>	<u>\$ 310,166</u>	<u>\$ 1,156,250</u>	<u>\$ 1,557,142</u>
Net Change				
Change in Estimate Adj	\$ -	\$ -	\$ -	-
Current period Benefit Cost	64,814	25,522	90,336	
Actuarial (Gain) Loss	(292,953)	19,422	(273,531)	
Benefits Payments	(91,561)	(172,233)	(263,794)	
Interest accrued	33,595	12,500	46,095	
	<u>\$ (286,105)</u>	<u>\$ (114,789)</u>	<u>\$ (400,894)</u>	

The primary actuarial assumptions include a discount rate of 3.8% to determine the accrued benefit obligation and salary scale of 2% per annum. The expected payments during the next five years are:

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

16. EMPLOYEE FUTURE BENEFITS (cont'd)

	Severance and Removal	Compensated Absences	Total
Year 1	\$ 179,756	\$ 54,195	\$ 233,951
Year 2	117,049	41,395	158,444
Year 3	96,813	34,713	131,526
Year 4	97,583	33,375	130,958
Year 5	78,829	27,525	106,354
Next 5 Years	\$ 380,642	\$ 114,210	\$ 494,852

17. TRUST LIABILITIES

Nil Report

18. TANGIBLE CAPITAL ASSETS

The agency has purchased buses and ambulances from operating funds provided by the Department of Health and Social Services and Education. These vehicles are being amortized over a straight line basis over 7 Years .

	Cost (unaudited)	Accumulated Amortization (unaudited)	Net book Value 2018 (unaudited)	Net book Value 2017 (unaudited)
2014 Ford XLT Ambulance	\$ 166,443	(118,888)	47,555	71,333
School Buses	173,318	(148,558)	24,760	49,519
Total	\$ 339,761	\$ (267,446)	\$ 72,315	\$ 120,852

Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2018

19. PREPAID EXPENSES

Nil Report

20. CAPITAL ADVANCE FROM THE GNWT

Nil Report

21. GNWT ASSETS PROVIDED AT NO COST

Tangible Capital Assets (TCA) are owned by the Government of the Northwest Territories. TCA are amortized over the estimated useful life of the assets at the following rates.

Buildings - 40 Years

Leasehold Improvements - Lesser of useful life or lease term plus renewal option

Mobile Equipment - 15 years

	Cost <u>(unaudited)</u>	Accumulated Amortization <u>(unaudited)</u>	Net book Value 2018 <u>(unaudited)</u>	Net book Value 2017 <u>(unaudited)</u>
Buildings	\$ 18,434,478	\$ (3,557,727)	\$ 14,876,751	\$ 15,203,162
Leasehold	252,800	(201,518)	\$ 51,282	63,841
Mobile Equipment	325,112	(156,537)	\$ 168,575	190,245
Other Equipment	338,467	(21,605)	\$ 316,863	-
Total	\$ 19,350,858	\$ (3,937,387)	\$ 15,413,470	\$ 15,457,248

The TCA information was provided by the Government of the Northwest Territories.

Amortization expense 2017 - 2018 \$542,794 (2016 - 2017 \$275,357)

22. CONTRACTUAL OBLIGATIONS (aka Commitments)

The Agency has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to March 31, 2018.

	Expires in Fiscal Year	2019	2020 and thereafter	Total
Residential Leases	2022-2023	\$ 265,200	\$ 819,000	\$ 1,084,200
Equipment Leases	2018-2023	65,386	131,589	196,976
Other Services Contracts	2023	19,583	77,118	96,701
		\$ 350,169	\$ 1,027,707	\$ 1,377,877

**Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018**

23. CONTINGENT LIABILITIES

In the normal course of operations, the Agency is subject to claims and pending and threatened litigation against the Agency and its staff. The Agency is defending actions brought against it and the Agency has recorded an allowance for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. The allowance is based upon estimates determined by the Agency's legal experts experience or case law in similar circumstances.

The Agency did not have any environmental liabilities during the year.

24. PRIOR YEAR FUNDING

Nil Report

25. BUDGET

Budget figures are the opening budgets that were approved on June 30 2018 by the Agency's board of directors, DHSS and ECE. The budget figures are not audited and are intended for information purposes only. These figures represent the Agency's original fiscal plan for the year and do not reflect subsequent changes arising from amendments made by the Departments.

26. ECONOMIC DEPENDANCE

The Agency receives its funding primarily from the GNWT. If the funding arrangements were to change management is of the opinion that the Agency operations would be significantly affected

27. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

28. RELATED PARTIES AND INTER-ENTITY TRANSACTIONS

The Agency is related in terms of common ownership to all GNWT created departments and public agencies. The Agency enters into transactions with these entities in the normal course of business. The Agency is provided with various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, compensation services by the Department of Human Resources, and internal audit services by the Department of Finance.

Due from Related Parties	<u>2018</u>	<u>2017</u>
Government of the Northwest Territories		
Department of Finance	\$ 5,097	\$ -
Department of Health and Social Services	375,865	165,740
Department of Education, Culture and Employment	101,299	134,262
MEZI School	-	18,166
CJBS School	-	28,896
Northwest Territories Health and Social Services Authority	75,113	50,820
Workers' Safety and Compensation Commission	4,973	1,262
	<u>\$ 562,348</u>	<u>\$ 399,147</u>

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

28. RELATED PARTIES (Cont'd)

Due to Related Parties	<u>2018</u>	<u>2017</u>
Government of the Northwest Territories		
Department of Finance	\$ 97,383	\$ 31,962
Department of Human Resources	-	3,334
Department of Health and Social Services	20,578	29,556
Department of Education, Culture and Employment	2,250	-
Department of Infrastructure	149	198
Petroleum Products Division	1,486	1,538
Gameti School	-	63,621
Elizabeth MacKenzie Elementary School	-	40,186
Hay River Health and Social Services	-	1,750
Stanton Territorial Hospital Authority	-	11,748
Wekweti School	-	27,307
Workers' Safety and Compensation Commission	-	11,620
NWT Power Corporation	377	-
NWT Housing Association	11,550	5,628
Northwest Territories Health and Social Services Authority	6,684	2,404
	<u>\$ 140,457</u>	<u>\$ 230,852</u>
Department of Finance - Payroll Liabilities	<u>2,775,699</u>	<u>1,481,023</u>

Revenue received from Related Parties not otherwise disclosed in statements or schedules

North Territory Health & Social Services Authority	\$ 97,395	\$ 99,062
GNWT - Department of Health and Social Services - NHIB	275,975	327,675

Expenses paid to Related Parties

GNWT - Department of Finance	\$ 83,840	\$ 174,306
GNWT - Department of Health and Social Services	83,476	82,066
GNWT - Petroleum Products Division	9,615	10,549
GNWT - Department of Infrastructure	422	-
Workers' Safety and Compensation Commission	4,127	-
Northwest Territories Health and Social Services Authority	749,260	807,859
NWT Housing Corporation	\$ -	\$ 23,853

Related party transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

29. FINANCIAL INSTRUMENTS

The Agency is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of the

(i) Credit risk

Credit risk is the risk of financial loss to the Agency if a debtor fails to make payments of interest and principal when due. The Agency is exposed to this risk relating to its, cash, special purpose funds, trust assets and accounts receivable.

The Agency holds its cash, special purpose funds and trust assets deposits in trust accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

Accounts receivable are due from various governments, government agencies, corporations and individuals. Credit risk related to accounts receivable is mitigated by internal controls as well policies and oversight over arrears for ultimate collection. Management has determined that a portion of accounts receivable are impaired based on specific identification as well as age of receivables.

These amounts are as disclosed in Note 8.

The Agency's maximum exposure to credit risk is represented by the financial assets for a total of \$968,855 (2017 - \$604,393).

Concentration of credit risk

Concentration of credit risk is the risk that a customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Agency in the event of a default. The Agency does have concentration of risk. At March 31, 2018, receivables from the GNWT and related parties accounted for 50% of the total outstanding accounts receivables. The Agency reduces this risk by monitoring overdue balances.

The Agency also has concentration of credit risk as deposits are held in one Canadian chartered bank.

Liquidity Risk

Liquidity risk is the risk that the Agency will not be able to meet all cash outflow obligations as they come due. The Agency mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. Total financial assets are \$3,201,674 (2017 - \$1,346,188) and financial liabilities are \$5,125,363 (2017 - \$3,906,134). The agency has disclosed future financial liabilities and commitments in Note 22.

**Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2018**

30. CONTINGENT ASSETS

Nil Report

31. CONTRACTUAL RIGHTS

At March 31, 2018, the Agency has entered into the following multi-year contribution agreements with the GNWT:

<u>Project</u>	<u>Terms/Conditions</u>
Enhanced Home Care	Apr 1 2014-Mar 31 2019

Future maximum contributions remaining under these agreements are as follows:

	<u>Enhanced Home Care</u>	<u>Total</u>
2019	375,835.00	375,835.00

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2018

32. EXPENSES BY OBJECT

HEALTH

Compensation

Severance and Superannuation
Salaries and Wages
Other

	<u>2018</u>	<u>2017</u>
	\$ (110,787)	\$ (129,705)
	12,807,917	12,112,057
	771,965	789,060
	13,469,095	12,771,412

Other O&M

Grants and contributions
Valuation Allowances
Medical and Surgical Supplies
Amortization
Contracted & General Services
Other

	1,186,284	1,139,723
	-	-
	337,824	356,175
	23,778	23,778
	1,852,428	1,993,561
	689,019	636,079
	4,089,332	4,149,315
	\$ 17,558,428	\$ 16,920,727

EDUCATION

Compensation
Other O&M

	\$ 14,155,095	\$ 15,119,663
	2,859,950	3,140,796
	\$ 17,015,045	\$ 18,260,459

OTHER

Compensation
Other O&M

	\$ -	\$ -
	270,024	230,596
	\$ 270,024	\$ 230,596

OVERALL

Compensation
Other O&M

	\$ 27,624,191	\$ 27,891,075
	7,219,307	7,520,707
	\$ 34,843,497	\$ 35,411,782

Tlicho Community Services Agency
Schedule A
Schedule of Contributions from the GNWT
For the year ended March 31, 2018

	(Unaudited) 2018 Budget		2018 Actual		2017 Actual
Contributions from the GNWT					
Core Contribution - Department of Health & Social Services					
Administration & Support Services					
Administration	\$ 700,000	\$	700,000	\$	700,000
Facility Maintenance & Support	35,000		35,000		-
Finance	173,000		173,000		173,000
System Support	68,000		64,000		53,000
Community Health Programs					
Community Clinics & Health Centres	5,458,000		5,458,000		5,446,000
Health Promotion & Community Wellness	315,000		315,000		315,000
Homecare & Support Services	697,000		697,000		697,000
Physician Services	785,000		785,000		785,000
Mental Health & Addictions	973,000		973,000		973,000
Residential Care Children & Adults	3,421,000		3,421,000		2,636,000
Community Social Programs					
Child & Family Services	2,566,000		2,566,000		2,549,000
Family Violence Prevention	31,000		31,000		31,000
Diagnostic & Therapeutic Services					
Diagnostic Services	17,000		77,000		-
Supplementary Health Programs					
Medical Travel	458,000		458,000		458,000
	15,697,000		15,753,000		14,816,000
Other Contribution - Department of Health & Social Services					
Enhanced Home Care - Schedule A -1	430,000		460,335		437,961
Victims of Family Violence - Schedule A-2	-		27,741		30,107
Mental Health First Aid Training - Schedule A-3	-		9,982		12,715
Asist - Schedule - A-4	-		9,375		17,978
	\$ 16,127,000	\$	16,260,433	\$	15,314,760
Total Contributions from the GNWT					

Tlicho Community Services Agency
Schedule A-1
Schedule of Detailed Contribution Funding and Expense
Home and Community Care Enhancement - (HSS01-0000002214)
Health & Social Services - GNWT
For the year ended March 31, 2018

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Funding			
GNWT - Department of Health & Social Services	\$ 430,000	\$ 230,168	\$ 437,961
Contribution Receivable	-	230,168	-
	<u>430,000</u>	<u>460,335</u>	<u>437,961</u>
Expenses			
Salaries	397,379	388,014	397,899
Materials and Supplies	4,000	8,966	2,413
Gasoline	3,000	2,434	1,987
Food	8,000	25,431	6,000
Vehicle Maintenance	3,500	4,742	4,000
Medical and Surgical Supplies	4,000	6,000	4,000
Delivery and Courier	2,500	4,917	855
Telephone	1,000	2,845	1,080
Travel	8,000	7,065	11,141
Equipment Maintenance	1,000	-	-
Minor Equipment	3,000	-	1,433
Contract Services	5,000	9,921	600
Functional Fitness for Falls Training	-	-	1,415
Continuing Care Manager - Supervisor Travel	-	-	5,138
	<u>440,379</u>	<u>460,335</u>	<u>437,961</u>
Excess Funding over Expense	<u>\$ (10,379)</u>	<u>\$ -</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule A-2
Schedule of Detailed Contribution Funding and Expenses
Victims of Family Violence
For the year ended March 31, 2018

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Funding			
GNWT - Department of Health & Social Services	\$ -	\$ 8,623	\$ 30,107
Contribution Receivable	-	19,118	-
	-	<u>27,741</u>	<u>30,107</u>
Expenses			
Materials & Supplies	-	328	261
Travel	-	4,135	2,873
Administration cost	-	474	1,434
Contracted Services	-	22,454	10,612
Rental	-	350	14,927
	-	<u>27,741</u>	<u>30,107</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule A-3
Schedule of Detailed Contribution Funding and Expenses
Mental Health First Aid for Northern Peoples Tlicho Region
For the year ended March 31, 2018

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Funding			
GNWT - Department of Health & Social Services	\$ -	\$ 16,026	\$ 12,715
Contribution Repayable	-	(6,044)	-
	-	9,982	12,715
Expenses			
Facilitator Cost	-	2,753	1,726
Materials & Supplies	-	1,458	2,841
Travel	-	3,345	4,543
Administration cost	-	475	606
Rental	-	1,950	3,000
	-	9,982	12,715
Excess Funding over Expense	\$ -	\$ -	\$ -

Tlcho Community Services Agency
Schedule A-4
Schedule of Detailed Contribution Funding and Expenses
Applied Suicide Intervention Skills Training (ASIST) Tlcho Region
For the year ended March 31, 2018

	(Unaudited) 2018 Budget	2018 Actual	2017 Actual
Funding			
GNWT - Department of Health & Social Services Contribution Receivable	\$ -	\$ -	\$ 17,978
	-	9,375	-
	-	<u>9,375</u>	<u>17,978</u>
Expenses			
Facilitator Cost	-	784	2,496
Materials & Supplies	-	1,749	8,336
Travel	-	4,315	3,790
Administration Cost	-	446	856
Rental	-	2,080	2,500
	-	<u>9,375</u>	<u>17,978</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>

Tlcho Community Services Agency
Schedule B
Health Schedule of Reserves
For the year ended March 31, 2018

	Surplus/Deficit		Leave & Termination		Special Projects		Total Reserves	
Balance, beginning of the year	-	-	-	-	-	-	-	-
Additions/Reductions to/from Reserves	-	-	-	-	-	-	-	-
Transfers between Reserves	-	-	-	-	-	-	-	-
Balance, end of the year	-	-	-	-	-	-	-	-

The Agency has no funds in reserves.

Tlcho Community Services Agency
Schedule C
Education Division
Schedule of Expenses
For the year ended March 31, 2018

	School Programs	Inclusive Schooling	Infrastructure	Administration	Aboriginal Languages	Other Projects	Totals
Salaries							
Teachers	\$ 7,272,667	\$ 809,998			\$ 888,706		\$ 8,971,371
Inst Asst.		1,132,193			247,237		1,379,430.02
Non-Inst Staff	2,124,100	453,005		857,533	378,737	49,465	3,862,839.78
Brd Honoraria				29,908			29,907.77
Employee Benefits							
Benefits/Allow Leave & Term.	102,575			17,568 (208,596)			120,142.48 (208,596.10)
Services Purchased / Contracted							
Prof & Tech Serv							-
Office Supp & Admin							-
Postage/Communication	99,151			56,283	881		156,315.37
Utilities							-
Travel/Training	57,837	126,072		27,575	52,519	35,751	299,753.99
Student Travel							-
Advert/Prntg/Pubshng	8,749						8,749.11
Main/Repair	5,258			883	1,940		8,080.18
Rentals/Leases	83,698			12,432	1,804		97,934.21
Vehicle Expense	149,983	103		82	6,359		156,527.14
Equipment Maintenance							-
Other	12,601	394		71,952	50		84,996.09
Contributed Services	73,119			19,935	75,000		168,054.70
Contracted Services	95,629	282,325		15,517	122,224	216,427	732,121.75
Renovations							-
Home Boarding Allowance	28,084						28,084.00
Materials / Supplies / Freight							
Materials	641,990	31,409		45,146	52,293	314,985	1,085,823.64
Furniture and Equipment					2,342		2,341.72
Freight	29,407	581		875	305		31,168.32
Total Expense	\$ 10,784,848	\$ 2,836,078	\$ -	\$ 947,093	\$ 1,830,398	\$ 616,628	\$ 17,015,045

**Tlicho Community Services Agency
Education - Contribution Agreements
Schedule C.1
Other Education Contributions
For the year ended March 31, 2018**

		<u>2018</u>	<u>2017</u>
		<u>Actual</u>	<u>Actual</u>
Contribution Agreement Revenue			
Aboriginal Languages	Schedule C-1	\$ 64,943	\$ 60,000
Take a Kid Trapping - Chief Jimmy Bruneau School	Schedule C-3	8,000	8,000
Take a Kid Trapping - Elizabeth Mackenzie Elementary School	Schedule C-4	8,000	8,000
Take a Kid Trapping - Jean Wetrade Gameti School	Schedule C-5	6,000	8,000
Take a Kid Trapping - Mezi Community School	Schedule C-6	8,000	8,000
Take a Kid Trapping - Alexis Arrowmaker School	Schedule C-7	7,700	-
Snack Program - Elizabeth Mackenzie Elementary School	Schedule C-8	16,141	3,689
Snack Program - Mezi Community School	Schedule C-9	1,240	7,660
Snack Program - Jean Wetrade Gameti School	Schedule C-10	-	6,997
Snack Program - Alexis Arrowmaker School	Schedule C-11	1,047	778
Snack Program - Chief Jimmy Bruneau School (Elementary)	Schedule C-12	1,707	1,709
Snack Program - Chief Jimmy Bruneau High School	Schedule C-13	8,628	8,472
Active After School - Chief Jimmy Bruneau High School	Schedule C-14	12,000	12,300
Active After School - Mezi Community School	Schedule C-15	16,500	17,300
Active After School - Alexis Arrowmaker School	Schedule C-16	16,800	17,300
Active After School - Jean Wetrade Gameti School	Schedule C-17	16,000	17,300
Active After School - Elizabeth Mackenzie Elementary School	Schedule C-18	15,300	12,300
Public Library Services - Mezi Community School	Schedule C-19	35,000	38,000
Public Library Services - Jean Wetrade Gameti School	Schedule C-20	35,000	38,000
Public Library Services - Elizabeth Mackenzie Elementary School	Schedule C-21	35,000	38,000
Public Library Services - Chief Jimmy Bruneau School	Schedule C-22	35,000	38,000
Food First Foundation - Jean Wetrade Gameti School	Schedule C-23	2,339	10,186
Food First Foundation - Elizabeth Mackenzie Elementary School	Schedule C-24	2,682	5,374
Food First Foundation (Kitchen Equip) - Mezi Community School	Schedule C-25	1,200	-
NWT Taste Makers - Food First Foundation	Schedule C-26	1,422	1,316
Breakfast Club - Jean Wetrade Gameti School	Schedule C-27	1,751	-
Breakfast Club - Elizabeth Mackenzie Elementary School	Schedule C-28	-	-
Youth Contribution (Music) - Chief Jimmy Bruneau School	Schedule C-29	5,000	5,000
Youth Contribution (Local Sport) - Jean Wetrade Gameti School	Schedule C-30	1,024	-
Youth Contribution (Local Sport) - Mezi Community School	Schedule C-31	1,054	-
Youth Contribution (Local Sport) - Alexis Arrowmaker School	Schedule C-32	-	1,100
Youth Contribution (School Trip) - Chief Jimmy Bruneau School	Schedule C-33	9,000	-
Drop the Pop	Schedule C-34	9,950	8,625
On the Land Collaborative - Elizabeth Mackenzie Elementary School	Schedule C-35	4,266	-
Self Regulation - Chief Jimmy Bruneau School	Schedule C-36	6,000	-
LMAPD	Schedule C-37	35,125	-
Yoga Fitness - Jean Wetrade Gaemti School	Schedule C-38	3,414	1,363
Literacy - Chief Jimmy Bruneau High School	Schedule C-39	-	4,900
Miscellaneous	Schedule C-40	184,596	233,533
		\$ 616,828	\$ 621,201

**Tlicho Community Services Agency
Education - Contribution Agreements
Schedule C.1
Other Education Contributions
For the year ended March 31, 2018**

		<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Contribution Agreement Expenditures			
Aboriginal Languages	Schedule C-1	\$ 64,943	\$ 69,327
Take a Kid Trapping - Chief Jimmy Bruneau School	Schedule C-3	8,000	8,020
Take a Kid Trapping - Elizabeth Mackenzie Elementary School	Schedule C-4	7,994	8,012
Take a Kid Trapping - Jean Wetrade Gameti School	Schedule C-5	6,084	7,998
Take a Kid Trapping - Mezi Community School	Schedule C-6	8,027	8,018
Take a Kid Trapping - Alexis Arrowmaker School	Schedule C-7	9,950	8,618
Snack Program - Elizabeth Mackenzie Elementary School	Schedule C-8	16,141	3,689
Snack Program - Mezi Community School	Schedule C-9	1,620	7,660
Snack Program - Jean Wetrade Gameti School	Schedule C-10	-	6,891
Snack Program - Alexis Arrowmaker School	Schedule C-11	1,047	778
Snack Program - Chief Jimmy Bruneau School (Elementary)	Schedule C-12	1,707	1,709
Snack Program - Chief Jimmy Bruneau High School	Schedule C-13	8,663	8,472
Active After School - Chief Jimmy Bruneau High School	Schedule C-14	13,514	12,307
Active After School - Mezi Community School	Schedule C-15	16,586	17,304
Active After School - Alexis Arrowmaker School	Schedule C-16	16,783	17,304
Active After School - Jean Wetrade Gameti School	Schedule C-17	16,003	17,319
Active After School - Elizabeth Mackenzie Elementary School	Schedule C-18	15,300	12,300
Public Library Services - Mezi Community School	Schedule C-19	35,111	38,009
Public Library Services - Jean Wetrade Gameti School	Schedule C-20	35,005	38,122
Public Library Services - Elizabeth Mackenzie Elementary School	Schedule C-21	35,015	38,163
Public Library Services - Chief Jimmy Bruneau School	Schedule C-22	35,436	38,153
Food First Foundation - Jean Wetrade Gameti School	Schedule C-23	2,339	12,174
Food First Foundation - Elizabeth Mackenzie Elementary School	Schedule C-24	2,812	5,374
Food First Foundation (Kitchen Equip) - Mezi Community School	Schedule C-25	1,220	-
NWT Taste Makers - Food First Foundation	Schedule C-26	1,440	1,233
Breakfast Club - Jean Wetrade Gameti School	Schedule C-27	1,751	-
Breakfast Club - Elizabeth Mackenzie Elementary School	Schedule C-28	-	-
Youth Contribution (Music) - Chief Jimmy Bruneau School	Schedule C-29	5,000	5,000
Youth Contribution (Local Sport) - Jean Wetrade Gameti School	Schedule C-30	1,187	-
Youth Contribution (Local Sport) - Mezi Community School	Schedule C-31	1,052	-
Youth Contribution (Local Sport) - Alexis Arrowmaker School	Schedule C-32	-	1,149
Youth Contribution (School Trip) - Chief Jimmy Bruneau School	Schedule C-33	9,136	-
Drop the Pop	Schedule C-34	7,697	-
On the Land Collaborative - Elizabeth Mackenzie Elementary School	Schedule C-35	4,266	-
Self Regulation - Chief Jimmy Bruneau School	Schedule C-36	7,613	-
LMAPD	Schedule C-37	32,422	-
Yoga Fitness - Jean Wetrade Gaemti School	Schedule C-38	2,985	1,363
Literacy - Chief Jimmy Bruneau High School	Schedule C-39	-	5,300
Miscellaneous	Schedule C-40	182,780	253,163
		<u>\$ 616,628</u>	<u>\$ 652,928</u>
Excess Funding over Expenenses		<u>\$ 200</u>	<u>\$ (31,727)</u>

Tlicho Community Services Agency
Schedule C-1
Schedule of Specific Program
Aboriginal Languages
For the year ended March 31, 2018

	2018 <u>Budget</u>	2018 <u>Actual</u>	2017 <u>Actual</u>
Funding			
GNWT - ECE	\$ 60,000	\$ 269,000	\$ 60,000
GNWT - ECE Deferred	-	(204,057)	-
	60,000	64,943	60,000
Expenses			
Materials & Supplies	60,000	55,641	67,031
Training & Development	-	832	-
Travel	-	3,105	-
Contract Services	-	5,365	2,297
	60,000	64,943	69,327
Excess Funding over Expense	\$ -	\$ -	\$ (9,327)

Tlicho Community Services Agency
Schedule C-2
Schedule of Specific Program
Education Infrastructure
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Personnel Infrastructure			
Funding			
GNWT - ECE	\$ 150,000	\$ -	\$ 34,401
	<u>150,000</u>	<u>-</u>	<u>34,401</u>
Expenses			
Staffing:			
Advertising	-	-	-
Hiring Expenses	-	-	-
Employee Benefits:			
Removal In/Transfer	60,000	53,293	61,564
Ultimate Removal	-	-	-
Medical Travel Assistance	-	-	-
Dental Premiums	-	-	-
Family Assistance Program	-	-	-
WCB	90,000	83,816	94,770
Total Expenses	<u>150,000</u>	<u>137,108</u>	<u>156,334</u>
Surplus (Deficit)	<u>-</u>	<u>(137,108)</u>	<u>(121,933)</u>
Utilities and Leases			
Funding			
GNWT - ECE	-	-	-
Total Funding	<u>-</u>	<u>-</u>	<u>-</u>
Expenses			
Utilities:			
Fuel	-	-	-
Electricity	-	-	-
Water/Sewer	-	-	-
Boiler Maintenance	-	-	-
Total Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Surplus (Deficit)	<u>-</u>	<u>-</u>	<u>-</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (137,108)</u>	<u>\$ (121,933)</u>

Tlicho Community Services Agency
Schedule C-3
Schedule of Detailed Contribution Funding and Expenses
Take a Kid Trapping - Chief Jimmy Bruneau School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ENR	\$ -	\$ 8,000	\$ 8,000
	<hr/>		
Expenses			
Materials & Supplies	-	-	5,420
Contract Services	-	8,000	2,600
	<hr/>	<hr/>	<hr/>
	-	8,000	8,020
	<hr/>		
Excess Funding over Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20)</u>

Tlich Community Services Agency
Schedule C-4
Schedule of Detailed Contribution Funding and Expenses
Take a Kid Trapping - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ENR	\$ -	\$ 8,000	\$ 8,000
	<hr/>		
Expenses			
Materials & Supplies	-	1,638	2,656
Gasoline	-	906	506
Contract Services	-	5,450	4,850
	<hr/>		
	-	7,994	8,012
	<hr/>		
Excess Funding over Expense	\$ -	\$ 6	\$ (12)
	<hr/>		

Tlichu Community Services Agency
Schedule C-5
Schedule of Detailed Contribution Funding and Expenses
Take a Kid Trapping - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ENR	\$ -	\$ 6,000	\$ 8,000
Expenses			
Materials & Supplies	-	3,384	2,198
Contract Services	-	2,700	5,800
	-	<u>6,084</u>	<u>7,998</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (84)</u>	<u>\$ 2</u>

Tlicho Community Services Agency
Schedule C-6
Schedule of Detailed Contribution Funding and Expense
Take a Kid Trapping - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ENR	\$ -	\$ 8,000	\$ 8,000
	<hr/>		
Expenses			
Materials & Supplies	-	1,263	4,845
Gasoline	-	674	1,003
Contract Services	-	6,090	2,170
	<hr/>	<hr/>	<hr/>
	-	8,027	8,018
	<hr/>		
Excess Funding over Expense	<hr/>	<hr/>	<hr/>
	\$ -	\$ (27)	\$ (18)
	<hr/>		

Tlicho Community Services Agency
Schedule C-7
Schedule of Detailed Contribution Funding and Expenses
Take a Kid Trapping - Alexis Arrowmaker School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ENR	\$ -	\$ 7,700	\$ -
Expenses			
Materials & Supplies	-	4,072	-
Gasoline	-	624	-
Contract Services	-	3,000	-
	-	<u>7,697</u>	-
Excess Funding over Expense	<u>\$ -</u>	<u>\$ 3</u>	<u>\$ -</u>

Tlich Community Services Agency
Schedule C-8
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Children's Charity President's Choice (PC)	\$ -	\$ 10,000	\$ 13,700
Children's Charity President's Choice (PC) Deferred	-	(3,871)	-
Breakfast for Learning Deferred - PY	9,000	10,011	(10,011)
	<u>9,000</u>	<u>16,141</u>	<u>3,689</u>
Expenses			
Materials & Supplies (BFL)	9,000	10,201	3,689
Materials & Supplies (PC)	-	5,940	-
	<u>9,000</u>	<u>16,141</u>	<u>3,689</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule C-9
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Breakfast for Learning	\$ 3,000	\$ -	\$ 8,900
Breakfast for Learning Deferred - PY	-	1,240	(1,240)
	<u>3,000</u>	<u>1,240</u>	<u>7,660</u>
Expense			
Contract Services	3,000	1,620	7,660
	<u>3,000</u>	<u>1,620</u>	<u>7,660</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (380)</u>	<u>\$ -</u>

**Tlicho Community Services Agency
Schedule C-10
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Jean Wetrade Gameti School
For the year ended March 31, 2018**

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Funding			
Breakfast for Learning	\$ 2,000	\$ -	\$ 3,000
Breakfast for Learning Deferred - PY	-	-	3,997
	<u>2,000</u>	<u>-</u>	<u>6,997</u>
Expenses			
Materials & Supplies	2,000	-	6,891
	<u>2,000</u>	<u>-</u>	<u>6,891</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106</u>

Tlicho Community Services Agency
Schedule C-11
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Alexis Arrowmaker School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Breakfast for Learning	\$ 1,400	\$ -	\$ 2,200
Breakfast for Learning Deferred - PY	-	3,253	1,832
Breakfast for Learning Deferred	-	(2,206)	(3,253)
	<u>1,400</u>	<u>1,047</u>	<u>778</u>
Expenses			
Materials & Supplies	1,400	1,047	778
	<u>1,400</u>	<u>1,047</u>	<u>778</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Tlicho Community Services Agency
Schedule C-12
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Chief Jimmy Bruneau School (Elementary)
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Breakfast for Learning	\$ -	\$ 10,000	\$ 1,700
Breakfast for Learning Deferred	-	(9,984)	(1,691)
Breakfast for Learning Deferred - PY	1,000	1,691	1,700
	<u>1,000</u>	<u>1,707</u>	<u>1,709</u>
Expense			
Materials & Supplies	1,000	1,707	1,709
	<u>1,000</u>	<u>1,707</u>	<u>1,709</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule C-13
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Chief Jimmy Bruneau High School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Breakfast for Learning	\$ 7,000	\$ -	\$ 9,000
Breakfast for Learning Deferred	-	-	(8,628)
Breakfast for Learning Deferred - PY	-	8,628	8,100
	<u>7,000</u>	<u>8,628</u>	<u>8,472</u>
Expenses			
Materials & Supplies	7,000	8,663	8,472
	<u>7,000</u>	<u>8,663</u>	<u>8,472</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (35)</u>	<u>\$ -</u>

**Tlicho Community Services Agency
Schedule C-14
Schedule of Detailed Contribution Funding and Expenses
Active After School - Chief Jimmy Bruneau High School
For the year ended March 31, 2018**

	<u>2018 Budget</u>	<u>2018 Actual</u>	<u>2017 Actual</u>
Funding			
GNWT - MACA	\$ 12,000	\$ 12,000	\$ 12,300
Expenses			
Materials & Supplies	12,000	13,514	12,307
	<u>12,000</u>	<u>13,514</u>	<u>12,307</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (1,514)</u>	<u>\$ (7)</u>

Tlichó Community Services Agency
Schedule C-15
Schedule of Detailed Contribution Funding and Expenses
Active After School - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ 16,500	\$ 16,500	\$ 17,300
Expenses			
Materials & Supplies	16,500	10,466	14,027
Minor Equipment	-	-	3,277
Contract Services	-	6,120	-
	<u>16,500</u>	<u>16,586</u>	<u>17,304</u>
Excess Funding over Expenses	<u>\$ -</u>	<u>\$ (86)</u>	<u>\$ (4)</u>

Tlicho Community Services Agency
Schedule C-16
Schedule of Detailed Contribution Funding and Expenses
Active After School - Alexis Arrormaker School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ 16,800	\$ 16,800	\$ 17,300
Expenses			
Materials & Supplies	16,800	13,073	16,914
Minor Equipment	-	-	390
Contract Services	-	3,711	-
	<u>16,800</u>	<u>16,783</u>	<u>17,304</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ 17</u>	<u>\$ (4)</u>

Tlicho Community Services Agency
Schedule C-17
Schedule of Detailed Contribution Funding and Expenses
Active After School - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ 16,000	\$ 16,000	\$ 17,300
Expenses			
Materials & Supplies	16,000	16,003	17,319
	<u>16,000</u>	<u>16,003</u>	<u>17,319</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (3)</u>	<u>\$ (19)</u>

Tlicho Community Services Agency
Schedule C-18
Schedule of Detailed Contribution Funding and Expenses
Active After School - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ 15,300	\$ 15,300	\$ 12,300
	<hr/>	<hr/>	<hr/>
Expenses			
Materials & Supplies	15,300	-	12,300
Contract Services	-	15,300	-
	<hr/>	<hr/>	<hr/>
	15,300	15,300	12,300
	<hr/>	<hr/>	<hr/>
Excess Funding over Expense	\$ -	\$ -	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Tlicho Community Services Agency
Schedule C-19
Schedule of Detailed Contribution Funding and Expenses
Public Library Services - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ 35,000	\$ 35,000	\$ 38,000
Expenses			
Salaries & Benefits	-	10,673	27,589
Materials & Supplies	8,750	2,300	10,420
Contract Services	26,250	22,138	-
	<u>35,000</u>	<u>35,111</u>	<u>38,009</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (111)</u>	<u>\$ (9)</u>

Tlicho Community Services Agency
Schedule C-20
Schedule of Detailed Contribution Funding and Expenses
Public Library Services - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ 35,000	\$ 35,000	\$ 38,000
Expenses			
Salaries & Benefits	-	11,414	35,124
Materials & Supplies	2,000	2,122	2,998
Contract Services	33,000	21,469	-
	<u>35,000</u>	<u>35,005</u>	<u>38,122</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (5)</u>	<u>\$ (122)</u>

Tlicho Community Services Agency
Schedule C-21
Schedule of Detailed Contribution Funding and Expenses
Public Library Services - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ 35,000	\$ 35,000	\$ 38,000
Expenses			
Salaries & Benefits	-	13,048	37,346
Materials & Supplies	1,500	1,494	817
Contract Services	33,500	20,472	-
	<u>35,000</u>	<u>35,015</u>	<u>38,163</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (15)</u>	<u>\$ (163)</u>

Tlicho Community Services Agency
Schedule C-22
Schedule of Detailed Contribution Funding and Expenses
Public Library Services - Chief Jimmy Bruneau School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ 35,000	\$ 35,000	\$ 38,000
	<hr/>		
Expenses			
Salaries & Benefits	-	14,329	38,153
Contract Services	35,000	21,107	-
	<hr/> 35,000	<hr/> 35,436	<hr/> 38,153
	<hr/>		
Excess Funding over Expense	<hr/> \$ -	<hr/> \$ (436)	<hr/> \$ (153)
	<hr/>		

Tlicho Community Services Agency
Schedule C-23
Schedule of Detailed Contribution Funding and Expense
Food First Foundation - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Food First Foundation	\$ -	\$ 4,566	\$ 6,168
Food First Foundation Deferred		(2,227)	4,018
	-	<u>2,339</u>	<u>10,186</u>
 Expenses			
Materials & Supplies	-	2,339	12,174
	-	<u>2,339</u>	<u>12,174</u>
 Excess Funding over Expense	 \$ -	 - \$	 \$ <u>(1,988)</u>

Tlcho Community Services Agency
Schedule C-24
Schedule of Detailed Contribution Funding and Expense
Food First Foundation - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Food First Foundation	\$ -	\$ 2,056	\$ 5,781
Food First Foundation Deferred - PY	-	626	219
Food First Foundation Deferred	-	-	(626)
	<u>-</u>	<u>2,682</u>	<u>5,374</u>
Expenses			
Materials & Supplies	-	2,812	5,374
	<u>-</u>	<u>2,812</u>	<u>5,374</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ (130)</u>	<u>\$ -</u>

Tlichu Community Services Agency
Schedule C-25
Schedule of Detailed Contribution Funding and Expenses
Food First Foundation (Kitchen Equip) - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Food First Foundation	\$ -	\$ -	\$ 1,200
Food First Foundation Deferred	-	1,200	(1,200)
	<u>-</u>	<u>1,200</u>	<u>-</u>
Expenses			
Materials & Supplies	-	1,220	-
	<u>-</u>	<u>1,220</u>	<u>-</u>
Excess Funding over Expense	<u>\$ -</u>	<u>(20) \$</u>	<u>-</u>

Tlicho Community Services Agency
Schedule C-26
Schedule of Detailed Contribution Funding and Expense
NWT Taste Makers - Food First Foundation
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Food First (NWT Taste Makers)	\$ -	\$ 2,120	\$ 1,142
Food First (NWT Taste Makers) Deferred	-	(1,720)	(1,022)
Food First (NWT Taste Makers) Deferred - PY	-	1,022	1,196
	<u>-</u>	<u>1,422</u>	<u>1,316</u>
Expenses			
Chief Jimmy Bruneau School	-	1,440	-
MEZI Community School	-	-	-
Jean Wetrade Gameti School	-	-	-
Alexis Arrowmaker School	-	-	1,233
	<u>-</u>	<u>1,440</u>	<u>1,233</u>
Excess Funding over Expense	\$ -	\$ (18)	\$ 83

Tlich Community Services Agency
Schedule C-27
Schedule of Detailed Contribution Funding and Expense
Breakfast Club - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>		<u>2018</u> <u>Actual</u>		<u>2017</u> <u>Actual</u>
Funding					
Breakfast Club of Canada	\$	-	\$	3,734	\$ -
Breakfast Club of Canada Deferred		-	(1,983)		-
		-	<u>1,751</u>		<u>-</u>
Expenses					
Materials & Supplies		-	1,751		-
		-	<u>1,751</u>		<u>-</u>
Excess Funding over Expense	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>-</u>	<u>\$ -</u>

Tlcho Community Services Agency
Schedule C-28
Schedule of Detailed Contribution Funding and Expense
Breakfast Club - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
Breakfast Club of Canada	\$ -	\$ 5,000	\$ -
Breakfast Club of Canada Deferred	-	(5,000)	-
	-	-	-
Expenses			
Materials & Supplies	-	-	-
	-	-	-
Excess Funding over Expense	\$ -	\$ -	\$ -

Tlicho Community Services Agency
Schedule C-29
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Music) - Chief Jimmy Bruneau School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ -	\$ 5,000	\$ 5,000
Expenses			
Materials & Supplies	-	500	-
Travel	-	-	1,000
Contract Services	-	4,500	4,000
	-	5,000	5,000
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0</u>

Tlicho Community Services Agency
Schedule C-30
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Local Sport) - Jean Wetrade Gameti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ -	\$ 1,024	\$ -
	<hr/>		
Expenses			
Materials & Supplies	-	912	-
Travel	-	275	-
	<hr/>		
	-	1,187	-
	<hr/>		
Excess Funding over Expense	\$ -	\$ (163)	\$ -
	<hr/> <hr/>		

Tlicho Community Services Agency
Schedule C-31
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Local Sport) - Mezi Community School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>		<u>2018</u> <u>Actual</u>		<u>2017</u> <u>Actual</u>
Funding					
GNWT - MACA	\$ -		\$ 1,054		\$ -
Expenses					
Travel	-		1,052		-
	-		1,052		-
Excess Funding over Expense	<u>\$ -</u>		<u>\$ 2</u>		<u>\$ -</u>

Tlicho Community Services Agency
Schedule C-32
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Local Sport) - Alexis Arrowmaker School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - MACA	\$ -	\$ -	\$ 1,100
	<hr/>		
Expenses			
Materials & Supplies	-	-	1,149
	<hr/>		
	-	-	1,149
	<hr/>		
Excess Funding over Expense	\$ -	\$ -	\$ (49)
	<hr/> <hr/>		

Tlicho Community Services Agency
Schedule C-33
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (School Trip) - Chief Jimmy Bruneau School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>		<u>2018</u> <u>Actual</u>		<u>2017</u> <u>Actual</u>
Funding					
GNWT - MACA	\$ -	\$	4,000	\$	-
Tlicho Government	-		5,000		-
	-		<u>9,000</u>		-
Expenses					
Travel	-		9,136		-
	-		<u>9,136</u>		-
Excess Funding over Expense	<u>\$ -</u>	\$	<u>(136)</u>	\$	<u>-</u>

Tlicho Community Services Agency
Schedule C-34
Schedule of Detailed Contribution Funding and Expenses
Drop the Pop
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT HSS - CJBS	\$ -	\$ 3,000	\$ 1,725
GNWT HSS - MEZI	-	1,800	2,013
GNWT HSS - JWGS	-	1,450	1,438
GNWT HSS - EMES	-	2,100	2,300
GNWT HSS - Wekweeti	-	1,600	1,150
	<u>-</u>	<u>9,950</u>	<u>8,625</u>
Expenses			
Materials & Supplies - CJBS	-	2,500	1,722
Materials & Supplies - MEZI	-	1,152	1,352
Materials & Supplies - JWGS	-	1,520	1,437
Materials & Supplies - EMES	-	2,077	1,266
Materials & Supplies - Wekweeti	-	1,601	1,150
Contracted Services - CJBS	-	600	-
Contracted Services - MEZI	-	500	640
Contracted Services - EMES	-	-	1,050
	<u>-</u>	<u>9,950</u>	<u>8,618</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ 0</u>	<u>\$ 7</u>

Tlichó Community Services Agency
Schedule C-35
Schedule of Detailed Contribution Funding and Expenses
On the Land Collaborative - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>		<u>2018</u> <u>Actual</u>		<u>2017</u> <u>Actual</u>
Funding					
Tides Canada	\$ -		\$ 10,000		\$ -
Tides Canada Deferred	-		(5,734)		-
	-		<u>4,266</u>		-
 Expenses					
Materials & Supplies	-		4,266		-
	-		<u>4,266</u>		-
 Excess Funding over Expense	 <u>\$ -</u>		 <u>-</u>		 <u>\$ -</u>

Tlicho Community Services Agency
Schedule C-36
Schedule of Detailed Contribution Funding and Expenses
Self Regulation - Chief Jimmy Bruneau School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ -	\$ 6,000	\$ -
Expenses			
Materials & Supplies	-	7,613	-
	-	7,613	-
Excess Funding over Expense	\$ -	\$ (1,613)	\$ -

Tlcho Community Services Agency
Schedule C-37
Schedule of Detailed Contribution Funding and Expenses
LMAPD
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
GNWT - ECE	\$ -	\$ 35,125	\$ -
Expenses			
Contract Services	-	32,422	-
	-	32,422	-
Excess Funding over Expense	<u>\$ -</u>	<u>\$ 2,703</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule C-38
Schedule of Detailed Contribution Funding and Expenses
Yoga Fitness - Jean Wetrade Gaemti School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
NWT, Minister Responsible for Women	\$ -	\$ -	\$ 4,000
NWT, Minister Responsible for Women Deferred	-	-	(3,414)
NWT, Minister Responsible for Women Deferred - PY	-	3,414	777
	<u>-</u>	<u>3,414</u>	<u>1,363</u>
Expenses			
Materials & Supplies	-	2,985	1,363
	<u>-</u>	<u>2,985</u>	<u>1,363</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ 430</u>	<u>\$ -</u>

Tlicho Community Services Agency
Schedule C-39
Schedule of Detailed Contribution Funding and Expenses
Literacy - Chief Jimmy Bruneau High School
For the year ended March 31, 2018

	<u>2018</u> <u>Budget</u>	<u>2018</u> <u>Actual</u>	<u>2017</u> <u>Actual</u>
Funding			
NWT Literacy	\$ -	\$ -	\$ 4,900
Expenses			
Materials & Supplies	-	-	5,300
Excess Funding over Expense	\$ -	\$ -	(400)

Tlcho Community Services Agency
Schedule C-40
Schedule of Detailed Contribution Funding and Expenses
Miscellaneous
For the year ended March 31, 2018

Funding	2018 Budget	2018 Actual	2017 Actual
CJBS Miscellaneous	\$ -	\$ 2,624	\$ 8,896
CJBS Miscellaneous (Deferred)	-	(1,665)	37,993
CJBS Fundraising	-	22,308	-
CJBS Fundraising (Deferred)	-	(21,422)	-
CJBS Cultural Program (BHP & Ekati)	-	25,000	25,000
CJBS Cultural Program (BHP & Ekati)	-	25,000	(25,000)
CJBS Cultural Program (BHP & Ekati) Deferred	-	(15,993)	-
MEZI Miscellaneous	-	9,841	2,000
MEZI Miscellaneous (Deferred)	-	-	10,500
MEZI Fundraising (Deferred)	-	-	13,295
MEZI Cultural Program (BHP & Ekati)	-	25,000	25,000
MEZI Cultural Program (BHP Billiton) Deferred	-	(50,105)	10,277
MEZI Cultural Program (BHP Billiton) Deferred	-	25,105	(25,105)
JWGS Miscellaneous	-	2,625	26
JWGS Miscellaneous (Deferred)	-	-	9,471
JWGS Fundraising	-	13,000	4,080
JWGS Fundraising (Deferred)	-	(13,000)	1,461
JWGS Literacy	-	5,000	-
JWGS Literacy (Deferred)	-	(1,177)	1,368
JWGS Cultural Program (BHP & Ekati)	-	25,000	25,000
JWGS Cultural Program (BHP & Ekati) (Deferred)	-	18,728	(18,728)
JWGS Cultural Program (BHP & Ekati)	-	(15,266)	-
EMES Miscellaneous	-	9,335	10,611
EMES Miscellaneous (Deferred)	-	(3,766)	17,687
EMES Literacy (Tlcho Gouvernement)	-	16,997	5,000
EMES Literacy (Tlcho Gouvernement) Deferred	-	2,491	(2,491)
EMES Literacy (Tlcho Gouvernement) Deferred	-	(6,801)	-
EMES Cultural Program (BHP & Ekati)	-	25,000	25,000
EMES Cultural Program (BHP & Ekati) Deferred	-	(10,052)	18,121
EMES Cultural Program (BHP & Ekati) Deferred	-	19,074	(19,074)
AAS Miscellaneous	-	6,875	6,826
AAS Miscellaneous (Deferred)	-	(12,002)	7,525
AAS Miscellaneous (Deferred)	-	13,213	(13,213)
AAS Literacy	-	4,600	-
AAS Literacy (Deferred)	-	(2,395)	-
AAS Cultural Program (BHP & Ekati)	-	25,000	25,000
AAS Cultural Program (BHP & Ekati) Deferred	-	(26,857)	70,288
AAS Cultural Program (BHP & Ekati) Deferred	-	38,281	(38,281)
AAS Youth Contribution (School Trip)	-	5,000	-
Aboriginal Language (Tlcho Government)	-	-	15,000
	\$ -	\$ 184,596	\$ 233,533

Expenses				
CJBS Miscellaneous	\$	-	\$ 959	\$ 54,005
CJBS Fundraising		-	885	-
CJBS Cultural Program (BHP & Ekati)		-	34,007	
MEZI Miscellaneous		-	5,106	12,311
MEZI Fundraising		-	2,549	16,228
MEZI Cultural Program (BHP & Ekati)		-	-	10,172
JWGS Miscellaneous		-	1,196	9,639
JWGS Fundraising		-	-	6,750
JWGS Literacy		-	3,823	1,270
JWGS Cultural Program (Ekati)		-	28,463	6,272
EMES Miscellaneous		-	5,569	33,985
EMES Literacy (Tlichon Government)		-	12,686	2,509
EMES Bookfair		-	1,799	-
EMES Cultural Program (BHP & Ekati)		-	34,022	24,047
AAS Miscellaneous		-	8,086	1,138
AAS Literacy		-	2,205	-
AAS Cultural Program (BHP & Ekati)		-	36,424	57,007
AAS Youth Contribution (School Trip)		-	5,000	-
Aboriginal Language (Tlichon Government)		-	-	17,829
	\$	-	\$ 182,780	\$ 253,163
Excess Funding over Expense	\$	-	\$ 1,816	\$ (19,630)

Financial Statements of

**HAY RIVER HEALTH &
SOCIAL SERVICES AUTHORITY**

March 31, 2018

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Financial Statements

Year ended March 31, 2018

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Management Discussion and Analysis

Introduction

Hay River Health and Social Services Authority (HRHSSA) have a mandate to provide publicly-funded health and social services under the Hospital Insurance and Health and Social Services Administration Act. Services are provided to the residents of the town of Hay River, Hay River Reserve, Enterprise, Kakisa and Fort Resolution. It is the responsibility of the HRHSSA Public Administrator and Management to promote transparency and accountability. The preparation of the Management Discussion and Analysis is a go-forward method of acknowledging this responsibility.

Our vision is to have “healthy people living in healthy communities” and the strategic priorities are to:

- Promote a culture within the organization that encourages and supports quality improvement in the delivery of health and social programs.
- Improved access to quality health and social services through an integrated and coordinated care model.
- Promote healthy environments that allow the people of Hay River region to live healthy lifestyles.
- Provide a healthy, safe workplace that is able to attract, support and retain a competent and skilled workforce.
- Provide health and social services that are sustainable and accountable.
- Establish a culture of client safety that minimizes hazards and client harm by focusing on processes of care.

Although HRHSSA has remained a separate Authority, we continue to work in collaboration with the Department of Health and Social Services, Tlicho Community Services Agency and the Northwest Territories Health and Social Services Authority. System transformation has provided an opportunity for improved access to services and quality of care. The Management and staff have continued to strive to provide the best health and best care to all of our clients.

Michael Maher is our Public Administrator and Erin Griffiths, our CEO, lead the Management Team. Members of the Senior Management Team are Frances Aylward, Director of Client Care Services, Carol Heron-Colosimo, Director, Social Programs, Jennifer Croucher, Manager, Human Resources and Doug MacLennan, Director of Finance and Administration.

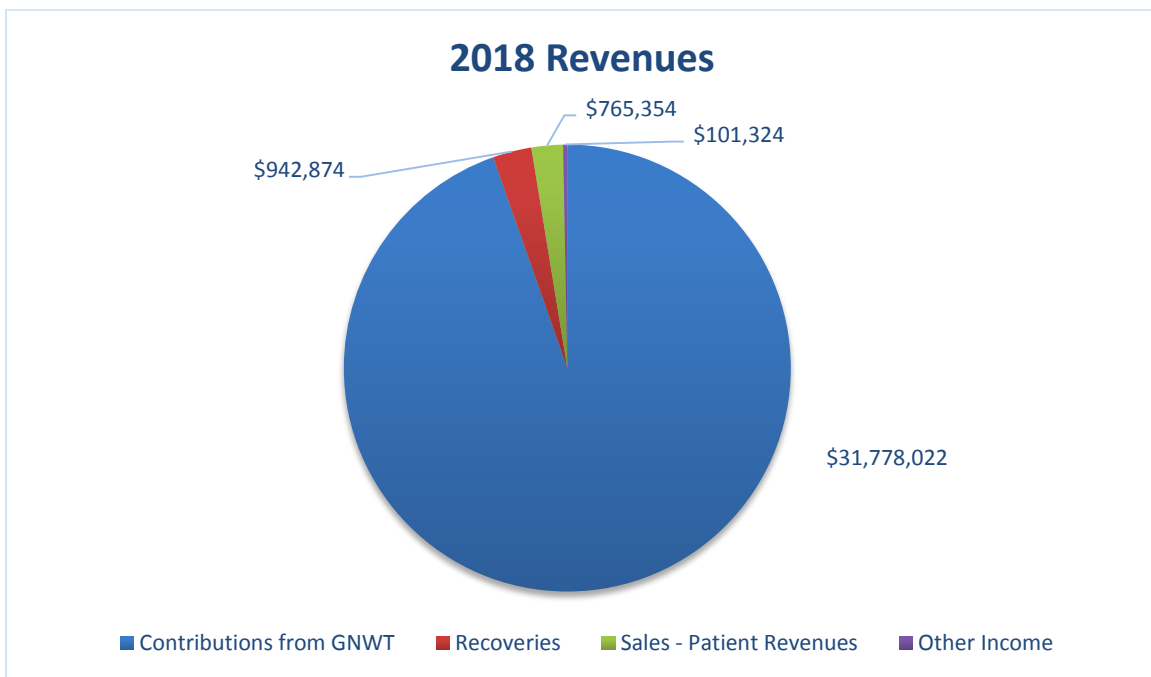
The last three years have shown a decline in the annual deficit due to an increase in the net value of the pension plan asset. The financial statements present an accumulated surplus of \$7,304,893. Included in the deficit is a \$500,000 cash reserve. If we remove the pension plan asset and cash reserve from the effects of the accumulated surplus, there is a resulting adjusted

accumulated deficit of \$5,659,107. This adjusted deficit is due to a non-cash transaction that is based on the requirement to account for the pension liability on a going concern basis. At year end the market value of the pension fund assets were \$12,464,000 higher than the pension obligation.

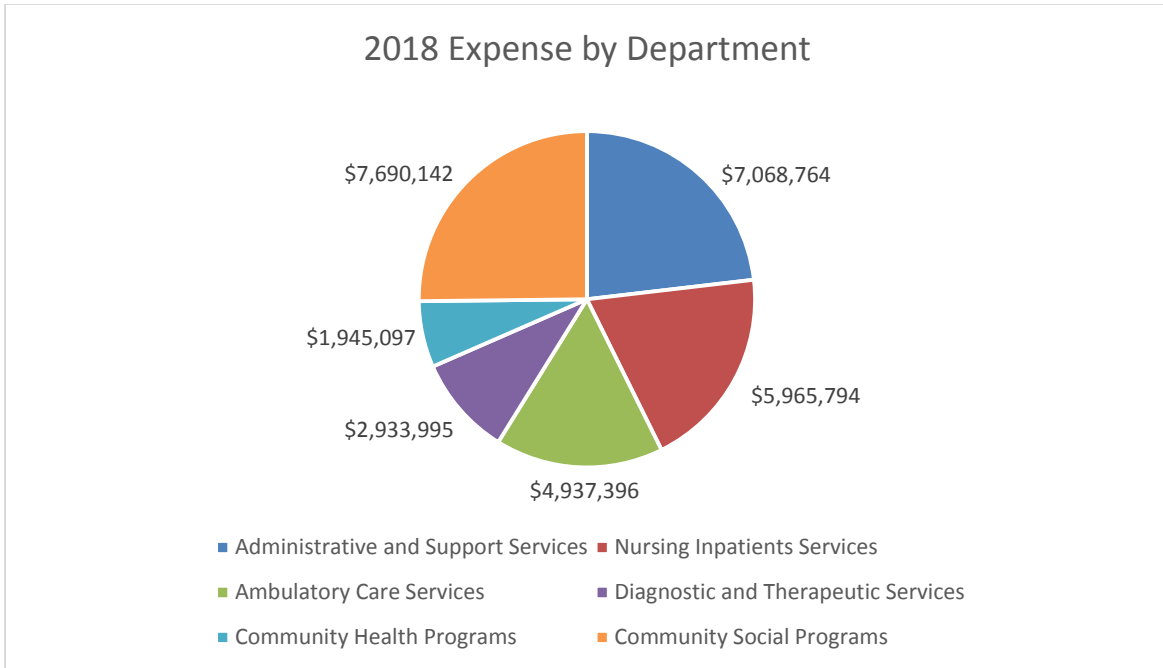
Support services include Human Resources, Finance, Information Services, Materials Management, Housekeeping, Laundry services, Registration, Engineering services, Dietary, Medical Records and Electronic Medical Records. The cost of providing basic services continue to grow; however, Management and staff continuously strive to reduce operating expenditures. Support services costs continue to rise as we face the challenge of recruitment of staff. Ambulatory care costs fluctuate based on the number of locum Physicians that are recruited each year.

Financial Highlights

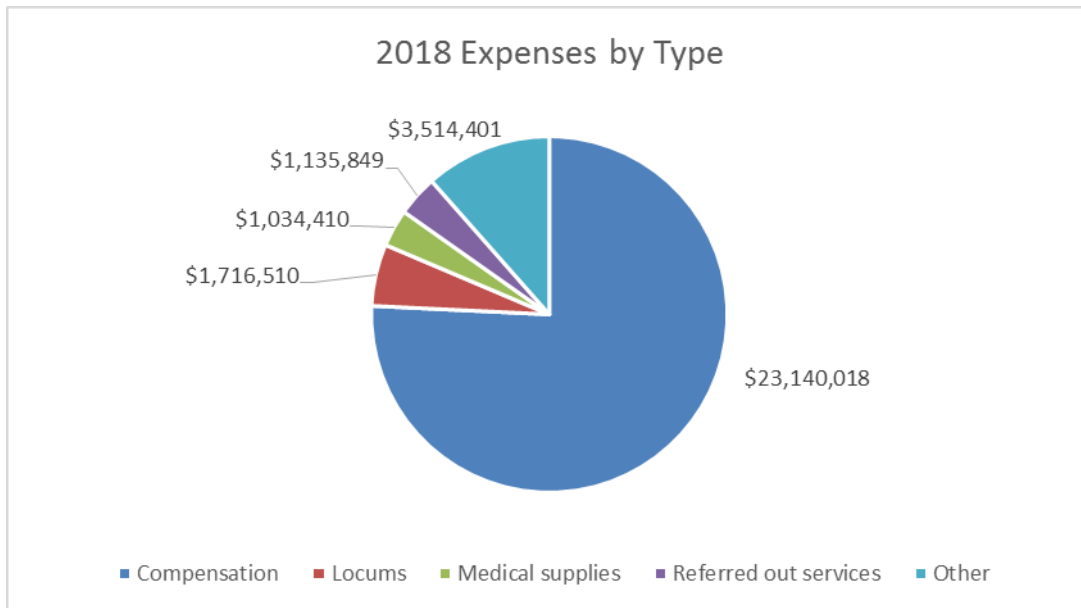
The Authority had just over \$33.5M in revenues for the year of which 96% of the funds received were obtained from the GNWT, which is consistent with prior years



The following two charts show the breakdown of expenses by department and by type of expense. Expenses by department show that the largest spending in the Authority exists within the Administration and Support Services, Community Social Programs and Nursing Inpatient Services.

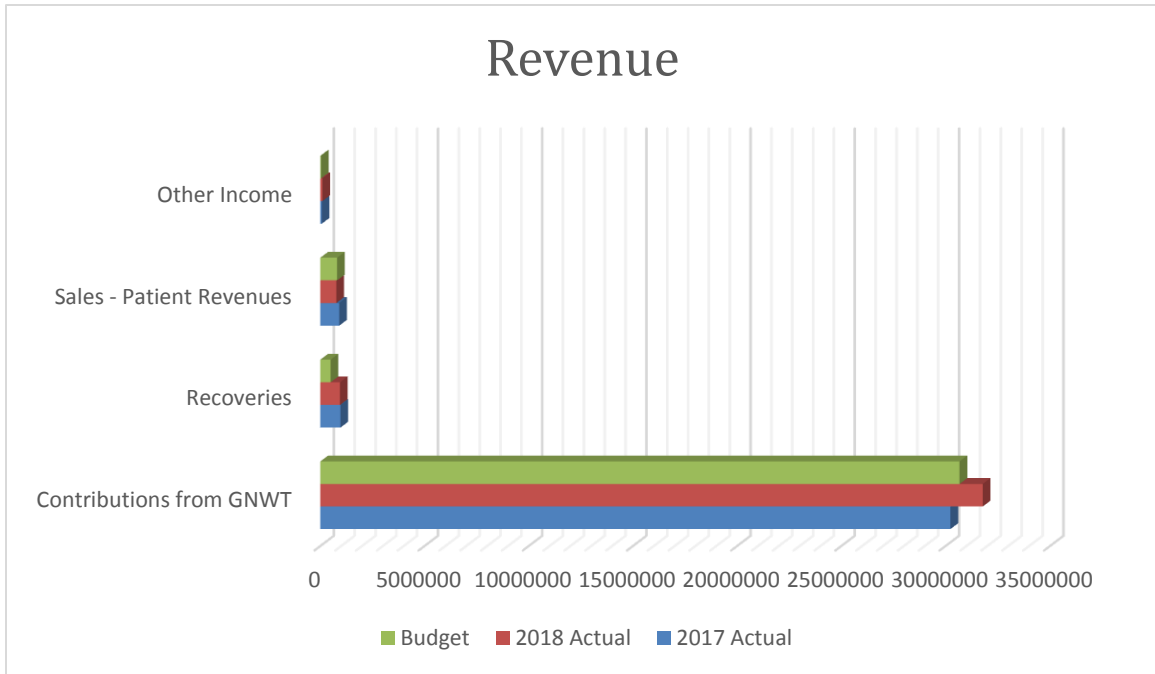


Consistent with prior years, wages account for 76% of total spending. Other costs include items such as supplies, referred out services, purchased services personnel, rent, equipment maintenance and other costs associated with the operation of the Authority.



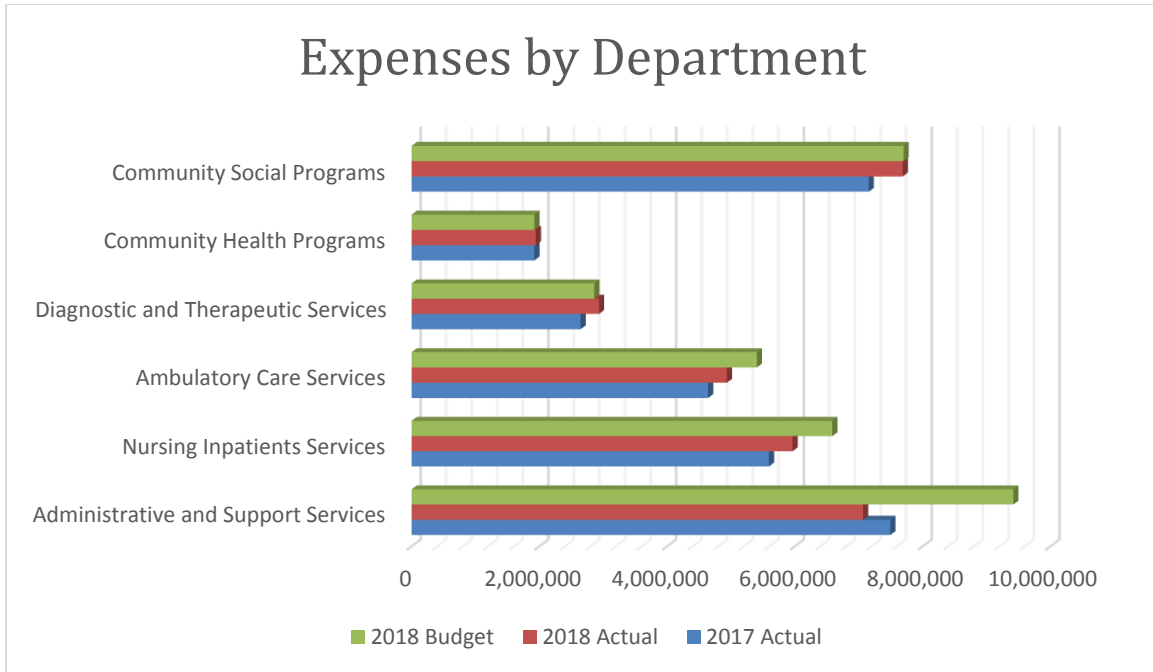
This next group of charts show the current year, prior year and budget numbers for comparative purposes.

Revenues allocations from year to year and current year to budget are consistent with expectations and no significant variances exist with the exception of the increased Contributions from the GNWT to help fund pension special payments.



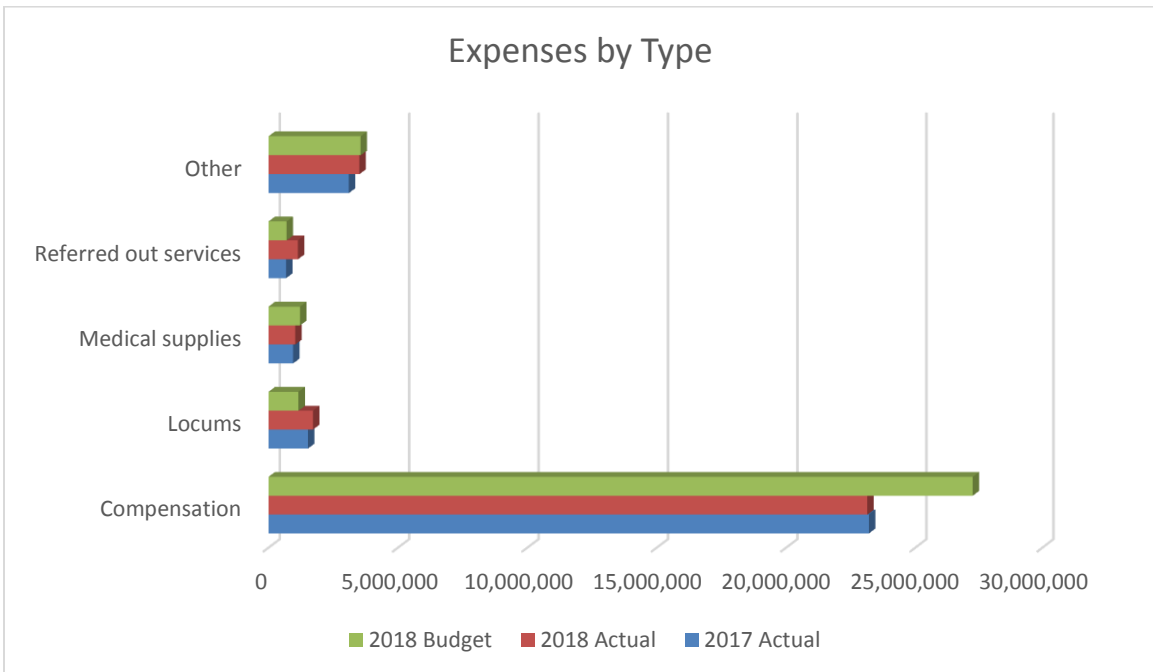
In comparing the current year expenses by department to budget, administration costs are lower than budgeted as they include the pension special payments of \$1.5M, which was budgeted at half that costs incurred, and the unrealized gain in the pension plan financial asset of \$3M. The variance in Nursing Inpatient Services from budget is due to vacant positions held in the year. Compared to the prior year values, Nursing Inpatient Services has increased due to further transitioning into a new hospital facility and the additional staffing requirements of that facility.

Expenses by Department



In comparing expenses by type, there were several positions that were budgeted for, but not filled due to lack of qualified applicants and funding constraints. The other identifiable variance is in locum fees, which we can see the current year costs were both more than budget and the prior year. This is a direct result of the increased demand in services.

Expenses by Type



As expected in the year, the Authority incurred considerable wages and compensation as they continue to transition to the new location.

Operating Environment

HRHSSA's strength has always been a dedicated and long standing staff in front-line and Manager/Supervisory roles that are dedicated to providing quality care to clients. Management and staff are conscious of our deficit and make decisions that save money and time.

Communication between departments remains a challenge as staff are busy and have been relocated to separate facilities, and some communications do not reach the target. During the year there were 15,665 patients seen in the medical clinic (1,151 no-show clients) and 5,728 emergency visits with 1,900 ER visits being from level 1 to level 3.

Social Programs in the Northwest Territories has experienced a transformation in the way we provide services to the public. Child and Family Services have implemented new Standards, tools and an Action Plan designed to improve the quality of services that is consistent throughout the NWT. Currently all 3 Authorities have trained our Child Protection Workers in the first of six Structured Decision Making Tools, designed to better engage clients and their families, improve the quality of services and better support Child Protection Workers.

Community Counselling Programs have introduced new Standards effective April 1, 2016. The intent of the new standards is to improve the processes and implement procedures which address efforts being made to enhance services. High caseloads and long waitlists for clients continue to be of greatest concern. The lack of resources to further enhance programming after hours, etc., can potentially jeopardise the balance of this highly qualified and motivated group. Additional resources to this program could potentially decrease the waitlist in less time.

Healthy Families statistics continue to grow on a monthly basis. There are 68 regular families this team of two staff provide services to. Programming has been maintained due to the consistent staffing compliment. With an increase in clients this program's main challenge is the lack of resources in which to expand their program to adequately meet the client's needs. Currently any group activities are organized utilizing outside partners such as the Katlodeeche First Nation. Accessing space in the Community increases rental fees. Our staff, have created a number of partnerships with new programs in the Northwest Territories and have been a lead mentoring these newer programs. This program has also developed positive community partnerships

Financial Conditions

The financial health of the Authority is in critical condition as the deficit continues to grow and the cash flow continues to decline. The accumulated adjusted deficit can mainly be attributed to staffing costs, which include wages, compensation and locum fees, and account for just over 81% of our spending. Relocation, responsibility pay, maternity/paternity, severance, overtime and standby costs are not included in the core funding. These unfunded items of the collective agreement totalled over \$1,445,783. Further there are non-budget items such as sick, special,

education and discretionary leaves totalling in excess of \$1,294,233 and a shortfall in medical travel of \$166,014.

With cash of \$1,468,825 and current liabilities of \$2,891,010 it is evident that the liquidity of the Authority is a concern. There is always a constant struggle in the last quarter to ensure bills are paid and payroll is met. In addition to the above mentioned liabilities, there are disputed contributions repayable to the GNWT in the amount of \$2,353,808, which have not been repaid due to cash flow.

The financial statements identify a surplus from operations in the year of \$3,046,386. However, this amount includes both the pension plan and the employee leave and termination benefits. Once these unfunded amounts are backed out of the surplus, the result is a deficit of \$52,827.

	2018 Budget	2018 Actual	2017 Actual
Operating Surplus (Deficit)	(1,899,428)	3,046,386	2,717,684
Unfunded items			
(Increase) Decrease in post-employment benefits, Note 12	-	(2,957,000)	(3,161,000)
(Increase) Decrease in employee future benefits and compensated absences, Note 13	-	(142,213)	69,256
Adjusted operating surplus (deficit) before the undemoted	-	(52,827)	(374,080)
Tangible Capital Assets - Rent Expense, Note 15	-	(1,919,038)	(1,984,087)
Grant-In-Kind - GNWT assets provided at no cost, Note 15	-	1,919,038	1,984,087
Adjusted operating surplus (deficit) for the year	\$ -	\$ (52,827)	\$ (374,080)



Erin Griffiths
Chief Executive Officer
Hay River Health and Social Services Authority



Hay River Health & Social Services Authority | Administration des services de
santé et des services sociaux de Hay River
37911 MacKenzie Highway | 37911, route MacKenzie
Hay River, NT X0E 0R6

June 29, 2018

Minister Glen Abernethy
Health and Social Services
5015-49th Street
PO Box 1320
Yellowknife, NT X1A 2L9

Dear Minister,

RE: Management Responsibility for Financial Reporting for the year ended March 31, 2018

The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public Sector Accounting Standards (CPSAS) as well as the Financial Administration Manual (FAM) of the Government of the Northwest Territories.

Management hereby asserts that adequate internal controls exist to ensure that transactions are complete, accurate and timely, appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated, that assets are safeguarded and that proper records are maintained. Controls further include quality standards regarding the hiring and training of employees, that ensure the adequate maintenance of written policies and procedural manuals and that further provide for appropriate accountability for performance within well-defined areas of responsibility. The operations and administration of Hay River Health Authority have been conducted within the statutory powers of the Health Authority. The operations and administration of the Health Authority as well as the supporting internal controls of the entity are regularly monitored to ensure their effectiveness and their continued compliance with all relevant legislation, standards, directives and policies including but not limited to the Financial Administration Act, CPSAS, FAM, Human Resources Manual, Ministerial Directives and the policies of the Health Authority Board. Any noncompliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, fraud or suspected fraud, disbursements made for purposes not consistent with an appropriation, irregular commitments including those in the form of guarantees, violations or possible violations of laws or regulations, claims or litigation, known or suspected environmental site contaminations or of any other undisclosed environmental or safety hazards within its jurisdiction.

The auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with Canadian generally accepted auditing

standards. The auditors also consider whether the transactions that have come to their notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the Department of Health and Social Services of the Government of the Northwest Territories.

Approved and confirmed on behalf of the Hay River Health and Social Services Authority


_____ CEO

INDEPENDENT AUDITORS' REPORT

To the Minister of Health and Social Services and
the Chief Executive Officer

Report on the Financial Statements

We have audited the operating fund balance sheet of the Hay River Health & Social Services Authority as at March 31, 2018 and the statements of operations, equity, and changes in financial position for the year then ended and a summary of significant accounting policies and other explanatory information. We have also audited the revenues and expenditures of all programs funded through contribution agreements by the Department of Health and Social Services which total \$250,000 or more, as listed in Schedule A and A-1.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the standards set forth by the 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in 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.

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

Basis for Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2018 and the results of its operations and cash flow for the year then ended in accordance with the standards set forth by the Public Sector Accounting Board. Furthermore, in our opinion, these statements present fairly, in all material respects, the revenues and expenditures of all programs funded through contribution agreements with the Department of Health and Social Services which total \$250,000 or more in Schedule A and A-1 for the year ended March 31, 2018, in accordance with the provisions established by the individual contribution agreements.

The logo for Ashton Chartered Accountants, featuring the word "Ashton" in a stylized, handwritten-style font.

ASHTON
Chartered Accountants
Business Advisors

Hay River, NT
June 26, 2018

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Financial Position

Statement I

March 31, 2018

	2018	*2017
Financial Assets		
Cash and cash equivalents, Note 4	\$ 1,468,825	\$ 908,800
Accounts receivable, Note 7	511,509	324,459
Due from Government of Canada, Note 10	521	1,660
Trust assets, Note 14	76,391	100,579
Pensions asset, Note 12	12,464,000	9,507,000
Total Financial Assets	\$ 14,521,246	\$ 10,842,498
Liabilities		
Accounts payable and accrued liabilities, Note 9	1,079,074	1,616,990
Employee and payroll-related liabilities, Note 9	1,736,295	1,505,228
Due to Government of Canada, Note 10	590	-
Contributions repayable, Note 26	2,354,505	2,007,434
Employee future benefits and compensated absences, Note 13	1,643,504	1,785,717
Accountable capital advance, GNWT, Note 28	5,829	5,829
Deferred revenue, Note 25	797,633	56,633
Trust liabilities, Note 14	75,051	100,579
Total Liabilities	7,692,481	7,078,410
Net Financial Assets (Debt)	\$ 6,828,765	\$ 3,764,088
Non-Financial Assets		
Inventory held for use, Note 8	\$ 204,014	\$ 226,013
Prepaid expenses and deposits, Note 27	272,114	208,967
Total Non-Financial Assets	\$ 476,128	\$ 434,980
Accumulated Surplus (Deficit), Note 29	\$ 7,304,893	\$ 4,199,068

* Reclassified for comparative purposes

Contractual obligations, Note 16

Contingent liabilities, Note 17

Approved on behalf of the Authority:


Public Administrator


Chief Executive Officer


Director of Finance

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Operations

Statement II

For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Actual
Revenue			
Contributions from GNWT, Schedule A	\$ 30,670,631	\$ 31,778,022	\$ 30,235,106
Recoveries	493,450	942,874	965,200
Sales - Patient Revenues	806,120	765,354	904,616
Contributions from Other Sources	-	-	5,550
Other Income	-	51,268	31,502
Interest	30,000	50,056	33,232
Total Revenue	32,000,201	33,587,574	32,175,206
Expenses			
Administrative and Support Services	9,420,713	7,068,764	7,495,577
Nursing Inpatients Services	6,586,703	5,965,794	5,594,739
Ambulatory Care Services	5,405,379	4,937,396	4,641,529
Diagnostic and Therapeutic Services	2,861,164	2,933,995	2,646,200
Community Health Programs	1,922,260	1,945,097	1,922,582
Community Social Programs	7,703,410	7,690,142	7,156,895
Supplementary Health Programs	-	-	-
Undistributed	-	-	-
Total Expenses, Note 24	33,899,629	30,541,188	29,457,522
Operating Surplus (Deficit)	(1,899,428)	3,046,386	2,717,684
Unfunded items			
(Increase) Decrease in post-employment benefits, Note 12	-	(2,957,000)	(3,161,000)
(Increase) Decrease in employee future benefits and compensated absences, Note 13	-	(142,213)	69,256
Adjusted operating surplus (deficit) before the undernoted	-	(52,827)	(374,060)
Tangible Capital Assets - Rent Expense, Note 15	-	(1,919,038)	(1,984,087)
Grant-In-Kind - GNWT assets provided at no cost, Note 15	-	1,919,038	1,984,087
Adjusted operating surplus (deficit) for the year	\$ -	\$ (52,827)	\$ (374,060)
Opening Accumulated Surplus (Deficit)		\$ 4,199,068	\$ 1,481,384
Prior year restricted physician funds allocated		59,439	-
Operating Surplus (Deficit)		3,046,386	2,717,684
Closing Accumulated Surplus (Deficit)		\$ 7,304,893	\$ 4,199,068

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Changes in Net Financial Resources

Statement III

For the year ended March 31, 2018

	2018	2017
Annual surplus (deficit)	\$ 3,046,386	\$ 2,717,684
Adjustments		
Prior year funding received	59,439	-
(Increase) decrease in inventory	21,999	(55,425)
(Increase) decrease in prepaids and deposits	(63,147)	31,439
Increase (Decrease) in net financial assets	3,064,677	2,693,698
Net financial resources, beginning of year	3,764,088	1,070,390
Net financial resources, end of year	\$ 6,828,765	\$ 3,764,088

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Cash Flow

Statement IV

For the year ended March 31, 2018

	2018	2017
Operating Activities		
Annual surplus (deficit)	\$ 3,046,386	\$ 2,717,684
Add prior year restricted physician funds allocated	59,439	-
Items not affecting cash:		
(Increase) Decrease in pensions, Note 12	(2,957,000)	(3,161,000)
	(2,957,000)	(3,161,000)
Changes in non-cash assets and liabilities		
Decrease (increase) in due to/from the Government of Canada	1,729	(1,660)
Decrease (increase) in accounts receivable	(187,050)	9,528
Decrease (increase) in inventory	21,999	(55,425)
Decrease (increase) in prepaids	(63,147)	31,439
Increase (decrease) in accounts payable and payroll liabilities	(306,849)	(107,732)
Increase (decrease) in contributions repayable	347,071	759,011
Increase in employee future benefits	(142,213)	69,256
Increase (decrease) in capital advances	-	-
Increase (decrease) in deferred revenues	741,000	(789,197)
Increase (decrease) in trust liability	(25,528)	29,698
	387,012	(55,082)
Cash from operations	535,837	(498,398)
Financing Activities		
	-	-
Investing Activities		
	-	-
Change in cash during the year	535,837	(498,398)
Cash, beginning of year	1,009,379	1,507,777
Cash, end of year	\$ 1,545,216	\$ 1,009,379
Cash consists of :		
Cash and cash equivalents, Note 4	\$ 1,468,825	\$ 908,800
Trust asset, Note 14	76,391	100,579
	\$ 1,545,216	\$ 1,009,379

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 1. Hay River Health & Social Services Authority

The Hay River Health & Social Services Authority (the "Authority") was incorporated under the Societies Act, and operates under the Hospital Insurance and Health and Social Services Act of the Northwest Territories. The Authority was established on November 1, 2003 to manage, control and operate the public health facilities and services assigned to it by the Government of the Northwest Territories Department of Health and Social Services.

The Authority is a public body performing a function of the Government of the Northwest Territories. Paragraph 149(1)(c) of the Federal Income Tax Act provides that a public body performing a function of government in Canada is exempt from taxation.

Note 2. Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Canadian Public Sector Accounting Board and by the directive of the Government of the Northwest Territories - Department of Health and Social Services (DHSS). Significant aspects of the accounting policies adopted by the Authority are as follows:

The financial statements do not include the assets, liabilities and activities of any organizations that are related to the Authority, such as the Hay River Health and Wellness Foundation.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recorded 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.

Fund Accounting

The accounts of the Authority are maintained in accordance with fund accounting procedures. The operations of the Authority are segregated for the purpose of carrying on specific activities or attaining certain objectives. Funds established by the Authority are as follows:

Operating Fund - activities associated with the Authority's daily operations.

Employee Leave and Termination Liability Fund - reflecting activities in employee leave and termination benefits combined with any amounts transferred from operations to fund these liabilities. This fund represents liabilities which will be funded in the year they become due through regular annual allocations from the Government of the Northwest Territories (GNWT).

Revenue and Expenditure Recognition

The basis of accounting followed in the financial statement presentation includes revenues recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimating is impracticable.

The Authority is primarily funded by the GNWT in accordance with budget arrangements established by the DHSS. Under the arrangement, the Authority is responsible for the net deficit from operations and is allowed to retain surpluses from core programs. Any capital funding not spent may be retained for future capital purchases. These policies do not apply to contribution agreements, where an accounting of and return of surpluses may be required.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 2. Significant Accounting Policies (continued)

Revenue and Expenditure Recognition (continued)

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except for the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenues when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

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 eligible criteria have been met and reasonable estimates of the amounts can be determined.

The Authority follows the deferral method of accounting for restricted contributions. These revenues are recognized in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Expenditures recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and balances within banks, net of outstanding cheques, and are not subject to significant risk of changes in value.

Reserves

The DHSS policy requires the Authority to establish the following reserves:

Surplus Reserve - reflects funds maintained in a reserve according to the DHSS Operations and Maintenance Surplus Retention Policy.

Employee Future Benefit Reserve - the funds received in advance for the severance liability of employees who were transferred to the Authority from the GNWT. These liabilities are reduced as employees are paid out upon termination of employment with the Authority.

Cash Reserve - established for the purpose of assisting with any future short-term cash deficiency. Withdrawals from the reserve will be made only when an insufficient cash balance exists to make necessary payments. Appropriations to this reserve will be done to maintain the \$500,000 balance as approved by the GNWT.

The Authority does not have sufficient funds to cover these reserves.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 2. Significant Accounting Policies (continued)

Tangible Capital Assets

The GNWT retains ownership of all tangible assets (TCA) used by the Authority, or purchased by the Authority (regardless of source of funding for the purchase). The GNWT amortizes TCAs over the estimated useful lives of the assets at the rates established in the Financial Administration Manual of the GNWT over the following terms:

Buildings	40 years
Hardware and Software Systems	5 - 10 Years
Major Medical Equipment	5 - 15 Years
Leasehold Improvements	Lesser of useful life or lease term plus renewal

The TCAs used by the Authority and held on behalf of, or in trust for, the GNWT are not recognized by the Authority in the financial statements.

The statement of operations reflects the Rent Expense amount that would otherwise be considered amortization expense for the fiscal year with an offsetting corresponding amount as a Grant-In-Kind revenue.

Inventories of Supplies

Inventories of supplies include inventory held for use in the process of providing the services of the Authority. Inventories consist of equipment and parts, pharmaceuticals and office supplies, which are distributed to clients at no or nominal charges. Inventory is recorded at the lower of cost and replacement value. Cost is determined on a first-in, first-out basis using average cost.

Employee Future Benefits and Compensated Absences

Under the terms and conditions of employment, health authority employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render services. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides services, whereas parental and maternity leave are event driven and are recognized when the leave commences.

For benefits earned prior to September 1, 1996 but still outstanding, no accrual is made for contingent revenue as described in Note 13. The GNWT portion is reported as a separate unfunded liability on the balance sheet and is also reported in the accumulated deficit in the Leave and Termination Liability Fund. The revenue is expected to be received and recorded in the year that the outstanding liability falls due.

Pensions

Pension benefits to the Retirement Plan for Employees of the Hay River Health and Social Services Authority are reported on an actuarial going concern basis. This is done to determine the current value of future entitlement and uses various estimates. When actual experience varies from estimates or when actuarial assumptions change, the adjustments are amortized on a straight line basis over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, immediate recognition of a previously unrecognized net actuarial gain or loss may be required upon a plan amendment, curtailment or settlement.

The Authority and its contracted physicians make contributions to a physician directed investment fund administered by the Government of Canada. These contributions represent the total pension liability of the Authority and are recognized in the accounts on a current basis.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 2. Significant Accounting Policies (continued)

Financial Instruments

All significant financial assets, liabilities and equity instruments of the Authority are either recognized or disclosed in the financial statements together with available information for a reasonable assessment of future cash flows, credit risk, liquidity risk and actuarial risk. Where practical the fair values of financial assets and liabilities have been determined and disclosed; otherwise only available information pertinent to fair value has been disclosed.

The Authority classifies its financial instruments at cost or amortized cost.

The Authority's accounting policy for this financial instrument category is as follows:

This category includes cash, trust assets, accounts receivable, accounts payable and accrued liabilities, payroll liabilities, capital advances, and trust liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Financial instruments with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized costs and tested for impairment at each reporting date. Any impairments of the financial assets is charged to income in the period in which the impairment is determined. In the event that a previously impaired asset decreases and the decrease can be related to an event that occurred after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement.

Transaction costs related to financial instruments in the amortized cost category are added to the carrying value of the instrument.

Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations

Transaction costs on the acquisition, sale or issue of financial instruments are expensed when incurred.

Non-Financial Assets

Non-financial assets are accounted for as assets by the Authority because they can be used to provide government services in futures periods. These assets are not available to discharge existing liabilities. 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 consolidated change in net financial assets (debt) for the year.

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 2. Significant Accounting Policies (continued)

Segmented Information

The Hay River Health & Social Services Authority segments its operations for financial reporting purposes based upon areas of service type. This information is provided on the statement of operations.

Note 3. Future Accounting Changes

Financial Instruments - Section PS 3450

PSAB has implemented changes to Section PS 3450, Financial instruments that outlines offsetting of financial assets and financial liabilities and the valuation of investments to be measured at fair value. These changes are to be applied on a go forward basis for all fiscal years beginning on or after April 1, 2019. The impact of the transition to these changes has not yet been determined.

Note 4. Cash and Cash Equivalents

	2018	2017
Cash	\$ 1,468,825	\$ 908,800

Note 5. Special Purpose Funds - Nil Report

Note 6. Portfolio Investments - Nil Report

Note 7. Accounts Receivable

	Receivables 2018	AFDA 2018	Net 2018	Net 2017
Due from GNWT - HSS	\$ 342,165	\$ -	\$ 342,165	\$ 194,655
Due from GNWT - Finance	13,659	-	13,659	16,237
Due from GNWT - Human Resources	14,061	-	14,061	-
Due from Government of Nunavut	-	-	-	-
Due from WSCC	28,517	-	28,517	32,033
Due from NTHSSA	17,550	-	17,550	25,116
Hay River Hospital & Wellness Foundation	13,975	-	13,975	-
GST rebate receivable	8,548	-	8,548	11,937
General accounts receivable	150,575	(77,541)	73,034	44,481
	\$ 589,050	\$ (77,541)	\$ 511,509	\$ 324,459

Note 8. Inventories

	2018	2017
General	\$ 15,130	\$ 19,322
Medical and surgical	157,711	175,260
Laboratory	10,406	10,750
Pharmaceutical	20,767	20,681
	\$ 204,014	\$ 226,013

Inventories are held for consumption in the process of providing services and are distributed at no charge or for a nominal fee.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 9. Accounts Payable and Accrued Liabilities

	2018	2017
Due to GNWT - HSS	\$ 29,627	\$ 53,571
Due to GNWT - Finance	33,746	-
Due to GNWT - Justice	100	-
Due to GNWT - Infrastructure	-	7,285
Due to NTHSSA	29,108	126,971
Due to Government of Nunavut	-	-
Due to WSCC	-	-
Hay River Hospital & Wellness Foundation	726	-
Accounts payable and accrued liabilities	921,794	1,358,389
Unspent donations	18,156	19,225
Special purpose fund liabilities	45,817	51,549
	1,079,074	1,616,990
Payroll liabilities	1,736,295	1,505,228
	\$ 2,815,369	\$ 3,122,218

Note 10. Due From and To the Government of Canada

	2018	2017
Receivables		
Projects on behalf of the Government of Canada	\$ -	\$ -
Miscellaneous receivable	521	1,660
	\$ 521	\$ 1,660
Payables		
Advances for projects on behalf of the Government of Canada	\$ -	\$ -
Miscellaneous payables	590	-
	\$ 590	\$ -

Note 11. Capital Lease Obligations - Nil Report

Note 12. Pensions

The Authority sponsors a contributory defined benefit pension plan for substantially all of its employees called "Retirement Plan for Employees of the Hay River Health and Social Services Authority". The net value of the plan asset and liability is recorded on the statement of financial position based on the funded status of the plan on a going concern valuation performed by an independent actuary. An actuary valuation is done on an annual basis of January 1 and is extrapolated to March 31 for presentation on the financial statements. The extrapolation assumes that from January 1 to March 31 the plan will follow the pattern from the January 1 valuation exactly, but actual contribution amounts are used.

Employees are required to contribute 8.15% of their pensionable earnings up to the yearly maximum pensionable earnings (YMPE) plus 10.4% of their earnings, if any, in excess of the YMPE. The Authority contributes to the plan 1.79 times the employee portion and provides additional funding when the present value of the obligation under the solvency method exceeds the accumulated assets available to fund the member's benefit entitlements in the plan.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 12. Pensions (continued)

	2018	2017
Accrued benefit obligation	\$ 42,725,000	\$ 39,051,000
Market-related value of pension fund assets	58,385,000	52,062,000
	(15,660,000)	(13,011,000)
Unamortized actuarial gains / (losses)	3,196,000	3,504,000
Pension liability (accrued asset)	\$ (12,464,000)	\$ (9,507,000)

The pension liability (asset) includes the following components:

	2018	2017
Pension liability (accrued asset) - beginning of year	\$ (9,507,000)	\$ (6,346,000)
Cash items:		
Member contributions	(1,107,000)	(1,081,000)
Employer contributions	(3,340,000)	(3,353,000)
Benefit payments	(2,873,000)	(2,071,000)
Drawdown from plan assets	2,873,000	2,071,000
Net change to pension liability from cash items	(4,447,000)	(4,434,000)
Accrual items:		
Current period benefit cost	2,673,000	2,196,000
Amortization of actuarial gains/losses	(418,000)	(355,000)
Interest on average accrued benefit obligation	2,142,000	1,977,000
Expected earnings on average pension fund assets	(2,907,000)	(2,545,000)
	1,490,000	1,273,000
Pension liability (asset) - end of year	\$ (12,464,000)	\$ (9,507,000)

The pension expense is included in the statement of operations as a component of compensation for Corporate HR.

	2018	2017
Pension expense (revenue)	\$ (3,161,000)	\$ (3,161,000)
Expected earnings on plan assets	6.00%	6.00%
Actual earnings on plan assets	14.60%	6.65%
Difference between actual and expected	8.60%	0.65%

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 12. Pensions (continued)

Valuation method and assumptions:

Actuarial valuations for accounting purposes are performed using the projected benefit method prorated on services. The net unamortized actuarial loss is to be amortized on a straight-line basis over the expected average remaining service life of the related employee groups.

The actuarial valuation was based on a number of assumptions about future events, such as inflation rates, interest rates, wage and salary increases and employee turnover and mortality. The assumptions used reflect the government's best estimates. The significant actuarial assumptions and rates are listed below:

	2018	2017
Date of actuarial valuation	1-Jan-18	1-Jan-17
Date of audited financial statements	31-Mar-18	31-Mar-17
Date of next valuation	1-Jan-19	1-Jan-18
Discount rate	5.15%	5.50%
Interest rate on pension fund assets	5.50%	5.50%
Interest rate on accrued benefit obligation	5.50%	5.50%
Plan administration expenses per annum	450,000	450,000
Future inflation	2.00%	2.00%
Future compensation increases	2.50%	2.50%
Expected average remaining service life (years)	7.2	7.0

The asset was valued using an adjusted market value method, which spreads out any variance between the return on investment accrued in the year and the expected return on the investments using the going concern rates as outlined above. Inclusion rates for these variances are 33% of the prior year, 67% of the variance from 2 years prior and 100% of all variances beyond. This assumption allows for a smoothed value of the asset.

The employer funding targets, under the going concern method, is valued using that actuarial cost method, which allows for a more accurate matching of accrued benefits to contributions. The funding target is equal to the present value of the benefit based on employee service years incurred prior to the valuation date and the projected average earnings upon retirement. A deficit results when the market value of the investment is less than the funding target. By law a deficit must be funded over a max of 15 years through special payments, a surplus can be used to pay current employer contributions. There is a plan surplus under the going concern method. Under the solvency method of accounting, it is assumed that all employees that are eligible for the pension plan will cease being members and will be paid out based on their situation as of the valuation date. Under the solvency method there is a plan deficit that is required to be funded in accordance with the requirements of the Pension Benefits Standards Act, 1985 with minimum special payments over a 5 year term of \$83,417 per month.

Plan amendments:

As at the valuation date, there have been no amendment to the plan since the date of the previous valuation, where the Authority revised the pension plan provisions as follows:

- a) To cease offering portability at certain ages - The plan will be amended with effect from January 1, 2018, to cease offering portability for members who are eligible for immediate pension.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 13. Employee Future Benefits and Compensated Absences

In addition to pension benefits, the Authority provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefits plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Hay River Health and Social Services Authority employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using a projection methodology based on the date employees are projected to leave the Authority.

Compensated absence benefits generally accrue as employees render services and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness, and death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actually valued using the expected utilization methodology.

Valuation Results

The actuarial valuation was completed as at March 31, 2018. The effective date of the next actuarial valuation is March 31, 2019. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2018 and the results extrapolated to March 31, 2018. The values presented below are for all of the benefits under the Compensated Absences and Termination Benefits for the consolidated Government.

	Severance and Removal	Compensated Absences	2018	2017
<u>Change in Obligation</u>				
Accrued benefit obligation, opening	\$ (2,491,889)	\$ (384,251)	\$ (2,876,140)	(2,528,178)
Current period benefit costs	(189,169)	(28,690)	(217,859)	(198,962)
Interest accrued	(81,068)	(12,476)	(93,544)	(80,794)
Benefit payments	301,498	293,137	594,635	304,888
Plan amendments	-	-	-	-
Actuarial (gains)/losses	215,238	(40,231)	175,007	(373,094)
Accrued benefit obligation, closing	(2,245,390)	(172,511)	(2,417,901)	(2,876,140)
Unamortized net actuarial gain	361,850	412,547	774,397	1,090,423
Net future obligation	(1,883,540)	240,036	(1,643,504)	(1,785,717)
Other employee future benefits	-	-	-	-
Other compensated absences	-	-	-	-
Total employee future benefits and compensated absences	\$ (1,883,540)	\$ 240,036	\$ (1,643,504)	\$ (1,785,717)
<u>Benefits Expense</u>				
Current period benefit cost	189,169	28,690	217,859	198,962
Interest accrued	81,068	12,476	93,544	80,794
Plan amendments	-	-	-	-
Amortization of actuarial gains	86,098	54,924	141,022	94,385
	\$ 356,335	\$ 96,090	\$ 452,425	\$ 374,141

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 13. Employee Future Benefits and Compensated Absences (continued)

The discount rate used to determine the accrued benefit obligation is an average of 3.80%, up from the prior years rate of 3.20% . An inflation rate was applied of 2.0%. The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
2019	\$ 351,726	\$ 27,569	\$ 379,295
2020	402,801	31,479	434,280
2021	329,318	26,440	355,758
2022	304,491	23,419	327,910
2023	243,681	17,849	261,530
	\$ 1,632,017	\$ 126,756	\$ 1,758,773

Contingent Revenue

Revenue of \$77,970 representing accrued severance and removal for employees on August 31, 1996 and which, in management's view, pursuant to the terms of the transfer agreement on that date between the GNWT and the Town of Hay River, is owed to the Authority by GNWT, has not been recorded in these financial statements. Recognition of this amount is contingent upon GNWT agreeing to payment terms.

Note 14. Trust Assets and Liabilities

The amount held in patient trust assets are funds held on behalf of the patients in residential care. The funds, effective May 2017 were retained in a separate bank account of the Authority, but do not belong to the Authority as they are restricted for those patients. The amount in the patient trust liability is equivalent to the balance owed to the residential care patients. The discrepancy between the trust asset and liability are for amounts deposited into the bank account in error.

	2018	2017
Patient Trust Asset	\$ 76,391	\$ 100,579
Patient Trust Liability	\$ 75,051	\$ 100,579

Note 15. Services Provided Without Charge

During the year, the Authority received without charge from the Government various administrative services, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage, actuarial valuations and internal audit services provided by the Department of Finance and use of vehicles, building repairs and utilities by the Department of Public Works.

The Authority also receives from the Government, without any rental charges, the use of facilities and equipment to provide public health and social services. The rental facilities used include the new Hay River Regional Health Center, the HH Williams Memorial Hospital, Woodland Manor, the Adult Supported Living units, the Children's Group Home and Women's Resource Center. Various medical equipment is also provided free of any rental fees. The use of these facilities would have cost the Authority an estimated \$1,919,038 (\$1,984,087 in 2017) based on the Government's amortization expense for these assets.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 16. Contractual Obligations

The Authority has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to March 31, 2018.

	Expires in Fiscal Year	2019	2020 and thereafter	Total
Residential	2019	\$ 165,850	\$ -	\$ 165,850
Equipment	2020	71,417	125,276	196,693
Operational	2021	265,598	612,932	878,530
		\$ 502,865	\$ 738,208	\$ 1,241,073

Note 17. Contingent Liabilities

In the normal course of business, the Authority is subject to claims and pending and threatened litigation against the Authority and its staff. The Authority is defending actions brought against it and the Authority has recorded an allowance for any claim or litigation where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. The allowance is based upon estimates determined by the Authority's management and legal experts experience or case law in similar circumstances.

The Authority's operations are affected by federal, territorial and local laws and regulations regarding Environmental protection. The Authority is committed to meeting these existing laws and regulations. Management is not aware of any material environmental liabilities that resulted during the year.

Note 18. Budget

The budget figures are the opening budgets that were approved by the Authority's Public Administrator and the GNWT Department of Health and Social Services. The budget figures are not audited and are intended for information purposes only.

Note 19. Economic Dependence

The Authority receives its funding primarily from the GNWT. If the funding arrangements were to change, management is of the opinion that the Authority operations would be significantly affected.

Note 20. Subsequent Events

The collective agreement of the union employees of the Authority expired on March 31, 2016. The Authority is currently in bargaining with the union, but a final agreement has not yet been signed. There will likely be a liability generated with the signing of the agreement for back-pay owed to employees, but an amount can not be determined at this time, so no liability is reflected in these financial statements.

Note 21. Comparative Figures

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

Note 22. Related Party Transactions

The Authority is related in terms of common ownership to all GNWT created departments and public agencies. The Authority enters into transactions with these entities in the normal course of operations. The Authority is provided various administrative services by the GNWT, the value of which is not reflected in these financial statements. The administrative costs include legal services by the Department of Justice, insurance coverage by the Department of Finance, internal audit services provided by the Department of Finance and repairs, utilities and facility and equipment rental provided by the Department of Infrastructure.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 22. Related Party Transactions (continued)

Transactions with related parties and balances at year-end are included in the financial statements, but not disclosed separately other than in this note:

	Accounts Receivables 2018	Allowance for Doubtful Accounts 2018	Net 2018	Net 2017
<u>Due from related parties</u>				
Accounts Receivable				
GNWT, Note 7				
Department of HSS	\$ 342,165	\$ -	\$ 342,165	\$ 194,655
Department of Finance	13,659	-	13,659	16,237
Department of Human Resources	14,061	-	14,061	-
	369,885	-	369,885	210,892
NTHSSA - HQ, Note 7				
Fort Smith Health Centre	11,807	-	11,807	-
Stanton Territorial Health Authority	68	-	68	3,827
DehCho HSSA	-	-	-	816
Yellowknife/Fort Resolution HSSA	3,040	-	3,040	20,473
	2,635	-	2,635	-
	\$ 387,435	\$ -	\$ 387,435	\$ 236,008
			2018	2017
<u>Due to related parties</u>				
Accounts Payable:				
GNWT, Note 9				
Department of HSS			\$ 29,627	\$ 53,571
Department of Finance			33,746	-
Department of Justice			100	-
Department of Infrastructure			-	7,285
			63,473	60,856
NTHSSA, Note 9				
Yellowknife HSSA			17,442	33,171
Fort Smith HSSA			1,103	-
Stanton Territorial Health Authority			10,563	93,800
			\$ 92,581	\$ 187,827
Contributions repayable, GNWT-HSSA, Note 26			2,353,808	2,006,737
Accountable capital advances, GNWT-HSSA, Note 28			5,829	5,829
Deferred revenues, GNWT-HSSA, Note 25			797,633	56,633
			\$ 3,249,851	\$ 2,257,026

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 22. Related Party Transactions (continued)

	2018	2017
Revenues		
GNWT		
Department of Health & Social Services	\$ 32,205,053	\$ 31,049,716
Department of Education, Culture & Employment	-	20,211
Department of Finance	27,929	-
Department of Human Resources	13,143	16,237
Department of Infrastructure	-	412
	32,246,125	31,086,576
NTHSSA - HQ		
DehCho HSSA	10,677	32,292
Fort Smith Health Centre	611	7,424
Sahtu HSSA	-	1,465
Beaufort-Delta HSSA	-	911
Stanton Territorial Health Authority	3,436	816
Yellowknife HSSA	7,472	426
Tlicho Community Services Agency (Tlicho)	3,203	21,044
NWT Housing Corp.	160	26
	\$ 32,302,054	\$ 31,150,980

	2018	2017
Expenses		
GNWT		
Department of Health & Social Services	\$ 12,517	\$ 6,421
Department of Human Resources	-	1,671
Department of Infrastructure	2,709	17,122
Department of Justice	410	-
	15,636	25,214
NTHSSA		
Stanton Territorial Health Authority	196,507	183,230
Yellowknife HSSA	76,078	33,171
Beaufort Delta HSSA	4,484	-
Fort Smith HSSA	1,103	-
Aurora College	150	250
Hay River DEA	-	382
	\$ 293,958	\$ 242,247

Related party transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Note 23. Financial Instruments

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

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 23. Financial Instruments (continued)

Credit Risk

Credit risk is the risk of financial loss to the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its, cash, special purpose funds, trust assets and accounts receivable.

The Authority holds its cash and trust assets, deposits in trust accounts, with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation.

Accounts receivable are due from various governments, government agencies, corporations and individuals. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. Management has determined that a portion of accounts receivable are impaired based on specific identification as well as age of receivables. These amounts are as disclosed in Notes 4, 7 and 14.

The Authority's maximum exposure to credit risk is represented by the financial assets less the pension plan asset for a total of \$1,802,246 (2017 - \$1,335,498)

Concentration of Credit Risk

Concentration risk arises when a customer has more than ten percent of the total accounts receivable, which increases the Authority's risk in the event the customer does not fulfill their obligation. The Authority does have concentration risk. At March 31, 2018, one customer in accounts receivable accounts for 51% (2017 - 71%) of the total balance which subjects the Authority to concentration risk. This risk is monitored through regular review of the outstanding balances in receivables.

As all the Authority's cash is held in one Canadian bank, they are subject to further concentration risk.

Liquidity Risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. Total financial assets are \$14,266,246, including the \$12,464,000 pension asset; financial liabilities are \$7,542,481. The authority has disclosed future financial liabilities and commitments in Notes 13, 16 and 17.

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

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 24. Expenses by Object

	2018 Budget	2018 Actual	2017 Actual
Compensation	\$ 27,261,553	\$ 23,140,018	\$ 23,196,420
Locums	1,158,178	1,716,510	1,527,304
Medical supplies	1,217,128	1,034,410	950,475
Referred out services	701,901	1,135,849	677,624
Purchases service personnel	600,500	644,716	592,223
Equipment maintenance	425,724	455,338	282,325
Travel assistance	262,000	402,015	322,229
Foster care	432,000	243,756	289,103
Phone and postage	243,922	234,326	225,307
Rent	245,817	228,312	250,976
Professional fees	206,200	219,901	126,002
Locum removal	208,347	193,669	179,186
Office supplies	166,733	190,045	164,924
Travel	137,136	169,231	168,818
Minor equipment	127,700	150,032	180,125
Training	144,270	137,199	59,102
Software licensing	193,174	103,522	95,577
Honorariums	54,000	52,608	59,423
Garbage	27,030	30,925	24,953
Memberships	42,203	23,302	30,607
Advertising	38,850	23,242	20,387
Bank charges	5,263	7,634	7,419
Bad debt	-	4,628	27,013
	\$ 33,899,629	\$ 30,541,188	\$ 29,457,522

Note 25. Deferred Revenue

Deferred revenue represents funds that have been received for specific programs but remain unspent at March 31, 2018 as follows:

	2018	2017
Government of the Northwest Territories		
Department of Health and Social Services		
Professional Development Initiative	\$ 56,633	\$ 56,633
Transitional funding (core contribution)	-	-
2018/2019 Core funding received in advance	741,000	-
Third party - respite care	-	-
	\$ 797,633	\$ 56,633

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 26. Contributions Repayable

Contributions repayable represents funds that have been received for specific programs and are required to be repaid to the contributor as of March 31, 2018:

	2018	2017
Government of the Northwest Territories		
Department of Health and Social Services		
Family Support Program 11/12	\$ 9,000	\$ 9,000
Homecare Enhancement 11/12	10,957	10,957
Core Physician Services Funding 11/12	652,027	652,027
Core Physician Services Funding 12/13	532,335	532,335
Homecare Enhancement 13/14	297	297
Grad Placement Program K. Miller 13/14	8,064	8,064
Healthy Families/Collective Kitchen unspent funding 14/15	1,006	1,006
Healthy Families/Collective Kitchen unspent funding 15/16	3,570	3,570
Enhanced Homecare unspent funding 16/17	45,027	45,027
Hay River Parenting unspent funding 16/17	4,871	4,871
Renal Dialysis unspent restricted funding 16/17	125,237	125,237
Foster Care unspent restricted funding 16/17	166,346	166,346
Transitional unspent funding 16/17	448,000	448,000
Mental Health First Aide 16/17	479	-
Mental Health First Aide 17/18	1,113	-
Healthy Families/Collective Kitchen unspent funding 17/18	1,102	-
Enhanced Homecare unspent funding 17/18	31,238	-
Foster Care unspent restricted funding 17/18	205,705	-
Transitional unspent funding - HH Williams 17/18	49,314	-
Transitional unspent funding - New Health Center 17/18	58,120	-
	2,353,808	2,006,737
Hay River Metis Government Council		
Living in Balance unspent funding 16/17	697	697
	\$ 2,354,505	\$ 2,007,434

Note 27. Prepaid Expenses and Deposits

	2018	2017
Service and maintenance packages	\$ 140,156	\$ 169,510
Pension special payments	108,499	28,251
Travel	21,459	9,206
Deposit	2,000	2,000
	\$ 272,114	\$ 208,967

Note 28. Accountable Capital Advances from GNWT

The Authority has received advances from GNWT under capital contribution agreements for purchases of capital assets. These advances are deferred by the Authority and purchases which fall under the agreements, reduce the balance carried forward.

	2018	2017
Beginning balance	\$ 5,829	\$ 5,829
Capital purchases paid out of advanced funds	-	-
Ending balance	\$ 5,829	\$ 5,829

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2018

Note 29. **Accumulated Surplus (Deficit)**

	2018	2017
Operating fund accumulated surplus (deficit)	\$ 8,448,397	\$ 5,484,785
Employee leave and termination liability fund	(1,643,504)	(1,785,717)
Cash Reserve	500,000	500,000
	\$ 7,304,893	\$ 4,199,068

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY
 Schedule of Contributions from the GNWT

Schedule A

For the year ended March 31, 2018

	2018 Budget	2018 Actual	2017 Actual
Contributions from the GNWT			
Department of Health and Social Services			
Core Contribution Department of Health			
Administration	\$ 783,000	\$ 1,742,000	\$ 1,740,000
Finance	388,000	388,000	502,000
Systems Support	477,000	482,000	420,000
Human Resources	1,278,000	1,278,000	1,278,000
Facility Maintenance & Support	4,061,000	4,061,000	3,923,000
Client Support Services	391,000	391,000	391,000
Specialty Clinics	861,000	843,000	730,000
Emergency Services	1,783,000	1,783,000	1,368,000
Community Clinics & Health Centres	1,991,000	1,991,000	2,142,000
Community Mental Health & Addictions	805,000	805,000	805,000
Health Promotion & Community Wellness	310,000	310,000	310,000
Homecare & Support Services	625,000	780,000	625,000
Physician Services to NWT Residents	2,998,000	2,998,000	2,998,000
Residential Care Adults	4,411,000	4,411,000	4,411,000
Child & Family Services	1,483,000	1,483,000	1,355,000
Family Violence	560,000	560,000	533,000
Diagnostic Services	1,768,000	1,768,000	1,782,000
Pharmacy	191,000	191,000	191,000
Therapeutic Services	870,000	870,000	870,000
Medical & Surgical Nursing	2,216,000	2,216,000	2,092,000
Operating Room Nurse	244,000	244,000	209,000
Long Term Care Nursing	1,308,000	1,308,000	1,146,000
Obstetric and Pediatric Nursing	500,000	500,000	500,000
Medical Travel	22,000	22,000	22,000
	30,324,000	31,425,000	30,343,000
Add: additional funding for Renal Dialysis	-	255,000	-
Less net contributions repayable/deferred	-	(271,139)	(488,583)
	30,324,000	31,408,861	29,854,417
Other Department of Health and Social Services Contributions			
Home and Community Care (Schedule A-1)	325,731	287,563	295,704
Health Families	-	19,735	-
Collective Kitchens Food Vouchers	-	19,058	16,167
Prenatal/Postnatal Parenting	-	18,952	25,129
Children Who Witness Abuse	12,500	12,500	12,500
Mental Health First Aid	-	1,204	3,709
Applied Suicide Intervention Skills Training	-	2,067	3,139
Electronic Medical Records - Implementation	-	-	-
Northern Graduate Employment Program	-	-	-
	338,231	361,079	356,348
Total Department of Health	30,662,231	31,769,940	30,210,765
GNWT Department of Human Resources	8,400	8,082	24,341
Total Contribution from the GNWT	\$ 30,670,631	\$ 31,778,022	\$ 30,235,106

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY
 Schedule of Detailed Contribution Funding and Expenditures
 Home and Community Care
 PO-2661am3
 For the year ended March 31, 2018

Schedule A-1

	2018	2017
	Actual	Actual
Funding		
Government of the Northwest Territories		
Department of Health and Social Services	\$ 359,010	\$ 340,731
less funds not yet received	(40,208)	
less contributions repayable	(31,239)	(45,027)
	287,563	295,704
Expenditures		
Compensation and benefits	241,304	260,764
Supplies	12,609	12,260
Sundry	2,262	5,171
Equipment expense	7,001	3,932
Training	24,387	13,577
	287,563	295,704
	\$ -	\$ -

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Schedule of Reserves

Schedule B

For the year ended March 31, 2018

	Leave and Termination Benefits Reserve		Cash Reserve		Total Reserves	
	2018	2017	2018	2017	2018	2017
Balance, beginning of the year	\$ (1,785,717)	\$ (1,716,461)	\$ 500,000	\$ 500,000	\$ (1,285,717)	\$ (1,216,461)
Change to opening balances		-			-	-
(Increase) Decrease in employee leave and termination benefits, Note 16	142,213	(69,256)	-	-	142,213	(69,256)
Transfers between reserves	-	-	-	-	-	-
Balance, end of year	\$ (1,643,504)	\$ (1,785,717)	\$ 500,000	\$ 500,000	\$ (1,143,504)	\$ (1,285,717)

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

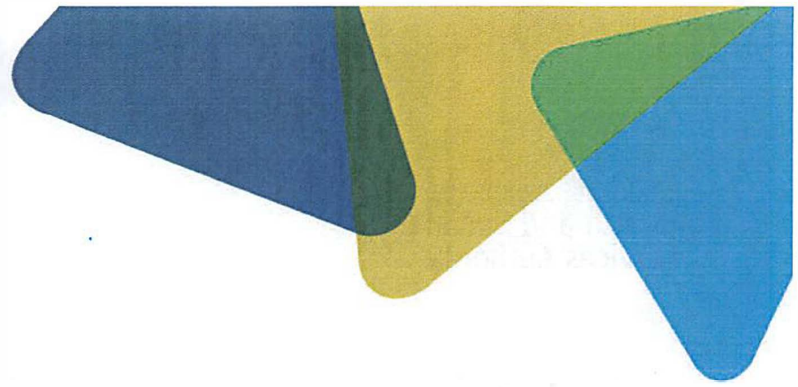
Financial Statements

March 31, 2018

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Index**

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Management Discussion and Analysis

Introduction

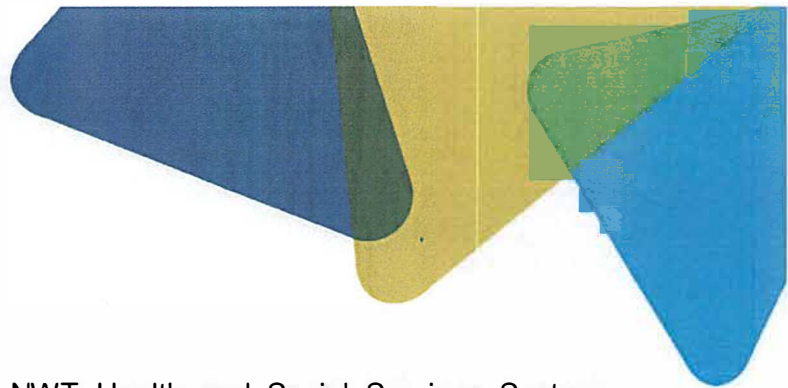
In preparation for the 2017-2018 year-end financial statement, the Management Discussion and Analysis was prepared as part of the process to demonstrate the core value of transparency and accountability of both the Northwest Territories Health and Social Services Authority (NTHSSA) management and the Northwest Territories Leadership Council (Leadership Council).

As an agency of the Government of the Northwest Territories (GNWT), the NTHSSA is established under the *Hospital Insurance and Health and Social Services Administration Act*. The NTHSSA is responsible to the Minister of Health and Social Services for governing, managing and providing health and social services in accordance with the territorial plan set out by the Minister; specifically with a role to:

- plan, develop and deliver programs and services;
- ensure operational policies, guidelines and standards of care are within the context of legislation, regulation and Department of Health and Social Services policies;
- provide budget development, funding allocation, monitoring and financial reporting;
- provide quality and risk management;
- ensure recruitment, supervision and retention of professional staff;
- ensure staff training and professional development; and
- report and be accountable in accordance with legislation, regulations and agreements.

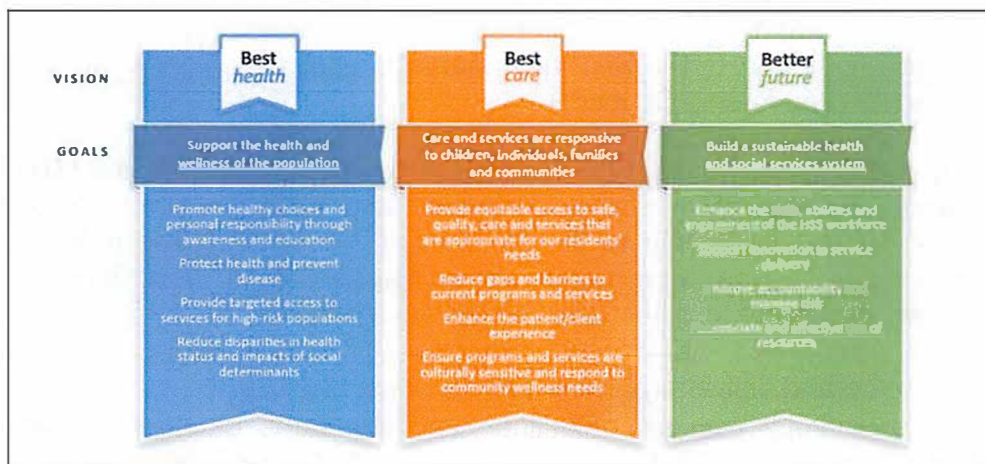
The staff, management, leadership and operations of the former Health and Social Services Authorities were combined on August 1, 2016, with the purpose to improve the efficiency, effectiveness and consistency of health and social care program and service delivery to the residents of the NWT. The newly created NTHSSA has the responsibility for delivering health and social services in the Beaufort Delta, Dehcho, Fort Smith, Sahtu and Yellowknife regions of the NWT while also being responsible for the operation of the Stanton Territorial Hospital.

2017-18 marked the first full year of operations within the newly established NTHSSA. As such, the Authority continues to identify, monitor and improve its operations with a



focus on aligning and contributing to the NWT Health and Social Services System Strategic Plan (System Strategic Plan) vision and goals.

The NTHSSA operates under the vision statement and goals of the System Strategic Plan which has steered the direction of the NTHSSA over the past fiscal year:

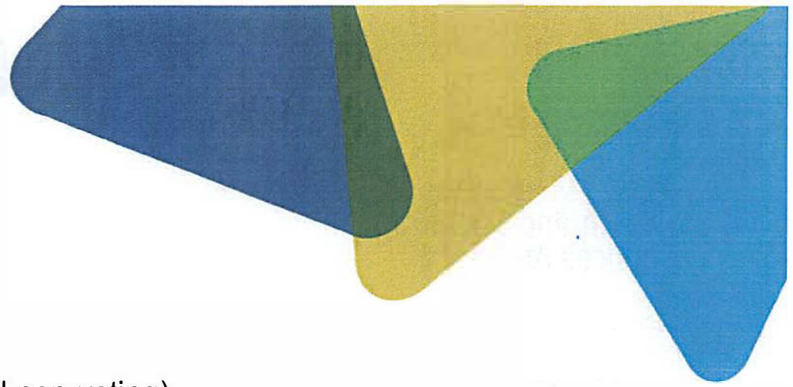


The Leadership Council is the board of management for the NTHSSA. The Leadership Council develops a clear direction for the NTHSSA, ensures the NTHSSA is accountable and positioned to achieve sustained results and supports the NTHSSA to achieve its legislative mandate to:

- deliver health services, social services, and health and wellness promotional activities within the NWT;
- manage, control and operate each health and social services facility for which the NTHSSA is responsible; and
- manage the financial, human and other resources necessary to perform the NTHSSA's duties.

The Leadership Council is accountable to the Minister of Health and Social Services and provides advice to the Minister on strategic directions for particular health and social services and programs related to those services.

The Leadership Council is made up of nine (9) members; a Chairperson as appointed by the Minister, the chairperson of each Regional Wellness Council (6); the chairperson of the Tłı̄chq Community Services Agency; and the Deputy Minister of the Department



of Health and Social Services (ex-officio and non-voting).

Each of the regions comprising the NTHSSA has a Regional Wellness Council (RWC) that act as advisory bodies to gather information from communities and residents, provide feedback to the NWT Health and Social Services System and promote activities that support service delivery for the health and well-being of patients, clients, and families.

The 2017-18 Leadership Council included:

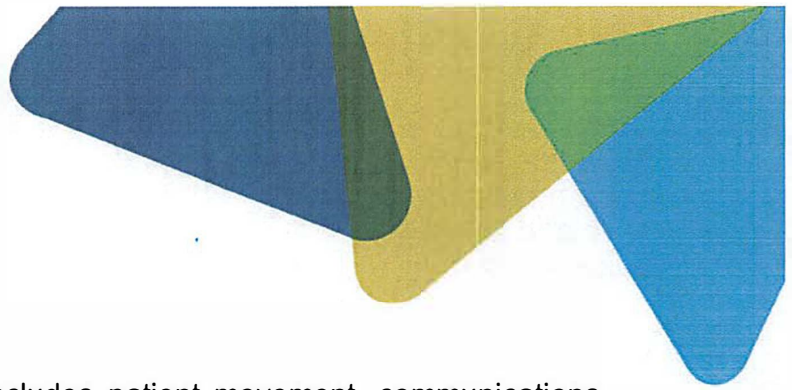
- Chairperson: Mr. James Antoine
- Vice-Chairperson: Ms. Ethel-Jean Gruben (Chair, Beaufort-Delta RWC)
- Member: Ms. Patricia Schaefer (Chair, Fort Smith RWC)
- Member: Mr. Michael Maher (Chair, Hay River RWC)
- Member: Ms. Gina Dolphus (Chair, Sahtu RWC)
- Member: Mr. Ted Blondin (Chair, TCSA)
- Member: Ms. Ruby Simba (Chair, Dehcho RWC)
- Member: Ms. Elizabeth Biscaye (Chair, Yellowknife RWC)
- Ex-officio and non-voting Member: Ms. Debbie DeLancey/Mr. Bruce Cooper (Deputy Minister, DHSS)

Through the NTHSSA's CEO, operational and financial reporting is provided to the Leadership Council at regularly scheduled Leadership Council meetings.

The NTHSSA is organized under five executive branches:



The Office of the CEO includes the Office of the Territorial Medical Director, Office of the Chief Financial Officer, and the Talent and Organizational Development Office. The



Corporate and Support Services branch includes patient movement, communications and informatics and health technology functions. The Clinical Integration branch provides territorial oversight and support for quality, safety and client experience, health services and child, family and community wellness. Regional Operational Branches (Beaufort Delta, Sahtu, Dehcho, Fort Smith, Yellowknife) and Stanton Territorial Hospital provide front line program and service delivery.

Financial Overview

NTHSSA's overall revenue and expenses are summarized in the following 2018 charts:

Revenue (millions)

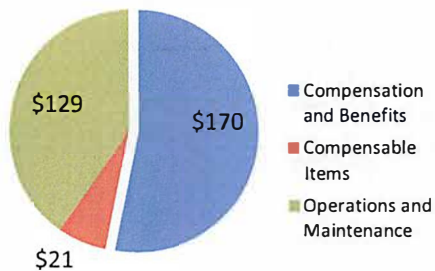
Total revenue = \$307 Million



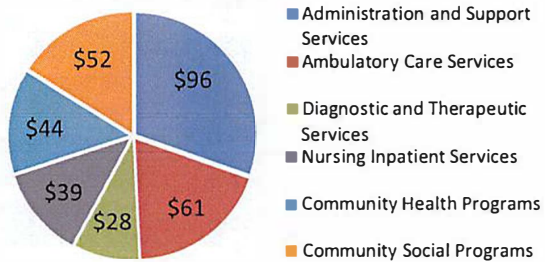
Expenses (millions)

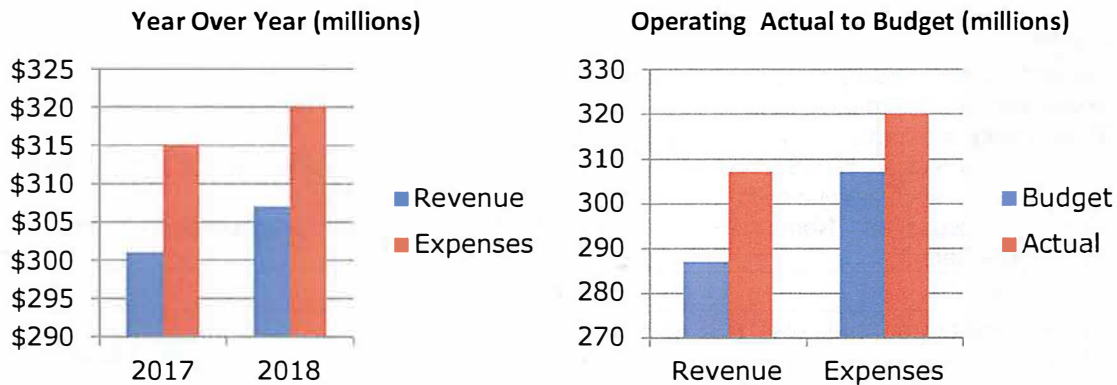
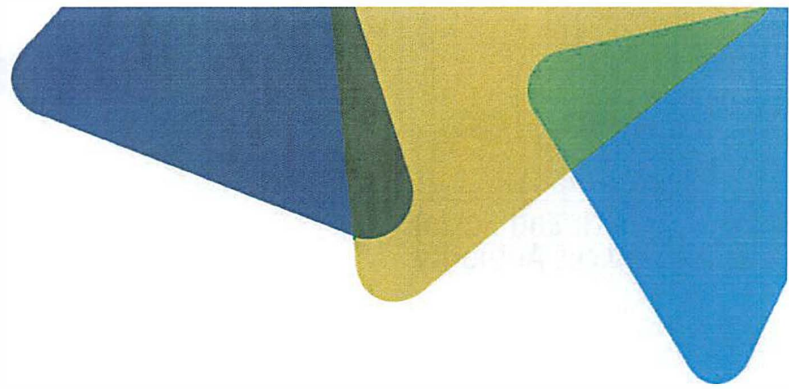
Total expenses = \$320 Million

Expense by Object



Expense by Program





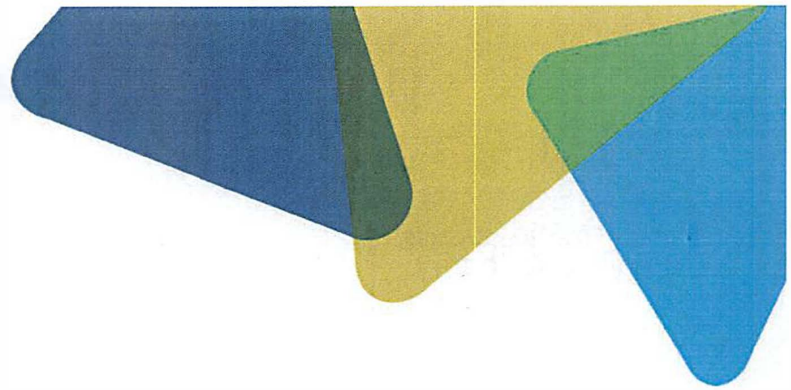
Actual revenue was approximately \$20 million higher than budgeted due predominately to higher than anticipated contributions from the GNWT, including grant-in-kind. Actual expenses were approximately \$13 million higher than budgeted, stemming largely from an increase in demand for nursing inpatient services and administration and support services.

NTHSSA remains committed to meeting their operational mandate and expected service levels; notwithstanding, significant pressure on fiscal resources that exist within the NTHSSA has resulted in a deficit of \$12.7 million for 2017-2018.

Operating Environment

The NTHSSA provides health and social services across a vast geographical area of the NWT; from the remote high Arctic communities of Paulatuk, Ulukhaktok and Sachs Harbour to the southern NWT/Alberta border community of Fort Smith. Delivering the NTHSSA mandate to such a large geographic area requires well-defined systems, a robust logistical support network, as well as a team of committed staff who are dedicated to ensuring quality health and social services are provided to all NWT residents. The newly established NTHSSA continues to provide an opportunity to refine and improve patient and client care by ensuring equitable access to care and services across all NTHSSA regions and ensuring regions and communities have a voice at the territorial level.

In the review of the operating landscape for the NTHSSA, a few strengths, weaknesses, opportunities and threats have been identified in the table below:



Strengths	Weaknesses
<ul style="list-style-type: none"> • Capacity to standardize systems and processes with a territorial focus • Pooled access to professional staff and knowledge across six NTHSSA regions • New Facilities such as renewal of Stanton Territorial Hospital and Norman Wells Long-Term Care 	<ul style="list-style-type: none"> • Sustainable Human Resources • Communications • Extensive use of overtime and locums to meet service requirements • Lack of single financial accounting system
Opportunities	Threats/Risks
<ul style="list-style-type: none"> • Professional accreditation of NTHSSA regions • Scaling quality improvement initiatives across NWT regional operations • Pool resources to expand purchasing power 	<ul style="list-style-type: none"> • Funding deficit • Aging population requiring increased level of care/service • Competitive job market for health care professionals • Vast geographical area of the NWT

Building on Strengths

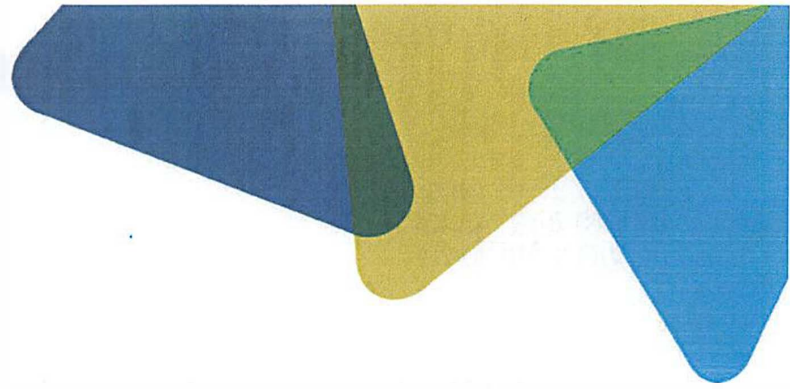
Organization wide improvements continue to be identified and pursued to ensure the NTHSSA delivers quality programs and services that are consistent and accessible across all regions. The continued development of NTHSSA leadership, management and quality improvement structures will assist the ability of the of the NTHSSA to identify areas of focus and mobilize towards quality improvement initiatives.

The NTHSSA continues to develop and improve protocols and capacity that facilitate employees' ability to provide services across NTHSSA regions when necessary or to back-fill short term vacancies, enhancing the quality of care and services delivered. Trained and knowledgeable staff are willing to share information and work in locations where temporary short-term assistance is required.

The redevelopment of the Stanton Territorial Hospital, set to open in May 2019, will better position the NTHSSA to attract and develop organizational talent improving the Authority's ability to support and sustain quality care.

Addressing Weaknesses

The NTHSSA will leverage the GNWT programs that support the NTHSSA's commitment to improving the ability to recruit, retain and develop a local workforce across the NWT.



NTHSSA leadership is acutely aware of the continuing need to nurture and cultivate open and effective communication practices across the organization and to the public at large. In this regard, NTHSSA leadership is focused on the continuing enhancement of both internal and external communication protocols which include the development of the internal staff NTHSSA website that enables direct communications to all staff, across all facilities and regions.

NTHSSA leadership remains cognizant of the staffing levels that are currently required to meet service level demands and the resultant fiscal pressures. NTHSSA leadership is reviewing core service requirements, current position allocations and quality improvements with the goal of implementing changes that would maintain or improve the level of care and service delivery while effectively managing and minimizing additional overtime and travel requirements.

Capturing Opportunities

In 2017, the NTHSSA went through a preliminary accreditation process with Accreditation Canada, including regions not previously accredited. This process has provided the NTHSSA with the foundation to work through the full Accreditation Canada survey which will occur in 2019. The accreditation process will underpin improved quality and safety of programs and services.

The NTHSSA has identified many areas where pooled resources can increase our capacity to deliver effective services. Pooled resources in the financial areas are currently being explored to provide the NTHSSA with additional vendors and improved pricing.

Mitigating Risks

The NTHSSA recognizes that providing culturally appropriate care is necessary to improve better health outcomes. The NTHSSA is currently exploring options to address and improve primary care across the NWT that can become more culturally safe and will decrease the demand on the existing system. The NTHSSA is collaborating with HSS system partners and stakeholders to guide this work.

NTHSSA is committed to delivering the operational mandate in a manner respectful of the fiscal environment of the GNWT. The newly established NTHSSA continues to



provide opportunities to realign services and care across the five regions and the Territorial Hospital that will improve health outcomes for patients, clients and families; improve patient and client experience and improve organizational performance by reducing overall costs.

The NTHSSA also recognizes that the health and social care professionals are in high demand across Canada and will continue to work with both internal and external resources to expand health and human resource plans to improve efforts to attract and retain qualified employees.

Financial Condition

As at March 31, 2018 NTHSSA incurred an operating deficit of \$12.7 million, which was \$6.3 million less than the budgeted operating deficit of \$19 million. This increased NTHSSA's accumulated deficit to \$88.8 million. For a detailed review of NTHSSA's financial condition, refer to the Statement of Financial Position and Statement of Operations and Accumulated Deficit.

	2018 Actual	2017 Actual
Accumulated (deficit) closing	(88,791,000)	(76,123,000)
Accumulated (deficit) opening	(76,123,000)	(61,947,000)
Annual (deficit)	(12,668,000)	(14,176,000)
Prior year funding received	1,619,000	127,000
Recovery of prior year expenses -	-	1,603,000
Employee future benefits reserve	131,000	131,000
Unfunded items - Employee future benefit liability	11,525,000	13,369,000
Change in Employee future benefit	(1,844,000)	(376,000)

Compensation and benefits represent 60% of NTHSSA's overall expenses and is a contributing factor to NTHSSA accumulated deficit. Some of the key factors in this area relates to staffing models, overtime, sick time and unfunded items within the Collective Agreement between the Union of Northern Workers and the GNWT.

Summary and Outlook

The 2017-2018 fiscal year represented the first full year of operations for the NTHSSA. The focus continues to be on developing the organizational architectural and ensuring



core service stabilization while aligning with the HSS System's strategic plan, and the continued provision of quality care and services. 2017-18 identified areas where efficiencies could be established and the organization has now turned to the implementation and sustainability of these identified areas which can lead to improving care and service delivery.

NTHSSA's future focus will be on building an organization that encourages team and relationship based care that is centered around an engaged workforce. Improving quality within the system is a responsibility held by all NTHSSA staff and is supported by the feedback and direction from listening to our patient/clients and communities. Investment in the enablers for improvement in internal processes and client experience will lead to better health and a better future for all NWT residents.



CEO

August 28, 2018

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Management's Responsibility for Financial Reporting

The accompanying financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant accounting policies are described in Note 3 to the financial statements. Financial statements include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the financial statements.

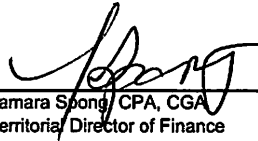
The Northwest Territories Health and Social Services Authority (the Authority) maintains financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further the Authority's objectives, are protected from loss or unauthorized use and that the Authority complies with applicable legislation. Management recognizes its responsibility for conducting the Authority's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to an agent of the Territorial Government. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing his opinion on the financial statements. He also considers whether the transactions that come to his notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The financial statements have been approved by the Northwest Territories Health and Social Services Leadership Council (Leadership Council).



Sue Cullen
Chief Executive Officer



Tamara Spang, CPA, CGA
Territorial Director of Finance

28 August 2018



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Health and Social Services Authority

Report on the Financial Statements

I have audited the accompanying financial statements of the Northwest Territories Health and Social Services Authority, which comprise the statement of financial position as at 31 March 2018, and the statement of operations and accumulated deficit, statement of changes in net debt and statement of cash flow 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 Health and Social Services Authority as at 31 March 2018, and 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.

Emphasis of Matter

Without qualifying my opinion, I draw attention to Note 1 in the financial statements which indicates that the Authority incurred an annual deficit of \$12.7 million during the year ended 31 March 2018 and, as of that date, the Authority's liabilities exceeded its total assets by \$88.8 million. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Authority's ability to continue as a going concern.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

28 August 2018
Edmonton, Canada

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Statement of Financial Position

As at March 31.	thousands of dollars	
	2018	2017
Financial Assets		
Cash	\$ 9,248	\$ 4,539
Accounts receivable (note 6)	10,422	7,791
Due from Government of the North west Territories (note 7)	13,297	8,889
Due from Government of Canada	424	302
	33,391	21,521
Liabilities		
Accounts payable and accrued liabilities (note 8)	17,649	16,666
Due to Government of the Northwest Territories (note 7)	96,877	71,635
Due to Government of Canada	16	1
Other employee future benefits and compensated absences (note 10)	11,525	13,369
	126,067	101,671
Net Debt	(92,676)	(80,150)
Non-Financial Assets		
Inventories held for use	2,735	2,840
Prepaid expenses	1,150	1,187
	3,885	4,027
Accumulated Deficit	\$ (88,791)	\$ (76,123)

Contractual Obligations and Contingencies (notes 13 and 14)

Approved on behalf of the Authority


 Jim Antoine
 Leadership Council
 Board Chairperson


 Michael Maher
 Leadership Council
 Board Member

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

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Statement of Operations and Accumulated Deficit

For the year ended March 31,	thousands of dollars		
	2018	2017	2017
	Budget	Actual	Actual
Revenue			
Recoveries from other sources	\$ 9,526	\$ 10,622	\$ 8,477
Recoveries from Nunavut	2,485	2,288	2,764
Contributions from other sources	808	926	899
Interest income	167	215	138
Other income	102	122	888
Recoveries of prior years' expenses	-	-	1,603
Total Revenue	13,088	14,173	14,769
Expenses (note 18)			
Administration and support services	91,637	96,581	94,007
Ambulatory care services	62,628	61,497	60,438
Community social programs	51,896	51,717	53,272
Community health programs	41,642	43,806	41,732
Nursing inpatient services	32,874	38,733	37,730
Diagnostic and therapeutic services	25,849	27,825	27,695
Total Expenses	306,526	320,159	314,874
Deficit for the year before Government contributions	(293,438)	(305,986)	(300,105)
Government contributions			
Contributions from Government of the Northwest Territories	244,773	250,186	244,402
Recoveries from Government of the Northwest Territories	18,741	20,674	20,861
Recoveries - non insured health services	10,885	12,705	12,935
Recoveries of prior years' expenses	-	1,619	127
Grant-in-kind - Government assets and services provided at no charge (note 12)	-	8,134	7,604
Total Government contributions	274,399	293,318	285,929
Annual deficit	(19,039)	(12,668)	(14,176)
Accumulated deficit, beginning of year	(76,123)	(76,123)	(61,947)
Accumulated deficit, end of year	\$ (95,162)	\$ (88,791)	\$ (76,123)

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

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Statement of Changes in Net Debt**

For the year ended March 31,	thousands of dollars		
	2018		2017
	Budget	Actual	Actual
Annual deficit for the year	\$ (19,039)	\$ (12,668)	\$ (14,176)
Adjustments			
Acquisition of inventories held for use	-	(5,959)	(6,578)
Consumption of inventories held for use	-	6,064	6,565
Acquisition of prepaid expenses	-	(1,379)	(1,388)
Use of prepaid expenses	-	1,416	1,363
Change in net debt for the year	(19,039)	(12,526)	(14,214)
Net debt, beginning of year	(80,150)	(80,150)	(65,936)
Net debt, end of year	\$ (99,189)	\$ (92,676)	\$ (80,150)

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

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Statement of Cash Flow**

For the year ended March 31,	thousands of dollars	
	2018	2017
Cash provided by (used in)		
Operating transactions		
Operating deficit	\$ (12,668)	\$ (14,176)
Changes in non-cash assets and liabilities:		
Change in accounts receivable	(2,631)	(745)
Change in accounts payable and accrued liabilities	983	187
Net change in due to/(from) Government of Northwest Territories	20,834	9,655
Change in other employee future benefits and compensated absences	(1,844)	(376)
Net change in due to/(from) Government of Canada	(107)	20
Change in inventories held for use	105	(13)
Change in prepaid expenses	37	(26)
Cash provided by (used for) operating transactions	4,709	(5,474)
Increase / (decrease) in cash	4,709	(5,474)
Cash, beginning of year	4,539	10,013
Cash, end of year	\$ 9,248	\$ 4,539

There were no financing, investing or capital transactions during the year.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements**

(All figures in thousands of dollars)

March 31, 2018

1. Going concern

These financial statements have been prepared on the going concern basis in accordance with Canadian public sector accounting standards. The going concern basis of presentation assumes that Northwest Territories Health and Social Services Authority (the Authority) will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business.

The Authority, established on August 1, 2016 amalgamates six former health boards (Note 2), which had significant annual and accumulated deficits in prior years as their funding has historically been insufficient for their level of expenditures. The Authority is primarily financed through appropriations from the Department of Health and Social Services (DHSS) as described in Note 2, Economic dependence. For the year ended March 31, 2018, the Authority had an annual deficit of \$12,668, accumulated deficit of \$88,791, liabilities of \$126,067 (including \$96,877 liability to the Government of the Northwest Territories (the "Government"), which is due upon demand) and total financial assets of only \$33,391. The Government administers payroll for the Authority, and invoices the Authority for payment. The Authority has deferred repaying the Government so that operations can continue.

The above factors cause material uncertainty that may cast significant doubt about the Authority's ability to continue as a going concern. The Authority is currently in discussions with the Government to develop a plan to eliminate its annual deficits and repay its liability to the Government.

These financial statements do not include any adjustments to the carrying value of the assets and liabilities, the reported revenues and expenses that might be necessary if the Government does not increase its' appropriations so that revenues are sufficient to meet expenditure requirements.

2. Authority and operations

The Authority operates pursuant to the Hospital Insurance and Health and Social Services Administration Act (the Act) of the Northwest Territories and is an agency under Schedule A of the Financial Administration Act (FAA) of the Northwest Territories. Accordingly, the Authority operates in accordance with its Act and regulations, and any directives issued to it by the Minister responsible for the Authority.

The Authority was established on August 1, 2016 to manage, control, and operate the public health facilities and services assigned to it by the Government. When the Authority was created, six of the eight Health and Social Services Authorities (HSSAs) were amalgamated under the Authority, and are no longer separate legal authorities. The reporting entity comprises the newly created Authority and the operations from six former HSSAs including Beaufort-Delta, Dehcho, Fort Smith, Sahtu, Yellowknife and Stanton Territorial Hospital.

Hay River Health and Social Services Authority (HRHSSA) and Tlcho Community Services Agency (TCSA) remain outside the Authority; however, the legislation does include provisions to bring the HRHSSA into the Authority at a later date. The Authority serves as a single integrated delivery system for Northwest Territories health and social service programs while recognizing that the TCSA retains a unique role through the provisions of the Tlcho Agreement. Through the Chief Executive Officer, the Authority reports to and takes direction from the Chair of Northwest Territories Health and Social Services Leadership Council (Leadership Council) that is comprised of eight persons appointed in accordance with the Act.

Taxes

The Authority is exempt from taxation pursuant to Paragraph 149 of the federal *Income Tax Act*.

Budget

The budgeted figures represent the Authority's original fiscal plan for the year approved by the Leadership Council and the Government. To be consistent with the format of the financial statements, presentation changes have been applied as disclosed in note 17.

March 31, 2018

2. Authority and operations (continued)

Economic dependence

The Authority is economically dependent upon the contributions received from the Government and for the Government's payments on behalf of the Authority for the Authority's salaries for its ongoing operations. If the funding arrangement were to change, management is of the opinion that the Authority's operations would be significantly affected.

3. Basis of presentation and significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards as issued by the Canadian Public Sector Accounting Board. Significant aspects of the accounting policies adopted by the Authority are as follows:

(a) Measurement uncertainty

The preparation of these financial statements in accordance with Canadian public sector accounting standards, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from these estimates.

The more significant estimate relates to contingencies.

(b) Cash

Cash is comprised of bank account balances, net of outstanding cheques.

(c) Tangible capital assets

The Government retains ownership of all tangible capital assets (TCA) used by the Authority. The Government's financial statements include these TCAs and as such the Authority has no TCAs recognized in its financial statements.

The Authority has recognized grant-in-kind revenue for the use of these TCAs provided free of charge by the Government. In addition, the Authority has recognized a corresponding rent expense for these TCAs based on the Government's amortization which is the Government's cost. This rent expense has been allocated to the Authority's programs in the statement of operations and accumulated deficit.

(d) Inventories held for use

Inventories consist of pharmaceuticals and general inventories such as parts for various equipment, medical surgical supplies, other medical supplies and office supplies. Inventories held for use are valued at the lower of cost and replacement value.

(e) Other employee future benefits and compensated absences

Under the terms and conditions of employment, employees may earn non-pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. Termination benefits are also recorded when employees are identified for lay-off. Compensated absences include sick, special, parental and maternity leave. Accumulating non-vesting sick and special leave are recognized in the period the employee provides service, whereas parental and maternity leave are event driven and are recognized when the leave commences. An actuarial valuation of the cost of these benefits has been prepared using data provided by management and assumptions based on management's best estimates.

March 31, 2018

3. Basis of presentation and significant Accounting policies (continued)**(f) Pensions**

The Authority and its eligible employees make contributions to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability of the Authority and are recognized in the accounts on a current basis. The Authority is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

The Authority and its contracted physicians make contributions to a physician directed investment fund administered by the Canadian Medical Association. These contributions represent the total pension liability of the Authority and are recognized in the accounts on a current basis.

(g) Revenue recognition**Government transfers**

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria and stipulations have been met, except for the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Operating transfers are recognized as revenue in the period in which the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be determined.

Recoveries

Government recoveries include amounts recovered from the Government for expenses paid by the Authority primarily relating to non-resident hospital services and non-insured health benefits. Government recoveries are recognized as revenue when the amount is known. Other recoveries are recognized when the amount is known and includes reimbursements from Workers' Safety and Compensation Commission and their equivalent entities throughout Canada, and recovery of medical fees for items such as client medical travel costs.

Other revenue

Other revenue is recognized when the service is performed or the goods are provided. The Authority may provide uninsured medical services for which revenue is recognized and food sales as a by-product of hospital cafeterias.

(h) Due from (to) Government of Canada

Due from the Government of Canada relates to receivables for projects on behalf of or services provided to the Government of Canada. Similarly, the Due to the Government of Canada relates to advances for projects provided on behalf of or services to the Government of Canada.

(i) Financial Instruments

The Authority classifies its financial instruments at cost or amortized cost. The Authority's accounting policy for this financial instrument category is as follows:

This category includes cash, accounts receivable, due (to) from Government of the Northwest Territories, due (to) from Government of Canada and accounts payable and accrued liabilities. They are initially recognized at cost and subsequently carried at amortized cost using the effective interest rate method, less any impairment losses on financial assets. Transactions costs related to financial instruments in the amortized cost category are added to the carrying value of the instruments. Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write down being recognized in the statement of operations.

(j) Non-financial assets

Non-financial assets are accounted for as assets by the Authority because they can be used to provide services in future periods. These assets do not normally provide resources to discharge the liabilities of the Authority unless they are sold.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

3. Basis of presentation and significant Accounting policies (continued)

(k) Contractual obligations and contingencies

The nature of the Authority's activities requires entry into operational contracts that can be significant in relation to its current financial position or that will materially affect the level of future expenses. Contractual obligations are commitments for operating, commercial and residential leases. Contractual obligations are obligations of the Authority to others that will become liabilities in the future when the terms of those contracts or agreements are met.

The contingencies of the Authority are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur and is quantifiable, an estimated liability is accrued. If the occurrence of the confirming future event is likely but the amount cannot be reasonably estimated, the contingency is disclosed. If the occurrence of the confirming event is not determinable, the contingency is disclosed.

(l) Expenses

Expenses are reported on an accrual basis. The cost of all goods and services received during the year are expensed, except for certain services provided without charge which are described in Note 12.

(m) Related parties

Related party transactions are in the normal course of operations. The Authority is related in terms of common ownership to all Government created departments, public agencies, and key management personnel and close family members. Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Authority.

Related party transactions, other than inter-entity transactions, are recorded at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions, other than restructuring transactions, are recorded on a gross basis and are measured at the carrying amount, except for services provided by the Government without charge. Services provided without charge include rent, building utilities, repairs and maintenance, medical travel, contracted services, legal, human resources and other services. These services are provided by the Government's central agency and with the exception of rent described in Note 3 (c) these services cannot be reasonably estimated. The Authority does not recognize any amounts for these services in the financial statements.

(n) Recoveries of prior years' expenses

Recoveries of prior years' expenses and reversal of prior years' expense accruals in excess of actual expenditures are reported separately from other revenues on the statement of operations and accumulated surplus. Pursuant to the FAA, these recoveries cannot be used to increase the amount appropriated for current year expenses.

(o) Adoption of new accounting standards

The Authority adopted the following handbook sections which became effective for entities with year-ends starting on or after April 1, 2017, Assets (PS 3210); Contingent assets (PS 3320); and Contractual rights (PS 3380). The adoption of these standards did not have a material impact on the financial statements of the Authority.

4. Future accounting changes

PSAB issued new standards on Res

tructuring Transactions (PS 3430) and Asset Retirement Obligations (PS 3280). These new standards have an effective date of April 1, 2018, and April 1, 2021 respectively.

The Authority does not expect these standards to have a significant impact on its financial statements.

5. Designated assets

The Authority records financial information in individual funds that are internally segregated for the purpose of carrying on specific activities or attaining certain objectives. These funds are included in cash on the Statement of Financial Position totaling \$413 (2017 - \$444). Funds established by the Authority include a special project reserve \$265 (2017 - \$273) which are donations made to the Authority under non-contractual conditions; a funded employee future benefits reserve \$131 (2017 - 131) for funds received for the severance liability of employees who were transferred to the Authority from the Government; and an internally restricted fund \$17, (2017 - 40) for monies transferred to the Authority when the Beaufort Delta Hospital Foundation became inactive.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

6. Accounts receivable

The Authority administers the Government's Medical travel program for residents of the Northwest Territories and non-residents of the Northwest Territories accessing the medical travel program are invoiced accordingly. These invoices are included in receivables at March 31. Interest is not charged on outstanding amounts receivable. All other payments from account receivable customers of the Authority are expected at N/30.

	Accounts Receivable	Allow. For Doubtful Accounts	Net 2018	Net 2017
Receivables	\$ 9,510	\$ (3,633)	\$ 5,877	\$ 5,095
Government of Nunavut	3,782	(149)	3,633	2,085
Due from WSCC	846	(146)	700	348
Due from related parties (note 15)	244	(32)	212	263
Total accounts receivable	\$ 14,382	\$ (3,960)	\$ 10,422	\$ 7,791

7. Due from (to) the Government of the Northwest Territories

The Authority receives payment from the Government based on 30 days from the receipt of the invoice or monthly based on transfer payments of contribution agreements.

Due from the Government of Northwest Territories	Accounts Receivable	Allow. For Doubtful Accounts	Net 2018	Net 2017
Health and Social Services	\$ 12,210	\$ (1,062)	\$ 11,148	\$ 8,869
Finance	2,169	(67)	2,102	11
Justice	31	(10)	21	-
Municipal and Community Affairs	14	-	14	-
Education, Culture and Employment	24	(14)	10	1
Infrastructure	2	-	2	8
Total due from Government of Northwest Territories	\$ 14,450	\$ (1,153)	\$ 13,297	\$ 8,889

Due to the Government of Northwest Territories

Liability for payroll services provided by the Government	\$ 93,425	\$ 67,889
Health and Social Services	2,466	3,508
Finance	505	197
Infrastructure	481	28
Justice	-	7
Municipal and Community Affairs	-	6
Total due to Government of Northwest Territories	\$ 96,877	\$ 71,635

The Due to the Government of Northwest Territories is unsecured, without interest and due on demand.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements**

(All figures in thousands of dollars)

March 31, 2018

8. Accounts payable and accrued liabilities

The Authority follows the Government for payment practices of accounts payable invoices and pays northern vendors with terms N/20 and all other vendors at N/30. The Authority administers the Government's Medical travel program for residents of the Northwest Territories and reimbursement of medical related travel expenses are paid to residents accessing the program accordingly. These payables are included in the trade payable.

	2018		2017
Trade payable	\$ 10,938	\$	10,244
Annual leave and lieu time	6,634		6,397
Due to related parties (note 15)	58		25
Due to WSCC	19		-
Total accounts payable and accrued liabilities	\$ 17,649	\$	16,666

9. Pensions

All eligible employees participate in Canada's Public Service Pension Plan (PSPP). The PSPP 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 pension plan. The basic benefit formula is two percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

The public service pension 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 members with start dates before January 1, 2013, the normal retirement age remains age 60. The employer contribution rate effective at the end of the year is 1.01 times (2017 – 1.1) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2017 – 1.0) the employees' contributions for all other employees.

The Authority and the contracted physician's contribute to the Physician Retirement Income Benefit (PRIB). The Physician's contribution rate is 7.5 percent of the Physician's base salary, minus the Physician's contribution to the Canada Pension Plan. The Authority contribution rate is 15 percent of the Physician's base salary, minus the Employer's contribution to the Canada Pension Plan on behalf on the Physician. The Authority contributed \$9,980 (2017 – \$9,710) to PSPP and \$2,102 (2017 – \$2,125) to the Physician's fund. The employee's contributions were \$9,920 (2017 – \$8,552) and \$966 (2017 – \$1,062) respectively.

The Authority contributes for all eligible employees to the Public Service Health Care Plan and the Public Service Dental Care Plan which are sponsored by the Government of Canada. The Authority's responsibility with regard to these plans is limited to its contributions. Contributions during the year totaled \$4,084 (2017 - \$3,575).

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

10. Other employee future benefits and compensated absences

In addition to pension benefits, the Authority provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to its employees. The benefit plans are not pre-funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation. Severance benefits are paid to Authority employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness, or death of an immediate family member. Non-accruing benefits include maternity and parental leave. Benefits that accrue under compensated absence benefits were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation was completed as at February 17, 2017. The effective date of the next actuarial valuation is March 31, 2019. The liabilities were actuarially determined and the results were extrapolated to March 31, 2018.

These liabilities are expensed in the year they become due.

	Severance and Removal	Compensated absences	2018	2017
Changes in obligation				
Accrued benefit obligations, beginning of year	\$ 8,923	\$ 1,854	\$ 10,777	10,229
Current period benefit cost	483	153	636	661
Past service cost	-	-	-	291
Transfer of employees to NTHSSA (net)	-	-	-	(121)
Interest accrued	270	59	329	307
Benefits payments	(1,379)	(972)	(2,351)	(1,246)
Actuarial (gains)/losses	(1,268)	464	(804)	656
Accrued benefit obligations, end of year	7,029	1,558	8,587	10,777
Unamortized net actuarial gain/(loss)	2,875	(314)	2,561	2,029
Net future obligation	\$ 9,904	\$ 1,244	\$ 11,148	\$ 12,806
Other compensated absences	-	377	377	563
Total employee future benefits and compensated absences	\$ 9,904	\$ 1,621	\$ 11,525	\$ 13,369
Benefits expense				
Current period benefit cost	483	153	636	661
Past service cost	-	-	-	291
Transfer of employees to NTHSSA (net)	-	-	-	(121)
Interest accrued	270	59	329	307
Amortization of actuarial gains	(247)	(25)	(272)	(353)
	\$ 506	\$ 187	\$ 693	\$ 785

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

10. Other employee future benefits and compensated absences (continued)

The discount rate used to determine the accrued benefit obligation is an average of 3.8% (2017 - 3.3%). No inflation rate was applied. The expected payments during the next five fiscal years are:

		Severance and Removal	Compensated Absences	2018 Total
2019	Year 1	\$ 1,539	\$ 296	\$ 1,835
2020	Year 2	1,206	231	1,437
2021	Year 3	1,015	196	1,211
2022	Year 4	822	160	982
2023	Year 5	738	149	887
	Thereafter	4,584	589	5,173
		\$ 9,904	\$ 1,621	\$ 11,525

11. Trust assets under administration

The authority administers trust assets, consisting of cash held on behalf of patients, which are not included in the reported Authority's assets and liabilities, totaling \$159 (2017 - \$141).

12. Government assets and services provided at no charge

During the year, the Authority received without charge from the Government services including utilities, repairs and maintenance, payroll processing, medical travel costs, insurance and risk management, legal counsel, construction management, records storage, computer operations, asset disposal, project management, and translation services. The services are part of the central agency role of the Government and no estimate can be reasonably determined.

The Government provides without charge the use of buildings, equipment, leasehold improvements, mainframe and software systems, medical equipment and vehicles for use in program and service delivery. These would have cost the Authority an estimated \$8,134 (2017 - \$7,604) based on the calculated depreciation expense by the Government and have been recognized as rent expense with a corresponding grant-in-kind in the financial statements. The Government is currently constructing a new Territorial Hospital for the Authority to use once it is completed.

13. Contractual obligations

The Authority has entered into agreements for equipment, operations and services (Government medical travel program) or is contractually committed to, the following expenses payable subsequent to March 31, 2018:

	Expires in Fiscal Year	2019	2020	2021	2022	2023 and Thereafter	Total
Equipment leases	2026	\$ 577.00	\$ 233	\$ 193	\$ 190	\$ 705	\$ 1,898
Operational leases	2021	5,176	1,481	761	-	-	7,418
Service contracts	2026	35,160	21,571	17,133	16,874	18,711	109,449
		\$ 40,913	\$ 23,285	\$ 18,087	\$ 17,064	\$ 19,416	\$ 118,765

14. Contingencies

In the normal course of operations, the Authority is subject to claims and pending and threatened litigation against the Authority and its staff. At year end, the Authority estimated the total claimed amount for which the outcome is not determinable at \$50 (2017 - \$0). No provision for such claims has been made in these financial statements as it is not determinable that any future event will confirm that a liability has been incurred as at March 31.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

15. Related Parties

Related party transactions not disclosed elsewhere are as follows:

Due from related parties	Accounts Receivable	Allow. For Doubtful Accounts	Net 2018	Net 2017
Ticho Community Services Agency	\$ 150	\$ (6)	\$ 144	\$ 104
Hay River Health and Social Services Authority	48	(2)	46	155
NWT Housing Corporation	40	(24)	16	4
Beaufort-Delta District Education Council	3	-	3	-
Fort Good Hope Housing Authority	3	-	3	-
	\$ 244	\$ (32)	\$ 212	\$ 263
Due to related parties:				
			2018	2017
Ticho Community Services Agency			\$ 20	\$ 2
Hay River Health and Social Services Authority			14	15
NWT Housing Corporation			10	-
BDIC			8	-
NWT Power Corporation			3	5
Beaufort-Delta District Education Council			2	-
Aurora College			1	-
Yellowknife Catholic School Board			-	2
South Slave Divisional Education Council			-	1
			\$ 58	\$ 25
Revenues from related parties:				
			2018	2017
Ticho Community Services Agency			\$ 914	\$ 842.00
Hay River Health and Social Services Authority			205	263
Beaufort-Delta Education Council			4	-
GNWT - MACA			1	-
NWT Housing Corporation			-	7
			\$ 1,124	\$ 1,112
Expenses paid to related parties:				
			2018	2017
Government of the Northwest Territories			\$ 978	\$ 1,357
Ticho Community Services Agency			376	2
NWT Housing Corporation & local housing authorities			144	173
Hay River Health and Social Services Authority			52	17
NWT Power Corporation			45	35
Yellowknife Catholic School Board			10	20
Aurora College			7	69
Yellowknife Education District #1			7	-
Beaufort-Delta Education Council			5	-
BDIC			4	-
South Slave Divisional Education Council			-	1
			\$ 1,628	\$ 1,674

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

March 31, 2018

(All figures in thousands of dollars)

16. Financial Instruments

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

(a) Credit risk

Credit risk is the risk of financial loss of the Authority if a debtor fails to make payments of interest and principal when due. The Authority is exposed to this risk relating to its cash, special purpose funds, trust assets, and accounts receivable.

The Authority holds its cash, special purpose funds, and trust assets deposits in trust accounts with federally regulated chartered banks who are insured by the Canadian Deposit Insurance Corporation. In the event of default, the Authority's cash and special purpose funds deposits in trust accounts are insured up to \$100.

Accounts receivable are due from various governments, government agencies, corporations and individuals. Credit risk related to accounts receivable is mitigated by internal controls as well as policies and oversight over arrears for ultimate collection. Management has determined that a portion of accounts receivable are impaired based on specific identification as well as age of receivables. These amounts are as disclosed in Note 6.

The Authority's maximum exposure to credit risk is represented by the financial assets for a total of \$33,391 (2017 - \$21,521).

Concentration of credit risk

Concentration of credit risk is the risk that customer(s) has a significant portion (more than ten percent) of the total accounts receivable balance and thus there is a higher risk to the Authority in the event of a default. The Authority does have concentration of credit risk. At March 31, 2018, receivables from the Government comprised 55% of the total outstanding accounts receivables (2017 - 52%). The Authority reduces this risk by monitoring overdue balances.

(b) Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet all cash outflow obligations as they come due. The Authority mitigates this risk by monitoring cash activities and expected outflows through budgeting, deferring repayment to the Government (Note 1 and Note 2) and maintaining an adequate amount of cash to cover unexpected cash outflows should they arise. All of the Authority's financial assets and financial liabilities as at March 31, 2018 mature within the next six months.

Total financial assets are \$33,391 (2017 - \$21,521) and financial liabilities are \$126,067 (2017 - \$101,671). The Authority has disclosed future financial liabilities and contractual obligations in Note 13.

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

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

(All figures in thousands of dollars)

March 31, 2018

17. Budget

The approved budget have been reclassified where applicable to conform to the presentation used in financial statements as follows:

	Budget per Statement of Operations and Accumulated Deficit	Government Approved Budget	Difference
Revenue			
Recoveries from other sources	\$ 9,526	\$ -	\$ 9,526
Recoveries from Nunavut	2,485	-	2,485
Contributions from other sources	808	-	808
Interest income	167	-	167
Other income	102	\$ 48,142	(48,040)
Total Revenue	13,088	48,142	(35,054)
Expenses			
Administration and support services	91,637	47,527	44,110
Supplementary health programs	-	43,355	(43,355)
Ambulatory care services	62,628	33,422	29,206
Community health programs	41,642	99,624	(57,982)
Community social programs	51,896	22,781	29,115
Nursing inpatient services	32,874	32,874	-
Diagnostic and therapeutic services	25,849	26,006	(157)
Undistributed	-	645	(645)
Total Expenses	306,526	306,234	292
Government contributions			
Contributions from Government of the Northwest Territories	244,773	239,053	5,720
Recoveries from Government of the Northwest Territories	18,741	-	18,741
Recoveries - non insured health services	10,885	-	10,885
Total Government contributions	274,399	239,053	35,346
Annual deficit	(19,039)	(19,039)	-

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements**

(All figures in thousands of dollars)

March 31, 2018

18. Expenses by object

	2018	2017
	Actual	Actual
Compensation and benefits		
Salaries and wages	\$ 158,011	\$ 158,620
Superannuation	11,208	11,595
Post employment benefit	693	784
Honorariums	165	198
	170,077	171,197
Compensable items		
Locums	15,978	15,442
Other compensable items	5,244	5,079
	21,222	20,521
Operations and maintenance		
Contracted and general services	47,599	45,642
Medical travel and other travel	26,246	25,298
Contributions	19,012	18,444
Medical and surgical supplies	11,461	10,729
Rent expense (Note 12)	8,134	7,604
General supplies	4,164	3,938
Program expenses	3,606	3,704
Administrative expenses	3,086	2,880
Medical and program equipment	2,377	1,747
Professional development and training	1,743	1,556
Communications	1,416	1,528
Valuation allowances	16	85
	128,860	123,155
Total expenses	\$ 320,159	\$ 314,873

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements**

(All figures in thousands of dollars)

March 31, 2018

19. Comparative figures

The financial statements have been reclassified where applicable to conform to the presentation used in the current year. The compensation and benefits categories were reclassified to provide increased transparency on the amount and type of transactions in each category. Locums and Contracted and general services were reclassified to better align the types of transactions in each category. The changes relate to the expenses by object note (note 18) as follows:

	Expenses By Object As Originally Stated	Expenses By Object As Reclassified	Difference
Salaries and wages	\$ 156,613	\$ 158,620	\$ 2,007
Severance/ superannuation	14,087		(14,087)
Superannuation		11,595	11,595
Other compensation and benefits paid	414		(414)
Honorariums		198	198
Post employment benefit	84	784	700
Locums	20,391	15,442	(4,949)
Contracted and general services	\$ 40,693	\$ 45,642	\$ 4,949