



Public Accounts 2016-2017

Section I

CONSOLIDATED FINANCIAL STATEMENTS and FINANCIAL STATEMENT DISCUSSION AND ANALYSIS



PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 2017

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, 2017.

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

Honourable Robert C. McLeod,
Minister, Finance

October 26, 2017

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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 (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 (FAA)*.

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 change in its net debt, the results of its operations 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 26, 2017

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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 2017, 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 2017, 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.

A handwritten signature in black ink, appearing to read "Michael Ferguson". The signature is fluid and cursive, with a small dot at the end.

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

26 October 2017
Ottawa, Canada

Government of the Northwest Territories**Consolidated Statement of Financial Position**

as at March 31, 2017

(thousands of dollars)

	2017	2016
	\$	\$
Financial assets		
Cash	116,724	91,775
Portfolio investments (note 3)	100,408	97,085
Due from the Government of Canada (note 12)	46,096	75,020
Accounts receivable (note 5)	124,864	131,551
Inventories for resale (note 6)	28,273	28,360
Loans receivable (note 7)	79,249	81,661
	495,614	505,452
Liabilities		
Short term loans (note 8)	234,807	277,403
Accounts payable and accrued liabilities (note 9)	300,410	306,594
Deferred revenue (note 10)	19,610	10,774
Environmental liabilities and asset retirement obligations (note 11)	72,285	66,232
Due to the Government of Canada (note 12)	125,828	146,231
Capital lease obligations (note 13)	19,954	19,911
Long-term debt (note 14)	561,699	451,062
Pensions (note 15)	25,396	26,353
Other employee future benefits and compensated absences (note 16)	83,459	84,205
	1,443,448	1,388,765
Net debt	(947,834)	(883,313)
Non-financial assets		
Tangible capital assets (schedule A)	3,117,522	2,878,110
Inventories held for use (note 6)	14,579	15,046
Prepaid expenses	8,585	8,275
	3,140,686	2,901,431
Accumulated surplus	2,192,852	2,018,118

Contractual obligations and contingencies (notes 18 and 19)

Approved:

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

The accompanying notes and schedules A and B 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, 2017

(thousands of dollars)

	2017 Budget \$	2017 Actual \$	2016 Actual \$
Net debt at beginning of year	(883,313)	(883,313)	(777,459)
Items affecting net debt:			
Annual surplus	140,176	174,734	128,148
Acquisition of tangible capital assets	(364,126)	(368,375)	(359,568)
Amortization of tangible capital assets <i>(schedule A)</i>	122,876	122,269	116,668
Loss on sale of tangible capital assets	314	5,049	6,172
Proceeds on sale of tangible capital assets	1,086	1,645	3,494
Write-downs of tangible capital assets	-	-	652
	(99,674)	(64,678)	(104,434)
Consumption of inventories held for use	4,747	14,820	15,240
Purchase of inventories held for use	(5,247)	(14,353)	(15,169)
Increase in prepaid expenses	(25)	(310)	(1,491)
	(525)	157	(1,420)
Increase in net debt	(100,199)	(64,521)	(105,854)
Net debt at end of year	(983,512)	(947,834)	(883,313)

The accompanying notes and schedules A and B 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, 2017

(thousands of dollars)

	2017 Budget \$	2017 Actual \$	2016 Actual \$
Revenues			
Grant from the Government of Canada <i>(note 2(l))</i>	1,219,888	1,219,888	1,232,755
Transfer payments <i>(note 20)</i>	213,721	218,594	213,851
	1,433,609	1,438,482	1,446,606
Taxation, non-renewable resource and general revenues			
Corporate and personal income taxes <i>(note 20)</i>	170,606	190,938	134,847
Other taxes <i>(note 20)</i>	114,207	123,235	120,856
General <i>(note 20)</i>	64,717	64,516	68,024
Income from portfolio investments	762	3,089	5,039
Non-renewable resource revenue	62,347	63,671	58,203
Sales	148,338	145,532	139,520
Recoveries	50,441	35,130	36,219
	611,418	626,111	562,708
Recoveries of prior years' expenses	3,000	10,966	19,806
	2,048,027	2,075,559	2,029,120
Expenses (schedule B)			
Environment and economic development	161,021	161,094	183,353
Infrastructure	388,136	375,248	391,452
Education	338,174	344,288	338,561
Health, social services and housing	553,808	554,206	533,864
Justice	127,092	127,147	128,276
General government	320,284	320,522	305,221
Legislative Assembly and statutory offices	19,336	18,320	20,245
	1,907,851	1,900,825	1,900,972
Annual operating surplus	140,176	174,734	128,148
Projects on behalf of third parties			
Expenses	(89,526)	(84,299)	(81,123)
Recoveries	89,526	84,299	81,123
Annual surplus	140,176	174,734	128,148
Accumulated surplus at beginning of year	2,018,118	2,018,118	1,889,970
Accumulated surplus at end of year	2,158,294	2,192,852	2,018,118

The accompanying notes and schedules A and B 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, 2017

(thousands of dollars)

	2017	2016
	\$	\$
Cash provided by (used in)		
Operating transactions		
Annual surplus*	174,734	128,148
Items not affecting cash:		
Change in valuation allowances	2,007	(1,533)
Loss on tangible capital assets	5,049	6,824
Amortization	122,269	116,668
Adjustments to tangible capital assets	-	(5,604)
Inflation adjustment on real return bonds	3,494	-
	307,553	244,503
Changes in non-cash assets and liabilities:		
Increase (decrease) in due to the Government of Canada	8,521	(2,979)
Decrease in accounts receivable	6,381	20,360
Decrease in inventories for resale	87	1,114
Increase in accounts payable	8,177	3,550
Increase (decrease) in environmental liabilities and asset retirement obligations	5,508	(2,663)
Increase (decrease) in deferred revenue	8,836	(12,653)
Increase (decrease) in pensions	(957)	33
Decrease in other employee future benefits and compensated absences	(746)	(3,615)
Decrease in inventories held for use	467	71
Increase in prepaid expenses	(310)	(1,491)
Cash provided by operating transactions	343,517	246,230
Investing transactions		
Disposition of portfolio investments	55,618	91,348
Acquisition of portfolio investments	(58,941)	(80,269)
Loans receivable receipts	10,647	11,228
Loans receivable advanced	(9,936)	(12,665)
Cash (used for) provided by investing transactions	(2,612)	9,642
Capital transactions		
Acquisition of tangible capital assets	(318,010)	(262,753)
Proceeds of disposition of tangible capital assets	1,645	3,494
Cash used for capital transactions	(316,365)	(259,259)
Financing transactions		
Net proceeds from (repayment of) short term loans	(42,596)	24,429
Repayment of capital lease obligations	(794)	(2,668)
Proceeds from long-term financing	60,000	-
Repayment of long-term financing	(16,201)	(4,434)
Cash provided by financing activities	409	17,327
Increase in cash	24,949	13,940
Cash at beginning of year	91,775	77,835
Cash at end of year	116,724	91,775

*Total interest paid during the year \$23,942 (2016- \$22,628)

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

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(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 chart lists the organizations comprising the Government reporting entity, how they are accounted for in the consolidated financial statements and their specific operating authority.

Public Agencies fully consolidated:

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, 2017

(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, 2017 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 17*) 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 employee future benefits, environmental liabilities, asset retirement obligations, 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, 2017

(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, 2017

(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 (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 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
Airstrips and aprons	40 years or less
Buildings	40 years or less
Watercrafts	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 Commissioner or Territorial lands are not recorded.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(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 contingencies

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 contingencies 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 contingency is disclosed.

(j) 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.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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.

(l) Grant from the Government of Canada

Under *Federal-Provincial Fiscal Arrangements Act* (Canada), the Grant from the Government of Canada is 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.

(m) Transfer payments

Government transfers are recognized as revenue in the period in which the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria have been met, stipulations that give rise to a liability have been satisfied and a reasonable estimate of the amount can be made. Transfers received before these criteria are fully met are recorded as deferred revenue. Transfers received for tangible capital assets are recognized when the tangible capital asset is put into service.

(n) Taxes, regulatory, resource, general, and restricted 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*. 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*, 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, 2017

(All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Taxes, regulatory, resource, general, and restricted revenues (continued)

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(l)*) 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.

(o) 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 resource revenues that is received by the Government (*note 2 (n)*). 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)

(p) 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.

(q) 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.

(r) 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)

(s) 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.

(t) 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 actual costs incurred by the P3 partner. 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 Government's 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.

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)

(u) Future accounting changes

Financial instruments

The Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments effective for fiscal years beginning on or after April 1, 2019. 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, 2019, 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. The Government will analyze the impact of these new standards on its financial statements.

PSAB issued new standards in March 2015 on Related Party Transactions (PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions) and four new standards related to Assets (PS 3210), Contingent Assets (PS 3320), Contractual Rights (PS 3380) and Restructuring Transactions (PS 3430) in June 2015. All these new standards have an effective date of April 1, 2017, except for PS 3430 that has an effective date of April 1, 2018.

There is no significant impact on the consolidated financial statements as a result of the new standards.

3. PORTFOLIO INVESTMENTS

	2017	2016
	\$	\$
Marketable securities (market value \$101,942; 2016 - \$97,470)	100,023	96,685
Miscellaneous investments	385	400
	100,408	97,085

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 *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.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

4. DESIGNATED AND RESTRICTED ASSETS (continued)

Pursuant to the *Waste Reduction and Recovery Act*, the assets of the Environment Fund are to be used for specified purposes as follows:

- (a) the establishment, operation and evaluation of programs in respect of the reduction or recovery of waste;
- (b) education programs related to the reduction or recovery of waste;
- (c) research and development activities related to the reduction or recovery of waste;
- (d) the appropriate disposal of a designated or prohibited material as waste;
- (e) expenses associated with the work of the advisory committee; or
- (f) other costs associated with programs, initiatives or activities in respect of the reduction or 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 15*). 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 section 27 of 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. Subsection 4(2) of the Program, Projects and Services Continuation Regulations (the Regulations) specifies that a Loans and Bonds Fund will be used to record the lending operations. Subsection 19(2) requires that a Venture Investment Fund be used to record the venture investment operations. Furthermore, under subsection 18(2), the BDIC is obligated to maintain a Capital Fund and Subsidy Fund.

In addition to these funds, the BDIC is required, under subsections 18(6) and 19(5) of the Regulations, 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.

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.

Northwest Territories Housing Corporation has a cash reserve designated by management to settle mortgage principal where the underlying asset has been disposed. It is anticipated that the funds will be disbursed in December 2018.

Northwest Territories Sport and Recreation Council has a cash reserve designated by management to fund building, programs and games expenditures.

Beaufort Delta Divisional Education Council has restricted cash 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.

Commission scolaire francophone Territoires du Nord-Ouest has restricted cash for the purpose of covering legal costs related to legal action against the Government for the provision of additional classroom space in Hay River.

Northwest Territories Health and Social Services Authority has restricted funds for special projects, employee future benefits for funds received for the severance liability of employees transferred from the Government and an internally restricted fund for monies transferred from the inactive Beaufort Delta Hospital Foundation.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

4. DESIGNATED AND RESTRICTED ASSETS (continued)

	2017	2016
	\$	\$
Student Loan Fund:		
Authorized limit for loans receivable	45,000	45,000
Less: Loans receivable balance (<i>note 7</i>)	(41,320)	(41,953)
Funds designated for new loans	3,680	3,047
Heritage Fund:		
Heritage Fund net assets	10,614	5,525
Land Titles Assurance Fund:		
Land Titles net assets	4,355	4,208
Environment Fund:		
Beverage Container Program net assets	2,557	2,097
Portfolio Investments for the Legislative Assembly Supplementary Retiring Allowance (<i>note 15</i>)		
Marketable securities (market value \$32,995; 2016 - \$31,767)	30,274	30,004
Cash and other assets (market value approximates cost)	412	339
	30,686	30,343
BDIC:		
Venture Investment Fund	4,190	4,182
Subsidy Fund	471	488
Capital Fund	873	873
Venture Reserve Fund	486	486
Capital Reserve Fund	147	147
Loans and Bonds Fund	4,613	1,076
	10,780	7,252
NT Hydro:		
Sinking Funds (market value approximates cost)	5,800	7,988
Other:		
Cash	2,013	1,625
Guaranteed investment certificate	778	743
	2,791	2,368
	71,263	62,828

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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(All figures in thousands of dollars)

5. ACCOUNTS RECEIVABLE

	Accounts Receivable \$	Allowance for Doubtful Accounts \$	Net 2017 \$	Net 2016 \$
General	66,087	(24,797)	41,290	39,231
Utilities			9,220	9,826
	9,350	(130)		
Non-renewable resource revenue	58,343	-	58,343	67,723
Government of Nunavut	8,493	(149)	8,344	6,571
Health related costs due from third parties	8,682	(3,755)	4,927	4,118
Revolving fund sales	2,176	-	2,176	3,657
	153,131	(28,831)	124,300	131,126
Receivables from related parties:				
Workers' Safety and Compensation Commission	564	-	564	425
	153,695	(28,831)	124,864	131,551

6. INVENTORIES

	2017 \$	2016 \$
Inventories for resale:		
Bulk fuels	23,815	24,280
Liquor products	3,906	3,527
Arts and crafts	552	553
	28,273	28,360
Inventories held for use:		
Materials and supplies:		
Housing	3,009	2,843
NT Hydro	8,284	8,981
Hospital supplies	3,150	3,086
Public Stores	136	136
	14,579	15,046
	42,852	43,406

Inventory write-down for 2017 is \$300 (2016- \$292).

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

7. LOANS RECEIVABLE

	2017	2016
	\$	\$
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 5.62%, (2016 between 5.10% and 5.78%) before valuation allowance of \$5,363 (2016 - \$5,141).	42,402	44,350
Northwest Territories Energy Corporation Ltd. loan to the Dogrib Power Corporation due July 2026, bearing interest at an annual rate of 9.6% (2016 - 9.6%), repayable in equal monthly payments of \$195 (2016 - \$195), secured by a \$4,000 guarantee and a restricted bank account.	14,395	15,307
Students Loan Fund loans due in installments to 2028, bearing fixed interest between 0.00% and 11.75%, (2016 - 1.25% and 11.75%) unsecured, before valuation allowance and loan remissions of 17,697 (2016 - \$19,247).	41,320	41,953
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 3.00% and 12.00%, (2016 -3.00% and 12.00%) before valuation allowance of \$10,450 (2016 - \$10,302).	14,622	14,741
Other	20	-
	112,759	116,351
Valuation allowances	(33,510)	(34,690)
	79,249	81,661

Interest earned on loans receivable during the year is \$4,280 (2016 - \$5,148).

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 \$2,519 (2016 - \$2,908).

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 \$234,807 (2016 - \$277,403) incurred interest at a weighted average year-end rate of 0.86% (2016 - 0.95%). Interest expense on short term loans included in operations and maintenance expenses is \$2,072 (2016 - \$1,773).

The borrowing limit under the *Borrowing Authorization Act* is \$377,000.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	\$	\$
Trade	204,327	216,074
Government of Nunavut	158	262
Other liabilities	14,331	10,178
Employee and payroll-related liabilities	80,755	77,857
Accrued interest	713	706
	300,284	305,077
Payable to related parties:		
Workers' Safety and Compensation Commission	126	1,517
	300,410	306,594

10. DEFERRED REVENUE

	2017	2016
	\$	\$
Government of Canada		
Ministry of Finance	5,842	4,082
Building Canada Plan	256	513
Ministry of Infrastructure and Communities	4,478	-
Transport Canada	350	350
Canadian Northern Economic Development Agency	2,762	-
Work deposits, commercial use permits and tourism licences	934	-
Mining Recorders	1,125	1,350
NPR Limited Partnership	1,856	2,070
Other	2,007	2,409
	19,610	10,774

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

March 31, 2017

(All figures in thousands of dollars)

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 279 (2016 - 223) sites as potentially requiring environmental remediation at March 31, 2017. Where remediation costs have been estimated and a liability has been recorded the methodology used to estimate the liability is either based on third party analyses or extrapolated from costs previously incurred to remediate, monitor, or manage sites of similar size and contamination.

Type of Site	2016 Liability	Remediation Expenditures	New Sites in 2017	Increase (Decrease) in Estimate	2017 Liability	Number of Sites
	\$	\$	\$	\$	\$	
Abandoned mines ⁽¹⁾	13,778	(1,035)	-	572	13,315	7
Landfills ⁽²⁾	11,145	(465)	820	(1,047)	10,453	43
Abandoned infrastructure and schools ⁽³⁾	12,258	(1,069)	1,750	872	13,811	75
Airports, airport strips or reserves ⁽⁴⁾	1,874	(129)	-	(41)	1,704	23
Sewage lagoons ⁽⁵⁾	2,784	(200)	68	(34)	2,618	29
Fuel tanks and resupply lines ⁽²⁾	2,359	(17)	-	101	2,443	12
Abandoned lots and maintenance facilities ⁽³⁾	15,156	(1,340)	4,603	2,319	20,738 *	90
Total environmental liabilities	59,354	(4,255)	7,241	2,742	65,082	279
Asset retirement obligations	6,878	-	-	325	7,203	
Total	66,232				72,285	

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, 2017 is \$2,708 (2016 - \$2,851). 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 were 6 (2016 - 2) 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.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

11. ENVIRONMENTAL LIABILITIES AND ASSET RETIREMENT OBLIGATIONS (continued)

Included in the 279 sites, there are 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 2.47% for obligations to be settled in 10 years or less and 3.5% for obligations to be settled in 10 years or more.

12. DUE TO (FROM) THE GOVERNMENT OF CANADA

	2017	2016
	\$	\$
Receivables		
Projects on behalf of the Government of Canada	(13,522)	(15,605)
Miscellaneous receivables	(32,574)	(59,415)
	(46,096)	(75,020)
Payables		
Excess income tax advanced	65,961	74,002
Advances for projects on behalf of the Government of Canada	22,620	18,923
Miscellaneous payables	37,247	53,306
	125,828	146,231
	79,732	71,211

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

	\$
2018	37,479
2019	26,873
2020	1,268
2021	341
	65,961

Government of the Northwest Territories

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13. CAPITAL LEASE OBLIGATIONS

	2017	2016
	\$	\$
Buildings	997	1,343
Equipment	18,957	18,568
	19,954	19,911

Interest expense related to capital lease obligations for the year is \$1,894 (2016 - \$1,934), at an implicit average interest rate of 9.21% (2016 - 9.42%). Capital lease obligations (expiring between 2019 and 2061) are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2017.

	\$
2018	3,139
2019	2,776
2020	2,422
2021	1,982
2022	1,922
2023 and beyond	44,530
Total minimum lease payments	56,771
Less: imputed interest	36,817
Present value of minimum lease payments	19,954

Government of the Northwest Territories

Notes to Consolidated Financial Statements

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14. LONG-TERM DEBT

	2017	2016
	\$	\$
Loans due to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest at a rate of 6.97% (2016 - 6.97%), unsecured.	6,402	7,004
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% (2016 - 2.78% and 3.68%), unsecured.	2,662	2,907
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of \$7 (2016 - \$7) maturing June 2024, bearing interest at 3.30% (2016 - 3.30%), secured with real property.	595	666
Yellowknife Catholic Schools debentures, repayable in monthly installments of \$68 (2016 - \$68), including fixed interest at 5.73%, final installment due in 2024, unsecured.	1,417	2,130
Debentures, due 2025 to 2052, bearing interest between 3.82% and 6.00% (2016 - 3.82% and 6.00%), unsecured.	90,000	90,000
Sinking Fund debenture, due 2018, bearing interest at 6.33% (2016 - 6.33% and 8.41%), secured by sinking funds earning a weighted average effective rate of return of 0.48% (2016 - 0.48%).	10,000	18,700
Amortizing Debentures, due 2032 to 2047, bearing interest between 3.98% and 6.42% (2016 - 5.16% and 6.42%), unsecured.	116,233	57,876
Series 1, 2 and 3 Debentures, repayable in monthly installments between \$69 and \$73 (2016 - \$69 and \$73), maturing 2025 to 2026, bearing interest between 9.11% and 10.00% (2016 - 9.11% and 10.00%), unsecured.	14,916	15,971
Real return senior bonds with accrued inflation adjustment, maturing June 1, 2046, redeemable at the option of the issuer, bearing interest at 3.17% (2016 - 3.17%) payable semi-annually, unsecured.	178,277	177,801
Loan due to Boreal Health Partnership, repayable in monthly installments of \$794 starting at the expected in service date November 2018 until November 2048, bearing interest at 6.10% (imputed), unsecured.	51,181	13,730
Loan due to Northern Lights General Partnership, repayable in monthly installments of \$620 at the expected in service date August 2017 until July 2037, bearing interest at 6.39% (imputed), unsecured.	90,900	65,007
	562,583	451,792
Unamortized premium, discount and issuance costs	(884)	(730)
	561,699	451,062

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

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:

	Long-term Principal \$	Sinking Fund Investment \$
2018	20,278	425
2019	23,405	425
2020	13,992	-
2021	14,866	-
2022	15,618	-
2023 and beyond	474,424	-
	562,583	850

Interest expense on long-term debt, included in operations and maintenance expenses, is \$20,689 (2016 - \$19,627).

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.

	2017 \$	2016 \$
Government of the Northwest Territories:		
Mortgage payable to Canada Mortgage and Housing Corporation	595	666
Guarantees (<i>note 19(a)</i>)	17,404	21,926
Real Return Bonds payable	178,277	177,801
Capital lease obligations	1,834	1,290
Short term borrowing	234,807	244,803
NWT Housing Corporation, mortgages and loans payable	9,063	9,911
NWT Housing Corporation, capital lease obligations	-	53
NT Hydro, capital lease obligations	18,120	18,568
NT Hydro, long-term debt (net of sinking fund)	224,465	173,830
NT Hydro, operational debt	-	32,600
Fuel Services Division, capital lease obligations	-	1,375
Yellowknife Catholic Schools District Education Authority	1,417	2,130
	685,982	684,953
Authorized borrowing limit	1,300,000	1,300,000
Available borrowing capacity before P3s	614,018	615,047
Future encumbrances relating to P3s long term debt (<i>note 14</i>)	142,081	78,737
Available borrowing capacity	471,937	536,310

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(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), 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 active members of the MLAs plans is 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 active members of the Judges' plans is 59. 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 146 plan members is 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, 2017

(All figures in thousands of dollars)

15. PENSIONS (continued)

a) Plans' description (continued)

Yellowknife Catholic Schools has a defined benefit pension plan for its employees. The average age of the 157 plan members is 46 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, contribution rates for 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 1.01 times (2016 - 1.15) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2016 - 1.1) the employees' contributions for all other employees.

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

March 31, 2017

(All figures in thousands of dollars)

15.PENSIONS (continued)

b) Pension liability

	2017	2017	2017
	Regular	Supplemental	Total
	Funded	Unfunded	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
	2016	2016	2016
	Regular	Supplemental	Total
	Funded	Unfunded	Total
	\$	\$	\$
Accrued benefit obligation	71,022	34,444	105,466
Pension fund assets - market-related value	(81,715)	-	(81,715)
Unamortized actuarial gains (losses)	3,972	(1,370)	2,602
Pension liability (asset)	(6,721)	33,074	26,353

Included in the pension asset of \$(9,588) (2016 - \$(6,721)) is a deficit for accounting purposes of the Judges' plan in the amount of \$1,564 (2016 - \$1,249).

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

15. PENSIONS (continued)

c) Change in pension liability (asset)

	2017 Regular Funded \$	2017 Supplemental Unfunded \$	2017 Total \$
Opening balance	(6,721)	33,074	26,353
Change to pension liability (asset) from cash items:			
Contributions from plan members	(2,832)	-	(2,832)
Contributions from Government	(5,126)	-	(5,126)
Benefit payment to plan members	(4,412)	(1,446)	(5,858)
Drawdown from plan assets	4,412	-	4,412
Change in pension liability (asset) from cash items	(7,958)	(1,446)	(9,404)
Change to pension liability (asset) 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 in pension liability (asset) from accrual items	5,091	3,356	8,447
Ending balance	(9,588)	34,984	25,396
	2016 Regular Funded \$	2016 Supplemental Unfunded \$	2016 Total \$
Opening balance	(4,616)	30,936	26,320
Change to pension liability (asset) from cash items:			
Contributions from plan members	(2,570)	-	(2,570)
Contributions from Government	(5,147)	-	(5,147)
Benefit payment to plan members	(5,856)	(1,294)	(7,150)
Drawdown from plan assets	5,856	-	5,856
Change to pension liability (asset) from cash items	(7,717)	(1,294)	(9,011)
Change to pension liability (asset) from accrual items:			
Current period benefit cost	5,984	1,269	7,253
Amortization of actuarial (gains) losses	(239)	567	328
Prior period cost of plan amendment	51	-	51
Change in valuation allowance	163	-	163
Interest on average accrued benefit obligation	3,412	1,596	5,008
Expected return on average plan assets	(3,759)	-	(3,759)
Change in pension liability (asset) from accrual items	5,612	3,432	9,044
Ending balance	(6,721)	33,074	26,353

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

15. 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 \$5,615 (2016 - \$6,474). 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 \$3,134 (2016 - \$3,981).

In addition to the above, the Government contributed \$55,331 (2016 - \$58,220) to the Public Service Pension Plan. The employees' contributions to this plan were \$47,004 (2016 - \$43,485).

e) Changes to pension plans in the year

Hay River Health and Social Services Authority

As at the valuation date, the Authority has decided to revise the pension plan provisions as follows:

- a) To increase required employee contributions - Effective January 1, 2017, the employer required contributions increased to 1.73 (previously 1.62). The employee remitted portion as was approved by the Authority pension committee on May 8, 2017 and an accrual has been set up in the financial statements to reflect this change retroactively.
- b) To cease offering portability at certain ages - The plan was amended, with an effective date of 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, 2017. 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, 2017. The effective date of the next actuarial valuation is April 1, 2020. The actuarial valuation for the Retirement Plan for Employees of the Hay River Health and Social Services Authority was completed as at January 1, 2017 and extrapolated to March 31, 2017. The effective date of the next actuarial valuation is January 1, 2018. The actuarial valuation for the Retirement Plan for Employees of the Yellowknife Catholic Schools was completed as at June 30, 2015 and the results were extrapolated to June 30, 2016. The effective date of the next actuarial valuation for the Yellowknife Catholic Schools plan is June 30, 2017.

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)

15. 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 \$23,145 (2016 - \$22,524). The asset valuation method for the Judges' plans is market-related value. The market value of the regular Judges' regular plan is \$5,889 (2016 - \$5,637). 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 52,062 (2016 - \$45,091) and \$13,113 (2016 - \$10,237) 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 7.0 years (2016 - 3.0 years) for the MLA's plans, 2.7 years (2016 - 2.0 years) for the Judges' plans, 7.0 years (2016 - 7.6 years) for the Hay River Health and Social Services Authority plan and 13.9 years (2016 - 14.2 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	4.5%	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	4.5%	5.5%	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, 2017

(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 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, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2017 and the results were extrapolated to March 31, 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, beginning of year	51,423	10,876	62,299	76,334
Current period benefit cost	2,690	838	3,528	12,315
Interest accrued	1,507	335	1,842	1,887
Benefits payments	(6,686)	(2,496)	(9,182)	(11,451)
Plan amendments	-	54	54	79
Actuarial (gains)/losses	1,738	4,033	5,771	(16,865)
Accrued benefit obligations, end of year	50,672	13,640	64,312	62,299
Unamortized net actuarial gain/(loss)	10,738	(1,651)	9,087	16,790
Net future obligation	61,410	11,989	73,399	79,089
Other employee future benefits	8,628	-	8,628	3,922
Other compensated absences	-	1,432	1,432	1,194
Total employee future benefits and compensated absences	70,038	13,421	83,459	84,205

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

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

	Severance and Removal \$	Compensated Absences \$	2017 \$	2016 \$
Benefits Expense				
Current period benefit cost	2,690	838	3,528	12,315
Interest accrued	1,507	335	1,842	1,887
Plan amendments	-	54	54	79
Amortization of actuarial (gain)/loss	(1,641)	(311)	(1,952)	9
	2,556	916	3,472	14,290

The discount rate used to determine the accrued benefit obligation is an average of 3.3% (2016- 3.2%). No inflation rate was applied . The expected payments during the next five fiscal years are:

	Severance and Removal \$	Compensated Absences \$	Total \$
2018	14,567	3,320	17,887
2019	8,897	2,201	11,098
2020	6,837	1,717	8,554
2021	5,827	1,447	7,274
2022	5,045	1,288	6,333
	41,173	9,973	51,146

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

17. 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.

	2017	2016
	\$	\$
Bequest - South Slave Divisional Education Council	80	80
Correctional institutions and other	463	438
Government of New Brunswick	721	713
Natural Resources	236	236
Patient funds - Hay River Health and Social Services Authority	101	71
Public Trustee	5,527	5,605
Patient funds - Northwest Territories Health and Social Services Authority	140	193
Securities - land use permits and water licences and oil and gas deposits	7,236	5,495
Territorial and Supreme Courts	775	1,224
	15,279	14,055

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 \$579,221 (2016- \$499,844). The majority of these guarantees are held against water licenses issued to regulate the use of water and the deposit of waste.

18. CONTRACTUAL OBLIGATIONS

The Government has entered into agreements for, or is contractually committed to, the following payments subsequent to March 31, 2017:

	Expiry Date	2018 \$	2019- 2048 \$	Total \$
Operational commitments	2048	140,969	188,003	328,972
P3 Operational commitments	2048	3,248	281,460	284,708
RCMP Policing Agreement	2032	42,197	587,027	629,224
Commercial and residential leases	2041	27,609	80,037	107,646
Equipment leases	2023	1,828	3,188	5,016
Tangible capital asset projects in progress at year-end	2020	57,608	3,279	60,887
P3 Tangible capital asset projects in progress at year-end	2018	65,000	7,287	72,287
		338,459	1,150,281	1,488,740

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

19. CONTINGENCIES

(a) Guarantees

The Government has guaranteed residential housing loans to banks totaling \$870 (2016 - \$3,260) and indemnified Canada Mortgage and Housing for third party loans totaling \$16,534 (2016 - \$18,666). 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.

(b) Loans

The Northwest Territories Business Development and Investment Corporation (BDIC) has four outstanding loans to three Northern Community Futures organizations totaling \$538 (2016 - \$1,041). 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 2017, no accounts were assigned to BDIC (2016 - \$0).

The BDIC has four (2016 - six) outstanding irrevocable standby letters of credit totaling \$2,155 (2016 - \$2,375) 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 (2016 - nil).

(c) 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 \$67,027 (2016 - \$8,363). 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, 2017

(All figures in thousands of dollars)

20. TRANSFER PAYMENTS, TAXATION AND GENERAL REVENUE

	2017 \$	2016 \$
Transfer payments:		
Capital transfers	66,774	84,124
Canada Health and Social Transfer Reform Fund	60,933	60,016
Federal cost shared	59,048	50,050
Other	31,839	19,661
	<hr/> 218,594	<hr/> 213,851
Taxation:		
Corporate Income Tax	68,616	25,010
Personal Income Tax	122,322	109,837
	<hr/> 190,938	<hr/> 134,847
Other taxes:		
Fuel	21,288	19,750
Tobacco	15,336	16,191
Payroll	43,643	42,085
Property and school levies	37,839	37,670
Insurance	5,129	5,160
	<hr/> 123,235	<hr/> 120,856
General:		
Lease	5,875	5,959
Regulatory	32,602	30,595
Sundry and other	19,206	23,941
Interest	5,555	7,023
Gain on disposition of assets	835	63
Grants in kind	443	443
	<hr/> 64,516	<hr/> 68,024
	<hr/> 597,283	<hr/> 537,578

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, 2017

(All figures in thousands of dollars)

21. 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 Public Works and Services Department of Transportation 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 Aboriginal Affairs and Intergovernmental Relations Department of Executive Department of Finance Department of Human Resources 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, 2017

(All figures in thousands of dollars)

22. OVEREXPENDITURE

During the year 4 departments (2016 - 1) exceeded their operations vote by \$5,423 (2016 - \$2,959) and 2 departments (2016 - 1) exceeded their capital vote by \$2,169 (2016 - \$68,916).

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 Executive (operations)	\$201
Department of Finance (operations)	\$1,211
Department of Education, Culture and Employment (operations)	\$2,598
Department of Health and Social Services (operations)	\$1,413
Department of Health and Social Services (capital)	\$1,752
Legislative Assembly (capital)	\$417

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

Yellowknife Airport revolving fund

On July 1, 2017, the Government set up a revolving fund for the Yellowknife Airport to account for a new Airport Improvement Fee that is being charged to each passenger. The new fee will be used for airport capital purchases and to eliminate the Yellowknife Airport operating deficit.

Marine Transportation Services revolving fund

On June 2, 2017, the Government established a new revolving fund for ongoing operations, maintenance and capital expenditures of the new Marine Transportation Services division.

Department Amalgamations

On April 1, 2017, the Department of Aboriginal Affairs and Intergovernmental Relations and the Department of the Executive amalgamated to form the Department of Executive and Indigenous Affairs.

On April 1, 2017, the Department of Human Resources amalgamated into the Department of Finance.

On April 1, 2017, the Department of Public Works and Services and the Department of Transportation amalgamated to form the Department of Infrastructure.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 2017

(All figures in thousands of dollars)

23. SUBSEQUENT EVENTS (continued)

Public Utilities Board Applications

On May 31, 2017 NT Hydro applied to the Public Utilities Board to turn off its fuel refund rider effective July 1, 2017. The Public Utilities Board approved the application on June 30, 2017.

24. 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 ^{1,2,4}	Leasehold Improvements	Equipment ^{1,3}	Computers	Work in Progress ^{5,6}	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost of tangible capital assets, opening balance	20,318	1,643,108	2,141,790	43,246	239,759	129,387	243,674	4,461,282	4,130,046
Transfers	2,377	49,498	95,981	1,325	28,431	73,485	(251,097)	-	-
Acquisitions	-	47	1,052	8	1,823	-	365,445	368,375	359,568
Disposals	(46)	(3,385)	(3,537)	(646)	(7,786)	(3,971)	-	(19,371)	(28,332)
Cost of tangible capital assets, closing	22,649	1,689,268	2,235,286	43,933	262,227	198,901	358,022	4,810,286	4,461,282
Accumulated amortization, opening	-	(650,577)	(692,101)	(33,090)	(134,172)	(73,232)	-	(1,583,172)	(1,484,519)
Amortization expense	-	(48,588)	(49,771)	(1,030)	(11,866)	(11,014)	-	(122,269)	(116,668)
Disposals	-	1,947	624	154	6,668	3,284	-	12,677	18,015
Accumulated amortization, closing	-	(697,218)	(741,248)	(33,966)	(139,370)	(80,962)	-	(1,692,764)	(1,583,172)
Net book value	22,649	992,050	1,494,038	9,967	122,857	117,939	358,022	3,117,522	2,878,110

¹ Included in buildings, infrastructure and equipment are assets under capital lease (cost \$33,792 (2016 - \$31,041); accumulated amortization, \$10,502 (2016 - \$10,221); net book value, \$23,290 (2016 - \$20,820)).

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

³ Includes mobile and heavy equipment and medical and major equipment.

⁴ Included in infrastructure are capitalized costs for P3 project Mackenzie Valley Fibre Link \$66,212 (2016 - \$0) and roads capitalized but not yet amortized of \$285,997 (2016- \$257,945).

⁵ Included in work in progress are costs related to P3 projects: Stanton Territorial Hospital Renewal \$146,176 (2016- \$40,783) and Mackenzie Valley Fibre Link \$28,824 (2016 - \$69,142) .

⁶ Not included in acquisitions of tangible capital assets on the statement of cash flow are non-cash items of \$50,365 (2016- \$96,815).

⁷ Land with cost and net book value of \$0, market value \$772 (2016- \$7,056) 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	2017	2016
	\$	\$	\$	\$	\$	\$
Revenues						
Grant from the Government of Canada	1,219,888	-	1,219,888	-	1,219,888	1,232,755
Transfer payments	186,901	31,693	218,594	-	218,594	213,851
	1,406,789	31,693	1,438,482	-	1,438,482	1,446,606
Taxation and general revenues						
Corporate and personal income taxes	190,938	-	190,938	-	190,938	134,847
Other taxes	114,827	9,937	124,764	(1,529)	123,235	120,856
General	40,613	681,002	721,615	(657,099)	64,516	68,024
Income from portfolio investments	1,864	1,225	3,089	-	3,089	5,039
Non-renewable resource revenue	63,671	-	63,671	-	63,671	58,203
Sales	114,753	89,124	203,877	(58,345)	145,532	139,520
Recoveries	20,768	14,914	35,682	(552)	35,130	36,219
	547,434	796,202	1,343,636	(717,525)	626,111	562,708
Recoveries of prior years' expenses	13,728	-	13,728	(2,762)	10,966	19,806
	1,967,951	827,895	2,795,846	(720,287)	2,075,559	2,029,120
Expenses						
Grants and contributions	793,546	4,140	797,686	(581,640)	216,046	207,189
Operations and maintenance	523,138	307,254	830,392	(114,401)	715,991	726,332
Compensation and benefits	377,901	468,481	846,382	(2,872)	843,510	847,701
Change in valuation allowances	3,009	-	3,009	-	3,009	3,082
Amortization of tangible capital assets	89,133	33,119	122,252	17	122,269	116,668
	1,786,727	812,994	2,599,721	(698,896)	1,900,825	1,900,972
Annual operating surplus (deficit)	181,224	14,901	196,125	(21,391)	174,734	128,148
Projects on behalf of third parties						
Expenses	(84,299)	-	(84,299)	-	(84,299)	(81,123)
Recoveries	84,299	-	84,299	-	84,299	81,123
Annual surplus (deficit)	181,224	14,901	196,125	(21,391)	174,734	128,148

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, 2017
(Unaudited)**

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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. Collectively this is 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 results within the Public Accounts and discussion on results in comparison to the original budgets of the Government. High level results of operations for the fiscal year ending March 31, 2017 and the financial position as at March 31, 2017 are summarized below:

(\$ in thousands)

	Budget 2017	Actual 2017	Actual 2016
Total Revenue	2,048,027	2,075,559	2,029,120
Total Expense	1,907,851	1,900,825	1,900,972
Annual Surplus	140,176	174,734	128,148
Financial assets		495,614	505,452
<i>Less: Total liabilities</i>		1,443,448	1,388,765
Net debt		(947,834)	(883,313)
Non-financial assets		3,140,686	2,901,431

The 2016-17 financial statements report a surplus of \$175 million, \$35 million more than what was originally budgeted. Subsequent budget adjustments approved during the fiscal year are not reflected in the budget presented. 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, changes in 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 \$65 million in 2016-17. Debt was incurred to finance capital infrastructure and support working capital requirements for programs and initiatives. This past fiscal year's increase is largely attributable to the financing related to public private partnerships of \$142 million for work done to date on the Mackenzie Valley Fibre Link and Stanton Territorial Hospital Renewal projects.

Unlike prior years, the Territory's economy decreased by 0.1% in 2017 as measured by real GDP; this change is significantly different than the national average, which increased by 1.3%. The Territory's economy decreased as a result of a decrease in the construction and mining, oil and gas sectors in the 2016 calendar year.

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 Territory continues to manage growth in spending, while making targeted investments to encourage economic growth and address the infrastructure deficit. Cumulative infrastructure investments of \$4.452 billion focusing on health care, education and transportation have made the Northwest Territories 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 2016-17 fiscal year, the Government had a net debt of \$948 million compared to net debt of \$883 million at the end of the prior fiscal year. The net debt represents 46% of 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 \$64 million in non-renewable resource revenues, increased from 25% of total revenue in 2016 to 27% in 2017; sales and taxes are a major source of fluctuation. The Government's limited flexibility to increase taxes combined with small tax bases makes a significant increase in other own source revenues unlikely in the short term.

At March 31, 2017, the Government has a federally imposed limit on its borrowing of \$1.3 billion. Although the Government is currently well under its debt authority limit, \$1.3 billion represents 68% of 2016-17 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.

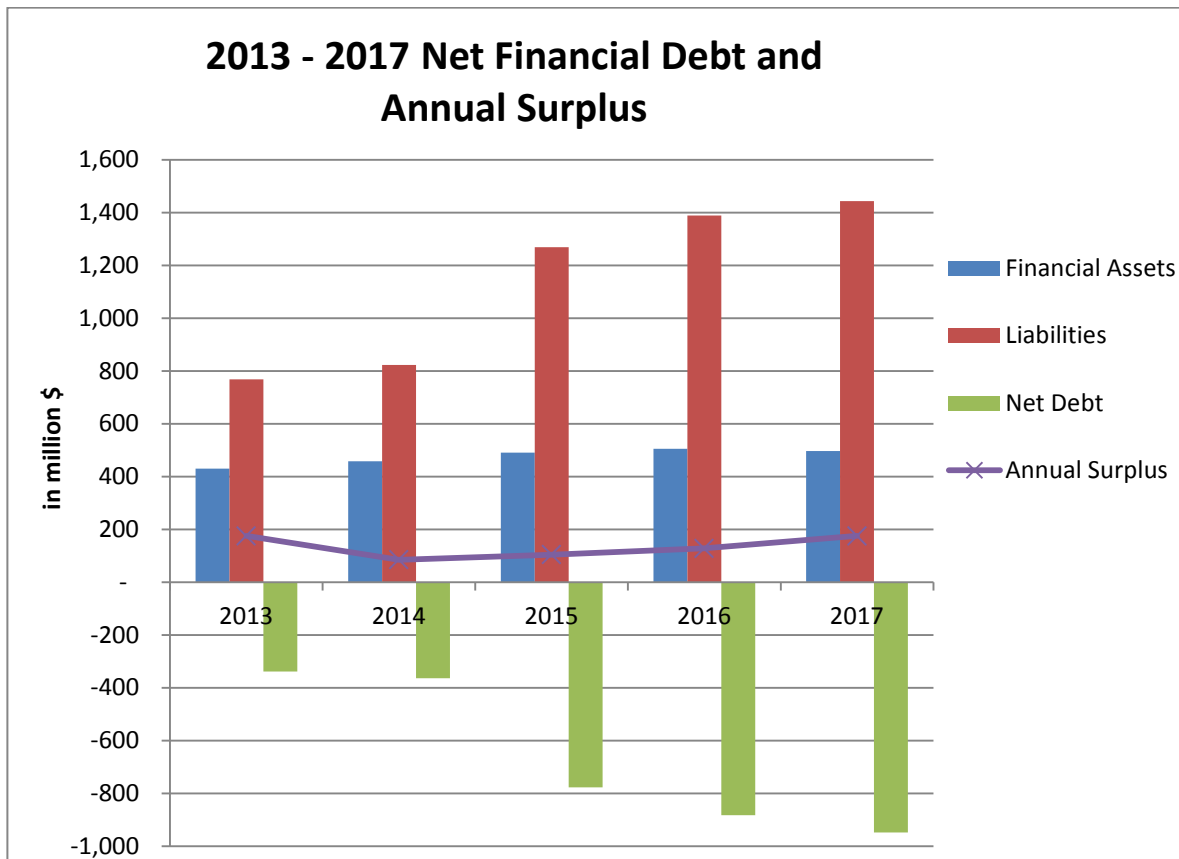
- ***Vulnerability*** – to assess the Government’s vulnerability, it is not necessary to look further than the Government’s limited own-source revenues and the volatility related to corporate and personal income taxes. The Government’s largest source of revenue is the grant and transfer payments from Canada which represents approximately 69% of total revenues 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 continues to be financially stable, but it has limited flexibility to raise new revenues. The Government 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 being reduced by all liabilities of a Government. Net debt results when there is an excess of liabilities over financial assets. The Government is in a net debt position; 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 the 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 will increase net debt. The change in net debt from the prior year is shown in 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.



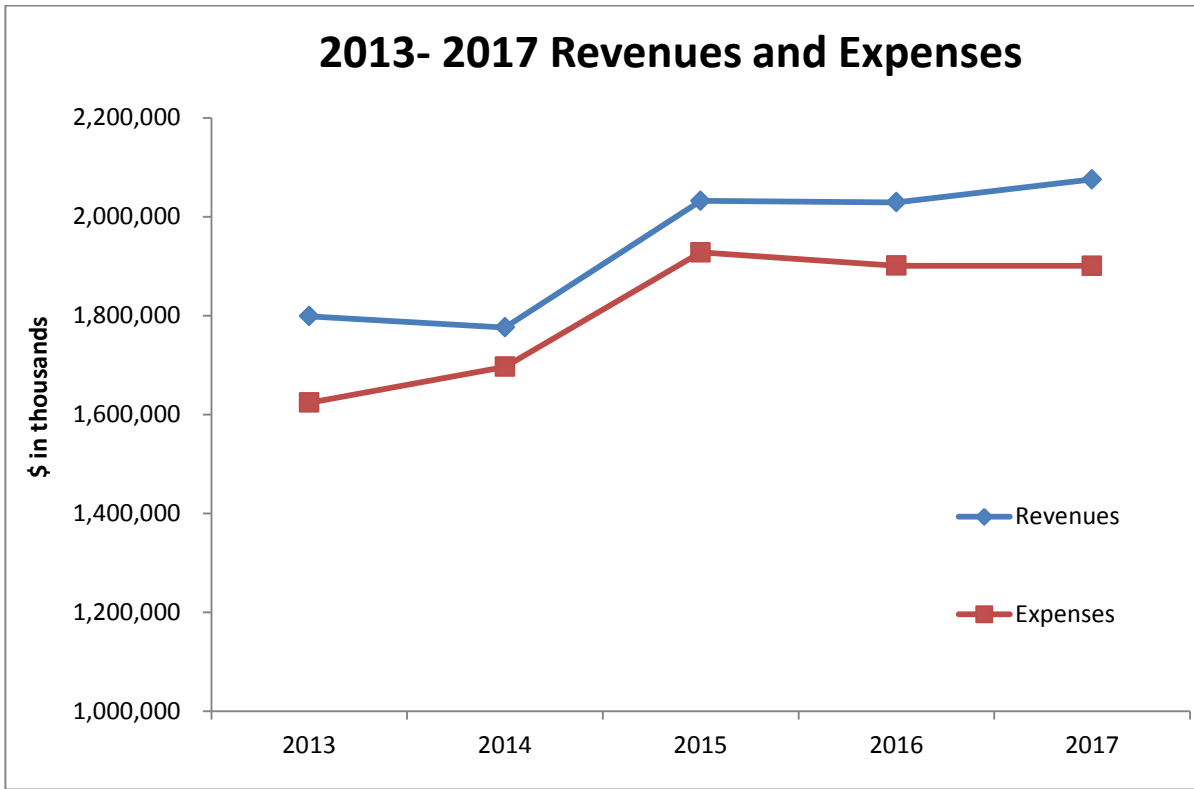
Net debt increased during the 2017 fiscal year primarily due to the increase in financing for public private partnerships for work done to date on the Mackenzie Valley Fibre Link and Stanton Territorial Hospital Renewal projects. Net debt is subtracted from the Government's accumulated investment in 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 (the Corporation) operations in the 2014-15 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 consistent over the years with a comparative increase in the 2014 - 15 fiscal year when the Government consolidated the Corporation on a line by line basis. This inclusion proportionately increased the Government's revenues and expenses. These are described in more detail on the following pages.

REVENUES BY SOURCE

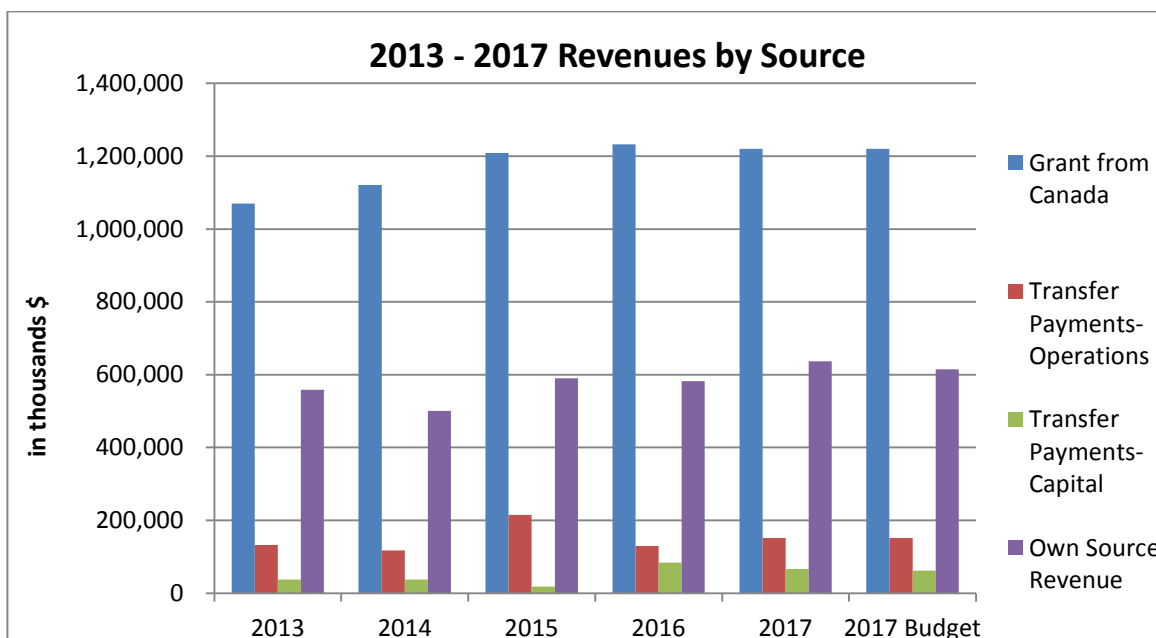
The Government funds programs and services through a combination of transfers from the federal government and own-source revenues. In order to assess the long-term sustainability of the present level of services, various key indicators are monitored on an ongoing basis, including the following:

- 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 the volatility in corporate income tax. NWT corporate income tax revenues are volatile for a number of reasons but mainly because the majority of corporate income tax revenues are generated by a small number of resource based tax payers, whose taxable incomes fluctuate 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 that is lagged two years. 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 payment 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 Public Sector Accounting Standards. This is another significant factor that contributes to revenues being unpredictable. The Inuvik-Tuktoyaktuk Highway is a large project that is cost shared, with annual recognition of revenue as portions of the highway are completed; 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 future amortization when the asset is in service.



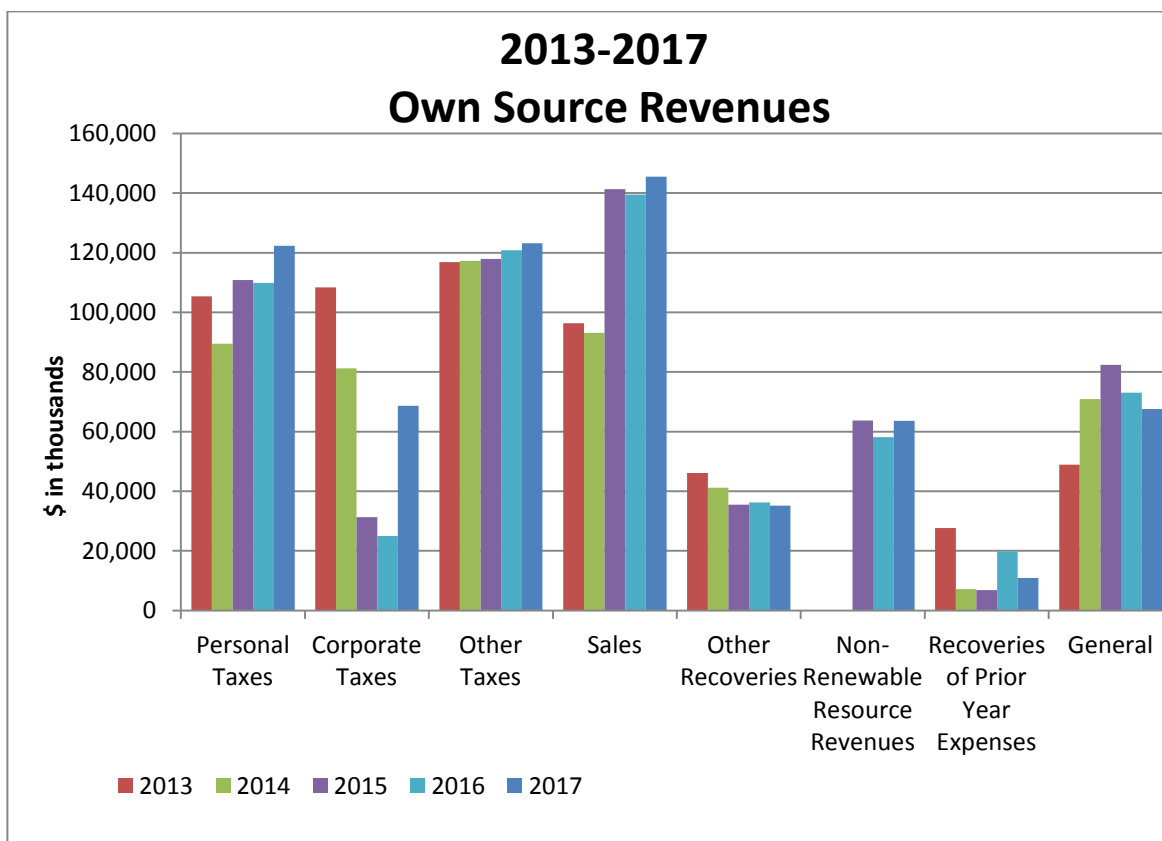
* Own source revenues include recoveries of prior year expenditures

Total revenue in 2016-17 was \$2.076 billion, an increase of \$28 million or 1.4 per cent of the original budget. This increase is primarily due to increases in personal and corporate income taxes.

Territorial Formula Financing Grant from Canada

The Grant from Canada was \$1.220 billion in 2016-17 a decrease of \$13 million over 2015-16, due mainly to 2016-17 being the first year of the inclusion of the resource revenue offset following devolution in the grant formula.

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.



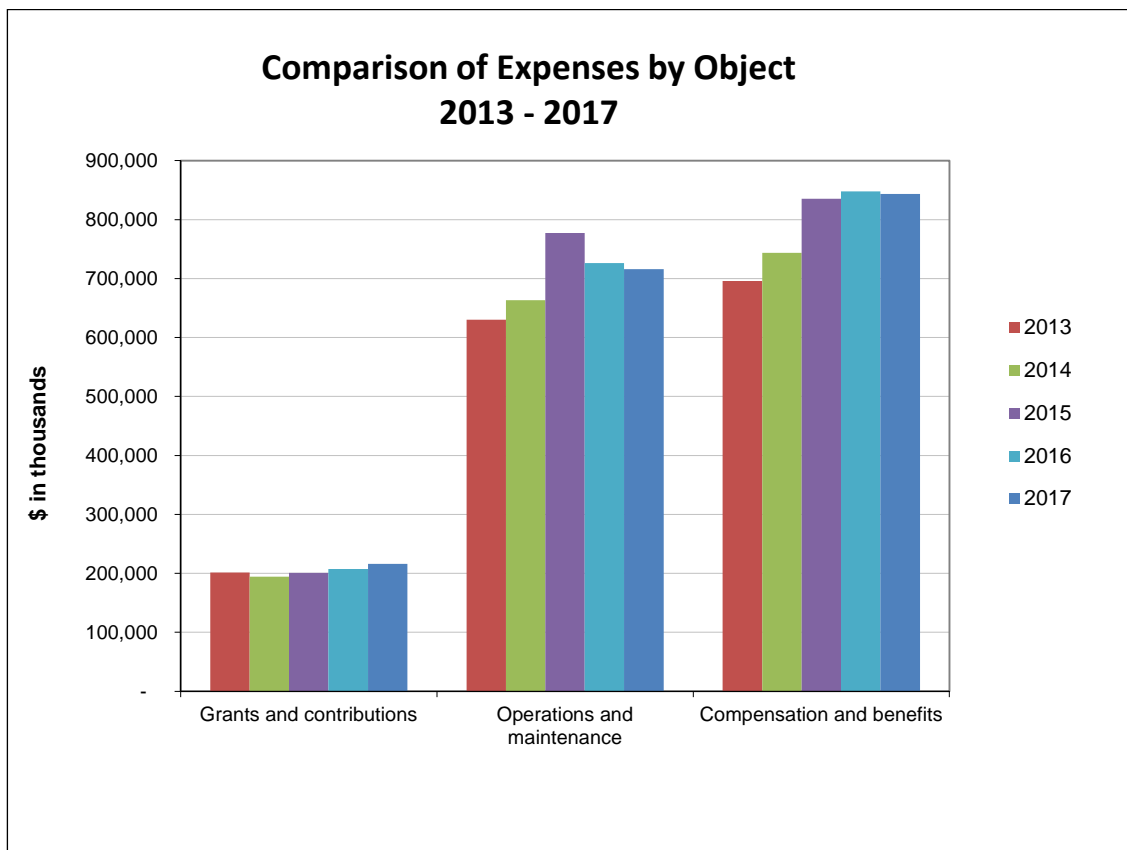
Own Source Revenue

The Government's major own-source revenues, related to 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. Revenues from Canada vary, accounting for approximately 69% of total revenues for the current year.

With the exception of corporate and personal income tax, 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. 2014-15 was the first year of non-renewable resource revenues and the inclusion of the Hydro Corporation; the effects of the Hydro Corporation and non-renewable resource revenue trends will be evident over time.

Non-renewable resource revenues are subject to volatility and the expected 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 Aboriginal partners (signatories to the Northwest Territories Lands and Resource Devolution Agreement) will be used to fund infrastructure, pay down debt and invest in the NWT Heritage Fund.

EXPENSES BY OBJECT



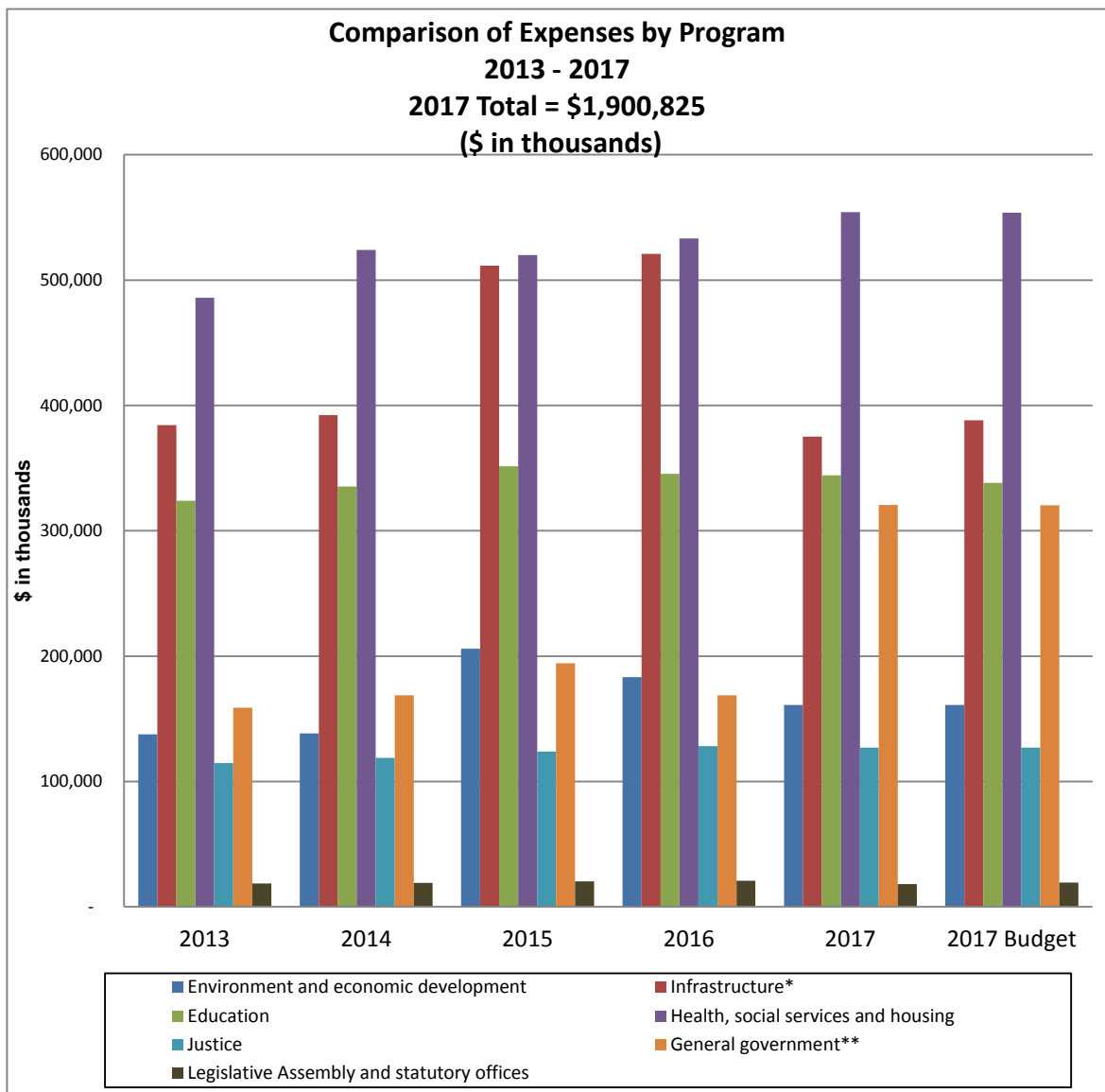
The above graph provides information on the consolidated government’s operations. Total expenses in 2016-17 are \$1.9 billion, \$7 million or 0.4% less than originally budgeted. This decrease is due to vacant positions, decrease in fuel prices and unspent operational funding for Infrastructure.

Grants and contributions from the Government to boards and agencies consolidated in Section I of the Public Accounts are reported under the operations and maintenance, compensation and benefits categories to better reflect the nature of the final expense types that resulted. This classification does not change the way that these Government organizations are funded as many of our social programs are funded by contributions from the Government. Many components of the funding agreements with boards and agencies are fixed costs incurred by the recipients and as the main 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



*Infrastructure now includes the 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 2016-17 the expenses for the Department of Municipal and Community Affairs and the Northwest Territories Sport and Recreation Council were part of Infrastructure; their expenditures are included in General Government in 2016-17.

The Government spends the majority of its budget on social programs (education, health, support to community Governments, justice and housing), with the remaining budget allocated to infrastructure, 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 \$161 million in 2016-17. 2016-17 figures were close to the budgeted amount.
- Infrastructure expense was \$375 million in 2016-17. 2016-17 figures were \$13 million less than budgeted due to increased use of hydro generation which resulted in a corresponding reduction in diesel consumption.
- Education expense was \$344 million in 2016-17. 2016-17 figures were \$6 million more than budgeted mainly due to an increase in spending in Education Authorities for operational expenses.
- Health, social services, and housing expense was \$554 million in 2016-17. 2016-17 figures were close to the budgeted amount.
- Justice expense was \$127 million in 2016-17. 2016-17 figures were close to budgeted amounts.
- General government expense was \$320 million in 2016-17. 2016-17 figures were close to the budgeted amount.
- Legislative Assembly and statutory offices expense was \$18 million in 2016-17. 2016-17 figures were \$1 million less than budgeted due a decrease in their 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 NWT, Statistics Canada estimated GDP was \$3.7 billion for 2016, which represents a 0.1% decrease relative to the previous year. This decrease was the result of a decrease in the construction and mining, oil and gas sectors in the 2016 calendar year.

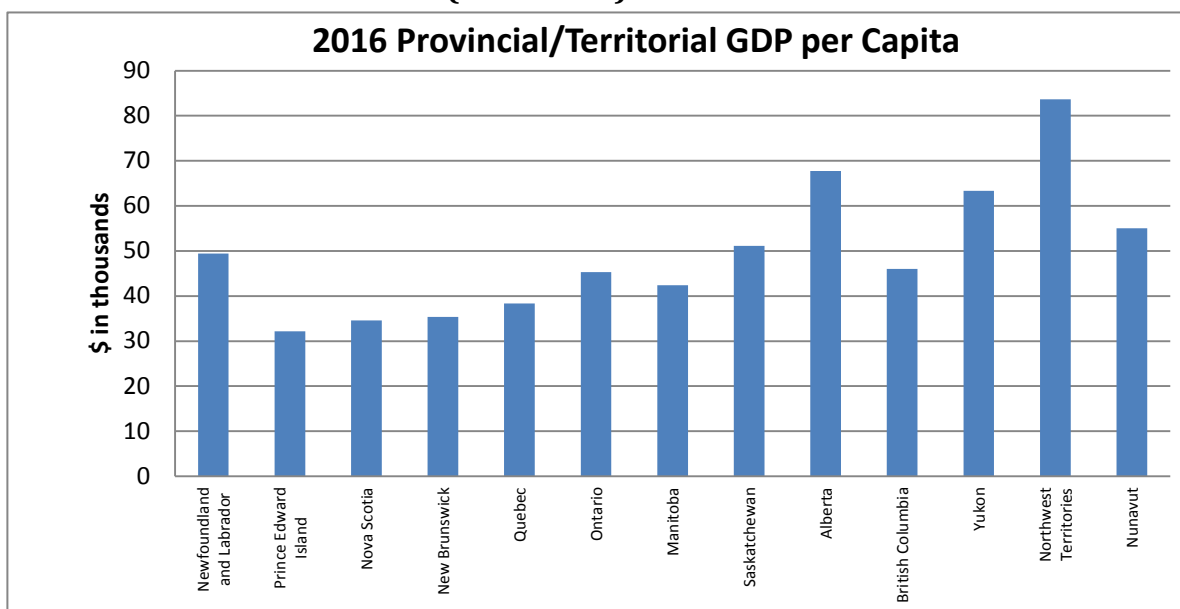
Real Gross Domestic Product at Basic Prices, calendar years 2015 and 2016
Canada, Provinces and Territories
Chained (2007) Dollars (\$ in millions)

	2016	2015	Percent Change
Canada	1,677,270	1,656,117	1.3
Northwest Territories	3,720	3,724	-0.1
Nunavut	2,040	1,963	3.9
Yukon	2,374	2,193	8.3
British Columbia	218,755	210,910	3.7
Alberta	288,113	299,603	-3.8
Saskatchewan	58,810	59,389	-1.0
Manitoba	55,912	54,609	2.4
Ontario	633,509	617,457	2.6
Quebec	319,012	313,676	1.7
New Brunswick	26,776	26,419	1.4
Nova Scotia	32,845	32,560	0.9
Prince Edward Island	4,786	4,675	2.4
Newfoundland and Labrador	26,184	25,688	1.9

Source: Statistics Canada

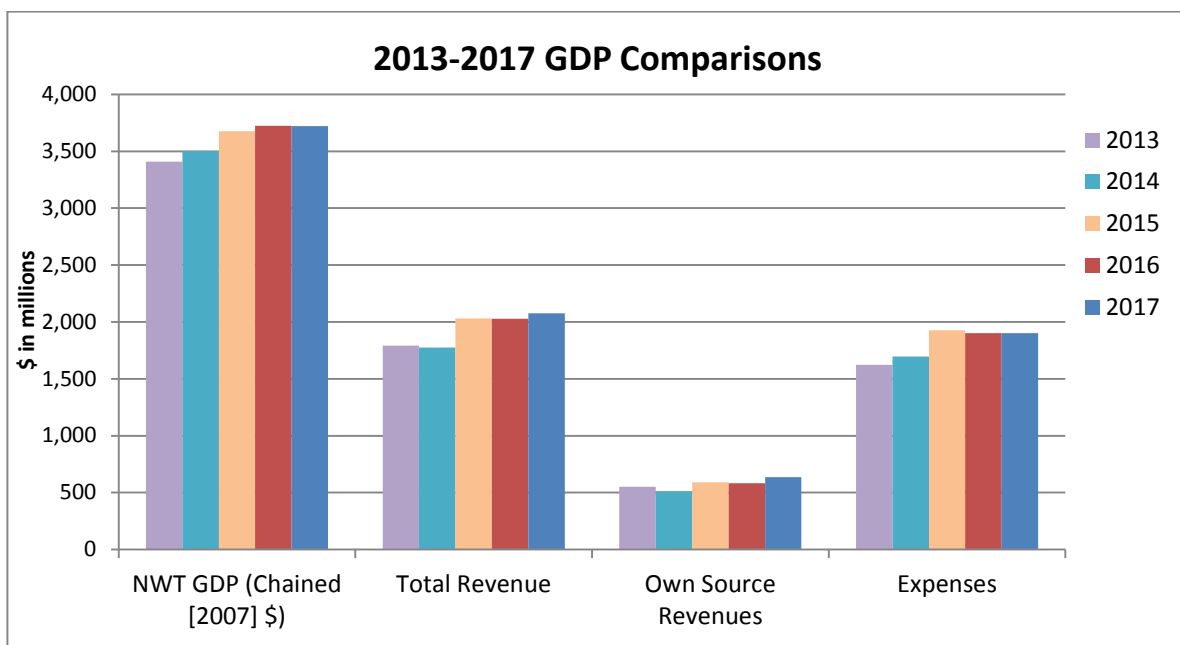
Note: Data will not sum to totals since chained dollars are not additive.

GROSS DOMESTIC PRODUCT (continued)



Based on July 1, 2017 population estimates of Statistics Canada

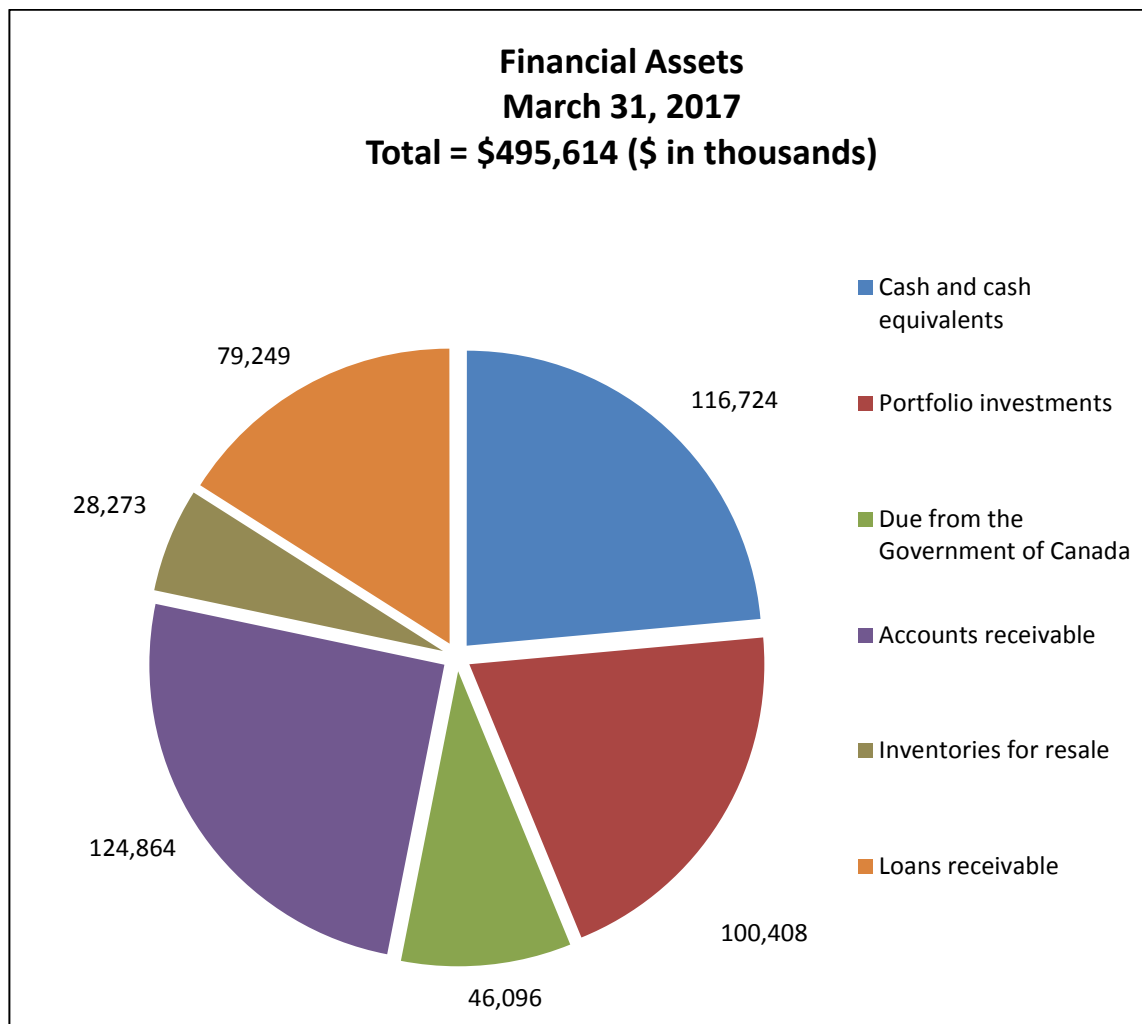
Despite a drop in GDP, the NWT continues to have the highest GDP per capita in Canada. This is an important indicator to note when considering GDP statistics as it shows that while the NWT has a relatively small population our economy is large by comparison.



* 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.

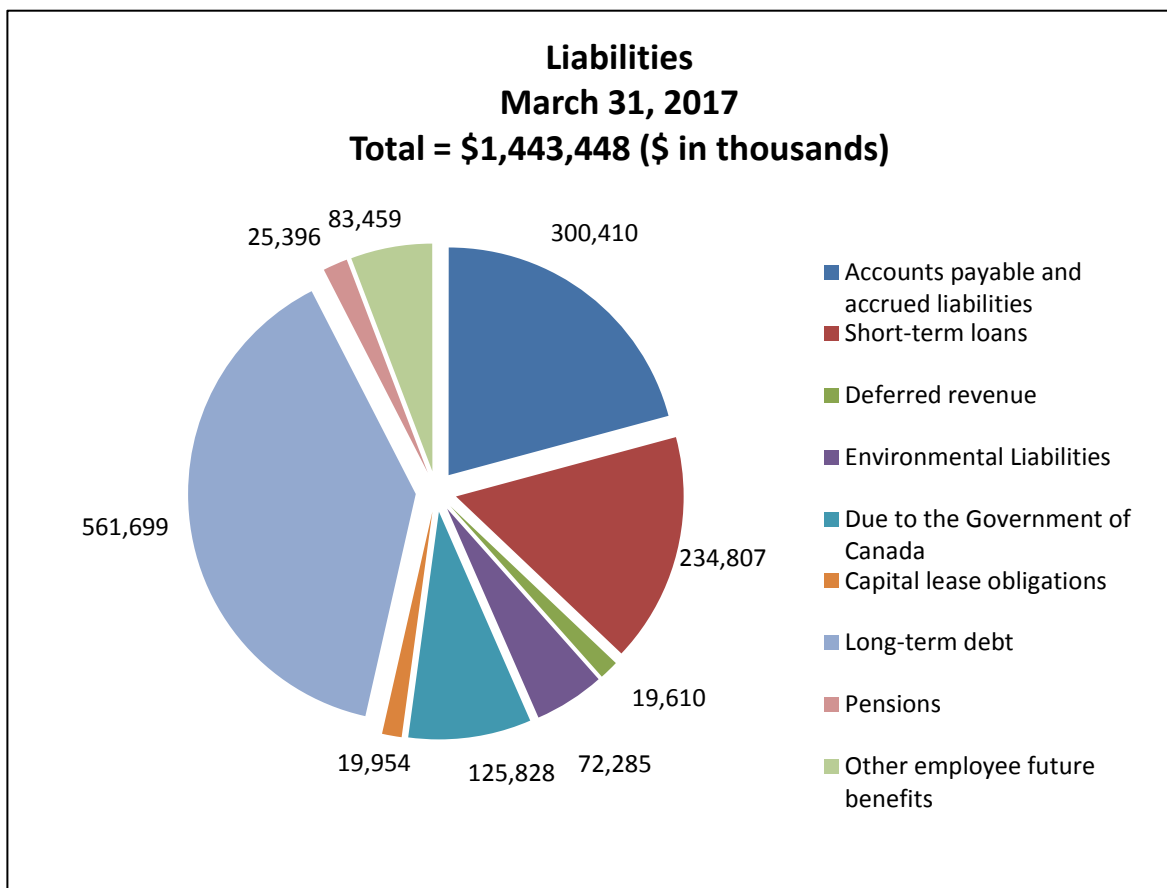


The above graph illustrates the composition of the Government's financial assets.

Approximately 24% of the Government's financial assets are cash. The balance of the financial assets are 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 \$496 million in financial assets available to discharge liabilities of approximately \$1.443 billion. The gap between the Government's financial assets and its liabilities indicate 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. This fact, combined with longer term financial assets that provide cash at a later date and cash/accounts receivable that will be generated over future years through normal government operations and future generation of revenues will help meet these future obligations.

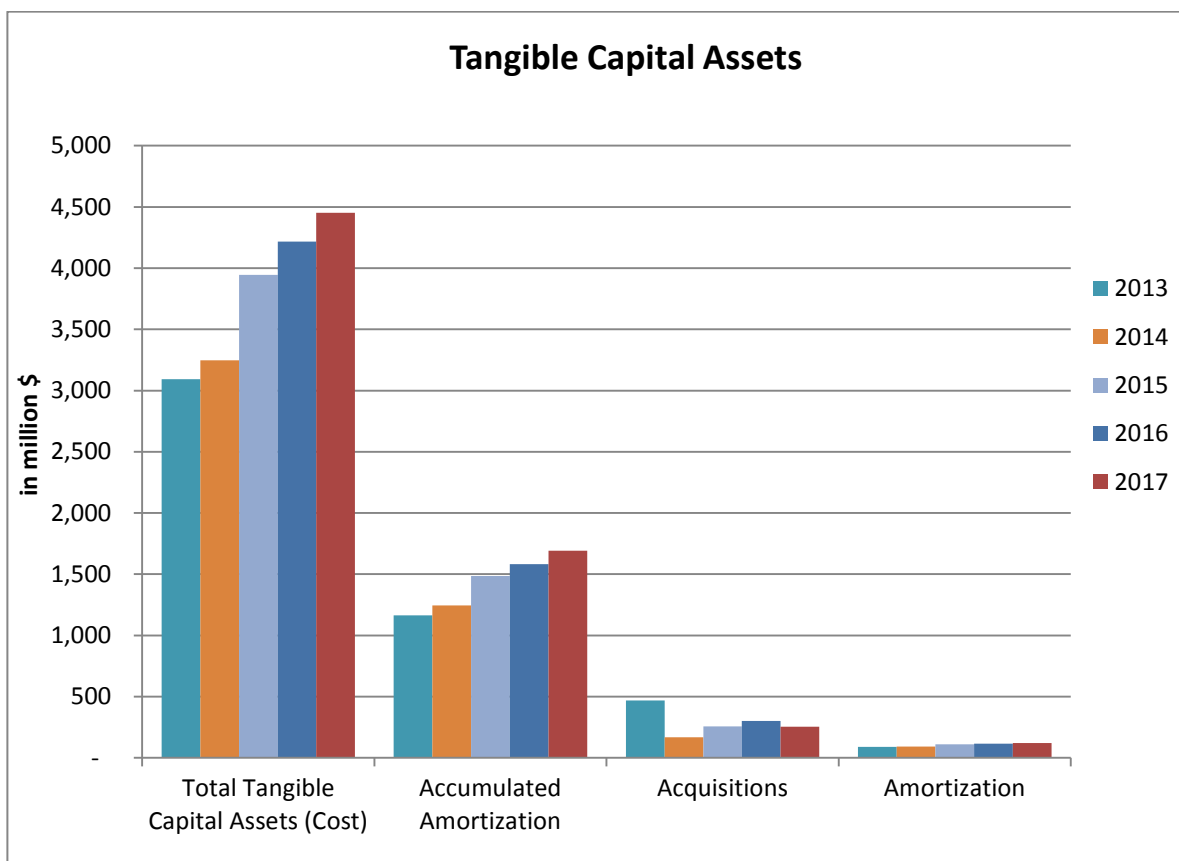
NON- FINANCIAL ASSETS

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.

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.

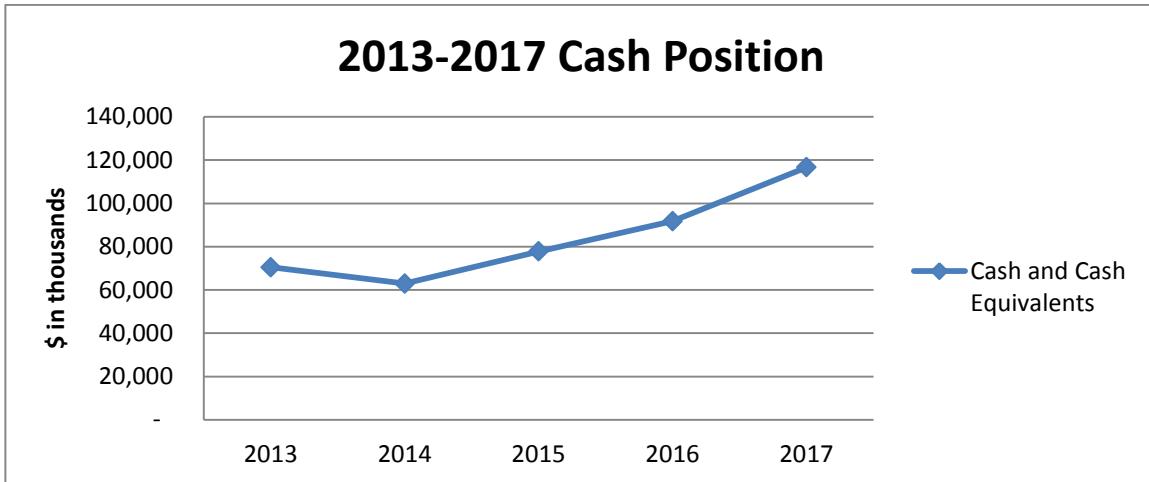
The government invests in infrastructure in three ways:

- By investing in government-owned capital;
- By entering into public private partnership (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 between 50% and 60% of the estimated investment needed for replacement and growth; representing its continued commitment to investment in the Territories' infrastructure (including education and health care facilities). In the 2017 fiscal year, the Government placed \$254 million worth of new tangible capital assets into service (2016 - \$302 million). The most significant being the completed southern sections of the Mackenzie Valley Fibre Link (MVFL) P3 project which services the areas of Fort Good Hope, Tulita, Wrigley, Norman Wells and Fort Simpson.

CASH FLOWS

The statement of cash flow reports on the sources and uses of cash during the year. During the year, the Government's overall cash position increased by \$25 million; from \$92 million in 2015-16 to \$117 million in 2016-17.



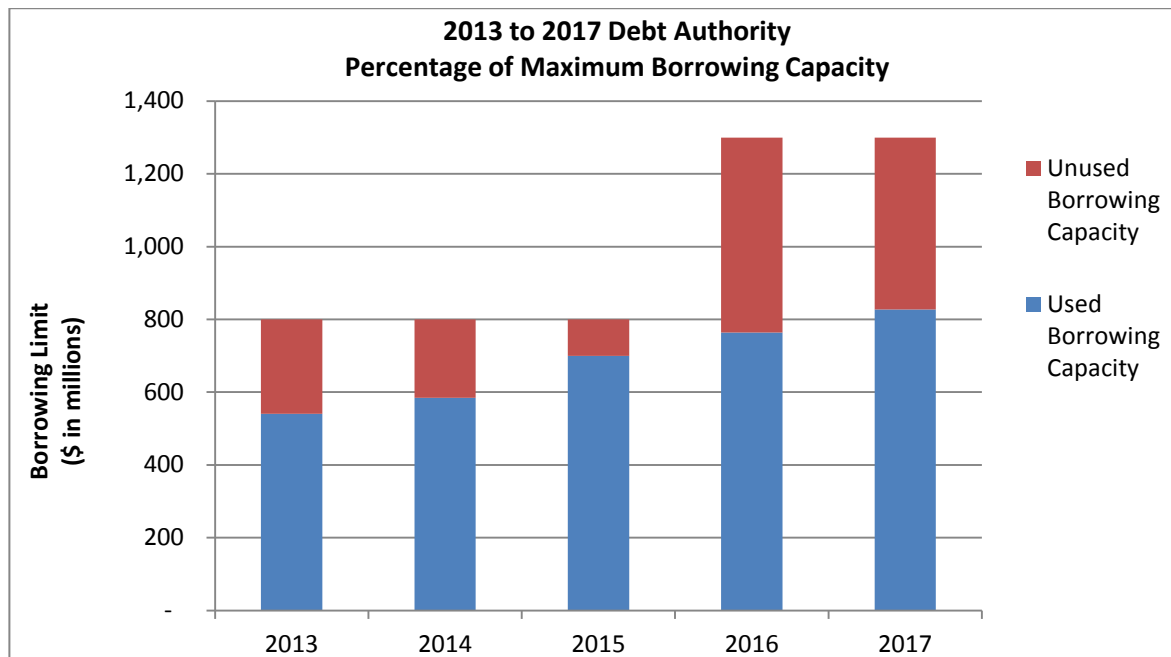
The primary source of cash was operations. Other sources of cash included disposition of portfolio investments and proceeds from long-term financing. The cash position is used to meet operational expenses, reduce liabilities and to pay for the Government's investment in tangible capital assets. More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

LONG-TERM DEBT BORROWING LIMITS

Up until May 2015, the borrowing limit of the Government was established at \$800 million pursuant to subsection 20(2) of the *Northwest Territories Act*. In May 2015, due to pressures stemming from the general state of the economy and the Government’s desire to address infrastructure deficits, the Government was successful in negotiating a new limit of \$1.3 billion for the 2015-16 fiscal year and beyond.

The Government has long recognized that debt would be needed at some future date if it was to address its infrastructure deficit. In anticipation of this requirement the Government implemented a Fiscal Responsibility Policy in 2005 (re-written and updated, effective January 2016) to guide borrowing decisions and allow flexibility in planning for its future infrastructure needs (see page 34). 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 and projects that will be fully funded by the Government’s revenues. The Capital Plan does not currently include projects that will 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. Additional details are reflected in note 14, Section I of the Public Accounts.



The NWT requires a significant investment in infrastructure. To ensure ongoing fiscal sustainability, but still allow for necessary investments required to address high priority infrastructure needs, the Fiscal Responsibility Policy establishes an ongoing approach to finance the Government's infrastructure investments and requires that at least 50% of the Government's non-consolidated annual infrastructure investment, excluding P3 projects be financed by cash generated from operations (i.e. from operating surpluses). A maximum of 50% of the non-consolidated annual infrastructure investment, excluding public private partnership projects, may be financed by debt. In addition annual non-consolidated debt servicing payments (principal and interest) cannot exceed 5% of total non-consolidated revenues. This requires the Government to plan for and realize sufficient operating surpluses on an ongoing basis to finance 50% of capital investments as well as meet debt servicing payments on the amounts borrowed.

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 Government policy on borrowing and performance measurement criteria, for management of debt, is to be reviewed and updated annually as required.

The seven debt management performance measures, as specified in the Fiscal Responsibility Policy, form part of the indicators of financial condition and are disclosed in the following section.

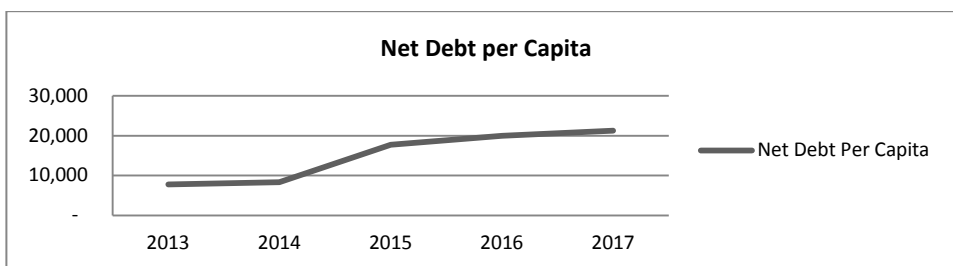
INDICATORS OF FINANCIAL CONDITION

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 2014-15 the Consolidated Public Accounts did not include the impact of the Northwest Territories Hydro Corporation. The Northwest Territories Hydro Corporation has been fully consolidated from fiscal year 2014-15 and has an impact on the data below. A trend will be more comparable over time, however, the interim requires careful consideration of any change in measure.

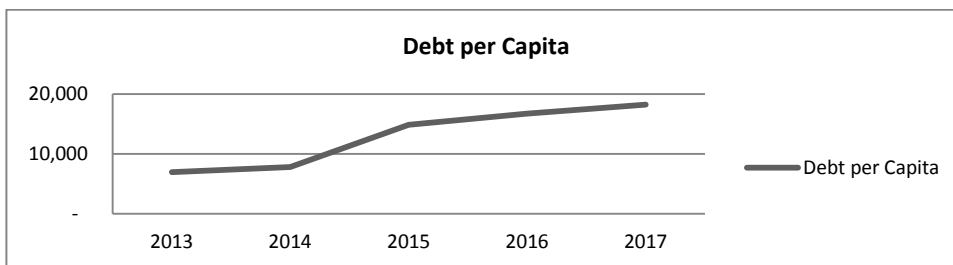
Measures of the Fiscal Responsibility Policy

- 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.



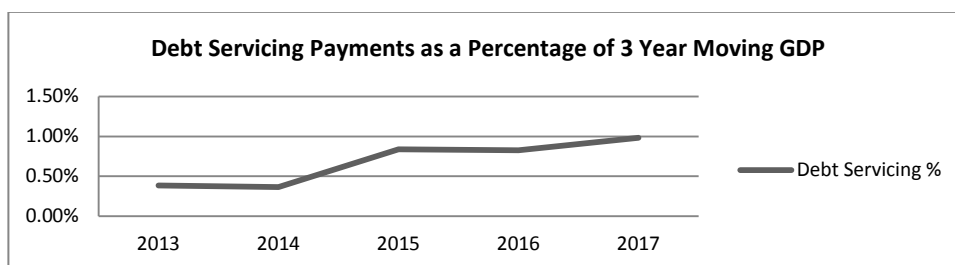
During 2016-17, net debt for the Northwest Territories increased by 6.8%, from \$19,965 per capita to \$21,314 per capita. The increase is mainly due to the increase in P3s obligations included within long term debt.

- 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.



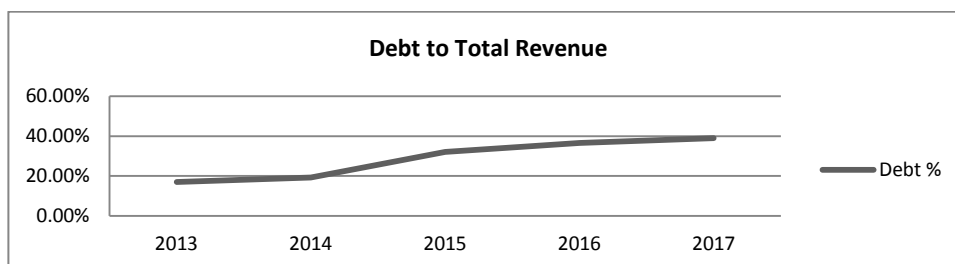
Debt per capita increased by 8.7%; from \$16,765 per capita to \$18,230 per capita. As with net debt per capita, this is mainly due to the increase in P3 obligations included within long term debt.

iii) Debt servicing payments (interest and principle) as a percent of the three 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.



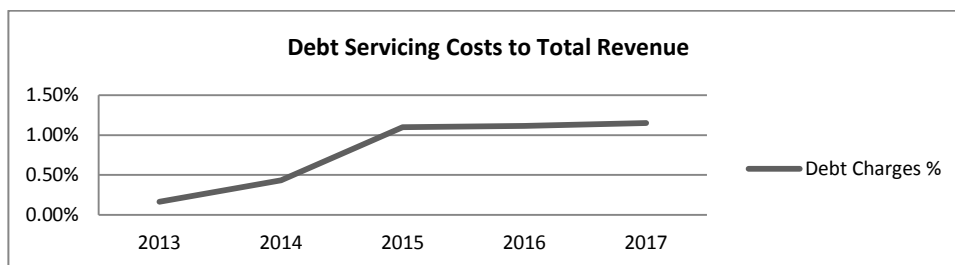
Debt servicing payments as a percentage of GDP for the Northwest Territories increased from 0.83% in 2015-16 to 0.98% in 2016-17 due to repayment of a large debenture by the Northwest Territories Hydro Corporation.

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



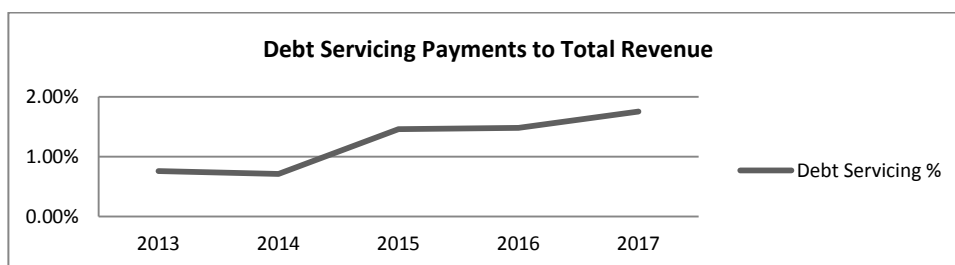
The Government's debt to total revenue has increased from 36.56% in 2015-16 to 39.06% in 2016-17 mainly due to the increase of P3 obligations included within long term debt. An increase in this ratio indicates the Government's annual revenue increase as percentage of revenue has not been sufficient to offset the percentage 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 servicing cost ratio indicates an increased ability to borrow.



Prior to 2014-15, the Government was in the enviable position of having to expend less than 1% of its total revenues to service its debt load. In 2014-2015, the Government consolidated the Northwest Territories Hydro Corporation resulting in increased debt servicing costs to approximately 1.10% of total revenue and this further increased to 1.15% in 2016-17, still a very manageable ratio.

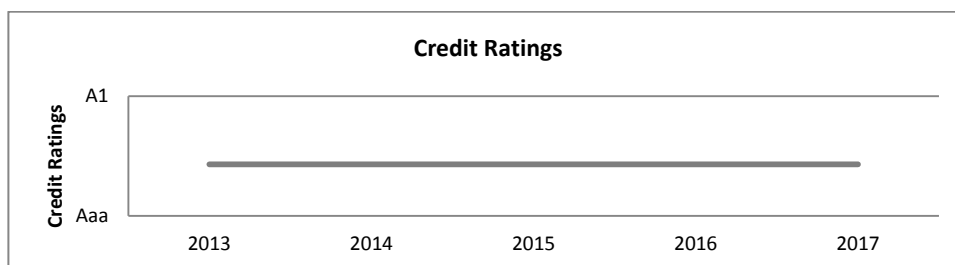
- vi) Debt servicing payments (interest and principle) to total revenue ratio is a measure of the extent that Government revenues are being applied to debt repayment, rather than to programs and services, or tax reduction. A lower debt servicing payments ratio indicates an increased ability to borrow. Per the Fiscal Responsibility Policy, this ratio shall not exceed 5%. The Government's fiscal responsibility for debt servicing payments was met by having debt payments of 1.75% of total revenues.



Increases starting in 2014-15 relate to the consolidation of the Northwest Territories Hydro Corporation.

The Government's debt servicing payments to total revenue has increased slightly from 1.48% in 2015-16 to 1.75% in 2016-17. The economy is not growing at the same rate as public debt. This is often the case when governments utilize large infrastructure projects to help stimulate the economy; there can be a lag before an impact is evident.

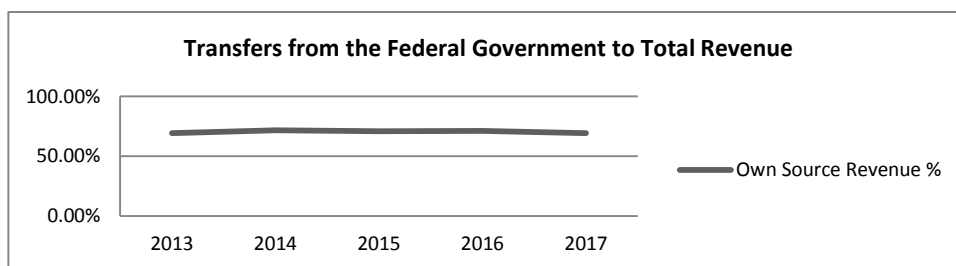
vii) The Government's credit rating is a measure of sound fiscal policies, adherence to these policies and current and future debt burden with the goal of maintaining the current investment grade rating.



As part of its fiscal management strategy, the Government has obtained a credit rating of Aa1 since 2006-07.

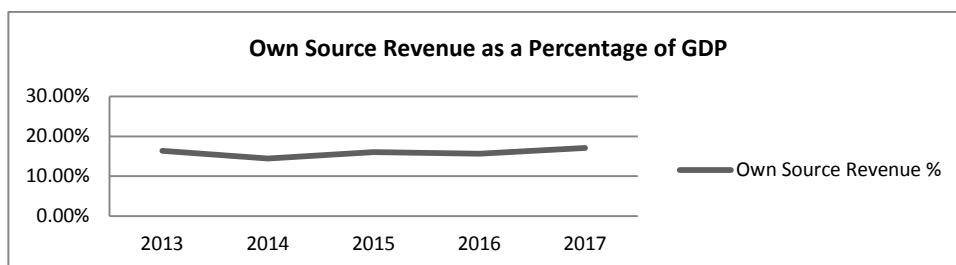
OTHER FINANCIAL INDICATORS

- 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.



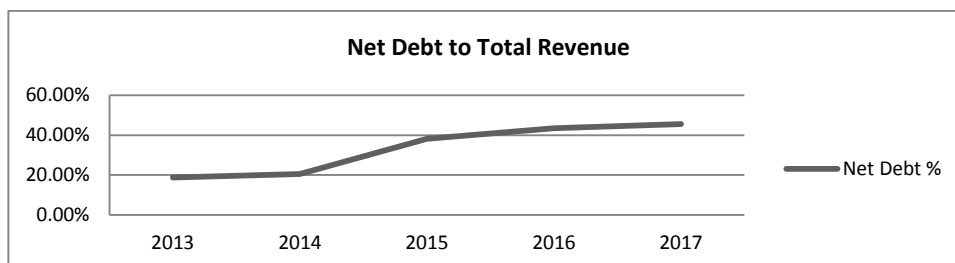
In 2016-17, 69% of total revenue came from federal government transfers. The total share of own source revenue has remained fairly stable over the past several years resulting in a continued reliance on the Territorial Formula Financing Grant from Canada.

- 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.



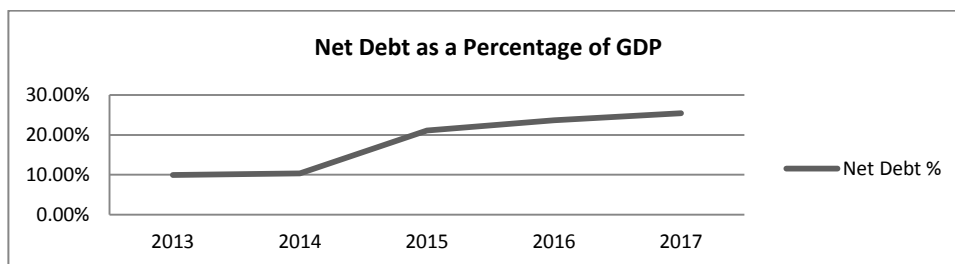
As indicated in the graph above, own source revenue as a percentage of GDP has remained relatively stable over the last five years.

iii) Net debt to total revenue is an indicator of the change in net 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 net debt. A lower net debt to revenue ratio indicates higher sustainability, as less time is required to eliminate net debt and a higher ratio means more time to eliminate net debt.



The Government’s net debt to total revenue has increased from 43.53% in 2015-16 to 45.67% in 2016-17 mainly due to the increase of P3 obligations included within long-term debt. An increase in this ratio indicates the Government’s annual increase in revenue as percentage of revenue has not been sufficient to offset the percentage increase in net 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 in public debt as demonstrated by a decreasing ratio. An increasing ratio results when public debt is growing faster than the economy.



During 2016-17, net debt for the Northwest Territories increased as a percentage of GDP from 23.72% to 25.48%.

Compliance with Fiscal Responsibility Policy

The Fiscal Responsibility 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.

	2015-16	2016-17
	(\$ in Millions)	
<i>Fiscal Responsibility Policy Provision 6(5)(a)- Debt Servicing Payments</i>		
Revenues (Schedule A of Non-Consolidated Public Accounts)	1,814	1,857
<i>Maximum Debt Servicing Payments- 5% of Revenues</i>	91	93
Debt Servicing Payments		
Capital Leases	0	0
Deh Cho Bridge	8	9
Short-Term Interest Expense	1	2
Total Debt Servicing Payments	9	11
<i>Actual Debt Servicing Payments as a % of Revenues</i>	0.52%	0.59%
<i>Fiscal Responsibility Policy Provision 6(3)- Infrastructure Financing</i>		
Capital Acquisitions (Schedule 4 of Non-Cons. Public Accounts)	288	323
Less: P3 Items- Out of Scope		
Mackenzie Valley Fibre Link P3 (Finance)	(65)	(26)
Stanton Territorial Hospital P3 (Health and Social Services)	(14)	(37)
<i>Cash Required for Infrastructure Investment Expenditures</i>	209	260
<u>Operating Cash Required</u>		
Minimum cash required from operating surplus (50% of Acquisitions)	105	130
Debt Servicing Payments	9	11
<i>Total Operating Cash Requirements</i>	114	141
<u>Operating Cash Available</u>		
Operating Surplus (Non-Consolidated Statement of Operations)	110	155
Add Non Cash Item: Amortization of Tangible Capital Assets	84	89
<i>Total Operating Cash Available</i>	194	244
Excess in cash generated from operating surplus	80	103
Cash Required for Infrastructure Investment Expenditures	209	260
Total Operating Cash Available	194	244
<i>Borrowing Requirement for Infrastructure</i>	15	16

Conclusion – The parameters of the Fiscal Responsibility Policy have again been met for the 2016-17 fiscal year. Non-Consolidated debt servicing costs are point five-nine of a per cent (0.59%), of non-consolidated annual revenue, less than the five per cent (5%) limit. Total operating cash required of \$141 compared to total operating cash available is \$244, resulted in an excess in cash generated of \$103.

PUBLIC PRIVATE PARTNERSHIPS (P3)

The Government is currently involved in three P3 projects, one of which is in early stages of procurement:

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 was completed in March 2017. Full service commencement occurred in August 2017. The NLGP will operate and maintain the system for the Government until 2037. The total cost of construction is \$91 million, due over a twenty year term with no payment required until the in service date, at which time a balloon payment of \$10 million is due. Upon completion operations and maintenance costs of \$3 million per year will total \$64 million for the duration of the twenty year contract.

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	2018-19
Project Budget					
Government	-	-	91,000	-	-
P3 Partner Budget	31,800	37,900	21,300	-	-
Total Project Budget	31,800	37,900	112,300	-	-
Project Expenditures					
Government	4,135	-	-	TBD	TBD
P3 Partner*	26,582	38,425	25,893	TBD	TBD
Total Project Expenditures	30,717	38,425	25,893	TBD	TBD
Portion of asset moved into service	-	-	(66,212)	TBD	TBD
Project cost not yet in service	30,717	69,142	28,823	TBD	TBD

*P3 Partner expenditures are disclosed within note 14 of the Public Accounts as long term debt to reflect the nature of the Government's obligation to year end with respect to the P3 agreement.

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 \$254 million, with 60% of the construction cost financed by the Government and 40% financed by BHP. The amount 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 \$7 million per year paid to the service provider, totaling \$216 million for the duration of the thirty year contract. When added together, the total cost of the project (P3 partner's cost of construction, operating costs and the Government's expenditure) is approximately \$515 million.

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 N.W.T. 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)	2014-15	2015-16	2016-17	2017-18	2018-19
Project Budget					
Government	4,153	22,900	74,125	82,332	26,619
P3 Partner Budget	-	27,734	53,123	52,568	3,493
Total Project Budget	4,153	50,634	127,248	134,900	30,112
Project Expenditures					
Government	4,152	22,900	67,941	TBD	TBD
P3 Partner*	-	13,730	37,452	TBD	TBD
Total Project Expenditures	4,152	36,630	105,393	TBD	TBD
Portion of asset moved into service	-	-	-	TBD	TBD
Project cost not yet in service	4,152	40,782	146,175	TBD	TBD

*P3 Partner expenditures are disclosed within note 14 of the Public Accounts as long term debt to reflect the nature of the Government's obligation to year end with respect to the P3 agreement.

3. Tłı̄cho All-Season Road

On January 11, 2017 the Government announced conditional funding for the Tłı̄chų All-season Road, with the Government of Canada (Canada) providing up to 25 per cent of construction costs through the P3 Canada Program. The remaining 75 percent will be funded through a combination of Government funds and the P3 partner.

All-season roads are critical to adapting the NWT transportation system to the impacts of climate change and helping support more reliable infrastructure. By replacing the southern section of the existing winter road serving the region, the Tłıchq 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 and allow for more viable future economic development in the area.

This project will maximize the involvement of Northern businesses. Road construction and maintenance will result in employment and training opportunities for Tłıchq 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. The contract has not yet been awarded.

(in 000's)	2014-15	2015-16	2016-17	2017-18	2018-19
Project Budget					
Government	-	-	2,800	4,100	16,900
P3 Partner Budget	-	-	-	-	50,100
P3 Canada Budget	-	-	-	-	-
Total Project Budget	-	-	2,800	4,100	67,000
Project Expenditures					
Government	-	279	2,271	TBD	TBD
P3 Partner*	-	-	-	TBD	TBD
Total Project Expenditures	-	279	2,271	TBD	TBD
Portion of asset moved into service	-	-	-	TBD	TBD
Project cost not yet in service	-	279	2,550	TBD	TBD

*P3 Partner expenditures are disclosed within note 14 of the Public Accounts as long term debt to reflect the nature of the Government's obligation to year end with respect to the P3 agreement.

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 natural and man-made 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 note 2 Section I of the Public Accounts; 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 reducing the higher cost of living than other provinces and territories, and maintaining and investing in the Territories' infrastructure to allow for continued future growth.

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	30-Sep-2016		9-Dec-2016
Commission scolaire francophone Territoires du Nord-Ouest	30-Sep-2016		28-Sept-2016
Dehcho Divisional Education Council	30-Sep-2016		26-Sep-2016
Dettah District Education Authority	30-Sep-2016		29-Mar-2017
N'dilo Divisional Education Council	30-Sep-2016		23-Feb-2017
Sahtu Divisional Education Council	30-Sep-2016		29-Sep-2016
South Slave Divisional Education Council	30-Sep-2016		26-Sep-2016
Yellowknife Catholic Schools	30-Sep-2016		28-Sep-2016
Yellowknife No.1 District Education Authority	30-Sep-2016		29-Sep-2016
Aurora College	30-Sep-2016		24-Nov-2016
Northwest Territories Health and Social Services Authority	30-Jun-2017	29-Aug-2017	10-Oct-2017
Hay River Health and Social Services Authority	30-Jun-2017		16-Aug-2017
Tlicho Community Services Agency	30-Jun-2017		12-Jul-2017
Arctic Energy Alliance	30-Jun-2017		18- Sept-2017
Northwest Territories Hydro Corporation	30-Jun-2017		17-Aug-2017
Northwest Territories Business Development and Investment Corporation	30-Jun-2017	29-Aug-2017	21-Aug-2017
Northwest Territories Housing Corporation	30-Jun-2017	29-Aug-2017	11-Oct-2017
Northwest Territories Human Rights Commission	30-Jun-2017		22- Sept-2017
Inuvialuit Water Board	30-Jun-2017		14-Jun-2017
Northwest Territories Sport and Recreation Council	30-Jun-2017		4-Jul-2017
Status of Women Council of the Northwest Territories	30-Jun-2017		4-Jul-2017
Northwest Territories Surface Rights Board	30-Jun-2017		15-May-2017



Public Accounts 2016-2017

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, 2017

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)**

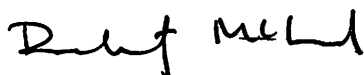
as at March 31, 2017

(thousands of dollars)

	2017 Actual \$	2016 Actual \$
Financial assets		
Cash and designated assets (note 3)	9,110	-
Portfolio investments (note 3)	30,686	30,343
Accounts receivable (note 4)	186,708	193,816
Due from the Government of Canada (note 10)	34,378	71,679
Inventories (note 5)	27,721	27,807
Loans receivable (note 6)	49,308	48,801
	337,911	372,446
Liabilities		
Bank overdraft (note 3)	-	10,322
Short-term loans (note 7)	234,807	244,803
Accounts payable and accrued liabilities (note 8)	250,486	250,776
Deferred revenue (note 9)	18,799	10,161
Due to the Government of Canada (note 10)	125,415	145,452
Environmental liabilities (note 11)	53,695	47,843
Capital lease obligations (note 12)	1,834	1,290
Long-term debt (note 13)	320,953	257,204
Pensions (note 14)	34,843	32,672
Other employee future benefits and compensated absences (note 15)	39,744	38,417
	1,080,576	1,038,940
Net Debt	(742,665)	(666,494)
Non-financial assets		
Tangible capital assets (schedule C)	2,424,348	2,192,195
Inventory held for use (note 5)	136	136
Prepaid expenses	5,278	5,738
	2,429,762	2,198,069
Accumulated surplus	1,687,097	1,531,575

Contractual obligations and contingencies (notes 18 and 19)

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 Change in Net Debt (unaudited)**

for the year ended March 31, 2017(thousands of dollars)

	2017 Main Estimates (note 1b) \$	2017 Actual \$	2016 Actual \$
Net debt at beginning of year	(666,494)	(666,494)	(572,823)
Items affecting net financial resources:			
Annual surplus for the year	126,124	155,522	109,679
Increase in tangible capital assets, net book value (schedule C)	(202,408)	(232,153)	(201,010)
Decrease in inventory held for use	-	-	14
Decrease (increase) in prepaid expenses	-	460	(2,354)
Net debt at end of year	(742,778)	(742,665)	(666,494)

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, 2017

(thousands of dollars)

	2017 Main Estimates (note 1b) \$	2017 Actual \$	2016 Actual \$
Revenues			
Revenues by source (schedule A)	1,806,762	1,856,515	1,814,093
Recoveries of prior years expenses (schedule 3)	3,000	13,728	19,144
	1,809,762	1,870,243	1,833,237
Expenses (schedule B)			
Environment and economic development	150,185	149,887	174,342
Infrastructure	273,102	267,955	269,752
Education	316,248	320,910	312,784
Health, social services and housing	414,234	523,421	510,887
Justice	127,092	127,289	128,554
General government	383,535	307,063	306,750
Legislative Assembly and statutory offices	19,336	18,379	20,307
	1,683,732	1,714,904	1,723,376
Annual operating surplus	126,030	155,339	109,861
Petroleum Products Stabilization Fund Net surplus (loss) for the year (note 16)	94	183	(182)
Projects on behalf of the Government of Canada, Nunavut and Others (schedule 10)			
Expenses	(89,526)	(84,299)	(81,123)
Recoveries	89,526	84,299	81,123
Annual surplus	126,124	155,522	109,679
Accumulated surplus at beginning of year	1,531,575	1,531,575	1,421,896
Accumulated surplus at end of year	1,657,699	1,687,097	1,531,575

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)

2017
\$

2016
\$

Cash provided by (used in)

Operating transactions

Annual surplus for the year*	155,522	109,679
Items not affecting cash:		
Provision for bad debts and forgivable loans	701	87
Recoveries of forgivable loans	(1,550)	-
Amortization of tangible capital assets	89,129	83,901
Adjustments to tangible capital assets	-	1,121

243,802

194,788

Changes in non-cash assets and liabilities:

Due to (from) Canada	17,264	(4,030)
Decrease in other financial assets	6,411	8,856
Increase (decrease) in other financial liabilities	25,387	(1,546)
Decrease (increase) in prepaid expenses	460	(2,354)
Decrease in inventories held for use	-	14
Decrease in inventories for resale	86	1,142

Cash provided by operating transactions

293,410

196,870

Investing transactions

Designated cash and investments purchased	(4,195)	(16,466)
Designated cash and investments sold	3,852	14,174
Loans receivable receipts	6,905	5,664
Loans receivable advanced	(5,863)	(5,719)

Cash provided by (used for) investing transactions

699

(2,347)

Capital transactions

Acquisition of tangible capital assets	(267,761)	(208,063)
Disposal of tangible capital assets (net)	2,132	770

Cash used for capital transactions

(265,629)

(207,293)

Financing transactions

Acquisition (repayment) of short-term financing	(9,996)	9,944
Acquisition (repayment) of capital lease obligations	544	(338)
Acquisition (repayment) of long-term financing	404	(444)

Cash provided by financing activities

(9,048)

9,162

Increase (decrease) in cash

19,432

(3,608)

Cash at beginning of year

(10,322)

(6,714)

Cash at end of year

9,110

(10,322)

*Total interest paid during the year \$10,156 (2016- \$8,858)

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, 2017

(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, 2017

(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, 2017

(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 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
Airstrips and aprons	40 years or less
Buildings	40 years or less
Watercrafts	25 years or less
Fences	20 years or less
Signs	20 years or less
Aircrafts	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, historical treasures and Commissioner or Territorial lands are not recorded.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2017

(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 contingencies

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 contingencies 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 contingency is disclosed.

(j) 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.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2017

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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.

(l) Grant from the Government of Canada

Under *Federal-Provincial Fiscal Arrangements Act* (Canada), the Grant from the Government of Canada is 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.

(m) Transfer payments

Government transfers are recognized as revenue in the period in which the events giving rise to the transfer occurred, as long as the transfer is authorized, eligibility criteria have been met, stipulations that give rise to a liability have been satisfied and a reasonable estimate of the amount can be made. Transfers received before these criteria are fully met are recorded as deferred revenue. Transfers received for tangible capital assets are recognized when the tangible capital asset is put into service.

(n) Taxes, regulatory, resource, general, and restricted 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*. 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*, 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 Non-Consolidated Financial Statements (unaudited)

March 31, 2017

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Taxes, regulatory, resource, general, and restricted revenues (continued)

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(l)*) 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.

(o) 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 (n)*). All other expenses are recognized on an accrual basis.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2017

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) 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.

(q) 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.

(r) 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 actual costs incurred by the P3 partner. 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, 2017

(All figures in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Public-Private Partnerships

The capital asset value is the total of progress payments made during construction and net present value of the future payments, discounted using the Government's 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.

(s) Future accounting changes

Financial instruments

The Public Sector Accounting Board (PSAB) issued PS 3450 Financial Instruments effective for fiscal years beginning on or after April 1, 2019. 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, 2019, 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. The Government will analyze the impact of these new standards on its financial statements.

PSAB issued new standards in March 2015 on Related Party Transactions (PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions) and four new standards related to Assets (PS 3210), Contingent Assets (PS 3320), Contractual Rights (PS 3380) and Restructuring Transactions (PS 3430) in June 2015. All these new standards have an effective date of April 1, 2017, except for PS 3430 that has an effective date of April 1, 2018.

There is no significant impact on the non-consolidated financial statements as a result of the new standards.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2017

(All figures in thousands of dollars)

3. CASH AND DESIGNATED ASSETS

(a) Investment pool

The Government has lines of credit provided by 2 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, 2017 the investment pool had no net overdraft balance (2016 - 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, 2017, on a cash basis, the Government's share in the investment pool is a surplus of \$14,065 (2016 - deficit of 10,641). When taking into account \$961 classified to in-trust and \$3,994 of outstanding items, the bank balance, on an accounting basis, becomes \$9,110 (2016 - deficit of 10,322).

The Government's cash deficit related to the investment pool carried interest at an average rate of 1.05% and \$72 was paid to it.

The average portfolio yield range for the year is 1.05% - 1.05% (2016 - 1.02% - 1.19%). In 2017, the Government earned interest on short-term investments of \$53 (2016 - \$96).

(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 specified purposes as follows:

- (a) the establishment, operation and evaluation of programs in respect of the reduction or recovery of waste;
- (b) education programs related to the reduction or recovery of waste;
- (c) research and development activities related to the reduction or recovery of waste;
- (d) the appropriate disposal of a designated or prohibited material as waste;
- (e) expenses associated with the work of the advisory committee; or
- (f) other costs associated with programs, initiatives or activities in respect of the reduction or 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.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2017

(All figures in thousands of dollars)

3. CASH AND DESIGNATED ASSETS (continued)

(b) Designated Assets (continued)

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 14*). Supplementary Retiring Allowance Regulations restrict the investments to those permitted under the *Pension Benefits Standards Act*.

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

	2017 %	2016 %
Canadian stocks	21.95	21.15
Cash and other assets	1.34	1.12
Fixed income mutual funds	41.16	39.14
Federal bonds	11.26	11.38
Foreign stocks	<u>24.29</u>	<u>27.21</u>
	<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:

	2017 \$	2016 \$
Student Loan Fund:		
Authorized limit for loans receivable	45,000	45,000
Less: Loans receivable balance	(41,320)	(41,953)
	<hr/>	<hr/>
Funds designated for new loans	3,680	3,047

Environment Fund:

Beverage Container Program net assets	2,557	2,097
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Land Titles Assurance Fund:

Land Titles net assets	4,355	4,208
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Portfolio Investments for the Legislative Assembly Supplementary Retiring Allowance Pension Plan:

Marketable securities (market value \$32,995; 2016 - \$31,767)	30,274	30,004
Cash and other assets (market value approximates cost)	412	339
	<hr/>	<hr/>
	30,686	30,343
	<hr/>	<hr/>
	41,278	39,695

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2017

(All figures in thousands of dollars)

4. ACCOUNTS RECEIVABLE

	Accounts Receivable \$	Allowance for Doubtful Accounts \$	Net 2017 \$	Net 2016 \$
General	47,023	(11,540)	35,483	33,849
Government of Nunavut	6,259	-	6,259	4,742
Revolving fund sales	8,244	-	8,244	11,615
Non-renewable resource revenue	58,343	-	58,343	67,723
	119,869	(11,540)	108,329	117,929
Receivables from related parties:				
Divisional Education Councils and District Education Authorities	3,661	-	3,661	5,202
Health and Social Services Authorities	70,484	-	70,484	64,007
Northwest Territories Business Development and Investment Corporation	92	-	92	153
Northwest Territories Housing Corporation	1,458	-	1,458	4,028
Tlicho Community Services Agency	1,097	-	1,097	1,094
Workers' Safety Compensation Commission (Northwest Territories and Nunavut)	37	-	37	23
Northwest Territories Hydro Corporation	219	-	219	29
Aurora College	1,238	-	1,238	1,160
Inuvialuit Water Board	93	-	93	117
Arctic Energy Alliance	-	-	-	74
	78,379	-	78,379	75,887
	198,248	(11,540)	186,708	193,816

During the year, no accounts receivable (2016 - \$ nil) were written off and none (2016 - \$366) were forgiven.

5. INVENTORIES

	2017 \$	2016 \$
Inventories for resale:		
Bulk fuels	23,815	24,280
Liquor products	3,906	3,527
	27,721	27,807
Inventories held for use:		
Public stores	136	136
	27,857	27,943

Bulk fuel inventory write-down for 2017 is \$164 (2016 - \$140).

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2017

(All figures in thousands of dollars)

6. LOANS RECEIVABLE

	2017 \$	2016 \$
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.	24,794	25,116
Student Loan Fund loans due in installments to 2031, bearing fixed interest between 0.00% and 11.75%, unsecured.	41,320	41,953
Yellowknife Catholic School Board Advance, unsecured, repayable in monthly installments of \$10. Interest is calculated monthly based upon the Government's current borrowing rate.	870	979
Other	20	-
	67,004	68,048
Valuation allowance - Student Loan Fund	(17,696)	(19,247)
	49,308	48,801

During the year, \$2,531 in student loans (2016 - \$924) was remised with proper authority.

Interest earned on loans receivable during the year is \$510 (2016 - \$521).

7. SHORT-TERM LOANS

Based upon operational needs, the Government may enter into short term borrowing arrangements with its banks. Short term loans of \$234,807 (2016 - \$244,803) incurred interest at the weighted average year-end rate of 0.86% (2016 - 0.85%). Interest paid in 2017 was \$1,512 (2016 - \$1,204).

The short-term borrowing limit under the *Borrowing Authorization Act* as at March 31, 2017 is \$377,000.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2017

(All figures in thousands of dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
	\$	\$
Trade	181,848	180,992
Government of Nunavut	-	15
Employee and payroll-related liabilities	54,941	54,814
Other liabilities	6,469	5,938
	243,258	241,759
Payables to related parties:		
Arctic Energy Alliance	67	-
Aurora College	610	146
Divisional Education Councils and District Education Authorities	606	352
Health and Social Services Authorities	4,323	5,885
Northwest Territories Business Development and Investment Corporation	2	10
Status of Women Council of the Northwest Territories	-	15
Northwest Territories Housing Corporation	27	19
Northwest Territories Hydro Corporation	1,423	1,154
Northwest Territories Surface Rights Board	24	-
Tlicho Community Services Agency	137	68
Northwest Territories Human Rights Commission	9	3
Workers' Safety and Compensation Commission (Northwest Territories and Nunavut)	-	1,365
	7,228	9,017
	250,486	250,776

9. DEFERRED REVENUE

	2017	2016
	\$	\$
Government of Canada		
Ministry of Finance	5,842	4,082
Building Canada Plan	256	513
Transport Canada	350	350
Canadian Northern Economic Development Agency	2,762	-
Ministry of Infrastructure and Communities	4,478	-
NPR Limited Partnership	1,856	2,070
Work deposits, commercial use permits and tourism licences	934	-
Mining Recorders	1,125	1,350
Other	1,196	1,796
	18,799	10,161

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

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(All figures in thousands of dollars)

10.DUE TO (FROM) THE GOVERNMENT OF CANADA

	2017	2016
	\$	\$
Other receivables:		
Projects on behalf of the Government of Canada	(13,521)	(15,605)
Miscellaneous receivables	(20,857)	(56,074)
	(34,378)	(71,679)
Other payables:		
Advances for projects on behalf of the Government of Canada	22,620	18,923
Excess income tax advanced	65,961	74,002
Miscellaneous payables	36,834	52,527
	125,415	145,452
	91,037	73,773

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

	\$
2018	37,479
2019	26,873
2020	1,268
2021	341
	65,961

Government of the Northwest Territories

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(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 245 (2016 - 191) sites as potentially requiring environmental remediation at March 31, 2017. Where remediation costs have been estimated and a liability has been recorded the methodology used to estimate the liability was either based on third party analyses or extrapolated from costs previously incurred to remediate, monitor, or manage sites of similar size and contamination.

Type of Site	2016 Liability	Remediation Costs	New Sites in 2017	Increase (decrease) in estimate	2017 Liability	Number of Sites
	\$	\$	\$	\$	\$	
Abandoned mines ⁽¹⁾	13,778	(1,035)	-	572	13,315	7
Landfills ⁽²⁾	11,145	(465)	820	(1,047)	10,453	43
Abandoned infrastructure and schools ⁽³⁾	12,516	(1,069)	1,750	872	14,069	75
Airports, airport strips or reserves ⁽⁴⁾	1,874	(129)	-	(41)	1,704	23
Sewage lagoons ⁽⁵⁾	2,784	(200)	68	(34)	2,618	29
Fuel tanks and resupply lines ⁽³⁾	2,359	(17)	-	101	2,443	12
Abandoned lots and maintenance facilities ⁽³⁾	3,387	(834)	4,362	2,178	9,093 *	56
Total environmental liabilities	47,843	(3,749)	7,000	2,601	53,695	245

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, 2017 is \$2,708 (2016 - \$2,851). 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 were 6 (2016 - 2) 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 245 sites, the Government has identified 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

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12. CAPITAL LEASE OBLIGATIONS

	2017	2016
	\$	\$
Buildings	997	1,290
Equipment	837	-
	1,834	1,290

Interest expense related to capital lease obligations for the year is \$127 (2016 - \$115), at an implicit average interest rate of 5.9% (2016 - 7.9%). Capital lease obligations (expiring between 2019 and 2020) are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2017.

	\$
	2018
	2019
	2020
Total minimum lease payments	1,975
Less: imputed interest 5.9%	141
Present value of minimum lease payments	1,834

13. LONG-TERM DEBT

	2017	2016
	\$	\$
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of \$7 (2016 - \$7), maturing June 2024, bearing interest at 3.30% (2016 - 3.30%), secured with real property.	595	666
Real return senior bonds with accrued inflation adjustment, maturing June 1, 2046, redeemable at the option of the issuer, bearing interest at 3.17% (2016- 3.17%), payable semi-annually, unsecured.	178,277	177,801
Loan due to Boreal Health Partnership, repayable in monthly installments of \$794 starting at the expected in service date November 2018 until November 2048, bearing interest at 6.10% (imputed), unsecured.	51,181	13,730
Loan due to Northern Lights General Partnership, repayable in monthly installments of \$620 starting at the expected in service date August 2017 until July 2037, bearing interest at 6.39% (imputed), unsecured.	90,900	65,007
	320,953	257,204

Long-term debt principal repayments due in each fiscal year for the next five years:

	\$
	2018
	2019
	2020
	2021
	2022
	Beyond 2022
	14,793
	6,806
	9,031
	9,668
	10,119
	270,536
	320,953

Interest expense on long-term debt, included in operations and maintenance expenses, is \$9,110 (2016 - \$8,112).

Government of the Northwest Territories

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(All figures in thousands of dollars)

14. 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 active members of the MLAs plans is 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 active members of the Judges' plans is 59. 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.

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.

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 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 1.15 times (2016 - 1.15) the employees' contributions for employees who started prior to January 2013 and 1.1 times (2016 - 1.1) the employees' contributions for all other employees.

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

Government of the Northwest Territories**Notes to Non-Consolidated Financial Statements (unaudited)**

March 31, 2017**(All figures in thousands of dollars)**

14.PENSIONS (continued)**(b) Pension liability**

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

	Regular Funded \$	2016 Supplemental Unfunded \$	Total \$
Accrued benefit obligation	25,249	34,419	59,668
Pension fund assets - market related value	(26,732)	-	(26,732)
Unamortized actuarial gains (losses)	1,108	(1,372)	(264)
Pension liability (asset)	(375)	33,047	32,672

Included in the pension asset of \$81 (2016 - \$375) is a deficit for accounting purposes of the Judges' plan in the amount of \$1,564 (2016 - \$1,249).

Government of the Northwest Territories**Notes to Non-Consolidated Financial Statements (unaudited)**

March 31, 2017**(All figures in thousands of dollars)**

14.PENSIONS (continued)**(c) Change in pension liability (asset)**

	Regular Funded \$	2017 Supplemental Unfunded \$	Total \$
Opening balance	(375)	33,047	32,672
<hr/>			
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
<hr/>			
Net change to pension liability (asset) from cash items	(370)	(1,446)	(1,816)
<hr/>			
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 average plan assets	(1,242)	-	(1,242)
<hr/>			
Net change to pension liability (asset) from accrual items	664	3,323	3,987
<hr/>			
Ending balance	(81)	34,924	34,843

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2017

(All figures in thousands of dollars)

14.PENSIONS (continued)

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

	Regular Funded \$	2016 Supplemental Unfunded \$	Total \$
Opening balance	(979)	30,922	29,943
Change to pension liability (asset) from cash items:			
Contributions from plan members	(252)	-	(252)
Contributions from Government	(84)	-	(84)
Benefit payment to plan members	(3,607)	(1,294)	(4,901)
Drawdown from plan assets	3,607	-	3,607
Net change to pension liability (asset) from cash items	(336)	(1,294)	(1,630)
Change to pension liability(asset) from accrual items:			
Current period benefit cost	1,041	1,257	2,298
Amortization of actuarial (gains) losses	(64)	566	502
Interest on average accrued benefit obligation	1,234	1,596	2,830
Expected return on plan assets	(1,271)	-	(1,271)
Net change to pension liability (assets) from accrual items	940	3,419	4,359
Ending balance	(375)	33,047	32,672

(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 \$3,700 (2016 - \$4,107). 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 \$1,330 (2016 - \$2,057).

In addition to the above, the Government contributed \$32,331 (2016 - \$33,666) to the Public Service Superannuation Plan. The employees' contributions to this plan were \$26,564 (2016 - \$24,612).

(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 2017 (no changes in 2016).

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

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(All figures in thousands of dollars)

14.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, 2017. 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, 2017. The effective date of the next actuarial valuation is April 1, 2020.

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 \$23,145 (2016 - \$22,524). The asset valuation method for the Judges' plans is market value. The market value of the Judges' regular plan is \$5,889 (2016 - \$5,637).

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 7.0 years (2016 - 3.0 years) for the MLA's plans and 2.7 years (2016 - 2.0 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

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15. 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 actuarial valuation was completed as at March 31, 2017. The effective date of the next actuarial valuation is March 31, 2020. The liabilities are actuarially determined as the present value of the accrued benefits at February 17, 2017 and the results were extrapolated to March 31, 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, beginning of year	25,342	6,483	31,825	36,087
Benefits earned	1,082	481	1,563	5,956
Interest	751	200	951	894
Benefits paid	(3,594)	(1,477)	(5,071)	(6,180)
Actuarial (gains)/losses	110	1,637	1,747	(4,932)
Accrued benefit obligations, end of year	23,691	7,324	31,015	31,825
Unamortized net actuarial gain/(loss)	3,429	(965)	2,464	4,932
Net future obligation	27,120	6,359	33,479	36,757
Other employee future benefits	5,486	-	5,486	1,131
Other compensated absences	-	779	779	529
Total employee future benefits and compensated absences	32,606	7,138	39,744	38,417

Government of the Northwest Territories**Notes to Non-Consolidated Financial Statements (unaudited)**

March 31, 2017**(All figures in thousands of dollars)**

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

	Severance and Removal	Compensated Absences	2017	2016
	\$	\$	\$	\$
Benefits Expense				
Benefits earned	1,082	481	1,563	5,956
Implicit Interest	751	200	951	894
Amortization of actuarial gain/loss	(619)	(124)	(743)	-
	1,214	557	1,771	6,850

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

	Severance and Removal	Compensated Absences	Total
	\$	\$	\$
2018	6,462	1,791	8,253
2019	4,014	1,214	5,228
2020	2,983	939	3,922
2021	2,523	778	3,301
2022	2,229	697	2,926
	18,211	5,419	23,630

16. 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.

	2017	2016
	\$	\$
Surplus at beginning of the year	609	791
Add: Petroleum Products Stabilization Fund Net income (loss) for the year	183	(182)
Surplus at end of the year	792	609

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17. 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.

	2017	2016
	\$	\$
Correctional Institutions	389	418
Government of New Brunswick - Deh Cho Bridge	721	713
Natural Resources	236	236
Others	74	20
Public Trustee	5,527	5,605
Securities - land use permits and water licences	7,236	5,495
Supreme and Territorial Courts	775	1,224
	14,958	13,711

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 \$579,221 (2016 - \$499,844). The majority of these guarantees are held against water licenses issued to regulate the use of water and the deposit of waste.

18. CONTRACTUAL OBLIGATIONS

The Government has entered into agreements for, or is contractually committed for the following expenses that will be incurred subsequent to March 31, 2017:

	Expiry Date	2018 \$	2019- 2048 \$	Total \$
Operational commitments	2048	91,990	89,422	181,412
P3 Operational commitments	2048	3,190	276,710	279,900
RCMP policing agreement	2032	42,197	587,027	629,224
Commercial leases	2028	18,223	63,391	81,614
Equipment leases	2020	648	706	1,354
Tangible capital asset projects in progress at year end	2020	44,475	3,279	47,754
P3 Tangible capital asset projects in progress at year end	2018	65,000	7,287	72,287
		265,723	1,027,822	1,293,545

The Government has 2 (2016 - 1) cost recovery service agreements 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 \$127 for the fiscal year ended 2017 (2016 - \$1,067). 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.

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19. CONTINGENCIES

(a) Guarantees

The Government is contingently liable for the following guarantees:

	2017
	\$
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	10,667
maturing September 13, 2040	45,566
maturing May 1, 2025	4,645
maturing July 11, 2025	15,000
maturing October 1, 2025	4,743
maturing November 25, 2052	25,000
maturing September 1, 2026	5,528
maturing August 1, 2028	25,000
maturing December 15, 2034	25,000
maturing February 17, 2047	60,000
Loans payable by the Northwest Territories Housing Corporation to Canada Mortgage and Housing Corporation	6,401
Guaranteed residential housing loans of the Northwest Territories Housing Corporation	870
Total Guarantees	238,420

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 \$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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20. 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.

	2017	2016
	\$	\$
Arctic Energy Alliance	3,617	3,753
Aurora College	36,029	35,723
Inuvialuit Water Board	913	913
Divisional Education Councils and District Education Authorities	140,808	138,940
Health and Social Services Authorities	269,226	268,392
Northwest Territories Power Corporation	7,605	26,665
Tlicho Community Services Agency	31,874	32,196
Northwest Territories Business Development and Investment Corporation	3,312	3,789
Northwest Territories Heritage Fund	5,000	4,772
Northwest Territories Housing Corporation	81,702	86,132
Northwest Territories Human Rights Commission	239	221
Northwest Territories Surface Rights Board	289	289
Northwest Territories Sport and Recreation Council	650	650
Status of Women Council of the Northwest Territories	468	452
	581,732	602,887

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.

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21.OVEREXPENDITURE

During the year 4 departments (2016 - 1) exceeded their operations vote by \$5,423 (2016 - \$2,959) and 2 departments (2016 - 1) exceeded their capital vote by \$2,169 (2016 - \$68,916) .

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 Executive (operations)	\$201
Department of Finance (operations)	\$1,211
Department of Education, Culture and Employment (operations)	\$2,598
Department of Health and Social Services (operations)	\$1,413
Department of Health and Social Services (capital)	\$1,752
Legislative Assembly (capital)	\$417

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".

22.SUBSEQUENT EVENTS

Yellowknife Airport revolving fund

On July 1, 2017, the Government set up a revolving fund for the Yellowknife Airport to account for a new Airport Improvement Fee that is being charged to each passanger. The new fee will be used for airport capital purchases and to eliminate the Yellowknife Airport operating deficit.

Marine Transportation Services revolving fund

On June 2, 2017, the Government established a new revolving fund for ongoing operations, maintenance and capital expenditures of the new Marine Transportation Services division.

Department Amalgamations

On April 1, 2017, the Department of Aboriginal Affairs and Intergovernmental Relations and the Department of the Executive amalgamated to form the Department of Executive and Indigenous Affairs.

On April 1, 2017, the Department of Human Resources amalgamated into the Department of Finance.

On April 1, 2017, the Department of Public Works and Services and the Department of Transportation amalgamated to form the Department of Infrastructure.

23.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, 2017

(thousands of dollars)

	2017 Main Estimates (note 1b) \$	2017 Actual \$	2016 Actual \$
Revenue from the Government of Canada			
Grant	1,219,888	1,219,888	1,232,755
Transfer Payments	170,660	186,901	194,363
	1,390,548	1,406,789	1,427,118

Taxation

Corporate Income Tax	60,003	68,617	25,010
Personal Income Tax	110,603	122,322	109,837
Fuel	18,877	21,288	19,750
Tobacco	15,760	15,336	16,191
Payroll	41,448	43,643	42,085
Property and school levies	23,360	29,431	28,380
Insurance	4,850	5,129	5,161
	274,901	305,766	246,414

Non-renewable Resource Revenue

Minerals, Oil and Gas Royalties	59,810	43,060	55,759
Licences, Rental and Other Fees	3,122	20,489	2,414
Quarry Fees	250	123	173
	63,182	63,672	58,346

General

Program	20,426	19,682	21,681
Service and miscellaneous	686	1,900	972
Lease	5,614	5,929	5,876
Interest revenue	805	804	1,537
Revolving Funds net revenue	23,281	23,678	23,548
Regulatory revenue	26,726	26,025	24,563
Investment income	-	1,827	3,593
Grants in Kind	593	443	445
	78,131	80,288	82,215

Total Revenues	1,806,762	1,856,515	1,814,093
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Government of the Northwest Territories

Non-Consolidated Schedule of Expenses (unaudited)

Schedule B

for the year ended March 31, 2017

(thousands of dollars)

	Main Estimates (note 1b) \$	Compensation and Benefits \$	Grants and Contributions \$	Valuation Allowances \$	Other \$	Amortization \$	2017 Total Expenses \$	2016 Total Expenses \$
Legislative Assembly	19,336	11,650	239	16	5,658	816	18,379	20,307
Executive	11,986	10,018	17	-	2,145	7	12,187	11,285
Aboriginal Affairs and Intergovernmental Relations	8,754	5,292	1,499	-	1,278	-	8,069	8,594
Human Resources	23,644	15,891	6	2	5,289	129	21,317	20,483
Finance	206,949	46,305	129,377	19	35,827	3,587	215,115	220,830
Municipal and Community Affairs	132,202	13,897	114,224	5	3,939	12	132,077	131,329
Public Works and Services	119,711	30,989	4,137	8	76,076	6,738	117,948	114,885
Health and Social Services	414,234	23,288	288,456	121	117,308	12,546	441,719	425,117
Justice	127,092	60,857	2,697	16	62,079	1,640	127,289	128,554
Education, Culture and Employment	316,248	33,332	224,211	2,649	43,918	16,800	320,910	312,784
Transportation	125,138	37,216	1,154	10	43,757	41,516	123,653	127,582
Environment and Natural Resources	90,315	39,923	9,328	7	38,108	2,403	89,769	110,513
Industry Tourism and Investment	59,870	25,810	17,508	17	14,044	2,739	60,118	63,829
Lands	28,253	19,383	521	138	6,116	196	26,354	27,284
	1,683,732	373,851	793,374	3,008	455,542	89,129	1,714,904	
Prior Year Totals	1,680,132	379,443	802,265	3,081	454,686	83,901		1,723,376

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

Schedule C

As at March 31, 2017

(thousands of dollars)

	Land****	Buildings *	Other**	Leasehold Improvements	Equipment*	Computers	Work in Progress***	2017	2016
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost of tangible capital assets, opening balance	3,646	1,107,246	1,696,734	39,549	196,574	116,149	199,256	3,359,154	3,080,103
Transfers	1,630	22,523	76,034	1,325	27,681	72,094	(201,287)	-	-
Acquisitions	-	-	-	-	-	-	323,417	323,417	286,805
Write-downs/adjust.	-	-	-	-	-	-	-	-	(91)
Disposals	-	(995)	-	(414)	(6,411)	(2,618)	-	(10,438)	(7,663)
Cost of tangible capital assets, closing	5,276	1,128,774	1,772,768	40,460	217,844	185,625	321,386	3,672,133	3,359,154
Accumulated amortization, opening	-	(413,828)	(548,477)	(30,444)	(106,715)	(67,495)	-	(1,166,959)	(1,088,921)
Adjustment to beginning accumulated amortization	-	-	-	-	-	-	-	-	(1,121)
Amortization expense	-	(32,312)	(36,961)	(887)	(9,510)	(9,459)	-	(89,129)	(83,901)
Disposals	-	533	-	133	5,470	2,167	-	8,303	6,984
Accumulated amortization, closing	-	(445,607)	(585,438)	(31,198)	(110,755)	(74,787)	-	(1,247,785)	(1,166,959)
Net book value	5,276	683,167	1,187,330	9,262	107,089	110,838	321,386	2,424,348	2,192,195

* Included in buildings and equipment are assets under capital leases: cost, \$5,285 (2016 - \$3,910); accumulated amortization, \$2,202 (2016 - \$1,572); net book value, \$3,083 (2016 - \$2,338).

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

** Included in other are capitalized costs for P3 project Mackenzie Valley Fibre Link \$66,212 (2016 - \$0) and roads capitalized but not yet amortized of \$285,997 (2016 - \$257,945).

***Included in work in progress are P3 projects: Stanton Territorial Hospital Renewal \$146,176 (2016 - 40,783) and Mackenzie Valley Fibre Link \$28,824 (2016 - 69,142) .

***Included in work in progress are non-cash items of \$55,656 (2016-78,737).

****Land with cost and net book value of \$0, market value \$772 (2016- \$7,056) was contributed to third parties.

Change in net book value of tangible capital assets	2017	2016
	\$	\$
Assets transferred from work in progress	201,287	239,340
Adjustment to opening	-	(1,121)
Disposals/write-downs/adjustments	(2,135)	(770)
Amortization	(89,129)	(83,901)
Increase in work in progress	122,130	47,462
Increase	232,153	201,010

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Department (unaudited)

Schedule 1

March 31, 2017

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Legislative Assembly					
Transfer Payments					
Information and Privacy Comissioner	149	-	149	146	(3)
General Revenues					
Service and miscellaneous	11	-	11	2	(9)
Regulatory revenue	15	-	15	34	19
Investment income	-	-	-	1,827	1,827
	175	-	175	2,009	1,834
Executive					
Grants in kind	150	-	150	-	(150)
Industry, Tourism and Investment					
Transfer Payments					
Federal cost shared	-	-	-	1,620	1,620
Non-renewable Resource Revenue					
Minerals, oil and gas royalties	59,810	-	59,810	43,060	(16,750)
Licences, rental, and other fees	2,207	-	2,207	20,442	18,235
	62,017	-	62,017	63,502	1,485
General Revenues					
Regulatory revenues	808	-	808	489	(319)
Service and miscellaneous	27	-	27	-	(27)
	835	-	835	489	(346)
	62,852	-	62,852	65,611	2,759
Environment and Natural Resources					
Transfer Payments					
Federal cost shared	3,650	-	3,650	3,650	-
Capital transfers	-	-	-	(13)	(13)
	3,650	-	3,650	3,637	(13)
Non-renewable Resource Revenue					
Licences, rental, and other fees	80	-	80	47	(33)
General Revenues					
Program	32	-	32	-	(32)
Regulatory revenues	1,306	-	1,306	1,725	419
Service and Miscellaneous	-	-	-	(20)	(20)
	1,338	-	1,338	1,705	367
	5,068	-	5,068	5,389	321

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Department (unaudited)

Schedule 1 (continued)

March 31, 2017

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Finance					
Grant from Government of Canada	1,219,888	-	1,219,888	1,219,888	-
Transfer Payments					
Federal cost shared	-	-	-	68	68
Canada Health Transfer	44,185	396	44,581	44,490	(91)
Canada Social Transfer	16,352	-	16,352	16,443	91
	1,280,425	396	1,280,821	1,280,889	68
Taxation					
Corporate	60,003	9,113	69,116	68,617	(499)
Personal	110,603	13,474	124,077	122,322	(1,755)
Fuel	18,877	429	19,306	21,288	1,982
Tobacco	15,760	(18)	15,742	15,336	(406)
Payroll	41,448	517	41,965	43,643	1,678
Property and school levies	23,360	6,103	29,463	29,431	(32)
Insurance	4,850	-	4,850	5,129	279
	274,901	29,618	304,519	305,766	1,247
General Revenues					
Service and miscellaneous	-	-	-	30	30
Program	60	-	60	-	(60)
Revolving funds net revenue	23,281	-	23,281	23,678	397
Interest income	480	-	480	484	4
Regulatory revenue	500	-	500	889	389
	24,321	-	24,321	25,081	760
	1,579,647	30,014	1,609,661	1,611,736	2,075
Municipal and Community Affairs					
Transfer Payments					
Federal Cost Shared	-	513	513	4,278	3,765
General Revenues					
Regulatory revenue	187	-	187	251	64
	187	513	700	4,529	3,829
Justice					
Transfer payments					
Federal cost shared	5,035	714	5,749	6,261	512
General Revenues					
Service and miscellaneous	-	-	-	5	5
Program	4,287	-	4,287	2,441	(1,846)
Regulatory revenue	6,244	-	6,244	6,399	155
	10,531	-	10,531	8,845	(1,686)
	15,566	714	16,280	15,106	(1,174)

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Department (unaudited)

Schedule 1 (continued)

March 31, 2017

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Public Works and Services					
General Revenues					
Service and miscellaneous	450	-	450	488	38
Lease	235	-	235	201	(34)
Program	-	-	-	20	20
Regulatory revenue	1,100	-	1,100	1,523	423
	1,785	-	1,785	2,232	447
Aboriginal Affairs and Intergovernmental Relations					
General Revenue					
Regulatory revenue	-	-	-	2	2
Health and Social Services					
Transfer Payments					
Federal cost shared	30,604	-	30,604	30,608	4
Capital transfers	1,143	204	1,347	987	(360)
	31,747	204	31,951	31,595	(356)
General Revenues					
Program	13,950	(35)	13,915	15,487	1,572
Regulatory revenue	345	-	345	370	25
Grants in Kind	443	-	443	443	-
	14,738	(35)	14,703	16,300	1,597
	46,485	169	46,654	47,895	1,241
Education, Culture and Employment					
Transfer Payments					
Federal cost shared	8,862	27	8,889	12,267	3,378
General Revenues					
Service and miscellaneous	-	-	-	8	8
Lease	30	-	30	41	11
Program	1,132	-	1,132	956	(176)
Interest income	325	-	325	320	(5)
Regulatory revenue	21	-	21	27	6
	1,508	-	1,508	1,352	(156)
	10,370	27	10,397	13,619	3,222

Government of the Northwest Territories

Non-Consolidated Schedule of Revenues by Department (unaudited)

Schedule 1 (continued)

March 31, 2017

(thousands of dollars)

	Main Estimates \$	Increases (Decreases) \$	Revised Estimates \$	Actual Revenues \$	Over(Under) Estimates \$
Transportation					
Transfer Payments					
Federal cost shared	-	308	308	308	-
Capital transfers	60,680	14,454	75,134	65,788	(9,346)
	60,680	14,762	75,442	66,096	(9,346)
General Revenues					
Lease	3,229	-	3,229	3,313	84
Program	965	-	965	778	(187)
Service and miscellaneous	225	-	225	552	327
Regulatory revenue	16,916	(3,000)	13,916	14,298	382
	21,335	(3,000)	18,335	18,941	606
	82,015	11,762	93,777	85,037	(8,740)
Lands					
Non-renewable Resource Revenue					
Quarry royalties, fees	250	-	250	123	(127)
General Revenues					
Regulatory revenue	40	-	40	18	(22)
Lease	2,120	-	2,120	2,374	254
Service and miscellaneous	-	-	-	835	835
	2,410	-	2,410	3,350	940
	1,806,710	43,199	1,849,909	1,856,515	6,606

Government of the Northwest Territories

Non-Consolidated Schedule of Expenses by Department (unaudited)

Schedule 2

March 31, 2017

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Legislative Assembly						
Office of the Clerk	8,213	-	-	8,213	7,953	260
Expenditures on Behalf of Members	8,379	-	-	8,379	7,376	1,003
Office, Chief Electoral Officer	531	-	-	531	501	30
Statutory Offices	1,873	270	-	2,143	2,180	(37)
Office of the Speaker	340	-	-	340	369	(29)
	19,336	270	-	19,606	18,379	1,227
Executive						
Directorate	6,859	-	-	6,859	7,038	(179)
Executive Council Offices	3,734	-	-	3,734	3,785	(51)
Cabinet Support	1,393	-	-	1,393	1,364	29
	11,986	-	-	11,986	12,187	(201)
Human Resources						
Directorate	4,547	-	(151)	4,396	4,916	(520)
Management and Recruitment	4,734	-	301	5,035	4,682	353
Strategic Human Resources	7,254	-	(150)	7,104	4,952	2,152
Regional Operations	3,799	-	-	3,799	3,666	133
Labour Relations	3,310	-	-	3,310	3,101	209
	23,644	-	-	23,644	21,317	2,327
Aboriginal Affairs and Intergovernmental Relations						
Corporate Management	3,873	-	-	3,873	3,912	(39)
Implementation	553	-	-	553	460	93
Negotiations	2,398	-	-	2,398	1,862	536
Intergovernmental Relations	1,930	-	-	1,930	1,835	95
	8,754	-	-	8,754	8,069	685
Industry, Tourism and Investment						
Economic Diversification & Business Support	21,087	83	-	21,170	18,937	2,233
Corporate Management	8,422	-	(250)	8,172	8,899	(727)
Tourism and Parks	14,283	171	288	14,742	15,248	(506)
Minerals and Petroleum Resources	16,078	2,000	(3)	18,075	17,034	1,041
	59,870	2,254	35 *	62,159	60,118	2,041

* 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, 2017

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Environment and Natural Resources						
Wildlife	14,957	310	-	15,267	15,147	120
Forest Management	37,922	-	-	37,922	37,273	649
Corporate Management	14,054	-	-	14,054	13,959	95
Water Resources	11,475	-	-	11,475	11,164	311
Conservation, Assessment & Monitoring	7,828	-	-	7,828	7,757	71
Environment	4,079	-	-	4,079	4,469	(390)
	90,315	310	-	90,625	89,769	856
Finance						
Deputy Minister's Office	92,440	-	-	92,440	88,547	3,893
Management Board Secretariat	9,726	-	-	9,726	8,409	1,317
Comptroller General	59,027	-	-	59,027	74,523	(15,496)
Chief Information Officer	2,413	-	-	2,413	2,168	245
Fiscal Policy	42,278	-	-	42,278	40,331	1,947
Bureau of Statistics	1,002	-	-	1,002	1,075	(73)
	206,886	-	-	206,886	215,053	(8,167)
Amortization of tangible capital assets of the NWT Liquor Commission	63	-	-	63	62	1
	206,949	-	-	206,949	215,115	(8,166)
Municipal and Community Affairs						
Regional Operations	112,844	507	-	113,351	112,914	437
Community Operations	2,043	1,358	-	3,401	2,086	1,315
Directorate	3,815	-	-	3,815	4,401	(586)
School of Community Government	2,970	-	-	2,970	2,988	(18)
Community Governance	2,262	-	-	2,262	1,866	396
Sport, Recreation and Youth	6,742	-	-	6,742	6,323	419
Public Safety	1,526	-	-	1,526	1,499	27
	132,202	1,865	-	134,067	132,077	1,990
Justice						
Corrections	37,610	-	418	38,028	35,762	2,266
Policing Services	44,729	-	-	44,729	46,882	(2,153)
Court Services	13,928	-	40	13,968	14,174	(206)
Services to Government	13,361	-	-	13,361	13,487	(126)
Legal Aid Services	6,252	-	-	6,252	6,139	113
Services to Public	4,303	-	-	4,303	4,381	(78)
Community Justice and Policing	5,040	714	(40)	5,714	5,143	571
Office of Oil and Gas Regulations	1,869	-	-	1,869	1,321	548
	127,092	714	418 *	128,224	127,289	935

* 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, 2017

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Health and Social Services						
Administration and Support	77,812	574	583	78,969	82,517	(3,548)
Ambulatory Care Services	62,694	12,922	1,368	76,984	78,222	(1,238)
Community Health Programs	152,585	7,675	2,242	162,502	159,622	2,880
Community Social Programs	27,418	-	-	27,418	27,108	310
Diagnostic and Therapeutic Services	24,302	-	-	24,302	23,989	313
Nursing Inpatient Services	35,939	-	(2,037)	33,902	33,902	-
Supplementary Health Programs	33,484	2,745	-	36,229	36,359	(130)
	414,234	23,916	2,156 *	440,306	441,719	(1,413)
Education, Culture and Employment						
Corporate Management	12,309	-	278	12,587	14,294	(1,707)
Education and Culture	206,643	1,047	1,045	208,735	208,606	129
Labour Development and Standards	49,718	400	(706)	49,412	48,402	1,010
Income Security	47,578	-	-	47,578	49,608	(2,030)
	316,248	1,447	617 *	318,312	320,910	(2,598)
Transportation						
Corporate Services	11,909	308	-	12,217	11,112	1,105
Airports	28,598	340	-	28,938	27,681	1,257
Highways	71,089	140	(116)	71,113	71,846	(733)
Marine	7,887	-	-	7,887	7,617	270
Road Licensing and Safety	5,655	-	-	5,655	5,397	258
	125,138	788	(116)*	125,810	123,653	2,157
Public Works and Services						
Asset Management	97,003	1,806	-	98,809	95,735	3,074
Directorate	11,936	-	-	11,936	11,637	299
Technology Services Centre	1,712	-	-	1,712	1,679	33
Energy	9,060	-	-	9,060	8,897	163
	119,711	1,806	-	121,517	117,948	3,569
Lands						
Corporate Management	3,026	-	15	3,041	3,193	(152)
Planning and Coordination	6,827	-	-	6,827	6,144	683
Operations	11,282	(110)	-	11,172	10,573	599
Informatics	7,118	-	-	7,118	6,444	674
	28,253	(110)	15 *	28,158	26,354	1,804
	1,683,732	33,260	3,125 *	1,720,117	1,714,904	5,213

* 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, 2017

(thousands of dollars)

DEPARTMENT	Over-Accruals \$	Other Recoveries \$	Total \$
Legislative Assembly	9	(110)	(101)
Executive	(1)	(487)	(488)
Aboriginal Affairs and Intergovernmental Relations	-	19	19
Human Resources	-	96	96
Finance	2,549	3,162	5,711
Municipal and Community Affairs	23	125	148
Public Works and Services	301	737	1,038
Health and Social Services	551	818	1,369
Justice	243	462	705
Education, Culture and Employment	1,634	1,506	3,140
Transportation	40	55	95
Environment and Natural Resources	-	914	914
Industry, Tourism and Investment	234	707	941
Lands	2	139	141
	5,585	8,143	13,728

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

Schedule 4

March 31, 2017

(thousands of dollars)

DEPARTMENT	Main Estimates \$	Supplementary Estimates \$	Total Appropriation \$	Actual Expenditure \$
Legislative Assembly	200	118	318	735
Lands	1,678	528	2,206	1,188
Finance	92,325	150	92,475	26,463
Municipal and Community Affairs	-	155	155	154
Public Works and Services	13,951	17,102	31,053	21,656
Health and Social Services	58,786	79,668	138,454	140,206 **
Justice	8,660	17,231	25,891	3,285
Education, Culture and Employment	9,358	6,216	15,574	9,443
Transportation	72,011	66,531	138,542	88,199
Environment and Natural Resources	27,939	7,787	35,726	28,570
Industry, Tourism and Investment	3,563	2,837	6,400	3,082
	288,471	198,323	486,794 *	322,981

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

*\$3,125 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.

**Public Sector Accounting Standards require assets procured through Public Private Partnerships to be recorded as the Government acquires rights to the asset. No cash has been expended on 40% of the Stanton Renewal Project and an appropriation will be sought in the fiscal year when the asset is substantially complete and brought into service.

Government of the Northwest Territories

Non-Consolidated Schedule of Grants (unaudited)

Schedule 5

for the year ended March 31, 2017

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Executive						
Band Council Leases (in kind)	150	-	-	150	-	150
Canadian Red Cross	-	-	-	-	11	(11)
Arctic Inspiration Prize	-	-	-	-	6	(6)
	150	-	-	150	17	133
Transportation						
Deh Cho Bridge Opportunities	200	-	-	200	200	-
Canadian Red Cross	-	-	-	-	4	(4)
Arctic Inspiration Prize	-	-	-	-	2	(2)
	200	-	-	200	206	(6)
Aboriginal Affairs and Intergovernmental Relations						
Core Funding to Metis Locals	225	-	-	225	225	-
Special Events - Aboriginal Organizations	50	-	-	50	104	(54)
Aboriginal Intergovernmental Meetings	300	-	-	300	300	-
Women's Initiatives	50	-	-	50	50	-
	625	-	-	625	679	(54)
Finance						
Resource Revenue	10,100	-	-	10,100	8,947	1,153
Cost of Living Tax Credit	21,900	-	-	21,900	23,960	(2,060)
NWT Child Benefit	1,200	-	-	1,200	1,067	133
Canadian Red Cross	-	-	-	-	4	(4)
Arctic Inspiration Prize	-	-	-	-	2	(2)
	33,200	-	-	33,200	33,980	(780)

Government of the Northwest Territories**Non-Consolidated Schedule of Grants (unaudited)****Schedule 5 (continued)****for the year ended March 31, 2017**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Municipal and Community Affairs						
Designated Authority Additional Funding	624	-	-	624	624	-
New Deal Taxation Revenue Program	475	-	-	475	565	(90)
High Performance Athlete Program	100	-	-	100	72	28
Community Government Funding	49,266	-	(1,491)	47,775	47,775	-
Grant-in-Lieu of Taxes	6,962	571	-	7,533	7,467	66
Senior Citizens and Disabled Persons Tax Relief	557	-	-	557	688	(131)
Deline Self Government	-	91	2,124	2,215	2,215	-
Canadian Red Cross	-	-	-	-	4	(4)
Arctic Inspiration Prize	-	-	-	-	2	(2)
	57,984	662	633	59,279	59,412	(133)

Environment and Natural Resources

Disaster Compensation	15	-	-	15	-	15
Fur Price Program	405	-	-	405	316	89
Fire Damage Compensation	100	-	-	100	10	90
Canadian Red Cross	-	-	-	-	4	(4)
Arctic Inspiration Prize	-	-	-	-	2	(2)
Conservation Planning	-	-	-	-	10	(10)
	520	-	-	520	342	178

Health and Social Services

Medical Professional Development	40	-	-	40	40	-
Apartment Lease Funding	443	-	-	443	443	-
Canadian Red Cross	-	-	-	-	4	(4)
Arctic Inspiration	-	-	-	-	2	(2)
	483	-	-	483	489	(6)

Justice

National Justice Issues	9	-	-	9	14	(5)
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Government of the Northwest Territories

Non-Consolidated Schedule of Grants (unaudited)

Schedule 5 (continued)

for the year ended March 31, 2017

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over)Under Appropriation \$
Education, Culture and Employment						
Student Funding	13,259	-	-	13,259	12,282	977
Community Broadcasting	52	-	-	52	30	22
Cultural Projects	36	-	(36)	-	4	(4)
Early Childhood Worker	890	-	-	890	902	(12)
Labour Market Agreement for Persons with Disabilities	69	-	-	69	-	69
NWT Arts Council	500	-	-	500	500	-
Support to Northern Performers	101	-	-	101	101	-
Resettlement	-	-	90	90	15	75
Canadian Red Cross	-	-	-	-	4	(4)
Arctic Inspiration Prize	-	-	-	-	2	(2)
	14,907	-	54	14,961	13,840	1,121
Industry, Tourism and Investment						
Canadian Red Cross	-	-	-	-	4	(4)
Arctic Inspiration Prize	-	-	-	-	2	(2)
	-	-	-	-	6	(6)
Human Resources						
Canadian Red Cross	-	-	-	-	4	(4)
Arctic Inspiration Prize	-	-	-	-	2	(2)
	-	-	-	-	6	(6)
Lands						
Canadian Red Cross	-	-	-	-	4	(4)
Arctic Inspiration Prize	-	-	-	-	2	(2)
	-	-	-	-	6	(6)
Total	108,078	662	687	109,427	108,997	430

Land with cost and net book value of \$0, market value \$772 (2016- \$7,056) was contributed to third parties.

Government of the Northwest Territories**Non-Consolidated Schedule of Contributions (unaudited)****Schedule 6****for the year ended March 31, 2017**

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
Legislative Assembly						
Human Rights Commission Core Funding	250	-	(11)	239	239	-
Aboriginal Affairs and Intergovernmental Relations						
Native Women's Association Core Funding	426	-	-	426	426	-
Status of Women Council Core Funding	394	-	-	394	394	-
	820	-	-	820	820	-
Finance						
Territorial Power Subsidy Program	6,778	-	-	6,778	6,762	16
Northwest Territories Heritage Fund Core Funding	7,600	-	-	7,600	5,000	2,600
Northwest Territories Housing Corporation Core Funding	81,702	-	-	81,702	81,702	-
Snare Hydro System	7,535	-	-	7,535	1,933	5,602
	103,615	-	-	103,615	95,397	8,218

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2017

(thousands of dollars)

	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over) Under Appropriation
	\$	\$	\$	\$	\$	\$
Municipal and Community Affairs						
Partners Contributions	460	-	125	585	614	(29)
Annual Non-Government-Organization Stabilization Fund	350	-	-	350	350	-
Arctic Winter Games 2018	1,000	-	-	1,000	1,000	-
Ground Ambulance and Highway Rescue	185	-	-	185	185	-
Recreation Contributions	450	-	-	450	614	(164)
Volunteer Contributions	70	-	-	70	45	25
A Brilliant North	580	-	-	580	398	182
Youth Centres	500	-	-	500	500	-
Pan Territorial Sport Program	272	-	-	272	272	-
Building Canada Plan	-	1,358	-	1,358	258	1,100
Multisport Games	650	-	-	650	650	-
Healthy Choices Initiative	765	-	-	765	765	-
Children and Youth Resiliency	450	-	-	450	411	39
Community Governments						
Community Financial Services	135	-	-	135	56	79
Assistance to Community Governments	-	-	-	-	91	(91)
Infrastructure Contributions	28,002	(155)	-	27,847	27,847	-
Recreation Funding	825	-	-	825	834	(9)
Water and Sewer Services	18,769	-	(633)	18,136	18,136	-
Get Active NWT	100	-	-	100	100	-
Regional Youth Sport Events	400	-	-	400	382	18
Training Services Fund	-	-	-	-	32	(32)
Youth Corps - Sport, Recreation and Youth	675	-	-	675	570	105
Youth Contributions Programs	225	-	-	225	223	2
Youth Corps- Regional Operations	500	-	-	500	471	29
Volunteer Recognition	30	-	-	30	8	22
	55,393	1,203	(508)	56,088	54,812	1,276
Transportation						
Local Community Roads	980	-	-	980	943	37
Students Against Drinking and Driving	12	-	-	12	5	7
	992	-	-	992	948	44
Lands						
Consultation for Land Use Decisions	75	-	-	75	90	(15)
Land Use Planning Initiatives	375	-	-	375	425	(50)
Sustainable Land Use Management	50	-	-	50		50
	500	-	-	500	515	(15)

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2017

(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	283,465	565	(236)	283,794	282,264	1,530
Long Term Care	-	-	-	-	30	(30)
Health and Social Services						
Human Resources	951	-	-	951	-	951
Respite Fund	225	-	-	225	229	(4)
Anti-Poverty Fund and Day Shelter	650	-	-	650	698	(48)
Family Violence	395	-	-	395	275	120
Early Childhood Development Action Plan	277	-	-	277	287	(10)
Community Wellness Initiatives Fund	1,014	-	-	1,014	907	107
On the Land Healing Fund	1,000	-	100	1,100	1,080	20
Mental Health and Addictions	450	-	-	450	417	33
Seniors Fund	205	-	-	205	205	-
Child and Family Services	128	-	-	128	217	(89)
French Language Services	856	-	-	856	649	207
Early Childhood Development						
Breastfeeding Fund	65	-	-	65	18	47
Disabilities Fund	335	-	-	335	321	14
Healthy Family Program	292	-	-	292	331	(39)
Tlicho Cultural Coordinator	35	-	-	35	39	(4)
	290,343	565	(136)	290,772	287,967	2,805

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2017

(thousands of dollars)

	Main Estimates \$	Supplementary Estimates \$	Transfers \$	Total Appropriation \$	Actual Expenditures \$	(Over) Under Appropriation \$
Environment and Natural Resources						
Mackenzie River Basin Board	50	-	-	50	20	30
Industry Development	50	-	-	50	205	(155)
Community Harvester Assistance Program	1,074	-	-	1,074	1,186	(112)
Adaptation Plan	51	-	-	51	108	(57)
Traditional Knowledge	65	-	-	65	42	23
Interim Resource Management Assistance Program Agreement	1,655	-	-	1,655	1,886	(231)
Local Wildlife Committees	257	-	-	257	32	225
Wildlife Research Support	-	-	19	19	73	(54)
Climate Change Conservation Program	162	-	-	162	-	162
Biomass Energy- Forest Management	-	-	-	-	9	(9)
Stewardship Program	440	-	-	440	470	(30)
Modelling and Remote Sensing	90	-	-	90	75	15
NWT Water Strategy	250	-	-	250	355	(105)
Wildfire Risk Management Plans	75	-	-	75	76	(1)
Wildfire Research Support	25	-	-	25	-	25
Wildlife Management Boards	118	-	76	194	158	36
Inuvialuit Water Board	913	-	-	913	913	-
Aquatic Ecosystems Research Partnership Program	-	-	-	-	15	(15)
Environmental Baseline Studies	100	-	-	100	50	50
Acquatic Systems Indicators	-	-	-	-	184	(184)
Knowledge Agenda Partnerships	-	-	-	-	300	(300)
Waste Reduction Recovery Program	-	-	-	-	45	(45)
Water Strategy Action Plan	450	-	-	450	450	-
Caribou Strategy	-	-	-	-	9	(9)
Take A Kid Trapping	125	-	-	125	93	32
Cumulative Impact Monitoring Program	1,540	-	-	1,540	1,769	(229)
Conservation Planning	140	-	-	140	204	(64)
Bathurst Caribou Herd Well-Being	-	310	-	310	243	67
Disease Contaminants	16	-	-	16	16	-
	7,646	310	95	8,051	8,986	(935)

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2017

(thousands of dollars)

	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over) Under Appropriation
	\$	\$	\$	\$	\$	\$
Industry, Tourism and Investment						
Business Development and Investment Corporation	3,296	-	-	3,296	3,312	(16)
Community Futures	867	-	-	867	947	(80)
Community Transfers Initiative	1,587	-	-	1,587	1,463	124
Business Internship	50	-	-	50	48	2
Support for Entrepreneur and Economic Development	3,866	-	-	3,866	3,875	(9)
Film Industry Rebate Program	206	-	-	206	84	122
Mackenzie Valley Development	400	-	-	400	349	51
Tourism Skills Development	-	-	-	-	18	(18)
Tourism and Parks Various Contributions	-	-	-	-	150	(150)
Tourism 2020	400	-	3	403	428	(25)
Fur Program	155	-	-	155	157	(2)
Tourism Product Diversification Program	836	-	250	1,086	1,054	32
Northwest Territories Chamber of Mines	30	-	-	30	37	(7)
Commercial Fisheries	225	-	-	225	225	-
Commercial Fishing Industry Support	1,410	-	-	1,410	-	1,410
Aboriginal Mineral Development Support Program	100	-	-	100	115	(15)
Northern Food Development Program	550	-	-	550	449	101
Mining Incentive Program	400	-	-	400	394	6
Diavik Socioeconomic Agreement	50	-	-	50	-	50
CanZinc Socioeconomic Agreement	30	-	(3)	27	-	27
Great Northern Arts Festival	25	-	-	25	25	-
NWT Geological Survey Various Contributions	-	-	-	-	403	(403)
Community Tourism Infrastructure	100	-	-	100	159	(59)
Tourism Industry Contribution	3,336	-	-	3,336	3,336	-
Various Contributions- Minerals and Petroleum Resources	-	-	-	-	60	(60)
Convention Bureau	100	-	-	100	90	10
Northern Frontier Visitors Centre	161	-	-	161	161	-
Growing Forward II	300	-	-	300	163	137
	18,480	-	250	18,730	17,502	1,228
Justice						
Victims Assistance Support Projects	615	263	-	878	968	(90)
Community Justice Committees and Projects	1,565	-	-	1,565	1,610	(45)
Wilderness Programming	179	-	-	179	-	179
YWCA of Yellowknife	105	-	-	105	105	-
	2,464	263	-	2,727	2,683	44

Government of the Northwest Territories

Non-Consolidated Schedule of Contributions (unaudited)

Schedule 6 (continued)

for the year ended March 31, 2017

(thousands of dollars)

	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over) Under Appropriation
	\$	\$	\$	\$	\$	\$
Public Works and Services						
Energy Programs and Policy Development	3,530	-	-	3,530	3,530	-
Energy Research and Analysis	440	-	-	440	607	(167)
	3,970	-	-	3,970	4,137	(167)
Education, Culture and Employment						
Education Authority Contributions	150,875	139	(936)	150,078	151,424	(1,346)
College Contributions	33,464	-	-	33,464	33,348	116
Healthy Food for Children and Youth	650	-	-	650	650	-
Literacy Funding - Labour Development and Standards	2,356	-	(677)	1,679	2,113	(434)
Literacy Funding - Early Childhood	-	-	677	677	676	1
NWTTA Professional Development Fund	2,019	-	-	2,019	1,748	271
Healthy Children Initiative	1,055	-	-	1,055	1,646	(591)
Early Childhood Program	4,248	-	-	4,248	4,558	(310)
Minority Language Education and Second Language Instruction: French	2,539	-	-	2,539	2,959	(420)
Official Languages						
Aboriginal Languages Broadcasting	870	-	8	878	878	-
Francophone Affairs	77	-	-	77	77	-
Aboriginal Languages	4,859	-	130	4,989	4,953	36
Community Library Services	763	-	-	763	785	(22)
Cultural Organizations	424	-	-	424	424	-
Homelessness Program	1,471	-	-	1,471	1,379	92
Heritage Centres	491	-	-	491	491	-
Arts Organizations Operating Funding	460	-	-	460	479	(19)
Early Childhood Intervention Program	500	-	-	500	-	500
Skills Canada	70	-	-	70	70	-
Small Community Employment	339	-	-	339	895	(556)
Tlicho Coordinator	-	-	-	-	39	(39)
Infrastructure Contributions for Education and Culture	400	-	15	415	235	180
Infrastructure Contributions for Labour Development and Standards	-	400	-	400	469	(69)
Labour Market Agreement for Persons with Disabilities Contributions	281	-	250	531	5	526
Various Education and Culture Contributions	-	-	-	-	70	(70)
	208,211	539	(533)	208,217	210,371	(2,154)
Total	692,684	2,880	(843)	694,721	684,377	10,344

Government of the Northwest Territories**Non-Consolidated Schedule of Special Warrants (unaudited)****Schedule 7****for the year ended March 31, 2017****(thousands of dollars)**

**Date of FMB
Approval****Amount
Authorized
\$****INFRASTRUCTURE****Public Works and Services**

A special warrant was approved on December 16, 2016 to fund the purchase of the core assets of the Northern Transportation Company Ltd. (NTCL) 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 Northwest Territories residents and the Government's operations.

16-Dec-2016

7,500

Total Special Warrants**7,500**

Government of the Northwest Territories**Non-Consolidated Schedule of Inter-activity Transfers Exceeding \$250,000 (unaudited)****Schedule 8****for the year ended March 31, 2017**(thousands of dollars)

	Transfer to (from) \$	Explanation
OPERATIONS AND MAINTENANCE		
Health and Social Services		
Ambulatory Care Services	1,804	Transfer of funding for nursing positions at the Hay River Health and Social Services Centre to Ambulatory Care for consistent reporting and comparability between the Department and the Hay River Health and Social Services Authority.
Nursing Inpatient Services	(1,804)	Transfer of funding for nursing positions at the Hay River Health and Social Services Centre to Ambulatory Care for consistent reporting and comparability between the Department and the Hay River Health and Social Services Authority.
Administrative and Support Services	436	Reprofiling of resources to offset the pension shortfall of the Hay River Health and Social Services Authority.
Ambulatory Care Services	(436)	Reprofiling of resources to offset the pension shortfall of the Hay River Health and Social Services Authority.
Infrastructure Project Classification	2,156	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	677	Transfer budget of literacy and basic education programs from Adult and Postsecondary Education (Labour Development and Standards) to Health, Wellness and Student Support (Education and Culture) to reflect reorganization.
Labour, Development and Standards	(677)	Transfer budget of literacy and basic education programs from Adult and Postsecondary Education (Labour Development and Standards) to Health, Wellness and Student Support (Education and Culture) to reflect reorganization.
Infrastructure Project Classification	617	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Transportation		
Infrastructure Project Classification	(140)	The infrastructure budget associated with project costs that are classified as capital expenditures has been transferred from the operations and maintenance budget.
Infrastructure Project Classification	24	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Lands		
Infrastructure Project Classification	15	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, 2017****(thousands of dollars)**

	Transfer to (from) \$	Explanation
Justice		
Infrastructure Project Classification	418	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	35	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
 CAPITAL INVESTMENT		
Lands		
Corporate Management	(274)	Transfer of the Securities and Administration Processing System project to Planning and Coordination to reflect the current organization structure.
Planning and Coordination	274	Transfer of the Securities and Administration Processing System project to Planning and Coordination to reflect the current organization structure.
Infrastructure Project Classification	(15)	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		
Wildlife	796	Transfer from the Inuvik Warehouse project to the Shell Lake Complex project to combine projects into one project to take advantage of cost savings.
Water Resources	(796)	Transfer from the Inuvik Warehouse project to the Shell Lake Complex project to combine projects into one project to take advantage of cost savings.

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, 2017****(thousands of dollars)**

	Transfer to (from) \$	Explanation
Health and Social Services		
Administrative and Support Services	494	Transfer from Behchokö Long Term Care facility and the cancelled Frame Lake Medical Clinic project to create new Patient Archive and Communication System Phase 1 and Sobering Centre projects, and to offset budget shortfall for Northern Lights Long Term Care project.
Community Health Programs	(494)	Transfer from Behchokö Long Term Care facility and the cancelled Frame Lake Medical Clinic project to create new Patient Archive and Communication System Phase 1 and Sobering Centre projects, and to offset budget shortfall for Northern Lights Long Term Care project.
Infrastructure Project Classification	(2,156)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Justice		
Corrections	(288)	Transfer from the Fort Liard Probation Office Tenant Improvements project and other projects to the Hay River Courthouse project and other projects.
Court Services	288	Transfer from the Fort Liard Probation Office Tenant Improvements project and other projects to the Hay River Courthouse project and other projects.
Infrastructure Project Classification	(418)	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	(35)	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		
Infrastructure Project Classification	(617)	The infrastructure budget associated with project costs that are not classified as capital expenditures has been transferred to the operations and maintenance budget.
Transportation		
Infrastructure Project Classification	140	The infrastructure budget associated with project costs that are classified as capital expenditures has been transferred from the operations and maintenance budget.
Infrastructure Project Classification	(24)	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 Bad Debt Write-offs, Forgiveness
and Student Loan Remissions (unaudited)**

Schedule 9

for the year ended March 31, 2017

ACCOUNTS RECEIVABLE WRITTEN OFF

No amounts were written off during the
fiscal year ended March 31, 2017.

FORGIVENESS OF DEBT

No amounts were forgiven during the
fiscal year ended March 31, 2017.

Government of the Northwest Territories**Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness
and Student Loan Remissions (unaudited)****Schedule 9 (continued)****for the year ended March 31, 2017**

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 and the employment or residency criteria, have qualified and been granted remission of their loans.

Name	\$	Name	\$
Adam, Shariff	5,655	Boothe, Alexandra	6,017
Ahenakew, Adam Gordon	8,702	Boothe, Robin	20,729
Aho, David William	3,765	Bordon, Jessie	3,441
Aho, Valisa Sara	7,014	Bordon, Robert	64
Aitken, Christopher Michael	2,225	Boss, Zach	1,275
Aitken, Jennifer Laura	6,697	Bradbury, Amanda	8,702
Alain, Jill Lauren Nash	2,992	Brasseur, Kali	6,697
Alty, Abigail	6,697	Breadmore, Belinda	1,989
Amora, Maria	6,017	Brenton, Sarah	6,598
Anderson, Alice	12,166	Bromley, Lana	6,697
Anderson, Casey	7,354	Brown, Robyn	12,652
Anderson, Ian	3,852	Brown, Russell	4,250
Anderson, Wesley	6,017	Bruser, Benjamin	5,491
Andre, Deiter	4,106	Buchanan, Christopher	3,884
Ballantyne, Nicolas	7,212	Buchanan, David	6,718
Barbier, Jan	7,244	Budgell, Victoria	6,697
Barker, Bailey	6,703	Bullock, Corrine Eden	7,431
Bassett, Shawna	6,697	Callas, Aaron Douglas	2,992
Bauhaus, Stephanie	4,112	Callas, Brendan	3,672
Beck, Janelle	8,702	Callas, Michael	4,222
Beemer, Levi	2,141	Campbell, Alexis	3,672
Bell, Jason	10,697	Campbell, Donald	1,029
Bell, Karlee Dawn	2,487	Cannell, James	3,400
Bembridge, Cali	2,524	Cannell, Sarah	1,365
Bengts, Lauren	8,680	Canuel-Kirkwood, Shoshanna	1,832
Bengts, Stacie	6,697	Carroll, Jeremy	4,976
Berton, Mary-Lynn	3,989	Carter, Angela	4,669
Berube, Pierre-Luc	11,387	Chambers, Mary	5,092
Bevan, Emily	880	Chambers, Patrick	8,889
Bevan, Kyle	6,017	Chenkie, Jessica	931
Biggar, Kyle Anthony	2,214	Chenkie, Ryan	4,998
Biggs-Farrell, Liliana	6,297	Cherwaty, Kyla	4,143
Bissell, Daniel	9,996	Choquette, Bradley	609
Black, Kimberly Dawn	5,584	Christensen, Michael	425
Blanchette, Melisa	2,071	Chung, Carissa	7,530
Blyth, Caitlin	12,497	Clark, Sheryah	5,000
Boden, Mary	6,697	Coakwell, Heather	2,125
Boggis, Christina	6,346	Cochrane, Garrett	10,309
Bokovay, Michelle	7,365	Coedy, Liam Blake	8,730
Bolivar, Kate	7,617	Coedy, Luke	3,009
Bolstad, Joshua	2,381	Cole, Tyson	3,083
Bolstad, Mandi	190	Coleman, Melanie	6,697
Bonnell, Nicole	6,697	Collier, Emily	131
Booth, Miranda	5,902	Cooper, Hawna	12,680

Government of the Northwest Territories**Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness
and Student Loan Remissions (unaudited)****Schedule 9 (continued)**

for the year ended March 31, 2017

Cooper, Kayla	6,800	Gibb, Barrett Ryan	13,382
Cooper, Laura	6,697	Gibbons, Katelyn Beatrice	3,672
Cooper, Merrill	6,187	Gibbons, Rebecca	5,709
Corey, Jeffery	10,252	Gilbert, Stephanie	4,669
Corey, Laura	6,697	Gilday, Jillian Marguerite Dunbar	2,350
Couturier, Donald	6,697	Gilday, Michael	3,831
Cracknell, Alexandra	2,055	Gill, Carolyn	6,708
Cracknell, James	5,313	Gillander, Amanda	6,017
Curtis, Colton	5,507	Gillander, Chris	4,937
Dang, Debbie	2,992	Gillard, Danielle Alexandra	2,992
Daniel, Ilia	2,730	Giovanetto, Shephen	1,660
Daniels, Harrold	184	Glowach, Christine	6,697
Dapilos, Alinar	2,022	Glowach, Kathleen	2,992
Dautel, Janell	3,672	Goertzen, Paula	6,697
De Bastiani, Lana	1,874	Grabke, Dwight	5,729
De Bastiani, Thomas	3,995	Graf, Derek	6,697
Debassige, Lindsay Elizabeth	4,980	Gray, Kyla	4,236
Debogorski, Anton	6,916	Gray, Michael	8,362
Debogorski, Juliane Louise	3,672	Grinsted, Roya Jean	6,697
Denroche, Kaitlyn Stephanie	7,113	Guigon, Jessica	1,241
Dentinger, Aimee	5,035	Guile, Aimee	7,266
Dentinger, Danielle Dorine	8,154	Guthrie, Abigail Ruth	1,776
Desilets, Angela	261	Gzowski, Angela	4,168
Devitt, Alison	6,697	Hamilton, Shelby	3,691
Dickson, Courtney	5,950	Hamre, Stuart Mackenzie	6,839
Digness, Laura	7,036	Harris, Brooke	6,697
Digness, Robert	1,781	Hernandez, Anneluzelia	5,655
Digness, Samantha	2,663	Herriot, Brittany	1,611
Donovan, Kelsea Caroline	5,600	Heslep, Alison	116
Dupuis, Rebecca	1,265	Hess, Samera	2,553
Duval, Aimee	4,274	Hewitt, Kevin Samuel	3,025
Elanik, Shelley	10,587	Hicks, Samantha Michelle	7,201
Elkin, Davis Mackenzie	6,017	Hiebert, Randy	7,036
Ellis, Matthew Roy Douglas	6,017	Hiebert, Trudy	3,400
Enerio, Marry	7,447	Hinchey, Alexandra Paige	3,672
Enns, Monica	6,697	Hinchey, Garrett	6,017
Evans, Joel	2,633	Hobbs-Peddle, Kelsey	3,222
Fabien, Brandon	5,111	Hodgins, Oliver	7,294
Fabien, Katelyn	13,875	Holden, Alberta	1,565
Foley, Tara	7,617	Holloway, Madeline	935
Forget-Manson, Elijah	6,173	Huang, Xin Xin	1,659
Foster, Brianne	10,697	Hunt, Edward	7,228
Fournier, Jessica	5,792	Hunter, Kacee	8,702
Fournier, Tristen	6,269	Hurley, Tara	2,846
Freeman-Ballantyne, Erin	6,017	Hurst, Madison	2,762
Freeman, Brett	7,465	Hval, Jessica	9,568
Froese, Jordan	8,703	Hysert, Gwen	1,149
Froese, Kristen	7,519	Ingarfield, Emily	14,081
Froment, Evan	7,277	Irvine, Sarah	3,672
Gagnon, Angela	8,189	Jason, Whitney	3,951
Gardiner, Corin	4,821	Jeannotte, Amber	3,332
Geggie-Hurst, Nicholas	6,697	Jefferson, Kate	2,751
Gervais, Sarah Dominique	4,394	Jeffery, Julia	6,017

Government of the Northwest Territories**Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness
and Student Loan Remissions (unaudited)****Schedule 9 (continued)**

for the year ended March 31, 2017

Jen, Brooke	4,784	Madsen, Lucas	340
Johansen, Nichol	2,252	Magrum, Rebecca	6,017
Johnson, Jessi	7,455	Maguire, Jessica	6,697
Johnson, Michaela	11,015	Mahler, Kirstin	7,880
Johnston, Andrew	2,311	Mahler, Rebecca	2,598
Jonasson, Kristine	6,017	Mair, Colin	3,672
Jones, Brittany	6,017	Mair, Dylan	6,697
Jones, Savannah	7,420	Makletzoff, Tonya	10,587
Jordan, Haylee	3,400	Malakoe, Alexandra	2,039
Jung, Courtney	6,017	Malakoe, Michael	8,680
Kaeser, Courtney	5,730	Maloney, Elias	5,688
Kaip, Kirsten	8,702	Mapes, Ciara	2,071
Kanwal, Inderjit	1,688	Marrai, Caterina	6,697
Kearnan-Carbonneau, Axelle	6,697	Marta, Ashley	1,076
Kearnan-Carbonneau, Sean	6,017	Martin-Elson, Sonja	2,154
Kefalas, Kyle	6,697	Matthews, Andrew David	6,201
Keizer, Michelle	8,702	Matthews, Bryana	3,187
Kelly, Jessica	2,992	McArthur, Allison	4,735
Kennedy, Joseph	6,017	McCabe, Stephanie	1,334
Kipling, Keiran	3,400	McCreadie, Allister	470
Klochko, Makenna	2,550	McDaniel, Gabriel	2,992
Kocik, Kirsten	7,612	McDonald, Mande	4,768
Komi, Arisa	3,672	McDonald, Paige	11,376
Kornichuk, Rebecca	5,590	McGurk, Fraser	6,800
Koswan, Bradley	4,677	McInnis, Sarah	9,000
Krivda, Carlie Anne	680	McIsaac, Jamie	1,435
Kronstal, Alana	2,994	McKay, Kyle	7,693
Laity, Erin	6,519	McLeod, Laura	6,516
Lakhani, Sabrina	6,697	McMullen, Andrea	2,550
Lakusta, Matthew	6,017	McNaughton, Gillian	8,155
Lalonde, Keshki	237	Memedi, Viola	5,661
Lamarche, Benjamin	2,795	Meredith, Dayna	6,800
Lau, Ariel	1,493	Merrithew, Leslie	6,697
Lavers, Jamie	4,011	Metcalfe, Scott	700
LePrieur, Joanna	3,672	Meulenbroek, Mark	6,653
Letourneau-Paci, Chloe	6,017	Michel, Gina	6,697
Letourneau-Paci, Sebastien	6,017	Miklosovic, Stefanie	6,697
Lillis, Amanda	4,784	Miller, Matthew	3,400
Lindsay, Michel	3,398	Miltenberger, Jacky	3,025
Lippert, Joshua	853	Moffitt, Morgan	6,718
Lodge, Emily	6,697	Moir, Christopher	3,400
Look, Raynor	2,992	Moir, Lauren	5,014
Ly, Nha	3,661	Monks, Deanna	6,017
MacDonald, Cameron	6,938	Moore, Christopher	2,170
MacDonald, David	1,742	Moore, Kelly	6,017
MacDougall, Alexander	395	Moran, Shayla	6,647
MacDougall, Ian	3,803	Morland, Thomas	2,337
MacDougall, Kelsey	6,697	Morrison, Amanda	1,815
MacIntosh, Brenden	6,422	Morrison, Donald	5,902
MacKay-Johnson, Brenna	10,150	Morse, Julian	7,985
MacKenzie, Caroline	4,390	Morse, Melanie	9,612
MacLellan, Joseph	2,811	Morton, Fallon	3,489
Madsen, Devin	5,281	Mulders, Tamika	6,697

Government of the Northwest Territories**Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness
and Student Loan Remissions (unaudited)****Schedule 9 (continued)**

for the year ended March 31, 2017

Muller, Mikaela	8,023	Rattray, Kevin	7,447
Munroe-Rosen, Soura	686	Redshaw, Heather	1,496
Murphy, Sara	4,488	Redshaw, Walker	3,672
Napier, Kyle	7,014	Rentmeister, Lindsay	1,578
Nguyen Ha, Ngan	3,672	Rivera, Jill	6,697
Nguyen Ha-Phuoc	5,288	Rix, Coral	6,697
Nguyen Ha, Tai	7,140	Roberts, Brittany	6,697
Nielsen, Jamie Lynn	11,311	Roberts, Sabrina	6,017
Nilson, Andrea	2,011	Roberston, Drew	4,020
Nilson, Kent	1,759	Robertson, Karen	5,159
Noel, Jeremy	1,368	Robinson, Erica	1,500
Noojeda, Jovilynn	691	Robson, Sean	2,532
Norbert, Nigit'Stil	8,680	Rodriguez-Masongsong, Rebecca	5,872
Normandin, Chelsey	3,750	Ross, Jamie	6,697
Oake, Meyha	10,368	Ross, Paulina	6,697
O'Connor, Elise	8,023	Ross, Sasha	3,672
O'Hara, Linna	4,318	Rossouw, Levi Nelson	6,872
O'Keefe, Harry	1,300	Rossouw, Nicolas	3,400
O'Keefe, Hope	4,505	Roy, Vanessa	2,142
Ollerhead, Diana	6,017	Rozenstraten, Katherine	5,792
Ollerhead, Kristy	6,149	Rozenstraten, Scott	6,017
Ondrack, Tess	6,795	Ruptash, Heather	6,686
Orchard, Demian	5,840	Russell, Nora	5,820
Orchard, Kali	6,653	Ruttan, Lia	847
Ormiston, Kyle	6,960	Saravanja, Pablo	2,800
Oteiza, Marissa	2,433	Sartor-Pielak, Carina	6,198
Pagonis, Meghan	4,176	Sasseville, Jamie-Lee	4,927
Paivalainen, Braeden	3,096	Savage, Pascale-Laure	3,946
Paquin, Myriam	2,356	Schaap, Jamie	2,154
Paul, Lindsay	8,828	Scheper, Nathan	2,587
Pawluk, Tierra	1,600	Schmalz, Adrienne	6,017
Payne, Kurt	5,973	Scott, Danika	6,697
Pearl, Sheldon	2,368	Shaben, Krystal	5,096
Phillips, Jessica	2,039	Shaben, Megan	6,017
Phillips, Madison	1,628	Shannon, Samuel	2,992
Phillips, Robert	2,219	Short, Dylan	9,026
Phung, Jeremy	5,918	Shouhda, Kyle	3,672
Phypers, Daena	700	Shouhda, Meagan	6,017
Pidborochynski, Dezeræe	4,159	Shuparski, Meagan	2,895
Pilling, Maxwell	7,371	Shupe, Dustin	6,800
Pilling, Tyler	4,400	Sidhu, Harjot	6,697
Plouffe, Nicholas	6,346	Silke, Andrew	2,491
Ploughman, Melissa	8,680	Silke, David	6,697
Poitras, Sean Louis	4,175	Silke, Jordan	1,874
Pond, Ryan	6,697	Silveira De Graca Costa, Nihal	449
Porter, Raylene	8,680	Silverio, Sandra	7,156
Pound, Shawna	5,655	Simpson, Amy	3,638
Powder, Mary	13,042	Sinclair, Frances	12,680
Purchase, Eli	6,017	Skinner, Shelby	6,697
Purchase, Elizabeth	6,697	Smith, Alexander	1,209
Pyke, Caitlyn	3,003	Smith, Angus	6,017
Radicchi, Laura	5,094	Smith, Jodi	5,790
Raffai, Roland	321	Smith, Maggie	603

Government of the Northwest Territories**Non-Consolidated Schedule of Bad Debt Write-offs, Forgiveness
and Student Loan Remissions (unaudited)****Schedule 9 (continued)**

for the year ended March 31, 2017

Snow, Angela	7,225	Wallis, Colby	6,697
Soderberg, Jacklyn	6,017	Ward, Emma	9,130
Soderberg, Jonathon	6,982	Watton, Colin	3,672
Spence, Duff	6,017	Weaver, Vincent	942
Sperry, Olivia	2,740	Weaver, Whitney	6,017
St. Arnaud, Jessica	7,692	Webber, Paul	6,492
St. Croix, Aleta	3,211	Weber, Amy Christine	2,071
St. Croix, Kadee	2,022	Wegernoski, Crystal	1,885
Stannard, Jeremy	850	Weir, Alexander	7,431
Starling, Brent	8,151	Weir, Quinton	2,192
Steen, Rebecca	1,509	Weitzel, Caitlin	5,416
Stewart, Faline	1,545	Welsh, Emma	7,332
Stirling, Carter	6,017	Welsh, Megan	6,017
Stoodley, Ashley	6,800	Whalen, Patrick	5,014
Stoodley, Shannon	4,980	Wheaton, Dylan	2,617
Straker, Jeremy	6,017	White, Alexander	6,187
Strand, Christina	1,813	White, Amanda	6,697
Strand, Jesslyn	4,883	White, Heather	6,729
Strbac, Ana	6,000	Whiteford, Morgan	3,670
Strus, Tynan	1,414	Whitehead, Kevin	6,697
Stuart, Robert	4,037	Wick, Malek	2,230
Styan, Bryce	442	Wile, Griffin	7,332
Styan, Denver	6,368	Williams, Heather	10,138
Sullivan, Christopher	680	Wilson, Elizabeth	6,697
Sumcad, Jasmin	8,282	Wiseman, Amelia	6,697
Swihart, Kristi	6,697	Wiseman, Scott	5,776
Taggart, Ryan	1,726	Wong, Daniel	840
Tam, Jared	8,702	Wong, Helen	6,697
Tam, Kevin	6,412	Wong, Janet	6,017
Taskova, Aleksandra	6,697	Woodford, Glenda	5,100
Taylor, Pamela Lea	8,680	Wright, Briony	2,060
Taylor, Sarah Elizabeth Joan	4,126	Wright, Kimberly	5,870
Tilden, Emma	6,697	Wright, Kyla	5,685
Tilden, Molly	3,400	Yuvenco, Jeff	3,672
Tram, John	6,697	Zehr, Samuel	2,070
Tremblay, Brad	6,697		
Triffo, Daniel	261	Total Remissions	<u>2,530,872</u>
Tucker, Carly	3,655		
Tuma, Michelle	2,992		
Tymchatyn, Shantel	5,590		
Valenzuela, Lorry	3,124		
Vallillee, Erin	6,697		
Van Dyke, Christian	6,017		
Vanthull, Jamie	5,655		
Velez, Victoria	762		
Vician, Kaitlyn	6,697		
Vician, Kristin	6,697		
Vician, Lindsay	4,192		
Vivian, Adam	4,088		
Vogt, Alanhea	10,140		
Vornbrock, Jarrett	6,017		
Vulkov, Deyan	1,989		
Walker, Drayton	7,453		

Government of the Northwest Territories

**Non-Consolidated Schedule of Recoveries of Debts and Student Loans Previously Written Off
(unaudited)**

Schedule 10

for the year ended March 31, 2017

Individual amounts under \$500 409

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, 2017

	\$
Lands	
Surface Rights Board	289,284
Inuvialuit Land Claim Implementation	100,000
	389,284

Aboriginal Affairs and Intergovernmental Relations

Inuvialuit Land Claim Implementation	141,029
Gwich'in Land Claim Implementation	157,819
Sahtu Land Claim Implementation	114,354
Tlicho Land Claim Implementation	231,747
Land Claim Implementation Annual Reporting	25,793
	670,742

Municipal and Community Affairs

Pan-Territorial Strategy	368,727
Gas Tax	12,299,517
Small Community Fund	6,086,863
Search and Rescue	7,150
Designated Authority Council Training	158,101
Emergency Management Development	75,369
Beaufort Delta Finance Training	53,600
	19,049,327

Transportation

Airline Glycol Recovery	75,276
Hay River Access Corridor	75,790
Hold Baggage System - Yellowknife Airport	92,664
National Safety Code	153,140
The Alberta Road Maintenance	337,409
Wood Buffalo National Park	1,314,554
	2,048,833

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, 2017

	\$
Public Works and Services	
Sahtu Land Claim Implementation	4,719
Gwich'in Land Claim Implementation	4,719
Tlicho Land Claim Implementation	13,399
Royal Canadian Mounted Police Utilities	2,473,399
Office Lease - Beaufort Delta Education Council	146,100
Royal Canadian Mounted Police Facility Maintenance	1,780,915
Royal Canadian Mounted Police Minor Capital Facilities Maintenance	3,332,825
Royal Canadian Mounted Police Janitorial	92,871
Northern Responsible Energy Approach	511,459
Family Center Kitchen Renovation	57,351
	<hr/>
	8,417,757

Justice

Sahtu Land Claim Implementation	23,409
Gwich'in Land Claim Implementation	23,409
Tlicho Land Claim Implementation	57,101
Building a Northern Evidence Based Approach to Crime Prevention	248,620
Native Estates	160,547
Wellness Court Program	100,000
Family Information Liaison Unit	6,774
Supporting Families Fund	200,562
Court Ordered Council	19,070
	<hr/>
	839,492

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, 2017

	\$
Health and Social Services	
Pan-Canadian Public Health Network	8,910
Working on Wellness in Strategic Populations	41,178
Dialogue/Storybook Project	266,954
Continuity of Care	282,074
National Routing System	145,000
Tobacco Cessation Sharing Circle	158,439
Analytic Intern Placement	48,189
Toll-Free Tobacco Quitline Services	107,984
Non Insured Health Benefits	14,832,584
Health Portfolio Funding	9,322,516
Home and Community Care Enhancement	5,283,441
Territorial Health Investment Fund	3,931,221
Territorial Health Investment Fund Medical Travel	999,997
NWT Mental Health Information Management System	230,293
Territorial Health Investment Fund Oral Health	550,444
Congenital Anomalies Surveillance System	70,966
Peer 2 Peer Network	165,474
Canadian Chronic Disease Surveillance System	176,116
Pan-Northern Administration Data Development	193,548
Helicobacter Pylori Infection	46,893
Territorial Health Investment Fund eMental Health	37,542
Power Up	60,908
Exploring Barriers and Facilitating Screeners	9,763
	<hr/> 36,970,434 <hr/>

Education, Culture and Employment

Sahtu Land Claim Implementation	32,492
Gwich'in Land Claim Implementation	31,349
Tlicho Land Claim Implementation	86,333
Labour Market Development Agreement	4,478,460
Canada Job Fund	1,054,441
Older Workers	479,976
	<hr/> 6,163,051 <hr/>

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, 2017

	\$
Environment and Natural Resources	
Climate Change Adaptation Project	393,000
Forest Industry Biomass Initiative	689,984
Tlicho Land Claim Implementation	206,961
Developing and Implementing a Cooperative Bison Control Program	54,944
Gwich'in Land Claim Implementation	158,953
Inuvialuit Land Claim Implementation	3,878,766
Sahtu Land Claim Implementation	151,560
Sahtu Duck Banding Project	13,985
Wildlife Studies - Community Based Monitoring	14,372
Geographic Information System Project	1,223
Mutual Aid Research Sharing Agreement	1,465,514
Remeasurement of the National Forest Inventory	99,958
Conversation Data Centre Data Development	29,786
Parks Canada Regional Data Enhancement and Data Capture	15,000
Northern Conservancy Canada Northern Biodiversity Project	4,000
Monitoring of the Bluenose-West Caribou	30,000
Ground Truth Water Parameters for Specified Sites	5,788
Biological Indicators to Monitor Aquatic Ecosystem Health	18,743
Monitoring Polar Bear Subpopulations in the Western Arctic	25,000
Developing Science Programs	56,500
Water Quality and Aerial Survey Data on Algae Blooms in Great Slave Lake	5,231
Bathurst Caribou Range Plan	241,000
Alberta and Northwest Territories Bilateral Water Management Agreement	108,868
British Columbia and Northwest Territories Bilateral Water Management Agreement	91,460
Developing a Collaborative Climate Change Station Network in the Northwest Territories	30,000
	<hr/> 7,790,596 <hr/>
Industry, Tourism and Investment	
Growing Forward II	596,544
Gwich'in Land Claim Implementation	18,326
Sahtu Land Claim Implementation	33,800
Canol Trail - Wire Cleanup	1,310,675
	<hr/> 1,959,345 <hr/>
Total	<hr/> 84,298,861 <hr/>



Public Accounts 2016-2017

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, 2017

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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SECTION III

SUPPLEMENTARY FINANCIAL STATEMENTS – OTHER ENTITIES

Entities

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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 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
Northwest Territories Liquor Commission
Northwest Territories Liquor Licensing
Board Fuel Services Division
Public Stores Revolving Fund

Special Purpose Funds

Environment Fund
Legislative Assembly Retiring Allowance Fund
The Natural Resources Conservation Trust Fund
Public Trustee for the Northwest Territories
Student Loan Revolving Fund
Territorial Court Judges Registered Pension Plan Fund

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Annual Report 2015-2016



MANDATE AND 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 is 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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Aurora College Board of Governors' Message



Research is a vital component of Aurora College, as it is of any post-secondary institution. As the research division of Aurora College, the Aurora Research Institute (ARI) facilitates and conducts research in the Northwest Territories, 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 in Inuvik, Yellowknife, and Fort Smith. Territory-wide research administration is provided by ARI headquarters in Inuvik.

During the past few years, a great deal of work has been undertaken by staff of Aurora College and ARI, as well as the members of the Board of Governors, to ensure that policies were either introduced or updated in order to elevate this institution's approach to research ethics and procedures. Topics such as academic freedom and ethical conduct when dealing with animal and human subjects were addressed in both policy and procedure. As of July 1, 2015, the Research Advisory Council (RAC), a standing committee created by the Board of Governors

(BOG), was formed. Membership consists of both BOG representatives and external members who have a background in various areas of science and traditional knowledge. The main responsibilities of RAC are to provide advice to the College and ARI on the development of an annual research agenda, to help ensure the College's and ARI's active participation in the NWT Science Agenda, to promote a Canadian northern and circumpolar research community, and to prepare an annual report on the state of scientific and research issues in the NWT.

The rigorous standards that are being applied in research ethics and administration have allowed Aurora College to successfully apply to hold funds from two of the major research granting organizations in Canada – the Social Sciences and Humanities Research Council (SSHRC) and the Natural Sciences and Engineering Research Council (NSERC). This "institutional eligibility" is a notable accomplishment, as it allows faculty and staff to access research funds and increases Aurora College's ability to retain northern-based research capacity. It also represents a significant recognition of the developing research capacity within Aurora College and the NWT. Another important benefit is that the research is allowing us to more closely link research and the Aurora Research Institute with programs at Aurora College.

In the first half of 2016, Aurora College staff secured our first funding grants, including

Aurora College Board of Governors

(as of June 30, 2016)

Kathy Tsetso	Dehcho Representative
Mary Beckett	Beaufort Delta Representative
Lynn Napier-Buckley	South Slave Representative
Vacant	Yellowknife Representative
Vacant	North Slave Representative
Vacant	Sahtu Representative
Vacant	Elder Representative
Bambi Amos	Staff Representative
Shania Clark	Student Representative

Research Advisory Council

(as of June 30, 2016)

Mary Beckett	Chairperson
Kathy Tsetso	Internal Member
Dr. Andre Corriveau	Health Sciences Representative
Dr. John England	Physical Sciences Representative
Dr. Allice Legat	Traditional Knowledge Representative
Jim Martin	Social Sciences Representative
Andrew Applejohn	GNWT Science Representative

NSERC “Connect and Engage” grants, and a SSHRC “Community and College Social Innovation Fund” award. NSERC grants have funded such areas as workshops looking at the viability of greenhouses in the far North, and collaborating with NWT Power Corporation to examine energy and infrastructure options related to climate change. The SSHRC award provides funds to work with several post secondary partners to study how schools and institutions are decolonizing education and will engage Indigenous and community knowledge holders in community-based research. It will develop and strengthen decolonizing efforts

within our instructional staff and create new knowledge that will support pre-service teachers in the Northwest Territories. The findings will guide our instruction and will enhance educational experiences for students from coast to coast to coast.

As Chair of the Board of Governors, I am excited by the tremendous strides Aurora College has made recently in this area and look forward to seeing what the future holds.

Kathy Tsetso
**Chairperson,
Aurora College Board of Governors**

Message from the President



On December 15, 2015, the Truth and Reconciliation Commission of Canada (TRC) tabled its report in the House of Commons, culminating six years of work. The Commission's stated goal was “to guide and inspire Aboriginals and Canadians in a process leading toward reconciliation

and renewed relationships based on mutual understanding and respect.”

Among the 94 items in the TRC's Calls for Action are a number that pertain directly to education, language and culture, and education for reconciliation. As a northern post-secondary institution, we have been examining which of the recommendations pertain to Aurora College and Aurora Research Institute, and how we go about implementing those recommendations in a meaningful way.

In addition to the TRC recommendations, Aurora College is also working to integrate the seven principles of the Indigenous Education Protocol developed by Colleges and Institutes Canada, to which we became a signator in June 2015. As we move forward developing our next 10-year strategic plan, both the TRC recommendations and the principles of the Indigenous Education Protocol will factor significantly in our views of the future.

Incorporating them will be a journey, and will not happen overnight. Some students, staff, and

members of the public may become frustrated at what they perceive to be a lack of movement or a too-slow pace. For me, as President of Aurora College and as someone who has made this beautiful territory home for more than 30 years, I understand that frustration, but firmly believe that navigating the process responsibly and correctly is more important than rushing in order to make a show of quick progress. As TRC Chair Justice Murray Sinclair has said: “Reconciliation is about forging and maintaining respectful relationships. There are no shortcuts.” We do not want to take shortcuts; we want to do this right.

One thing I can guarantee is that during this process there will be times that we make mistakes and don't get it quite right. However, we are committed to the process of reconciliation and becoming more respectful of and consistent with the needs and values of the people we serve. The majority of our learners and our communities are Indigenous, and it is imperative that we listen to their voices as we create an educational environment that supports, reflects, and is respectful of our students. While we have incorporated numerous traditional and cultural elements into our operations and our curriculum, there is still work to be done. We can do better, and we will do better. It is my desire that as we move forward in this journey of reconciliation and healing that we show courage and determination while embracing truth, honesty, and respect.

Jane Arychuk
Aurora College President

HIGHLIGHTS

There was much cause for celebration at [Aurora College](#) in 2015-16, including staff members and students receiving prestigious awards, academic excellence recognized for several students, and exciting research taking place through the Aurora Research Institute.

College & partners receive Premier's Award

Aurora College and the seven regional NWT Aboriginal Skills and Employment Strategy (ASETS) organizations were honoured with a 2016 Premier's Award for Collaboration.

The group includes Akaitcho Territory Government, Dehcho First Nations, Gwich'in Tribal Council, Inuvialuit Regional Corporation, Sahtu Dene Council, Northwest Territory Metis Nation, and Tlicho Government. It was chosen for the prestigious award due to shared efforts all parties have made to identify, develop and deliver adult training programs throughout the NWT that are responsive and targeted to regional needs.



Representatives from Aurora College and NWT ASETS organizations pose with Premier Robert McLeod upon receiving the 2016 Premier's Award for Collaboration.

A major success of the partnership is a series of six-week Literacy and Embedded Essential Skills (LES) courses. The courses were developed for northern community adult learners, and teach skills related to a specific topic, as well as embedded skills -

such as literacy, numeracy, and computer use - that are transferable.

The courses were designed for learners to build skills for actual work positions, to build community capacity in the north, and as a platform on which to build additional skills and education. By the end of 2015, the courses had been delivered more than 80 times in at least 25 communities. Completion rates for LES courses are higher than for traditional Adult Learning and Basic Education courses in NWT as well.

The seven LES courses are: Introduction to Office Skills, Start Your Own Small Business, Small Business Funding and Marketing, Introduction to Early Learning and Child Care, Construction Labourer Basics, Ready to Work NWT, and Introduction to Retail and Hospitality. Moving forward, the partnership will continue to research ways to secure funding for on-going delivery of the new, highly successful Literacy and Embedded Essential Skills courses to NWT learners.

New Access Programs created Better links to parent programs

A recent, in-depth review of Aurora College Access programs provided several recommendations to improve the design and delivery. "Access" programs provide students academically for entrance into selected certificate, diploma, degree, and trades programs. Key recommendations were: the academic skills most needed by students were writing and research; students required a number of common skills to succeed in post-secondary programs; and specific specialty courses should be created to provide stronger academic links to individual post-secondary

programs. Two new programs – Occupations and College Access (OCAP) and University and College Access (UCAP) – will replace the seven programs previously offered, beginning September 2016. The programs have been streamlined and broadened to prepare students for more post-secondary options than before. Students will choose either OCAP or UCAP, and then choose a Career Path within that program, depending upon which post-secondary program they want to enter.

Students enrolled in Access programs at Aurora College will continue to be eligible for Student Financial Assistance.

New mining programs, donations from mines

With funding from GNWT Department of Education, Culture and Employment through the Mine Training Society, two mining programs were developed in 2015: Introduction to the Mining Industry and Surface Miner Training. Representatives from the mining industry - including De Beers Canada (Snap Lake), Dominion Diamond Ekati Corporation, Diavik Dominion Mines (2012) Inc., and the NWT Mine Training Society - were active participants in creating the new programs.

Introduction to the Mining Industry can be offered in communities, and Surface Miner Training will be delivered at Thebacha Campus.

With funding from CanNor, the Mine Training Society provided



First Class - All ten students from around the NWT who began the first delivery of Introduction to the Mining Industry completed.

Aurora College with cab simulator modules for a haul truck and a front end loader for the Surface Miner Training program.

Aurora College received equipment donations from the three major NWT mining companies. The Mine Training Society and Aurora College held

a celebration to thank DeBeers Canada, Diavik Dominion Mines (2012) Inc., and Dominion Diamond Ekati Corp. for the donation of a haul truck, scoop tram, and a Toyota multi-utility vehicle. Dominion Diamond Ekati Corp. also donated a grader for use in mining programs.



Personal Support Worker Certificate students from the Beaufort-Delta and Sahtu regions attended the one-year program at Aurora Campus in Inuvik.

Certificate and diploma programs offered at Aurora Campus, in Tulita

Inuvik and Beaufort-Delta residents were able to study closer to home in 2015-16, as two certificate programs - Personal Support Worker and Early Childhood Development - were delivered full-time at Aurora Campus. Deliveries were made possible through funding and support from regional partners. Each of the one-year programs are being offered

twice in Inuvik. In partnership with the Sahtu Divisional Education Council and the Department of Education, Culture and Employment, the first year of a two-year, full-time Aboriginal Language and Culture Instructor diploma program was offered in Tulita. The six participants serve as role models for the youth and the community.

Decolonizing Education SSHRC grant

Aurora College and Aurora Research Institute were awarded nearly \$240,000 from the Social Sciences and Humanities Research Council of Canada (SSHRC) to work with several partners to study how schools and institutions are decolonizing education.

The two-year project, Decolonizing Learning in Communities Across Canada: Stories of Hope, will involve collaborative knowledge building and sharing among five Canadian research institutions. This is the first award Aurora College has received from SSHRC since becoming eligible for funding in 2014.



Three Aklavik students completed their Traditional Arts Certificate. They also received the Aurora Cup award for overcoming obstacles and persevering in their studies.

Traditional Arts Certificate at Aklavik Learning Centre

Between 2012 and 2016, the Traditional Arts Certificate program was offered through the Aklavik Community Learning Centre. In total, 18 students participated in one or more of the courses, and three received their certificates at the convocation ceremony in Inuvik in May 2016. In addition to courses in the History of Traditional Arts, Marketing, Product Development, and Computers, classes included: moose hide

tanning (traditional stretching, scraping and smoking), fur tanning (stretching, cutting and tanning animals such as beaver, fox, lynx and hare), moose and caribou hair tufting, tool making (e.g. hide tanning tools from bone and antlers, ulus, fish hooks, braided dog whips), fish scale and porcupine quill artwork, traditional footwear making, pattern making and sewing, beadwork and embellishments, bush and tundra crafts.

Post-graduate certificate popular

In 2016, Aurora College introduced the Post Graduate Certificate in Remote Nursing, which prepares Registered Nurses to function in an expanded practice role as community health nurses in some of Canada's most isolated regions.

The 15-credit, one-year program is offered in collaboration with the NWT Department of Health & Social Services. The first intake of

students was full, and feedback from current and prospective students has been positive.

The program is offered in a combined delivery format, primarily by distance, using web-based Moodle and teleconference classes.

Students also attend a three-week on-site component in Yellowknife, which meets the requirements for hands-on skill labs, field trips and skill-based examinations.

Video-conference pilot a success

The School of Business and Leadership's videoconferencing pilot project continued in 2015-2016 with four Business Administration and Office Administration courses offered using the technology. As the goal is to offer all BA and OA courses through videoconferencing in 2016-2017, a great deal of work was done evaluating the pilot project and preparing for the full implementation.

NABE funding extended 1 year

The Northern Adult Basic Education Program (NABE) is a multi-million dollar, multi-year program created by the Government of Canada's Canadian Northern Economic Development Agency (CanNor) to address the unique challenges faced by Northerners in participating in the labour market. It was originally funded to be delivered by the three northern colleges from April 1, 2012 until March 31, 2016. The federal government extended the program for one fiscal year to give the colleges time to seek other funders and sources of revenue for the popular program. NABE includes educational activities that assist adult learners in achieving sufficient levels of literacy and essential skills to obtain a job or benefit from further training.



Education and Training Division

Aurora College's Education & Training Division is comprised of:

- School of Arts & Science
- School of Business & Leadership
- School of Education
- School of Health & Human Services
- School of Trades, Apprenticeship and Industrial Training



School of Arts & Science



Studying aquatic life samples at Summer Field Camp.



Gathering mineral samples for analysis.

Environment and 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. 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 12 students continuing into second year and first year applications at Thebacha Campus remaining at 12 to 15. Six students received their diplomas in 2016, most of whom are employed in the field with industry, government and Aboriginal organizations.

ENRTP - Aurora Campus

There was no program offered at Aurora Campus in 2015-2016 as the program operates on a three-year cycle, with 2015-2016 offering the Access program, which academically prepares students to enter the diploma program. The next intake at Aurora Campus will be September 2016.

ENRTP - Thebacha Campus

Field camps continue to be a highlight for students. During the summer field camps at Tsu



Hands-on study of small mammals at Summer Field camp.



Limnology is part of the ENRTP curriculum.

Lake, students develop skill sets in limnology, water sampling, forestry, geology and ecology, and map and GPS navigation techniques. Local Elders, such as Jane Dragon, make a significant impact on students at Tsu Lake with their traditional skills demonstrations and teachings. First year students travel the Talston River for a multi-day canoe and portage trip. Every year ENRT students at Thebacha Campus complete a Winter Field Camp as a culmination of their studies. They are able to apply the skills they have learned in

the classroom in a practical setting on the land, and work with wildlife with local hunter Magloire Paulette. In 2015-16, population analyses and segregation methods were conducted on muskox by qualitative observation and aerial surveys. Students also spend two nights demonstrating their on-the-land emergency skills such as shelter building and survival techniques. In addition to regular studies, students are trained in firearms, first aid, and boat safety. As a final project, and using the skills they learn during the year,

students complete a self-directed research project in consultation with instructional staff, and collaborative Aboriginal, industry, and government partners.

Community Based Training

The Environmental Monitor Training Program 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 not offered in 2015-16.

School of Business & Leadership

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

Graduates of the BA and OA programs are highly sought after as employees by Aboriginal Governments, the GNWT, the Government of Canada, businesses (large and small), and non-profit organizations. The NLDP provides leadership training for employees of business and industry-related NWT 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 a BA program and an OA program that would provide students with an education that would enable them to obtain relevant employment or to continue their education.

In 2015-2016, 30 percent of Aurora College graduates were enrolled in the School of Business and Leadership. A total of 18 Business Administration Certificates, nine Business Administration Diplomas, and four Office Administration Certificates were awarded at the spring convocation ceremonies in 2016.



10 students completed the NLDP program in 2015-2016.

The videoconferencing pilot project continued in 2015-2016 with four BA and OA courses offered using the technology. As the goal is to offer all BA and OA courses through videoconferencing in 2016-2017, much work was done evaluating the pilot project and preparing for the full implementation.

Faculty members continued to be involved in professional development initiatives and conferences in order to maintain and increase their academic and professional credentials. Two instructors were on Educational Leave in 2015-2016, working on their doctoral degrees. As well, one full-time casual instructor finished his PhD, while another started a PhD program. Pursuing graduate degrees ensures that instructors stay current

in their fields of study and in educational practices so that they can design and develop relevant curriculum and provide stimulating learning experiences for their students. Instructors also attended a variety of continuing education conferences and completed mandatory GNWT training.

Three new instructors were hired in 2015-16: a full-time BA instructor for each of Thebacha and Yellowknife North Slave Campuses, and a full-time OA instructor at Thebacha Campus.

Business Administration

The BA program review was completed in early 2015 and implemented in September 2015. An Accounting Stream and a Work Experience Option have been added. The new first

year courses were introduced in 2015-2016, and new second year courses will be delivered for the first time in 2016-2017 at all three campuses. The current plan is to offer both years of the BA program at all campuses each year.

The BA program continues to attract a diverse group of students, both from within the NWT and international students. Graduates from BA in 2015-16 were from Aklavik, Behchoko, Fort Resolution, Fort Simpson, Fort Smith, Gameti, Inuvik, Whati, and Yellowknife. Currently, Aurora College receives a significant number of applications for the BA program, especially in Yellowknife, that cannot be accommodated.

Office Administration

Thebacha Campus offered the OA Certificate program in 2015-16. Courses are designed to develop the skills required by employees to work in various types of offices and to emphasize the development of basic office and computer skills that will enhance the unique work environments of the north. Student participated in a four-week practicum to gain hands-on experience. OA graduates were from Fort Good Hope, Fort McPherson, Fort Smith, and Tulita.

A consultant was hired in 2014-2015 to assist in the review of the OA Program; the review was completed in 2015. The revised program was approved by the Board of Governors in



Business Administration and Office Administration courses piloted video-conference technology in preparation for full implementation in 2016-17.

February 2016. The new first year courses will be delivered in 2016-2017 and every second year after that. The second year courses will be delivered for the first time in 2017-2018 and will also be offered every other year. Beginning in 2016-2017, Aurora Campus and Thebacha Campus will deliver the OA Program.

Northern Leadership Development

The NLDP is designed for employees in "front line" positions in industry-related organizations in the NWT and is relevant to employees in supervisory or management roles, such as team leaders or supervisors. It consists of eight 21-hour modules which include:

Personal Development/Coach Mentoring, Communication Skills, Effective Personal Leadership, Effective Team Leadership, Managing in the Middle, Problem Solving and Decision Making, Culture and Diversity in the Workplace, and Conflict Resolution. The NLDP was significantly revised in 2015-2016; the new modules will be introduced in 2016-2017.

The NLDP was first delivered in 2011-2012, with 23 participants from various industrial related positions with NWT organizations. Since then, a further 45 participants have completed the program. The fifth offering, with a cohort of 10 participants, concluded in June, 2016.

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.

Aboriginal Language and Culture Instructor (ALCIP)

In partnership with the Sahtu Divisional Education Council and the Department of Education, Culture and Employment, the first year of a two-year, full-time diploma program was offered in Tulita. The classroom is situated in Chief Albert Wright School, which provides opportunities for learners to connect theory with practice. The six participants also serve as an example of life-long learning for the youth and the community. Across the NWT, a further 19 individuals are taking part-time ALCIP courses, which are delivered in conjunction with various divisional education councils. In 2015-16, six part-time courses took place in Fort Smith, Hay River, K'atl'odeeche, and Tulita. Two part-time students received certificates in 2015-16. In addition, evening language courses were offered in Fort Smith and Ndilo. These were well received and attended by both Indigenous and non-Indigenous participants.

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,



University of Saskatchewan representatives Dawn Wallin (left) Associate Dean of Undergraduate Programs, Partnerships, and Research, and Chris Scribe, Director, Indian Teacher Education Program, present President Jane Arychuk with a star blanket to honour the long-term partnership between Aurora College and the University of Saskatchewan.

primarily in the evening, with online computer support. There are no pre-requisites to enter the program. In 2015-16, six courses were delivered via teleconference and Moodle to 37 students. Two completed the Certificate requirements. Students represent a broad range of ages, careers, and home communities across the northern territories and in southern Canada.

Bachelor of Education

This distinctive degree program continues to support 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 (U of S), and is recognized across the country. 2015-16 began with a

four-day on-the-land classroom experience that brought together 26 students, instructors, and local Elders. Topics explored included decolonizing education, community relationships, leadership, traditional plants and medicines, traditional cooking and sewing, and Dene games. The shared experiences provided the pre-service teachers with an opportunity to reflect on actions they can take to ensure that culture and traditional teachings are incorporated into their role as an NWT teacher, as well as to identify areas they would like to develop and explore as they grow into their roles. Program staff presented on the experience at the University of Saskatchewan's Think Indigenous conference, which was attended by representatives from teacher education programs across Canada. Aurora College's long-



The Honourable Alfred Moses, Minister of Education, Culture & Employment, celebrates with graduates of the Early Childhood Development Certificate Program in Inuvik.

standing partnership agreement for degree delivery with U of S was renewed. President Jane Arychuk was presented with a star blanket to honour the relationship. The BEd program has continued to evolve and move forward with programming and instruction that aligns with GNWT's Education Renewal Initiative.

Early Childhood Development

2015-16 marked the first time that a full-time face-to-face delivery of the Early Childhood Development program has been offered at Aurora Campus in Inuvik. This was made possible through a partnership with Beaufort-Delta Aboriginal Skills and Employment Strategy (ASETS), in response

to a need for qualified Child Care Workers in the region. Nine students graduated and are currently working in the child care field in the Beaufort-Delta. The partnership will continue for a second year in 2016-17. In addition, the regular part-time delivery continues to be offered via teleconference. During 2015-16, 60 students completed one or more of the five distance education courses or the two workshops, which took place in Hay River and Yellowknife. A further 17 learners attended the Northern Puppet workshop. The program's play-based curriculum incorporates texts and materials which use Canadian content with Indigenous perspectives, including local traditional knowledge and cultures. Instructors strive to involve family and communities in the course content as much as possible and recognize the varied life experiences that students bring with them and share as part of their studies.



School of Health & Human Services

In 2015-16, the School of Health and Human Services included the following programs: Bachelor of Science in Nursing, Personal Support Worker Certificate, Post-Graduate Certificate in Remote Nursing, Social Work Diploma, and Community Health Representative Certificate.

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. In 2016, the program was granted a seven-year accreditation from the Canadian Association of Schools of Nursing, the national accrediting body for schools of nursing in Canada, along with the University of Victoria, Selkirk College, and Camosun College, and College of the Rockies. BSN faculty have been working closely with the University of Victoria and College Partners to respond to the Truth and Reconciliation Commission's calls to action ensuring the BSN program continues to support Indigenous students and facilitate their success. In response to the national NCLEX-RN licensing exam, the program has implemented the use of test preparatory products and computerized testing in some courses to promote the continued high pass rate on this high-stakes examination. The BSN program continues to partner with practice agencies across the north, especially Stanton Territorial Health Authority, to offer diverse placements in acute, critical and outpatient care. New simulations



Personal Support Worker Certificate program students gather on the job experience in nursing homes and hospitals.

have been developed and positively reviewed by students in the area of community care, mental health, and team-based care. Plans are underway to implement a peer support BSN program in 2016-17. The need for peer mentoring/support was assessed by a group of third-year nursing students as part of their Nursing Practice VI Course. The BSN program continues to embrace inter-professional education in its work with the Aurora College Social Work and Personal Support Worker programs. The program is currently working with students and stakeholders to develop a new strategic plan with the vision of nursing excellence in the Northwest Territories, through its mission of providing leadership in nursing education to advance the health and healing of northern people.

Personal Support Worker

The Personal Support Worker (PSW) Certificate program provides opportunities for students to learn personal care and basic assessment skills to provide holistic care to individuals in their communities. Graduates may find work in a variety of health care settings, and work as part of a health care team that includes nurses, physicians, occupational therapists, physical therapists, and others.

PSW - Aurora Campus

Sahtu Region Health & Social Services partnered with Aurora College to offer this program for a second year at Aurora Campus in Inuvik, to meet anticipated demand for qualified workers at the new extended care facility being built in Norman Wells. Among the 12 graduates were students from the North Slave, Sahtu, Beaufort Delta and the Eastern Arctic regions. Students from Fort Good Hope, Colville Lake, and Fort McPherson completed the final practicum in their home communities. Students embraced the program's strong theme of partnering and advocacy with core principles of dignity, independence, preference, privacy, and safety. They were able to build independent competencies with reflective practices by integrating theory and practice within settings such as Long Term Care, Acute Care, Charlotte Vehus, Home Care and Public Health. Certifications in CPR/First Aid, WHIMIS, Applied Suicide Intervention

Skills Training, Non-Violent Crisis Intervention, Fire Safety and Social Media Safety were completed. Workshops and speakers presented: Traditional Medicine, Cultural integration of Grief/Trauma, Pharmacy, and Expressive Arts Therapy. Several graduates found employment shortly after finishing the program. Three 2014-15 graduates assumed an active Preceptor role for students in 2015-16.

PSW - Yellowknife North Slave Campus

Graduates of the program this year were from Yellowknife, Lutselk'e, Hay River, Tulita, Fort Good Hope, Behchoko, Fort MacPherson, and Rankin Inlet, Nunavut. Practicum experiences included the Extended Care Unit, Medicine, and Surgery units at Stanton Territorial Hospital, Aven Manor and Cottages, Yellowknife home care, the Salvation Army mental health support systems program, Jimmy Erasmus Seniors' Home in Behchoko, and Rankin Inlet home care. As in previous years, students had opportunities for interdisciplinary collaboration with nursing students and participated in a simulation lab. They attended Elders in Motion, Supportive Pathways, and a workshop provided by Avens and Alberta Health Services about supports for individuals with dementia. Students were enthusiastic about information acquired from guest speakers, who provided perspectives on topics ranging from vision loss to parenting children with developmental disabilities. Thirteen students

participated in the convocation ceremonies in April.

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 will prepare Registered Nurses to function in an expanded practice role as community health nurses in some of Canada's most isolated regions. The remote nursing certificate is a 15-credit, one-year program, and had its first intake in January 2016. The program is fully subscribed, and the response from students and prospective students has been positive. It is offered in combined delivery format, primarily by distance, utilizing web-based Moodle and teleconference classes, and included a three-week on-site component in Yellowknife. The on-site component meets the need for hands-on skill labs, specialty guest speakers, field trips and skill-based examinations.

Social Work

Applicants to the Social Work Diploma program came from communities across the NWT, including Behchoko, Gameti, Deline, Tulita, Fort Good Hope, Fort Smith, Hay River, Fort Resolution, Aklavik, Tuktoyaktuk, and Inuvik. Students explore cultural experiences and Traditional Knowledge through core courses and an on-the-land

camp held in May. Students and faculty explored the Truth and Reconciliation Commission's Calls to Action through guest speakers and discussions, and John B. Zoe shared the Tlicho cosmology with respect to social policy making. Students also received training in Non-Violent Crisis Intervention. Learners and staff took lead roles on the campus Social Justice Committee. One notable social justice fundraising event was held with the community to support Syrian refugees. Aurora College continues to nurture the partnership with the University of Regina, Faculty of Social Work. This year, students engaged in a new registration system that allowed them better access to library and course management functions from a distance. Instructor Heather Fikowski traveled to Seoul, South Korea to present research findings on Intimate Partner Violence to an international social work conference. She also received the Canadian Association of Social Workers (CASW) Distinguished Service Award for her leadership in northern Canadian social work. Six students graduated and all were either hired into social work jobs or offered jobs with their field agency. Three students transferred to Yukon College to complete their Bachelor of Social Work (BSW), and the remainder plan to continue their work to attain a BSW by distance. Social Work students were well represented at the spring convocation as valedictorian and the recipient of the UNW Student Leadership Award.

School of Trades, Apprenticeship & Industrial Training

Apprenticeships

The purpose-built Trades training facilities at the Thebacha Campus allow individuals from throughout the NWT and elsewhere to participate in Apprenticeship, Heavy Equipment Operator (HEO), Mining, Observer Communicator, and other trades-related programming through the School of Trades, Apprenticeship & Industrial Training in Fort Smith. Apprenticeship programs include Levels 1, 2, 3, and 4 of Apprenticeship Carpenter; Levels 1, 2, and 3 of Apprenticeship Electrician (Construction); Levels 1 and 2 Apprenticeship Plumber/Gasfitter B, Oil Heat System Technician; and Levels 1 and 2 of Apprenticeship Heavy Equipment Technician and Housing Maintainer. Aurora College has a long history of delivering trades training in the NWT, and it continues to be an area of tremendous student success. For example, in 2015-16, 31 of 34 Carpentry program students, 31 of 32 Electrician program participants, 14 of 14 Plumber/Gasfitter B program learners, and 14 of 14 Heavy Equipment Technician program 14 students successfully completed.

Heavy Equipment Operator

Due to equipment requirements, the HEO programs are normally based in Fort Smith. However, in response to local need and labour market requirements, HEO programs have been delivered in other NWT communities



Heavy Equipment Operator students train on various pieces of heavy machinery to prepare for employment. Three deliveries took place at Thebacha Campus in 2015-16.

if funding and appropriate equipment are available. The HEO programs include the 15-week Heavy Equipment Operator, the eight-week Abridged Heavy Equipment Operator and the nine-week Introduction to Heavy Equipment Operator. This year, 24 students participated in two regular offerings of the HEO Program, 23 completed. An extra Heavy Equipment Operator program was held at Thebacha Campus with funding from the GNWT Department of Transportation and the Skilled Partnership Fund, through the Mine Training Society. Twelve students received 185 hours of training on each of two pieces of heavy equipment; 11 graduated.

Mine Training

2015-16 marked the beginning of a number of changes to Aurora College's mining programs. The process of moving existing mining programs – Introduction to Underground Mining and Underground Miner – from

Yellowknife to Fort Smith was initiated. The equipment training location at a quarry near Yellowknife that has been used for a number of years for the Underground Miner Training program has been dismantled. The equipment was relocated to Fort Smith, where it will be housed with equipment used for Heavy Equipment Operator programs. The simulator which has been used in the mining programs will also be moved to Thebacha Campus. After a two-year hiatus, the Mineral Processing Operator Pre-Employment Training program was offered in Fort Smith with eight students and eight graduates. The six-week Introduction to Underground Mining Program was offered three times, once in each of Fort Smith, Deline, and Fort Good Hope. In Fort Smith, the 11 students who started the program completed it; in Deline four of seven students graduated; and in Fort Good Hope, four of seven students

completed. The 12-week Underground Miner Program was offered once in Yellowknife with 13 students and 12 graduates.

New Mining Programs

With funding from GNWT Department of Education, Culture and Employment through the Mine Training Society, two new mining programs were developed in 2015: Introduction to the Mining Industry and Surface Miner Training. Program development was guided by the active involvement of a Steering Committee comprised of representatives from the mining industry, including De Beers Canada (Snap Lake), Dominion Diamond Ekati Corporation, Diavik Dominion Mines (2012) Inc., and the NWT Mine Training Society.

Introduction to the Mining Industry can be offered in communities as required and as funding is available. Surface Miner Training will be delivered at Thebacha Campus as it requires the use a simulator and specific heavy equipment. With funding from CanNor, the Mine Training Society provided Aurora College with cab simulator modules for a haul truck and a front end loader for the Surface Miner Training program; the two cab modules are interchangeable on the simulator platform. A successful pilot offering of Introduction to the Mining Industry took place at Thebacha Campus with nine of 10 students completing the program.

Corporate Donations

During the 2015-16 academic year, Aurora College was the recipient of equipment donations from the three major mining companies in the NWT. The Mine Training Society and Aurora College held a celebration to thank DeBeers Canada, Diavik Dominion Mines (2012) Inc., and Dominion Diamond Ekati Corp. for the donation of a haul truck, scoop tram, and a Toyota multi-utility vehicle. Dominion Diamond Ekati Corp. also donated a grader for use in mining programs.

Observer Communicator

In the 2015/16 academic year, the Observer Communicator program was offered four times under the new schedule for the program requested by the funder, NAV Canada. There were a total of 17 graduates.

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 be introduced to the trades. 2015-16 marked the first time students from outside of the South Slave region participated, as a new

partnership with the Dehcho Divisional Education Council and Dehcho ECE Service Centre was created. The Introductory component has students spend one day in each of four trades, while in the Intensive portion, students spend four days in one trade of their choice. In 2015-16, the Introductory programs attracted 22 Dehcho and 47 South Slave students, and the Intensive sessions saw 12 Dehcho students and 29 South Slave students returning. Other funding partners for Trades Awareness are Dehcho First Nation, DehCho ASETS, and the Department of Industry, Tourism and Investment.

Aurora Campus

The Mobile Trades & Technology Lab was on the road in the Beaufort-Delta. In Aklavik, the MTTL was used to deliver a Small Engine Repair course, while it served as a classroom and shop for the Building Trades Helper program in Tuktoyaktuk.



NWT's mining sector hires directly from Aurora College programs for various positions.

Community & Extensions Division



Access Program Redesign

Based on the findings of the 2014 Access Review, the seven former Access Programs have been streamlined into two: University and College Access Program (UCAP) and Occupations and College Access Program (OCAP), which will be piloted for three years, beginning in 2016-17. The Access Programs Redesign Project was developed using an evidence-based planning process. Between October and December 2015, Community and Extensions division managers, ALBE instructors, and community adult educators who were directly involved in Access and ALBE were invited to provide feedback about the new Access Programs, specialty courses, Access Program logic model, and learner screening package. An Access Programs Communication Plan was created and implemented for internal and external communication about the changes. The plan incorporated a variety of items and activities, including brochures, posters, fact sheets, videos, PowerPoints, news releases, advertising, recruitment events, and staff training/presentations. As well, in June 2016, Access specialty course outlines – for delivery in 2016-17 – were completed and submitted for approval. The Access Program Redesign Project team was recognized with the 2016 Aurora College Board of Governors' Innovation and College Improvement Award. Once the three-year pilot has been completed, the redesigned Access Programs



Former Nursing Access student Claire Brooks has transitioned into the Bachelor of Science in Nursing Degree program at Yellowknife North Slave Campus.

will undergo a stringent evaluation to ensure they are effective and meeting both learner and institutional needs. Program evaluation will

take place in 2018-19 using a performance measurement framework and an evaluation framework that have been drafted for this purpose.

Community Programming

Each year Aurora College delivers academic upgrading, access and community programs at three campuses and 23 Community Learning Centres throughout the NWT. Aurora College works with local educators and itinerant instructors to provide adult upgrading or other skills-based programs.

Akaiicho and South Slave Regions

In 2015-16, a strengthened team-based approach and

innovative programming were implemented to meet the challenges and opportunities of delivering education and training programs in the region. This involved ongoing assessments of staff skills and successful program deliveries to enable the region's adult educators to share best practices within the team and with colleagues across the territory. One highly successful program approach to emerge from this collaboration was the practice of augmenting Literacy and Essential Skills

(LES) courses to tailor them to local employment needs. For example, in Lutselk'e, Hay River, and Fort Resolution, adult educators secured extra funding to include certified safety training within deliveries of the LES program Construction Labourer Basics. This blended approach of training alongside education has improved the employability of graduates, as well as developed their literacy and essential skills. The approach better prepares graduates for potential employment with the construction projects are scheduled in each community during the summer and fall.

A reduction in major economic drivers pushing development in the region has shifted the regional focus from running large scale training programs to strengthening the delivery of Adult Literacy and Basic Education programs, improving community needs assessments, delivering more safety training locally, and adding more career exploration and job seeking skills into existing programs. An example of the latter took place at K'atl'odeeche First Nation, where the adult educator delivered a month of goal setting and career exploration courses that continue to determine programming choices for that community. Greater involvement and planning with communities will continue in 2016-17.

Beaufort-Delta Region

Increased co-operation with schools in the region is a continuing trend. The Alex and Hope Gordon Learning Centre in Aklavik has developed a model where adults learners, along with existing high school students, are able to take courses they



Literacy and Essential Skills courses, such as this Construction Labourer Basics class in Behchoko, help bring essential skills to NWT communities.

need to qualify for high school graduation or to be accepted into post-secondary programs, including those available through Aurora College. In 2015-16, three Aklavik adult learners completed their high school requirements through the Learning Centre, and more are expected to complete in the near future. Community interest in basic and vocational training remains high. The following courses were offered: Construction Labourer Basics in Aklavik and Fort McPherson; Small Engine Repair in Aklavik; Traditional Arts Certificate in Aklavik; Country Foods Processing - a partnership with Inuvialuit Regional Corporation government departments - in Inuvik. Participation and completion rates for these deliveries were high. Short courses such as driver training, first aid, WHMIS, Transportation of Dangerous Goods by Ground (TDG), and non-restricted firearms safety were well subscribed.

Dehcho Region

The Dehcho Regional Training Committee - comprised

of Aurora College, GNWT departments, regional community representatives, employers, and funders such as ASETS and ECE - has initiated work on a three-year training plan, making community consultations and stakeholder collaboration the focus in 2015-16. Two workshops - Planning and Funding Your Post-Secondary Education and Writing for Post-Secondary Education - were developed and delivered in the small communities in response to community needs. Communities and learners have shown interest in the new University and College Access and the Occupations and College Access programs. In addition to ALBE, Literacy and Essential Skills courses and numerous employment-related continuing education courses were delivered at the learning centres in Fort Providence, Fort Simpson, and Fort Liard. Courses offered include Introduction to Retail and Customer Service, Ready to Work NWT/Construction Labourer Basics, Financial Literacy, Food Safety, Safety Boot Camp, Chainsaw Level 3,



Delivering programs in NWT communities allows Aurora College to reach individuals who are looking to prepare for further academic programs or learn skills to help enter or return to the workforce.

and Class 7 & 5 Driver Training. Open evening education programs were offered one night per week in Fort Simpson and Fort Providence to provide the opportunity for employed individuals to enhance their office administration and computer skills. Several courses were delivered in the smaller Dehcho communities, including Introduction to Computers, Microsoft 2013, and Proposal Writing. Youth-focused programs such as the Community Access Program, Never Board Game Club, and Red Cross Babysitting - which includes First Aid and Water Safety - have helped to transition youth to the Fort Simpson Community Learning Centre.

Sahtu Region

One measure of success in 2015-16 is that students from every learning centre in the Sahtu are continuing into an Access or certificate program with Aurora College. The team

approach to teaching adopted by the adult educators has played a significant role in the region's increased capacity and quality of education available. This year, core courses were taught by teleconference, including math 130, English 130, English 140, trades math preparation, and trades science preparation. With the integration of online tools, the number of students enrolled and completing has increased. Learning centres also offer 110/120 level courses, Literacy and Essential Skills courses and non-credit programming. The winter road season continues to be a challenge and continues to affect success rates in the second term. However, this has led the Sahtu learning centres to strategically plan the 2016-2017 academic year to improve winter outcomes. In addition to ALBE, learning centres in the Sahtu partnered with local funders to offer additional programs. Deline and Fort Good Hope ran Introduction to Underground Mining;

ten students completed. Literacy and Essential Skills (LES) courses were once again offered, this year in conjunction with ITI, including tourism-focused Introduction to Retail and Customer Service in Deline, carpentry-focused Construction Labourer Basics in Norman Wells, and Introduction to Early Learning and Childcare and Start Your Own Small Business in Fort Good Hope and Deline. All LES courses had high completion rates. The Sahtu region continues to expand ways to meet communities' adult education needs and is exponentially increasing learners' completion and success rates.

Tlcho and Yellowknife Regions

In addition to ALBE, Tlcho and Yellowknife Regions continued to pilot new programs and courses in 2015-16. Whati Community Learning Centre participated in pilot delivery of distance learning Trades Math, which was initiated and developed in the Sahtu Region. Existing and new Literacy and Essential Skills (LES) courses were offered: Start Your Own Small Business and Introduction to Retail and Customer Service in Gameti; Ready to Work NWT in Gameti, Behchoko and Whati; and Construction Labourer Basics in Whati and Behchoko. The LES courses are popular with both students and instructors, and communities are eager to see more offered. A wide range of life skills and well-being workshops and courses were delivered in all four Tlcho communities, in response to identified community

requirements. These included Financial Literacy, Mental Health First Aid Northern Peoples, Standard First Aid, Personal Parenting, ASIST – Applied Suicide Intervention Skills and Training, Traditional Medicines, True Colours, Job Skills, Resume Writing, Class 7 Driver Training, and Traditional Foods Preservation. Aurora College participated in a series of community economic and skills development consultation meetings, facilitated by Tlicho Government and Dillon Consulting, as well as inter-agency meetings with stakeholders, partners, and community members. These collaborations sought to identify and plan for future training needs in anticipation of the planned construction of an all-weather road to Whati.

Yellowknife Literacy Outreach Centre (LOC) provides services to individuals from a diverse range of demographics and ethnicities. Demand has steadily increased for programs, which are delivered in partnership with NWT Literacy Council, Computers for Schools, Aven Manor, Baker Centre, YWCA, Yellowknife Association for Community Living, and Healthy Family Centre. Interest was strongest in computer skills and tutoring services. Other programs offered included Family Literacy and Book Club. Funding from Immigration, Refugees and Citizenship Canada (IRCC) for Language Instruction for Newcomers to Canada (LINC) and the Integration Service was extended for one year, to March 31, 2017. A notable change to the clientele was an increased number of Syrian refugees requiring support. The Integration Advisor also

facilitated workshops to assist clients in preparing for the Canadian Citizenship written test and Citizenship ceremony, which they completed successfully. The Integration Advisor and Program Head attended inter-agency meetings providing information and

support to groups sponsoring individual refugee families. The service, in partnership with LOC, also organized a successful multicultural potluck event for clients and their families, which was attended by approximately 85 people representing several nationalities.

Continuing Education

Aurora Campus

A new approach to Continuing Education delivery was introduced in the Beaufort Delta region in 2015-16. Existing regional staff and adult educators planned and delivered courses and workshops at Aurora Campus and in the communities. This model allows a fuller slate of courses – with an emphasis on employment-related skills development and personal development – to be delivered to more communities in a cost-effective manner. Examples of short, employment-related courses offered are Driver Training, First Aid, and Non-Restricted Firearm Safety. Several adult educators are taking steps to become facilitators of some of these courses to further increase efficiencies.

Another new development was the Country Foods Processing Course, delivered in partnership with the Inuvialuit Community Economic Development Organization (ICEDO); Education, Culture and Employment; and Industry, Tourism, and Investment. The pilot course ran in Inuvik, using a state-of-the-art mobile facility built and designed specifically

for the Arctic and owned by ICEDO. Participants learned to professionally cut, dry, smoke, and grind local meats and fish, enhancing local self-sufficiency and creating potential for commercial opportunities. Additional offerings of this popular course within the Inuvialuit Settlement Region are planned for the 2016-17 academic year.

Thebacha Campus

A variety of partners were involved in planning and delivering 2015-16 courses and workshops through Thebacha Campus Continuing Education. 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 Providence, Fort Resolution, Fort Smith and Hay River, which included Board Member Training, Building an On-line Presence, Small Business Basics, and Tax Preparation. Thebacha Campus worked with Northwest Territory Metis Nation to offer a series of safety classes in Fort Resolution, Fort Smith, and Hay River, as well as a five-day Introduction to Environmental Monitoring course in Fort

Resolution and Fort Smith. Other programming included Standard First Aid, GNWT Food Safety, and professional development courses such as Project Management Fundamentals, and High Impact Business Writing. In all, nearly 300 people completed continuing education classes offered through the Thebacha Campus office in 2015-16.

Yellowknife North Slave Campus

Continuing Education students participating in workshops at Yellowknife North Slave Campus in 2015-16 totaled 1,036. Two offerings of the Leadership Certificate through Vancouver Community College drew 359 learners, while two series of the Project Management program attracted 260 participants. Professional development courses, such as Verbal Judo, Supervisory Skills, Effective Workplace Communication, Public Speaking, Training

Others, Minute Taking, Tlcho Agreement, etc. brought in an additional 284 individuals. The Diploma in Supply Management saw 133 people take part in different workshops and classes. Twelve completed the entire program. The Continuing Education office in Yellowknife is also involved in coordinating the Northern Leadership Development Program, Certificate in Adult Education, Math 30-1, English 30-1, and Medical Terminology classes.

School of Developmental Studies



Student in the School of Development Studies participate in on-the-land camps to learn about Traditional Knowledge and cultures.

The School of Developmental Studies offers Adult Literacy and Basic Education (ALBE) and Access programming at the three campuses. ALBE includes six levels, ranging from basic literacy to coursework at the Grade 12 level. Access programs provide college preparation and academic prerequisites to allow students to enter and be successful in the various post-secondary programs offered at Aurora College. In 2015-16, six Access Programs were available – Business Administration, Environment & Natural Resources Technology, Nursing, Social Work,

Teacher Education, and Trades – although not all were run at each campus. Several promotional videos were produced, featuring successful Access and ALBE students who have gone on to certificate, diploma, and degree programs at Aurora College.

Aurora Campus

In 2015-16, the Inuvik Learning Centre offered a full slate of Developmental Studies programs, including ALBE and Access programs – Nursing, Social Work, and Teacher Education. Several

students successfully completed the diploma examinations in English, Biology, and Math. One student attained 97 percent on the English 30-2 diploma exam. In December, the Inuvik CLC offered its first half-day of cultural activities, which attracted 21 students. Elder Brian Rogers and Traditional Arts Instructor Gail Ann Raddi led the workshop, where students learned to create either a seal-skin brooch or headband. A second cultural activities day was held in June and included a beading workshop, traditional Inuit games, and a lunch for the students and their families. Instructors at the Inuvik CLC worked to upgrade their own educations, with several enrolled in university courses in an effort to continue to bring excellence to their instruction and passion to their profession.

Thebacha Campus Developmental Studies Program 2015-2016

Thebacha Campus offered a variety of courses including

ALBE and five Access programs – Business Administration, Environment & Natural Resources Technology, Nursing, Teacher Education, and Trades. Students in Trades Access spent time with Journeymen instructors in Carpentry and Plumbing in addition to their academics. In all, 42 students completed Access programs. A total of 43 Developmental Studies students registered for the June diploma exams and 68 learners in ALBE received records of completion. Two cultural activities days for students and instructors were held on the land. Local Elders led workshops and demonstrations of traditional knowledge and skills, such as identifying medicinal plants, skinning muskrats, preparing traditional foods such as moose, duck, and bannock, setting up tents, snowshoeing, making fires, and Dene games. In addition, four instructors are working towards achieving their Master's degrees.

Yellowknife North Slave Campus

Yellowknife North Slave Campus offered courses in ALBE and four Access Programs – Business Administration, Nursing, Social Work, and Teacher Education. Courses in English 30-2, English 30-1, Biology 30, and Math 30-1 were delivered in the evening as part of the University College Education Prep (UCEP) Program through Continuing Education. Two students achieved their NWT Secondary School Diplomas (they are two of the featured students in the promotional videos). Early in the year, students and staff participated in a day-long on-the-land learning

experience with local Elders, who demonstrated traditional skills and knowledge, such as teepee building, making dryfish, and storytelling. A “Northern Games Day”, held in the spring, allowed students and staff to participate in a variety of Inuit and Dene games. Several

instructors enrolled in courses to upgrade their knowledge and skills, including working on a Master's degree at Athabasca University, taking classes towards the Certificate in Adult Education with Aurora College, and attending a Dene Language conference in Yellowknife.

Northern Adult Basic Education (NABE)

The NABE Program is a multi-million-dollar, multi-year program created by the Government of Canada, Canadian Northern Economic Development Agency (CanNor), to address the unique challenges faced by Northerners in participating in the labour market. This program includes educational activities that assist adult learners in achieving sufficient levels of literacy and essential skills (LES) to obtain a job or benefit from further training. The Program is being delivered by the three northern Colleges, Aurora College, Nunavut Arctic College and Yukon College from April 1, 2012, to March 31, 2016.

The overall impact of the NWT NABE program has been significant, with various projects within the program awarded or nominated for territorial and national awards, or nominated as best practices. For example: the NABE partnership between Aurora College and NWT Aboriginal Skills and Employment Training Strategy (ASETS), received the NWT Premier's Award for Collaboration; the Council of Ministers of Education Canada (CMEC) recognized NWT NABE and the Literacy and Essential Skills (LES) courses as national promising practices; the Community Learning Centres

were nominated for an NWT Ministerial Literacy Award for the LES courses delivery process; CanNor cited Aurora College as having a best practice in terms of data collection, analysis, and reporting; and the NABE manager received the 2016 Aurora College Board of Governors' Service Quality Award.

Three new LES courses (Ready to Work NWT, Construction Labourer Basics, and Introduction to Retail and Customer Service) were piloted and evaluated in 16 communities. During the academic year, 275 adult learners participated in the new courses, and completion rates ranged from 71-81%, compared to average completion rates of 49% in ALBE courses. A survey of former ALBE and Access learners- the first of its kind – was conducted. Results showed 56% of former students from 2013-14 and 2014-15 acquired jobs after completing ALBE or Access programs. Work is underway on the Summative Evaluation of NWT NABE program, which will compile data on lessons learned, successes, and challenges of the NABE program. The evaluation will be used as a blueprint for enhancements to for ALBE programming.



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

Since becoming a part of Aurora College in 1994, ARI has operated without a strategic plan to guide its activities. This has allowed the institute to take advantage of opportunities based on fit and capacity, however, it has also meant that ARI has operated without a structured decision-making process for selecting, designing and monitoring its initiatives. In the summer of 2015, ARI contracted Tait Communications and Consulting to assist in the development of a strategic plan that will guide the institute over the next decade. The plan was developed in consultation with ARI's stakeholders and the Aurora College Research Advisory Council, and will be widely distributed during the 2016-2017 academic year.

Support for College Research and Tri-Council Eligibility

ARI has recently supported the college in the development of two committees that provide oversight for research activities. The Research Ethics Committee reviews research on human subjects to ensure ethical standards

become 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



ARI published the 30th annual Compendium of Research in the Northwest Territories in 2016, which details research in 2014.

are met, and the Animal Care Committee reviews the use of animals in instructional programs to ensure they are treated humanely. While both committees primarily serve Aurora College staff and students, they also provide services for external NWT research groups that don't have access to their own institutional committees. In 2014, these rigorous standards of research ethics and administration allowed Aurora College to

staff to access these funds and increases the College's ability to retain northern-based research capacity. It also represents a significant national recognition of the developing research capacity in the college and NWT. In the first half of 2016, college staff were successful in securing their first funding grants, including NSERC Connect and Engage Grants and a SSHRC Community and College Social Innovation Fund award.

30 Years of Compendium Publication

The Compendium of Research in the NWT is an annual publication of summary reports for all research licences and permits that were issued in the NWT. The compendia are a collaboration between the four NWT permitting bodies; ARI, the Prince of Wales Northern Heritage Centre, the GNWT Department of Environment and Natural Resources, and Fisheries and Oceans Canada. The compendium was first published in 1984, so the 2014 edition marked the thirtieth consecutive year that this resource was published. All editions are available on the ARI website, as well as in hard copy in the ARI library.

Licensing

ARI issued 202 NWT research licences in the 2015 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 are actively involved in research projects across the NWT. In 2015-2016, staff studied the use of indigenous seeds in revegetation efforts, diabetes prevention strategies, intimate partner violence, greenhouse feasibility in northern communities, and climate change. On-going monitoring programs included 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.

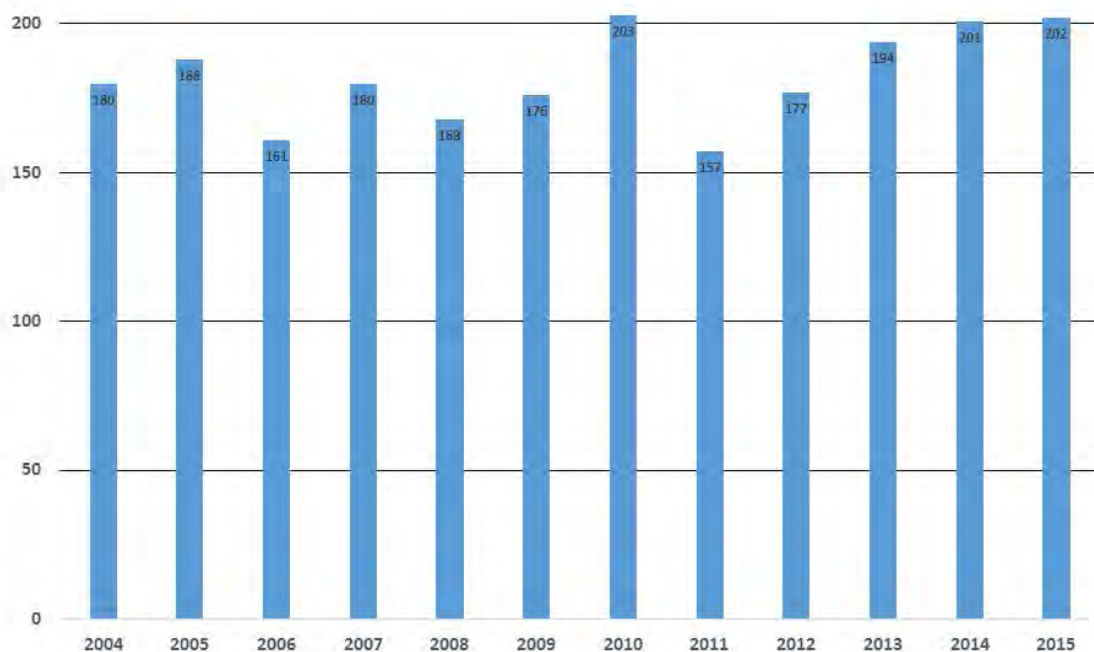
Research Logistics

ARI facilities supported researchers across the NWT. At WARC, the busiest facility, about 240 individual researchers used ARI's logistical services in 2015, including approximately 100 early-career researchers (college students, graduate students and post-doctoral fellows).

Science Outreach

In the 2015-2016 academic year, ARI staff facilitated a wide range of outreach activities at all three locations. The ConocoPhillips Scientific Speaker Series provided funds for northern researchers to travel to NWT communities and present their work to a range audiences that included students, youth, and community

The total number of NWT research licences issued by year, 2004-2015



members. Topics over the past year included caribou population dynamics, the experiences of NWT cancer patients, and place-based learning using stories and maps. Other activities that were supported by the regional research centres included science fairs, research presentations, trade shows, public tours, and a youth robotics club. ARI staff also coordinated a Science Rendezvous event in partnership with the East Three Public Schools in Inuvik. Sixteen local organizations staged a total of 40 hands-on science demonstrations for the public; more than 300 school-aged children and their families took part in the event.

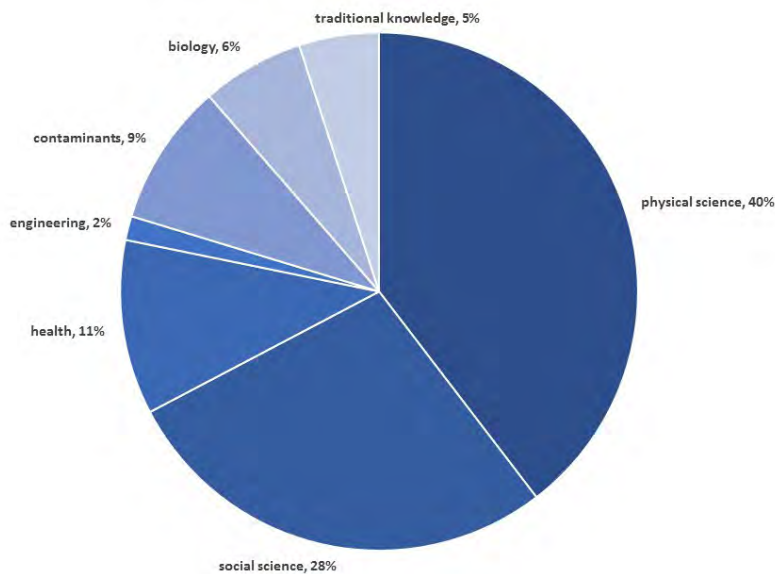
College Instruction

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



Aurora Research Institute participates in a University of Regina high altitude Balloon experiment with help of the community.

Breakdown of 2015 NWT research licences by discipline.





Student Support Services

Aurora College is proud of the variety and quality of supports provided to students at our three campuses.



Student Support Services

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 23 Community Learning Centres also have computer labs and/or workstations. In addition, Aurora College students 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





2015 - 2016 Enrolment

Enrolments for the 2015-16 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	2015-16	2014-15	2013-14	% Change 15-16	% Change 14-15	% Change 13-14
Aurora	199.6	235.9	224.0	-15%	5%	-4%
Thebacha	358.2	360.0	398.3	-1%	-10%	10%
Yellowknife North Slave	308.6	300.9	325.9	3%	-8%	-4%
Total College	866.4	896.8	948.2	-3%	-5%	2%

Full Time Equivalent Students by Location by Program Division

School/Division	15-16	14-15	13-14	% Change 15-16	% Change 14-15	% Change 13-14
Continuing Education	105.2	114.1	76.3	-8%	50%	20%
Developmental Studies	371	412.1	410.5	-10%	0%	9%
Arts & Science	33.1	41.4	47.9	-20%	-14%	16%
Business & Leadership	47.3	57.7	95.4	-18%	-40%	-10%
Education	64.2	59.2	49.2	8%	20%	-20%
Health & Human Services	152.2	140.5	130.6	8%	8%	-24%
Trades, Apprenticeship & Industrial Training	93.4	71.8	138.3	30%	-48%	24%
Total	866.4	896.8	948.2	-3%	-5%	2%

Student Enrolment by Campus (student count)

Campus	15-16 FTE	15-16 PTE	14-15 FTE	14-15 PTE	13-14 FTE	13-14 PTE	% Change 15-16 FT	% Change 15-16 PT	% Change 14-15 FT	% Change 14-15 PT	% Change 15-16 Total	% Change 14-15 Total
Aurora	89	693	124	912	131	528	-28%	-24%	-5%	73%	-25%	57%
Thebacha	190	988	190	948	257	812	0%	4%	-26%	17%	4%	6%
Yellowknife	174	781	185	731	221	710	-6%	7%	-16%	3%	4%	-2%
Total College	453	2462	499	2591	609	2050	-9%	-5%	-18%	26%	-6%	16%

(Source: Registrar - Student Records System)



AURORA COLLEGE
SPRING CONVOCATION

2016

School of Arts & Science

Environment & Natural Resources Technology Diploma – 6
Traditional Arts Certificate - 3

School of Business & Leadership

Business Administration Certificate – 19
Business Administration Diploma – 9
Office Administration Certificate – 4

School of Education

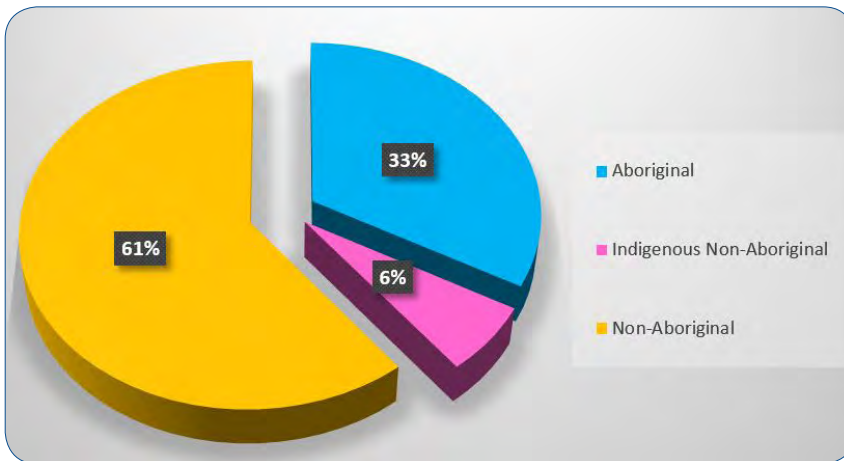
Aboriginal Language & Cultural Instructor Certificate - 2
Certificate in Adult Education - 2
Early Childhood Development Certificate – 11
Bachelor of Education – 6

School of Health & Human Services

Community Health Representative Certificate – 2
Personal Support Worker Certificate – 26
Social Work Diploma – 4
Bachelor of Science in Nursing – 11

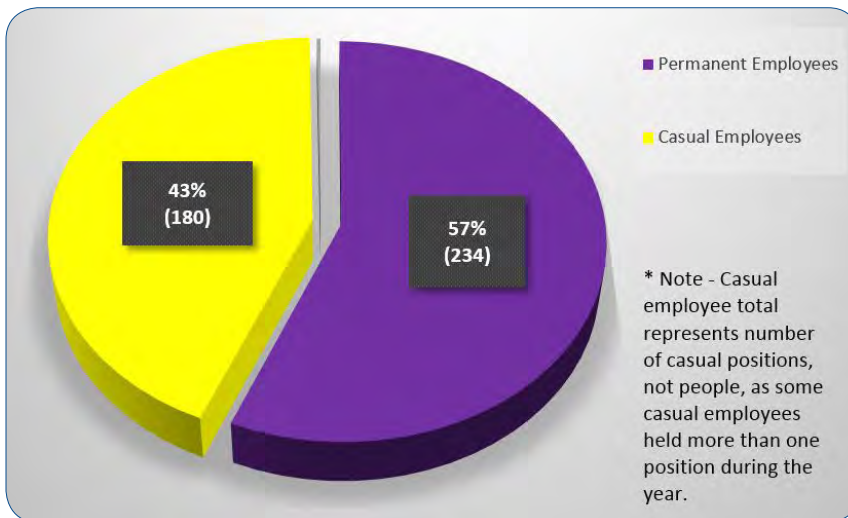


Supplementary Information



2015-16 Employees by Priority Status at February 28, 2016

Aboriginal: 33%
Indigenous Non-Aboriginal: 6%
Non-Aboriginal: 61%



2015-16 Employees by Employment Type at February 28, 2016

Permanent Employees: 234
Casual employees: 180

2015-16 Revenue by Source

- GNWT Base 66%
- Services Provided without charge 11%
- GNWT Other 6%
- Contributions/ Contract Income 5%
- Tuition 4%
- Federal 3%
- Room and Board 2%
- Recoveries & Other 2%
- Interest 0%



AURORA COLLEGE

Audited Financial Statements

June 30, 2016



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 2016, 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 2016, 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* of the Northwest Territories, 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

24 November 2016
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 Board of Governors. 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 Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance Committee of the Board, which is composed of a majority of members who are not employees of the College. The Finance Committee meets regularly with management and the external auditors. The external auditors also have full and free access to the Finance Committee.

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



Kathy Lepine
Standing Acting
Director of Finance/Chief Financial Officer

Fort Smith, Canada
November 24, 2016

AURORA COLLEGE
STATEMENT OF FINANCIAL POSITION
as at June 30, 2016
(in thousands of dollars)

	<u>2016</u>	<u>2015</u>
Financial assets		
Cash	\$ 9,060	\$ 8,848
Accounts receivable (Note 3)	<u>1,673</u>	<u>2,220</u>
	<u>10,733</u>	<u>11,068</u>
 Liabilities		
Accounts payable and accrued liabilities	898	1,366
Payroll liabilities	1,262	1,398
Deferred revenue	339	244
Due to the Government of the Northwest Territories	730	1,816
Employee future benefits (Note 4)	2,170	2,270
Professional development fund (Note 5)	<u>2,031</u>	<u>1,946</u>
	<u>7,430</u>	<u>9,040</u>
 Net financial assets	 <u>3,303</u>	 <u>2,028</u>
 Non-financial assets		
Prepaid expenses	571	655
Tangible capital assets (Note 6)	<u>4,802</u>	<u>5,114</u>
	<u>5,373</u>	<u>5,769</u>
 Accumulated surplus (Note 7)	 <u>\$ 8,676</u>	 <u>\$ 7,797</u>

Contingent liabilities and commitments (Notes 11 and 12)

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

Approved by the Board:



Kathy Tsetso
Chairperson of the Board



Mary Beckett
Chairperson of the Finance Committee

AURORA COLLEGE
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
for the year ended June 30, 2016
(in thousands of dollars)

	<u>Budget</u>	<u>2016</u> <u>Actual</u>	<u>2015</u> <u>Actual</u>
Revenues			
Government contributions (Note 8)	\$ 32,936	\$ 33,404	\$ 32,518
Other contributions			
Services provided without charge (Note 10)	5,000	5,730	6,006
Government of the Northwest Territories	3,549	3,274	3,856
Other third party contributions	2,721	2,558	2,312
Government of Canada	1,730	1,663	2,473
Own source revenues			
Tuition fees	815	1,836	1,732
Recoveries and other	339	1,269	1,026
Room and board	778	798	794
Interest income	95	104	113
	<u>47,963</u>	<u>50,636</u>	<u>50,830</u>
Expenses			
Financial and accounting services	2,164	1,966	2,265
Pooled services	7,476	5,169	5,012
Student services	10,245	10,512	10,808
Education and training	17,165	18,970	20,020
Community and extensions	9,708	10,450	11,362
Aurora Research Institute	2,345	2,691	2,478
	<u>49,103</u>	<u>49,758</u>	<u>51,945</u>
Annual surplus / (deficit)	(1,140)	878	(1,115)
Accumulated surplus at beginning of year	<u>7,797</u>	<u>7,797</u>	<u>8,912</u>
Accumulated surplus at end of year	<u>\$ 6,657</u>	<u>\$ 8,675</u>	<u>\$ 7,797</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, 2016
(in thousands of dollars)

	<u>Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
Annual surplus / (deficit)	\$ (1,140)	\$ 878	\$ (1,115)
Acquisition of tangible capital assets	-	(693)	(738)
Write-off of tangible capital assets	-	-	101
Disposal of tangible capital assets	-	76	-
Amortization of tangible capital assets	<u>451</u>	<u>929</u>	<u>1,052</u>
	<u>451</u>	<u>312</u>	<u>415</u>
(Increase) decrease in prepaid expenses	<u>-</u>	<u>85</u>	<u>(230)</u>
Increase / (decrease) in net financial assets	(689)	1,275	(930)
Net financial assets at beginning of year	<u>2,028</u>	<u>2,028</u>	<u>2,958</u>
Net financial assets at end of year	<u>\$ 1,339</u>	<u>\$ 3,303</u>	<u>\$ 2,028</u>

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

AURORA COLLEGE
STATEMENT OF CASH FLOW
for the year ended June 30, 2016
(in thousands of dollars)

	<u>2016</u>	<u>2015</u>
Operating transactions		
Cash received from:		
Government of the Northwest Territories	\$ 36,837	\$ 36,707
Students and other third parties	6,944	8,627
Government of Canada	1,663	2,473
Interest	104	113
Cash paid for:		
Cash paid for compensation and benefits	(31,027)	(31,376)
Cash paid to suppliers	<u>(13,692)</u>	<u>(15,160)</u>
Cash provided by operating transactions	<u>829</u>	<u>1,384</u>
Capital transactions		
Acquisition of tangible capital assets	(693)	(738)
Proceeds on tangible capital assets	<u>76</u>	<u>-</u>
Cash used for capital transactions	<u>(617)</u>	<u>(738)</u>
Increase in cash	212	646
Cash at beginning of year	<u>8,848</u>	<u>8,202</u>
Cash at end of year	<u>\$ 9,060</u>	<u>\$ 8,848</u>

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

Aurora College
Notes to the Financial Statements
June 30, 2016

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 believes the estimates and

Aurora College
Notes to the Financial Statements
June 30, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

a) Measurement uncertainty (continued)

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. Eligibility is based on variety of factors including place of hire, date employment

Aurora College
Notes to the Financial Statements
June 30, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Employee future benefits (continued)

ii) Severance, removal and compensated absences (continued)

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 received without charge

The Government provides certain services without charge to the College. The estimated value of 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, interest income, and other income are recognized on an accrual basis as they are earned.

h) Other contributions and deferred revenue

The College provides education and research services to private companies, federal and territorial government departments, agencies, and corporations through contractual

Aurora College
Notes to the Financial Statements
June 30, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Other contributions and deferred revenue (continued)

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 Board of Governors, 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.

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

Aurora College
Notes to the Financial Statements
June 30, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Financial instruments (continued)

measured at cost. Financial liabilities include accounts payable & accrued 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 Board of Governors for their 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 Board of Governors and do not reflect any subsequent adjustments made during the course of the year.

3. ACCOUNTS RECEIVABLE

	<u>2016</u>		<u>2015</u>	
	(in thousands)			
	Accounts			
	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>	<u>Net</u>
Government of the Northwest Territories	\$ 299	\$ 2	\$ 297	\$ 447
Federal Government	559	87	472	272
Other	877	32	845	1,413
Students	<u>244</u>	<u>185</u>	<u>59</u>	<u>88</u>
	<u>\$ 1,979</u>	<u>\$ 306</u>	<u>\$ 1,673</u>	<u>\$ 2,220</u>

Aurora College
Notes to the Financial Statements
June 30, 2016

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 \$1.15 (2015 - \$1.28) for every dollar contributed by the employee, and \$6.67 (2015 - \$7.13) for every dollar contributed by the employee for the portion of the employee's salary above \$162 thousand (2015 - \$158 thousand).

For new employees who are participating in the Plan on or after January 1, 2013, the College contributes \$1.11 (2015 - \$1.28) for every dollar contributed by the employee, and \$6.67 (2015 - \$7.13) for every dollar contributed by the employee for the portion of the employee's salary above \$162 thousand (2015 - \$158 thousand).

The College's and employees' contributions to the Public Service Pension Plan for the year were as follows:

	<u>2016</u>	<u>2015</u>
	(in thousands)	
College's contributions	\$ 2,477	\$ 2,568
Employees' contributions	<u>1,966</u>	<u>1,776</u>
	<u>\$ 4,443</u>	<u>\$ 4,344</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 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.

Aurora College
Notes to the Financial Statements
June 30, 2016

4. EMPLOYEE FUTURE BENEFITS (continued)

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, 2016. The effective date of the next actuarial valuation is June 30, 2017. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2016. 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>2016</u> (in thousands)	<u>2015</u>
Changes in Obligation				
Accrued benefit obligations, beginning of year	\$1,820	\$450	\$2,270	\$2,274
Current period benefit cost	141	302	443	412
Interest accrued	45	13	58	56
Benefits payments	(361)	(240)	(601)	(472)
Actuarial (gains)/losses	(429)	(60)	(489)	-
Accrued benefit obligations, end of year	1,216	465	1,681	2,270
Unamortized net actuarial gain	429	60	489	-
Net future obligation	\$1,645	\$525	\$2,170	\$2,270

Aurora College
Notes to the Financial Statements
June 30, 2016

4. EMPLOYEE FUTURE BENEFITS (continued)

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>2016</u> (in thousands)	<u>2015</u>
Benefits Expense				
Current period benefit cost	\$141	\$302	\$443	\$412
Interest accrued	45	13	58	56
Total	\$186	\$315	\$501	\$468

Assumptions

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Discount rate	3.2% per annum	2.5% per annum
Rate of compensation increase	2.0% per annum	2.0% per annum
Inflation rate	Nil	2.0% per annum

The expected payments during the next five fiscal years are:

	<u>Severance and Removal</u>	<u>Compensated Absences</u>	<u>Total</u>
	(in thousands)		
2017	\$280	\$100	\$380
2018	173	65	238
2019	143	52	195
2020	121	43	164
2021	98	40	138
Total	\$815	\$300	\$1,115

Aurora College
Notes to the Financial Statements
June 30, 2016

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>2016</u>	<u>2015</u>
	(in thousands)	
Professional development fund, beginning of year	\$ 1,946	\$ 1,961
Contributions	410	433
Recovery of funds	42	-
Professional development paid during the year	<u>(367)</u>	<u>(448)</u>
Professional development fund, end of year	<u>\$ 2,031</u>	<u>\$ 1,946</u>

Aurora College
Notes to the Financial Statements
June 30, 2016

6. TANGIBLE CAPITAL ASSETS

(in thousands)

June 30, 2016	Mobile equipment	Building additions and renovations	Furniture and equipment	Leasehold improvements	2016 Total	2015 Total
Cost						
Opening balance	\$ 5,483	\$ 1,991	\$ 5,418	\$ 2,140	\$ 15,032	\$ 15,926
Additions	-	-	588	105	693	738
Disposals	(429)	-	-	-	(429)	-
Write-off	-	-	-	-	-	(1,557)
Closing balance	<u>5,054</u>	<u>1,991</u>	<u>6,006</u>	<u>2,245</u>	<u>15,296</u>	<u>15,107</u>
Accumulated amortization						
Opening balance	2,900	1,742	3,910	1,366	9,918	10,397
Amortization	236	100	477	116	929	1,052
Disposals	(353)	-	-	-	(353)	-
Write-off	-	-	-	-	-	(1,456)
Closing balance	<u>2,783</u>	<u>1,842</u>	<u>4,387</u>	<u>1,482</u>	<u>10,494</u>	<u>9,993</u>
Net book value	<u>\$ 2,271</u>	<u>\$ 149</u>	<u>\$ 1,619</u>	<u>\$ 763</u>	<u>\$ 4,802</u>	<u>\$ 5,114</u>

Aurora College
Notes to the Financial Statements
June 30, 2016

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:

Reserves	(in thousands)				Balance, ending June 30, 2016
	Balance, opening July 1, 2015	Net results of operations	Appropriated	Used in operations	
a) Mallik research reserve	\$ 100	\$ -	\$ -	\$ -	\$ 100
b) Northern strategic research reserve	492	-	5	-	498
c) Program delivery	300	-	-	-	300
d) Research & development	145	-	36	(37)	144
e) HEO replacement & maintenance	-	-	-	-	-
f) Restricted donations	35	-	-	-	35
Total reserves	1,072	-	41	(37)	1,077
Operating surplus (deficit)	6,725	878	(41)	37	7,598
Total accumulated surplus	\$ 7,797	\$ 878	\$ -	\$ -	\$ 8,675

Aurora College
Notes to the Financial Statements
June 30, 2016

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.

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 Board of Governors.

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) HEO (Heavy Equipment Operator) replacement & maintenance

This appropriation is established to help fund replacement and maintenance of the HEO program heavy equipment. Annually net equipment rental fees charged to the third party contractors for HEO courses are transferred to this appropriation. Use of the appropriation must be approved by the Board of Governors.

f) 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, 2016

8. GOVERNMENT CONTRIBUTIONS

	<u>2016</u>	<u>2015</u>
	(in thousands)	
Operating contributions	\$32,947	\$ 32,325
Capital contributions	<u>457</u>	<u>193</u>
	<u>\$33,404</u>	<u>\$ 32,518</u>

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.

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>2016</u>	<u>2015</u>
	(in thousands)	
Accounts receivable (Note 3)	\$ 299	\$ 458
Amounts due to the Government	\$ 730	\$ 1,816

Expenses

Under the terms of administrative agreements, the Government charges for certain support services provided to the College. The College reimbursed the Government \$1,072,000 (2015 – \$820,000) for facility operating and utility costs, employee benefits and other expenses recorded in these statements.

10. SERVICES PROVIDED WITHOUT CHARGE

During the year, the College received without charge from the Government services including utilities \$2,048,000 (2015 – \$2,495,000) and repairs and maintenance \$1,237,000 (2015 – \$ 1,264,000).

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 \$257,000 (2015 – \$ 216,000)

Aurora College
Notes to the Financial Statements
June 30, 2016

10. SERVICES PROVIDED WITHOUT CHARGE (continued)

based on the 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 \$1,841,000 (2015 – \$ 1,818,000) 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 amounted to \$347,000 (2015 – \$ 213,000).

	<u>2016</u>	<u>2015</u>
	(in thousands)	
Contract services	\$ 257	\$ 216
Repairs and maintenance	1,237	1,264
Building utilities	2,048	2,495
Building leases	1,841	1,818
Medical travel	347	213
	<u>\$ 5,730</u>	<u>\$ 6,006</u>

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.

Aurora College
Notes to the Financial Statements
June 30, 2016

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)	
2017	\$ 221	\$ 4,635
2018	101	2,253
2019	31	1,227
2020	23	529
Thereafter	5	-
	381	\$ 8,644

13. FINANCIAL RISK MANAGEMENT

The College's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, due to Government of the Northwest Territories and are 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.

Cash

Credit risk on cash is minimized as these assets are held with a Canadian Chartered bank, the maximum exposure to credit risk is \$9,060,000 (2015 - \$8,848,000).

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 2016

Aurora College
Notes to the Financial Statements
June 30, 2016

13. FINANCIAL RISK MANAGEMENT (continued)

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 \$1,673,000 (2015 - \$2,220,000).

At 30 June 2016 there are accounts receivable past due but not impaired. These amounts for students are: 31-60 days \$8,000; 61-90 days \$5,000; and over 90 days \$20,000.

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	\$1,000	\$3,000	Nil
Other third parties	\$39,000	\$3,000	Nil
Federal Government	\$124,000	\$1,000	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 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.

Aurora College
Notes to the Financial Statements
June 30, 2016

14. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of the cash, accounts receivable, accounts payable and accrued liabilities and due to Government of the Northwest Territories 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.

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

Aurora College
Notes to the Financial Statements
June 30, 2016

15. SEGMENT DISCLOSURE (continued)

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. This includes the 2015 cash equivalents balance that was reclassified to cash to better reflect the underlying nature of these items.

**Aurora College
Segmented disclosures
June 30, 2016**

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)	2016 Total (in thousands)	2016 Budget (in thousands)	2015 Total (in thousands)
For the period ended June 30, 2016									
Revenues									
Government Contributions	\$ 1,753	\$ 3,178	\$ 9,091	\$ 10,489	\$ 7,260	\$ 1,633	\$ 33,404	\$ 32,936	\$ 32,518
Other Contributions									
Services Provided without Charge	-	1,841	-	3,889	-	-	5,730	5,000	6,006
Government of the Northwest Territories	-	-	39	2,163	810	262	3,274	3,549	3,856
Other third party contributions	-	19	10	1,900	363	266	2,558	2,721	2,312
Federal government	-	-	-	-	1,488	175	1,663	1,730	2,473
Own Source Revenue									
Tuition fees	-	-	72	964	800	-	1,836	815	1,732
Recoveries and other	29	255	162	718	26	79	1,269	339	1,026
Room and board	-	-	729	-	-	69	798	778	794
Interest income	104	-	-	-	-	-	104	95	113
	<u>1,886</u>	<u>5,293</u>	<u>10,103</u>	<u>20,123</u>	<u>10,747</u>	<u>2,484</u>	<u>50,636</u>	<u>47,963</u>	<u>50,830</u>
Expenses									
Compensation and benefits	1,708	1,472	4,617	11,844	8,468	1,938	30,047	29,494	30,255
Building leases	-	1	4,973	1,841	-	-	6,815	9,911	6,982
Materials and supplies	18	310	236	732	218	73	1,587	1,805	1,839
Utilities	-	-	156	2,058	3	10	2,227	219	2,687
Contract services	49	380	81	243	309	329	1,391	2,475	2,157
Repairs and maintenance	2	1,244	226	276	49	6	1,803	1,473	1,797
Small equipment	5	83	31	429	17	24	589	300	465
Fees and payments	68	531	42	469	65	72	1,247	1,244	1,431
Travel and accommodation	45	141	45	310	193	127	861	1,206	1,271
Professional services	2	8	7	573	956	15	1,562	-	1,290
Amortization of tangible capital assets	-	929	-	-	-	-	929	451	1,052
Communication, postage and freight	69	70	98	195	172	96	700	525	719
	<u>1,966</u>	<u>5,169</u>	<u>10,512</u>	<u>18,970</u>	<u>10,450</u>	<u>2,691</u>	<u>49,758</u>	<u>49,103</u>	<u>51,945</u>
Annual surplus (deficit)	\$ (80)	\$ 124	\$ (409)	\$ 1,153	\$ 297	\$ (207)	\$ 878	\$ (1,140)	\$ (1,115)

** Pooled Services includes the revenues and expenses for the President's Office



ARCTIC ENERGY ALLIANCE
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2017

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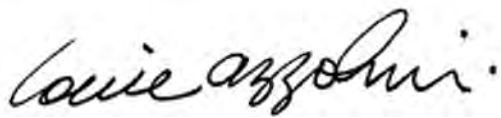
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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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 applicable for government not-for-profit organizations. Where necessary, the statements include amounts that are based on informed judgments and estimates by management giving appropriate consideration to reasonable limits of materiality.

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

The accounting firm of 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.



Louie Azzolini
Executive Director

September 18, 2017



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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, 2017, 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, 2017, 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

September 18, 2017



ARCTIC ENERGY ALLIANCE

STATEMENT OF FINANCIAL POSITION

March 31, 2017

ASSETS

	2017	2016
CURRENT		
Cash	\$ 27,581	\$ 515,527
Short term investments (note 3)	1,095,701	543,299
Accounts receivable (note 4)	523,266	358,643
Prepaid expenses	13,314	187,064
	1,659,862	1,604,533
TANGIBLE CAPITAL ASSETS (note 5)	69,521	87,970
	\$ 1,729,383	\$ 1,692,503

LIABILITIES

CURRENT		
Bank indebtedness	\$ 229,958	\$ -
Wages and benefits payable	165,455	112,041
Government remittances payable (note 6)	6,075	30,726
Trade payables and accruals (note 7)	314,861	340,931
Provision for rebates (note 8)	29,066	16,800
Deferred revenue (note 9)	160,393	351,828
	905,808	852,326
DEFERRED GOVERNMENT ASSISTANCE (note 10)	18,444	22,150
	924,252	874,476

NET ASSETS

RESERVES per page 3	731,212	709,605
INVESTED IN TANGIBLE CAPITAL ASSETS per page 3	43,076	57,820
ACCUMULATED SURPLUS per page 3	30,843	50,602
	805,131	818,027
	\$ 1,729,383	\$ 1,692,503

Approved:


 _____ Director


 _____ Director

ARCTIC ENERGY ALLIANCE

STATEMENT OF OPERATIONS

For the year ended March 31, 2017

	2017 <u>Budget</u>	2017 <u>Actual</u>	2016 <u>Actual</u>
REVENUES			
Contributions from GNWT	\$ 3,667,000	\$ 3,803,471	\$ 3,264,595
Contributions from Canada	100,000	81,186	5,461
Other source income	144,614	149,140	186,710
Membership fees	277,500	277,500	277,500
Interest income	9,000	10,065	9,491
	<u>4,198,114</u>	<u>4,321,362</u>	<u>3,743,757</u>
EXPENSES			
Advertising and promotion	68,647	47,577	52,778
Amortization	18,900	18,450	23,307
Consulting fees	48,500	168,183	90,627
Equipment rental	4,600	3,279	24,426
Facility rental and tradeshow fees	21,637	10,317	14,577
Fees and dues	4,155	12,725	5,992
Hospitality	23,000	13,892	8,834
Insurance	13,000	13,265	12,190
Interest and bank charges	4,800	5,010	5,285
Office and general	435,046	552,384	243,858
Professional development	57,050	25,825	39,691
Professional fees	20,000	22,433	25,801
Rebates	805,000	709,901	906,207
Rent and utilities	158,600	155,981	146,336
Telephone, Internet and Website	46,400	36,689	34,870
Travel and accommodation	314,558	288,835	148,076
Wages and benefits	2,207,140	2,249,512	1,899,285
	<u>4,251,033</u>	<u>4,334,258</u>	<u>3,682,140</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (52,919)</u>	<u>\$ (12,896)</u>	<u>\$ 61,617</u>

ARCTIC ENERGY ALLIANCE

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2017

	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 (note 15)	(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>
	2016			
	Accumulated Surplus	Reserves	Invested in Tangible Capital Assets	Total
BALANCE, opening	\$ 133,526	\$ 566,000	\$ 56,884	\$ 756,410
Excess of revenues over expenses	61,617	-	-	61,617
Transfer to reserves	(143,605)	143,605	-	-
Purchase of tangible capital assets	(28,537)	-	28,537	-
Amortization of tangible capital assets	23,307	-	(23,307)	-
Amortization of deferred government assistance	(3,706)	-	3,706	-
Asset retirement obligation	8,000	-	(8,000)	-
BALANCE, closing	<u>\$ 50,602</u>	<u>\$ 709,605</u>	<u>\$ 57,820</u>	<u>\$ 818,027</u>

ARCTIC ENERGY ALLIANCE

STATEMENT OF CASH FLOWS

For the year ended March 31, 2017

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES (note 18)		
Cash received from:		
GNWT contributions	\$ 3,589,979	\$ 3,691,532
Membership fees	322,500	270,000
Other source income	138,003	139,949
Interest income	7,663	6,444
Canada contributions	-	19,350
	4,058,145	4,127,275
Cash paid for:		
Wages and benefits	2,220,748	1,851,507
Materials and services	1,911,214	1,807,154
GNWT contributions returned	98,948	109,371
	4,230,910	3,768,032
	(172,765)	359,243
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchase of tangible capital assets	-	(28,537)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of short term investments	544,861	60,776
Purchase of short term investments	(1,090,000)	(540,000)
	(545,139)	(479,224)
DECREASE IN CASH	(717,904)	(148,518)
CASH, opening	515,527	664,045
(BANK INDEBTEDNESS) CASH, closing	\$ (202,377)	\$ 515,527
REPRESENTED BY:		
Cash	\$ 27,581	\$ 515,527
Cheques issued in excess of deposits	(229,958)	-
	\$ (202,377)	\$ 515,527

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

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	30% Declining balance
Computer software	5 years Straight-line
Heating equipment	20 years Straight-line
Office equipment	20% 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, 2017

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 of its 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, and other administrative expenses are allocated to programs, as applicable, at a 15% rate, or a predetermined rate.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

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>2017</u>	<u>2016</u>
0.74% interest, cashable, matured July 14, 2017	\$ 1,000,000	\$ 450,000
1.385% interest, non-redeemable, matures December 2, 2017	90,000	90,000
Accrued interest	<u>5,701</u>	<u>3,299</u>
	<u>\$ 1,095,701</u>	<u>\$ 543,299</u>

4. ACCOUNTS RECEIVABLE

	<u>2017</u>	<u>2016</u>
Contributions receivable:		
Government of the Northwest Territories	\$ 304,176	\$ 227,154
Government of Canada	<u>80,382</u>	<u>-</u>
Total contributions receivable	384,558	227,154
Members	37,500	32,500
Other	115,520	113,301
Allowance for doubtful accounts	<u>(14,312)</u>	<u>(14,312)</u>
	<u>\$ 523,266</u>	<u>\$ 358,643</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

5. TANGIBLE CAPITAL ASSETS

	2017		2016	
	Cost	Accumulated amortization	Net	Net
Computer equipment	\$ 36,010	\$ 19,030	\$ 16,980	\$ 24,256
Computer software	33,028	22,199	10,829	16,984
Heating equipment	36,242	7,354	28,888	30,700
Leasehold improvements	27,396	27,396	-	-
Office equipment	42,460	29,636	12,824	16,030
	\$ 175,136	\$ 105,615	\$ 69,521	\$ 87,970

During the year, the Society purchased tangible capital assets with a cost of \$nil (2016 - \$28,537) of which \$nil (2016 - \$nil) was acquired by means of assuming directly related liabilities and the balance of \$nil (2016 - \$28,537) was paid cash.

Net assets invested in tangible capital assets as at March 31, 2017 are as follows:

	2017	2014
Tangible capital assets	\$ 69,521	\$ 87,970
Asset retirement obligation (note 7)	(8,000)	(8,000)
Deferred government assistance (note 10)	(18,445)	(22,150)
Net assets invested in tangible capital assets per page 3	\$ 43,076	\$ 57,820

6. GOVERNMENT REMITTANCES PAYABLE

	2017	2016
Payroll remittances payable	\$ -	\$ 25,303
Related parties:		
Workers' Safety and Compensation Commission	2,786	2,509
GNWT - Department of Finance	3,289	2,914
	\$ 6,075	\$ 30,726

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

7. TRADE PAYABLES AND ACCRUALS

	2017	2016
Accrued liabilities:		
EEIP rebates	\$ 10,234	\$ 4,500
Other	207,258	40,425
Pellet boiler asset retirement obligation	8,000	8,000
	225,492	52,925
Trade payables	89,369	288,006
	\$ 314,861	\$ 340,931

8. PROVISION FOR REBATES

Under the Energy Efficiency Incentive Program (EEIP) with the GNWT-PWS, 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:

	2017	2016
Provision for the current year	\$ 29,066	\$ 16,800
Rebates paid previously provided for	(4,798)	(18,080)
Unused provision reversed	(12,002)	(24,920)
Change in provision during the year	12,266	(26,200)
Provision for rebates, opening	16,800	43,000
Provision for rebates, closing	\$ 29,066	\$ 16,800

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

9. DEFERRED REVENUE

During the year, the Society entered into contribution agreements with the GNWT, Department of Public Works and Services (PWS). 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.

	2017	2016
Restricted contributions balance, opening	\$ 321,420	\$ 159,240
Receipts	3,400,000	3,338,000
Funding receivable	347,383	189,979
In-kind	-	8,167
Repayments	(98,949)	(109,371)
Funding expended	(3,883,854)	(3,264,595)
Restricted contributions balance, closing	86,000	321,420
Fee for service received in advance	24,393	30,408
Membership fees received in advance: GNWT-ENR	50,000	-
Total deferred revenue	\$ 160,393	\$ 351,828

10. DEFERRED GOVERNMENT ASSISTANCE

	2017		2016	
	Cost	Accumulated amortization	Net	Net
GNWT-ENR - Alternative Energy Technology:				
Wood pellet boiler	\$ 14,121	\$ 3,177	\$ 10,944	\$ 11,650
GNWT-ENR - Energy Efficiency Incentive Program: Database	15,000	7,500	7,500	10,500
	\$ 29,121	\$ 10,677	\$ 18,444	\$ 22,150

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

11. RESERVES

During the year, Arctic Energy Alliance transferred \$21,607 (2016 - \$143,605) from unrestricted net assets to meet its capital management objectives as described in note 15. The reserves at March 31, 2017 of \$731,212 (2016 - \$709,605) 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>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Excess (deficiency) of revenues over expenses per page 2	\$ (52,919)	\$ (12,896)	\$ 61,617
	-	-	-
Acquisition of tangible capital assets	-	-	(28,537)
Amortization of tangible capital assets	18,900	18,449	23,307
Acquisition of prepaid expenses	-	(9,624)	(203,756)
Use of prepaid expenses	-	183,374	54,305
Amortization - deferred government assistance	-	(3,706)	(3,706)
	(34,019)	175,597	(96,770)
Increase (decrease) in net financial assets			
Net financial assets, opening	<u>565,143</u>	<u>565,143</u>	<u>661,913</u>
Net financial assets, closing (note 15)	<u>\$ 531,124</u>	<u>\$ 740,740</u>	<u>\$ 565,143</u>

12. MEMBERSHIP FEES

Membership fees revenue for the year consist of the following:

	<u>2017</u>		<u>2016</u>
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
	<u>\$ 277,500</u>		<u>\$ 277,500</u>

Included in membership fees are amounts from the following related parties:

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

12. MEMBERSHIP FEES, continued

	2017	2016
GNWT:		
Department of Environment and Natural Resources	\$ 50,000	\$ 50,000
Department of Public Works and Services	50,000	50,000
Department of Municipal and Community Affairs	50,000	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. 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.

14. 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
2018	\$ 66,420	\$ 3,201	\$ 69,621
2019	60,885	3,201	64,086
2020	-	801	801
	\$ 127,305	\$ 7,203	\$ 134,508

The lease for office space carries an extension of term option from March 1, 2019 to March 1, 2020.

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

14. COMMITMENTS, continued

Commencing September 2010 and ended October 2015, and included in revenue, are in-kind contributions regarding office space in Norman Wells, NWT with a fair value of \$nil (2016 - \$8,167) from the GNWT-ENR. The office is in connection with the Regional Offices program.

15. 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.

Arctic Energy Alliance 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, 2017, the Society has met its objectives of having sufficient liquid resources to meet its current obligations. The Society's net financial assets at March 31, 2017 are as follows:

	<u>2017</u>	<u>2016</u>
Accumulated Surplus	\$ 30,843	\$ 50,602
Reserves	731,212	709,605
Invested in Tangible Capital Assets	<u>43,076</u>	<u>57,820</u>
Net assets per page 3	<u>805,131</u>	<u>818,027</u>
Less: Non-financial assets:		
Prepaid expenses	13,314	187,064
Tangible capital assets	69,521	87,970
Deferred government assistance	<u>(18,444)</u>	<u>(22,150)</u>
	<u>64,391</u>	<u>252,884</u>
Net financial assets (note 11)	<u>\$ 740,740</u>	<u>\$ 565,143</u>

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

15. CAPITAL MANAGEMENT, continued

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.

	<u>Opening Balance</u>	<u>Transfers</u>	<u>Closing Balance</u>
Operating Reserve	\$ 600,000	\$ -	\$ 600,000
Credit Card Reserve	90,000	-	90,000
Contingency Reserve	<u>19,605</u>	<u>21,607</u>	<u>41,212</u>
	<u>\$ 709,605</u>	<u>\$ 21,607</u>	<u>\$ 731,212</u>

16. ALLOCATED EXPENSES

During the year, the Society allocated \$12,485 (2016 - \$333,363) representing administration and overhead allocated to programs at a nil% (2016 - 15%) rate, or a predetermined rate. These inter-program allocations have been eliminated in the Statement of Operations and in Schedule II.

17. BUDGET AMOUNTS

The 2017 budget amounts on the Statement of Operations are presented for information purposes only and are unaudited.

18. SUPPLEMENTAL CASH FLOW INFORMATION

A reconciliation of the excess (deficiency) of revenues over expenses during the year to cash flows from operating activities is as follows:

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

18. SUPPLEMENTAL CASH FLOW INFORMATION, continued

	2017	2016
Excess (deficiency) of revenues over expenses per page 2	\$ (12,896)	\$ 61,617
Items not affecting cash:		
Amortization of tangible capital assets	18,450	23,307
Amortization of deferred government assistance	(3,706)	(3,706)
Change in accrued interest from GICs	(2,402)	(3,047)
Interest income received relating to short term investments	(4,862)	(776)
	(5,416)	77,395
Net change in non-cash operating working capital accounts:		
Decrease (increase) in accounts receivable	(164,623)	166,422
Decrease (increase) in prepaid expenses	173,750	(149,450)
Increase in wages and benefits payable	53,414	50,947
Decrease in government remittances payable	(24,651)	(3,167)
Increase (decrease) in trade payables and accruals	(26,070)	94,955
Increase (decrease) in provision for rebates	12,266	(26,200)
Increase (decrease) in deferred revenue	(191,435)	148,341
	(167,349)	281,848
Cash flows from (used for) operating activities per page 4	\$ (172,765)	\$ 359,243

19. 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.

	2017	2016
Expenses		
Aurora College - Rent	\$ 15,260	\$ 12,000
Workers' Safety and Compensation Commission	10,342	9,697
	\$ 25,602	\$ 21,697

ARCTIC ENERGY ALLIANCE

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

19. RELATED PARTIES, continued

	<u>2017</u>	<u>2016</u>
Receivables from related parties:		
GNWT-ENR	\$ 37,176	\$ 37,176
GNWT-Department of Finance	-	46,999
GNWT-Department of Health and Social Services	132	-
GNWT-Department of Public Works and Services	267,000	142,980
Northwest Territories Power Corporation	15,000	10,000
NWT Housing Corporation	73,085	73,085
Public Utilities Board of the Northwest Territories	<u>12,500</u>	<u>12,500</u>
	<u>\$ 404,893</u>	<u>\$ 322,740</u>
 Payables to related parties: Aurora College	 <u>\$ 3,478</u>	 <u>\$ 3,488</u>

20. COMPARATIVE FIGURES

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

ARCTIC ENERGY ALLIANCE

Schedule I

SCHEDULE OF DEFERRED REVENUE

For the year ended March 31, 2017

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)								
NRCan Northern Smart Energy Communities Pilot	\$ -	\$ -	\$ 80,383	\$ -	\$ -	\$ 80,383	\$ 80,383	\$ -
GOVERNMENT OF THE NORTHWEST TERRITORIES (GNWT)								
Department of Environment and Natural Resources (ENR)								
Energy Efficiency Incentive Program (EEIP)	24,920	-	-	-	-	24,920	(12,002)	36,922
Department of Public Works and Services (PWS)								
Base Funding	-	1,400,000	200,000	-	103,523	1,703,523	1,670,663	32,860
Alternative Energy Technologies Program (AETP)	-	200,000	-	-	(289)	199,711	199,475	236
Biomass Energy	-	100,000	57,000	-	(8,308)	148,692	147,074	1,618
Commercial Energy Conservation & Efficiency Program (CECEP)	-	200,000	-	-	11,059	211,059	210,823	236
Community Government Energy Retrofits (CGERP)	11,137	200,000	-	(8,228)	(136,482)	66,427	66,427	-
Community Government Energy Retrofits (CGERP) - HVAC Communities	-	50,000	-	-	(13,738)	36,262	36,262	-
Community Government Energy Retrofits (CGERP) - HVAC Commercial	-	50,000	-	-	(562)	49,438	49,438	-
Community Government Solar Projects	-	80,000	10,000	-	30,839	120,839	120,839	-
Community LED Swap Out	-	300,000	-	-	1,099	301,099	301,099	-
Community Renewable Energy Program (CREP)	-	100,000	-	-	(1,090)	98,910	98,910	-
Community Wood Stove Purchase & Installation Partnership	-	130,000	-	-	27,429	157,429	157,429	-
Condominium Corporations Biomass (AETP)	-	50,000	-	-	(43,198)	6,802	6,802	-
Energy Information and Awareness and CEP Profiles	-	25,000	-	-	6,062	31,062	31,062	-
Energy Management Program (EMP)	33,160	-	-	(33,160)	-	-	-	-
Energy Rating Services Support (ERS)	-	150,000	-	-	-	150,000	149,447	553
Energy Rating Services Support (ERS) Home Energy Rating Follow-up Rebate	-	65,000	-	-	(15,525)	49,475	49,475	-
Energy Efficiency Incentive Program (EEIP)	16,840	200,000	-	(16,840)	39,181	239,181	238,731	450
REACHE LED & Energy Efficiency Retrofits	-	100,000	-	-	-	100,000	90,066	9,934
Regional Offices	64,410	-	-	-	-	64,410	61,219	3,191
Total PWS	125,547	3,400,000	267,000	(58,228)	-	3,734,319	3,685,241	49,078
Department of Finance (DOF)								
Community LED Swap Out	102,439	-	-	-	-	102,439	102,439	-
Community Government Solar Projects	7,287	-	-	(7,287)	-	-	-	-
Community Government HVAC Re-commissioning	27,666	-	-	(27,666)	-	-	-	-
Energy Information and Awareness	17,651	-	-	-	-	17,651	17,651	-
Energy Information and Awareness - Community Energy Profiles	15,910	-	-	(5,768)	-	10,142	10,142	-
Total DOF	170,953	-	-	(40,721)	-	130,232	130,232	-
Total GNWT	321,420	3,400,000	267,000	(98,949)	-	3,889,471	3,803,471	86,000
Total contributions (note 9)	\$ 321,420	\$ 3,400,000	\$ 347,383	\$ (98,949)	\$ -	\$ 3,969,854	\$ 3,883,854	\$ 86,000

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES

Schedule II

For the year ended March 31, 2017

	Total	Base Funding	Energy Management Program (EMP)	Alternative Energy Technologies Program (AETP)	Energy Rating Services Support Program (ERS)	Energy Efficiency Incentive Program (EEIP)
REVENUES						
Contributions from GNWT	\$ 3,803,471	\$ 858,951	\$ 146,630	\$ 199,711	\$ 150,000	\$ 239,181
Contributions from Canada	81,186	804	-	-	-	-
Other Source Income	145,434	98,038	-	-	6,600	-
Membership Fees	277,500	277,500	-	-	-	-
Interest Income	10,065	10,065	-	-	-	-
Administration Fees	-	12,485	-	-	-	-
	<u>4,317,656</u>	<u>1,257,843</u>	<u>146,630</u>	<u>199,711</u>	<u>156,600</u>	<u>239,181</u>
EXPENDITURES						
Administration Fees	-	-	-	-	-	-
Advertising & Promotion	29,371	2,622	635	-	-	392
Consulting Fees	168,173	63,194	-	-	4,563	1,530
Equipment Rental	3,279	3,279	-	-	-	-
Facility Rental & Tradeshow Fees	10,317	1,550	2,612	-	-	-
Fees & Dues	12,725	5,827	266	154	461	-
Hospitality	13,892	3,733	-	-	-	-
Insurance	13,265	12,879	-	-	-	-
Interest & Bank Charges	5,010	5,010	-	-	-	-
Office & General	449,914	29,576	1,098	-	4,275	185
Professional Development	29,624	5,434	2,505	773	2,407	450
Professional Fees	22,433	22,433	-	-	-	-
Rebates	709,901	(12,002)	-	140,796	-	192,349
Rent & Utilities	155,981	92,603	-	-	-	-
Telephone, Internet & Website	35,915	19,965	-	-	-	-
Travel & Accommodation	232,747	22,749	2,810	-	153	-
Wages & Benefits	2,249,512	770,341	136,705	57,989	180,945	44,276
	<u>4,142,058</u>	<u>1,049,193</u>	<u>146,630</u>	<u>199,711</u>	<u>192,803</u>	<u>239,181</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	<u>175,598</u>	<u>208,650</u>	<u>-</u>	<u>-</u>	<u>(36,203)</u>	<u>-</u>
TRANSFERS						
Use of prepaid expenses	(183,374)	(183,374)	-	-	-	-
Acquisition of prepaid expenses	9,624	3,744	706	236	553	1,612
Amortization of tangible capital assets	(18,450)	(18,450)	-	-	-	-
Amortization of government assistance	3,706	3,706	-	-	-	-
	<u>(188,494)</u>	<u>(194,375)</u>	<u>706</u>	<u>236</u>	<u>553</u>	<u>1,612</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES						
	<u>\$ (12,896)</u>	<u>\$ 14,275</u>	<u>\$ 706</u>	<u>\$ 236</u>	<u>\$ (35,650)</u>	<u>\$ 1,612</u>

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES

Schedule II

For the year ended March 31, 2017

	Biomass Energy	Regional Offices	Commercial Energy Conservation & Efficiency Program (CECEP)	Community Government Retrofits (CGERP)	Community Renewable Energy Program (CREP)	Condominium Corporations Biomass (AETP)
REVENUES						
Contributions from GNWT	\$ 148,692	\$ 844,349	\$ 211,059	\$ 63,518	\$ 98,910	\$ 6,802
Contributions from Canada	-	-	-	-	-	-
Other Source Income	-	-	-	3,415	-	-
Membership Fees	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Administration Fees	-	-	-	-	-	-
	<u>148,692</u>	<u>844,349</u>	<u>211,059</u>	<u>66,932</u>	<u>98,910</u>	<u>6,802</u>
EXPENDITURES						
Administration Fees	-	-	-	-	-	-
Advertising & Promotion	-	4,249	-	-	-	-
Consulting Fees	(768)	26,147	-	-	-	-
Equipment Rental	-	-	-	-	-	-
Facility Rental & Tradeshow Fees	-	5,270	-	-	-	-
Fees & Dues	723	5,294	-	-	-	-
Hospitality	-	5,485	-	-	-	-
Insurance	-	-	-	-	-	-
Interest & Bank Charges	-	-	-	-	-	-
Office & General	108	7,114	-	-	-	-
Professional Development	2,848	14,656	553	-	-	-
Professional Fees	-	-	-	-	-	-
Rebates	57,000	-	110,882	9,063	98,910	-
Rent & Utilities	-	63,378	-	-	-	-
Telephone, Internet & Website	615	15,335	-	-	-	-
Travel & Accommodation	7,867	131,288	2,048	10,594	-	-
Wages & Benefits	80,300	566,133	97,576	47,275	-	6,802
	<u>148,692</u>	<u>844,349</u>	<u>211,059</u>	<u>66,932</u>	<u>98,910</u>	<u>6,802</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	-	-	-	-	-	-
TRANSERS						
Use of prepaid expenses	-	-	-	-	-	-
Acquisition of prepaid expenses	1,618	920	236	-	-	-
Amortization of tangible capital assets	-	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-	-
	<u>1,618</u>	<u>920</u>	<u>236</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES						
	<u>\$ 1,618</u>	<u>\$ 920</u>	<u>\$ 236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES

Schedule II

For the year ended March 31, 2017

	Community LED Swap Out	Community Government Solar Projects	Community Government Energy Retrofits (CGERP) - HVAC Re-commissioning communities	Commercial Energy Retrofits (CGERP) - HVAC Re-commissioning, Commercial	Community Wood Stove Purchase & Installation Partnership
REVENUES					
Contributions from GNWT	\$ 301,099	\$ 120,839	\$ 36,262	\$ 49,438	\$ 157,429
Contributions from Canada	-	-	-	-	-
Other Source Income	-	-	-	-	37,381
Membership Fees	-	-	-	-	-
Interest Income	-	-	-	-	-
Administration Fees	-	-	-	-	-
	<u>301,099</u>	<u>120,839</u>	<u>36,262</u>	<u>49,438</u>	<u>194,810</u>
EXPENDITURES					
Administration Fees	-	-	-	-	-
Advertising & Promotion	12,819	1,111	-	1,200	682
Consulting Fees	-	16,803	11,975	28,002	1,363
Equipment Rental	-	-	-	-	-
Facility Rental & Tradeshow Fees	-	-	-	-	-
Fees & Dues	-	-	-	-	-
Hospitality	581	158	-	-	-
Insurance	386	-	-	-	-
Interest & Bank Charges	-	-	-	-	-
Office & General	201,413	75,373	-	84	127,030
Professional Development	-	-	-	-	-
Professional Fees	-	-	-	-	-
Rebates	-	-	8,207	-	-
Rent & Utilities	-	-	-	-	-
Telephone, Internet & Website	-	-	-	-	-
Travel & Accommodation	15,605	1,407	1,051	1,918	17,821
Wages & Benefits	70,295	25,987	15,029	18,234	47,916
	<u>301,099</u>	<u>120,839</u>	<u>36,262</u>	<u>49,438</u>	<u>194,810</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	-	-	-	-	-
TRANSERS					
Use of prepaid expenses	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-
Amortization of tangible capital assets	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES					
	\$ -	\$ -	\$ -	\$ -	\$ -

See accompanying notes.

ARCTIC ENERGY ALLIANCE
SCHEDULE OF CORE AND PROGRAM REVENUES AND EXPENSES

Schedule II

For the year ended March 31, 2017

	Energy Rating Services Support Program (ERS) - Home Energy Rating Follow- up Rebate	Energy Information and Awareness and CEP Profiles	REACHE LED & Energy Efficiency Retrofits	NRCan Northern Smart Energy Communities Pilot	(note 16) Eliminations
REVENUES					
Contributions from GNWT	\$ 49,475	\$ 31,062	\$ 90,066	\$ -	\$ -
Contributions from Canada	-	-	-	80,382	-
Other Source Income	-	-	-	-	-
Membership Fees	-	-	-	-	-
Interest Income	-	-	-	-	-
Administration Fees	-	-	-	-	(12,485)
	<u>49,475</u>	<u>31,062</u>	<u>90,066</u>	<u>80,382</u>	<u>(12,485)</u>
EXPENDITURES					
Administration Fees	-	-	2,000	10,485	(12,485)
Advertising & Promotion	733	2,843	-	2,084	-
Consulting Fees	-	6,146	-	9,219	-
Equipment Rental	-	-	-	-	-
Facility Rental & Tradeshow Fees	-	-	-	885	-
Fees & Dues	-	-	-	-	-
Hospitality	-	-	-	3,935	-
Insurance	-	-	-	-	-
Interest & Bank Charges	-	-	-	-	-
Office & General	-	3,660	-	-	-
Professional Development	-	-	-	-	-
Professional Fees	-	-	-	-	-
Rebates	29,541	-	75,156	-	-
Rent & Utilities	-	-	-	-	-
Telephone, Internet & Website	-	-	-	-	-
Travel & Accommodation	3,454	128	-	13,854	-
Wages & Benefits	15,746	18,285	12,910	36,769	-
	<u>49,475</u>	<u>31,062</u>	<u>90,066</u>	<u>77,231</u>	<u>(12,485)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	-	-	-	3,151	-
TRANSERS					
Use of prepaid expenses	-	-	-	-	-
Acquisition of prepaid expenses	-	-	-	-	-
Amortization of tangible capital assets	-	-	-	-	-
Amortization of government assistance	-	-	-	-	-
	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES					
	\$ -	\$ -	\$ -	\$ 3,151	\$ -

See accompanying notes.

Inuvialuit Water Board

Financial Statements

March 31, 2017

Inuvialuit Water Board

Financial Statements

March 31, 2017

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Management's Responsibility for Financial Reporting

June 14, 2017

**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**

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, 2017, and the statements of operations, change 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 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, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Public Sector Accounting Standards.



Chartered Professional Accountants

**Yellowknife, Northwest Territories
June 08, 2017**

Inuvialuit Water Board

Statement of Operations

For the year ended March 31,	Budget	2017	2016
Revenue			
Government of the Northwest Territories	\$ 913,000	\$ 913,000	\$ 913,000
Donation in kind	48,000	48,000	48,000
Other revenue	-	5,499	9,549
Total revenues before contribution repayable	-	966,499	970,549
Contribution repayable	-	(164,574)	(25,407)
Total revenues	961,000	801,925	945,142
Expenses			
Advertising	4,500	7,246	5,658
Amortization	3,000	10,286	7,623
Board Review and Evaluation	15,000	-	-
Board Travel and Training	44,000	13,366	16,371
Communications	27,700	24,134	37,447
Communication Strategy Implementation	20,000	33,825	-
Community Capacity Initiative	35,000	30,630	34,537
Community Tour	10,000	16,062	7,380
Conferences	8,000	2,983	4,770
Consulting	10,000	8,825	3,659
Equipment Maintenance	1,000	877	1,108
Equipment Rental	6,000	5,038	8,570
Honoraria	89,300	76,708	170,320
Hospitality	-	613	216
Interest and Bank Charges	1,000	561	566
Office Supplies	6,000	4,099	15,911
Policy Development	-	5,000	-
Postage	2,000	1,398	1,761
Professional Fees	69,000	54,262	58,182
Publications	2,000	-	359
Rent	48,000	48,000	48,000
Roles and Responsibilities Document	20,000	3,840	-
Salaries and Benefits	498,000	411,545	473,049
Staff Training	6,000	388	5,098
Staff Travel	26,500	12,104	17,071
Strategic Plan Updates	5,000	2,613	25,558
Total expenses	957,000	774,403	943,214
Surplus (deficit) before other items	4,000	27,522	1,928
Operating surplus (deficit) of revenues over expenses	4,000	27,522	1,928
Transfer (to) from capital assets	(4,000)	(22,023)	-
Surplus (deficit)	\$ -	\$ 5,499	\$ 1,928

Inuvialuit Water Board**Statement of Net Assets**

For the year ended March 31,	2017			2016
	Capital Asset Fund	Operating Fund	Total	Total
Balance, beginning of year	\$ 6,842	\$ 284,935	\$ 291,777	\$ 289,849
Operating surplus	-	27,522	27,522	1,928
Acquisition of tangible capital assets	32,309	(32,309)	-	-
Amortization	(10,286)	10,286	-	-
Balance, end of year	\$ 28,865	\$ 290,434	\$ 319,299	\$ 291,777

Inuvialuit Water Board

Statement of Change in Net Financial Resources

For the year ended March 31,	2017	2016
Operating surplus (deficit)	\$ 27,522	\$ 1,928
Acquisition of tangible capital assets	(32,309)	-
Amortization of tangible capital assets	10,286	7,623
Decrease/ (increase) in prepaid expenses	-	1,225
Net change in financial resources	5,499	10,776
Net financial resources at beginning of year	284,935	274,159
Net financial resources at end of year	\$ 290,434	\$ 284,935

Inuvialuit Water Board

Statement of Financial Position

As at March 31, 2017 2016

Assets

Cash	\$ 561,747	\$ 455,650
Accounts receivable (Note 4)	6,905	7,372
	568,652	463,022

Liabilities

Accounts payable and accrued liabilities	113,644	152,680
Repayable contributions (Note 5)	164,574	25,407
	278,218	178,087

Net financial resources **290,434** **284,935**

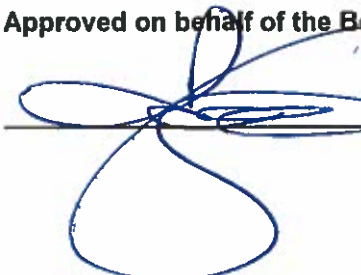
Non-Financial Assets

Tangible capital assets (Note 6)	28,865	6,842
	28,865	6,842

Accumulated surplus **\$ 319,299** **\$ 291,777**

Commitments (Note 8)

Approved on behalf of the Board



Director



Director

Inuvialuit Water Board

Statement of Cash Flows

For the year ended March 31,	2017	2016
Cash provided by (used in)		
Operating activities		
Surplus (deficit)	\$ 27,522	\$ 1,928
Item not affecting cash		
Amortization	10,286	7,623
Change in non-cash operating working capital		
Accounts receivable	467	(638)
Prepaid expenses	-	1,225
Accounts payable and accrued liabilities	(39,036)	(15,312)
Repayable contributions	139,167	(14,388)
	138,406	(19,562)
Capital activity		
Investment in tangible capital assets	(32,309)	-
Change in cash position	106,097	(19,562)
Cash position, beginning of year	455,650	475,212
Cash position, end of year	\$ 561,747	\$ 455,650

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2017

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 contributions repayable. 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.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2017

2. Accounting Policies (continued)

(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.

(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, 2017

3. Future Accounting Standards

a) Related Party Disclosures, Section PS 2200

In December of 2014, PSAB approved Section PS 2200, Related Party Disclosures. The new 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 effective date for Section PS 2200 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

b) Inter-entity Transactions, Section PS 3420

In December of 2014, 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. This section may be applied in conjunction with Related Party Disclosures, Section 2200.

The effective date for Section PS 3420 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

c) Assets, Section PS 3210

PSAB approved Section PS 3210, Assets. 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.

This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to this accounting standard has not yet been determined.

d) Contingent Assets, Section PS 3320

PSAB approved Section PS 3320, Contingent Assets. This Section defines and establishes standards for disclosure of contingent assets except certain specific types of contingent assets.

This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to this accounting standard has not yet been determined.

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2017

3. Future Accounting Standards (Continued)

e) Contractual Rights, Section PS 3380

PSAB approved Section PS 3380, Contractual Rights. 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.

This Section is effective for fiscal periods beginning on or after April 1, 2017. Earlier adoption is permitted. The impact of the transition to this accounting standard has not yet been determined.

f) 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

	2017	2016
Accounts Receivable	\$ 1,390	\$ 2,370
Goods and Services Tax	5,515	5,002
	\$ 6,905	\$ 7,372

As at March 31, 2017 allowance for doubtful accounts is nil (2016 - nil).

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2017

5. Repayable Contributions

	2017	2016
Government of Northwest Territories	\$ 164,574	\$ 25,407

6. Tangible Capital Assets

	Rate	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Furniture and equipment	20%	\$ 18,296	\$ 8,606	\$ 9,690	\$ 2,457
Computer equipment	30%	91,492	72,317	19,175	4,385
Computer software	100%	609	609	-	-
		\$ 110,397	\$ 81,532	\$ 28,865	\$ 6,842

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.

8. Lease Commitments

The Board's total commitments under various operating leases are as follows:

2017	\$ 4,746
2018	4,746
2019	3,559
	\$ 13,051

Inuvialuit Water Board

Notes to Financial Statements

March 31, 2017

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 \$568,652 (2016 - \$463,022)

(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, 2017, 100% (2016 - 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 \$278,218 (2016 - \$178,087). 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, 2017 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, 2017

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, 2017

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 the Board of Directors.

These consolidated financial statements have been prepared by management 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.

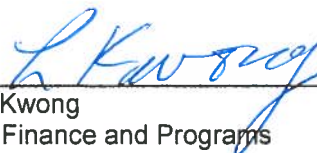
In discharging its responsibility for the integrity, fairness and quality of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, assets are safeguarded, 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. The Board of Directors exercises this responsibility through the Audit Committee, which is comprised of directors 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 21, 2017



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 2017, 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 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.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

21 August 2017
Edmonton, Canada

Northwest Territories Business Development and Investment Corporation**Consolidated Financial Statements (March 31, 2017)**

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Northwest Territories Business Development and Investment Corporation**Consolidated Statement of Financial Position (000's)**


	March 31, 2017	March 31, 2016
	\$	\$
Financial Assets		
Cash (Note 3)	19,385	15,608
Accounts receivable	78	120
Inventories held for resale (Note 4)	552	553
Loans receivable (Notes 5 and 6)	37,038	39,209
Venture investments (Note 7)	-	7
	<hr/> 57,053	<hr/> 55,497
Liabilities		
Accounts payable and accrued liabilities (Note 11)	1,116	1,387
Post-employment benefits (Note 9)	434	306
Advances from the Government (Note 10)	24,794	25,115
Asset retirement obligations	24	24
	<hr/> 26,368	<hr/> 26,832
Net financial assets	<hr/> 30,685	<hr/> 28,665
Non-financial assets		
Tangible capital assets (Schedule A)	275	281
Prepaid expenses	9	1
	<hr/> 284	<hr/> 282
Accumulated surplus	<hr/> 30,969	<hr/> 28,947

Commitments and contingencies (Notes 13 and 14)

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 2017	Actual 2017	Actual 2016
	\$	\$	\$
Annual surplus	2,086	2,022	3,872
Acquisition of tangible capital assets	-	(39)	(53)
Disposal of tangible capital assets	-	1	-
Amortization of tangible capital assets	33	44	32
	33	6	(21)
Acquisition of prepaid expenses	-	(9)	(1)
Use of prepaid expenses	-	1	13
	-	(8)	12
Increase in net financial assets	2,119	2,020	3,863
Net financial assets, beginning of year	28,665	28,665	24,802
Net financial assets, end of year	30,784	30,685	28,665

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 2017	Actual 2017	Actual 2016
	\$	\$	\$
Revenues			
Interest on loans receivable	2,100	2,394	3,153
Sales and other income	760	814	911
Interest on pooled cash (Note 3)	170	152	151
Dividends	1	1	2
	3,031	3,361	4,217
Government transfers (Note 11)	4,190	4,189	4,311
	7,221	7,550	8,528
Expenses (Note 12)			
Lending and investments	3,836	4,178	3,134
Retail and manufacturing	1,299	1,350	1,522
	5,135	5,528	4,656
Annual surplus	2,086	2,022	3,872
Accumulated surplus, beginning of year	28,947	28,947	25,075
Accumulated surplus, end of year	31,033	30,969	28,947

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	2017	2016
	\$	\$
Operating transactions		
Cash received from:		
Governments	3,056	3,626
Customers	883	979
Interest	2,578	2,286
Dividends	1	2
	<hr/> 6,518	<hr/> 6,893
Cash paid for:		
Compensation and benefits	2,268	2,535
Payments to suppliers	1,322	1,428
Interest on advances from the Government	179	142
Grants and contributions	217	271
	<hr/> 3,986	<hr/> 4,376
Cash provided by operating transactions	2,532	2,517
Capital transactions		
Acquisition of tangible capital assets	(39)	(53)
Cash (used for) capital transactions	(39)	(53)
Investing transactions		
Loans receivable disbursed	(4,081)	(5,962)
Loans receivable repaid	5,679	5,093
Release of the proceeds from security (Note 8)	-	(2,006)
Redemptions of venture investments	7	11
Cash provided by (used for) investing transactions	1,605	(2,864)
Financing transactions		
Repayment of advances from the Government	(321)	(1,158)
Cash (used for) financing transactions	(321)	(1,158)
Increase (decrease) in cash	3,777	(1,558)
Cash, beginning of year	15,608	17,166
Cash, end of year	19,385	15,608

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, 2017

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.

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, 2017

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.	Fort Liard, NT	100%	October 15, 1992
5983 N.W.T. Ltd. (o/a Ulukhaktok Arts Centre)	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.

2. Summary of significant accounting policies (continued)**(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.

(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) Future accounting changes

In 2015, the PSAB issued new sections that apply to fiscal years beginning on or after April 1, 2017 with earlier adoption permitted. The Corporation is currently assessing the impacts of the following sections:

- (i) Section PS 2200, "Related party disclosures":** This section defines a related party and establishes disclosures required for related party transactions.
- (ii) Section PS 3210, "Assets":** This section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed.
- (iii) Section PS 3320, "Contingent assets":** Contingent assets was issued to define and establish disclosure standards on contingent assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That certainty will ultimately be resolved when one or more future events not wholly within the Corporation's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset.
- (iv) Section PS 3380, "Contractual rights":** Contractual rights was issued to define and establish disclosure standards on contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements will result in both an asset and revenue in the future. Disclosure about contractual rights is required including a description about their nature, extent and timing.
- (v) Section PS3420, "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.

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2017

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 1.05% during the year (2016: 1.08%).

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 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 9b).

	000's	
	2017	2016
	\$	\$
Cash held by the Corporation for operations	6,837	6,797
Cash held by the Corporation's organizations	1,334	1,253
Cash held for post-employment benefits	434	306
	8,605	8,356
Venture Investment Fund	4,190	4,182
Capital Fund	873	873
Subsidy Fund	471	488
Venture Reserve Fund	486	486
Loans and Bonds Fund (Note 8)	4,613	1,076
Capital Reserve Fund	147	147
	10,780	7,252
	19,385	15,608

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2017

4. Inventories

	000's	
	2017	2016
	\$	\$
Inventories held for resale:		
Arts and crafts	293	309
Canvas products	259	244
	552	553

During the year, \$97,000 of inventories were written down (2016: \$79,000) and no inventories were pledged as security. Also during the year, the Corporation had \$24,000 recoveries on inventory that had been previously written down (2016: nil). Inventory write-downs and recoveries are included in the cost of goods sold.

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			
		2017		2016	
		Rate	Balances	Rate	Balances
		%	\$	%	\$
Performing	1 year	5.62	4,141	5.10	11,932
loans due	1-2 years	5.08	2,896	5.78	4,034
within:	2-3 years	5.43	5,969	5.34	3,665
	3-4 years	5.46	6,420	5.44	6,943
	over 4 years	5.06	16,035	5.46	11,785
			35,461		38,359
Accrued loan interest receivable			169		166
Impaired loans			6,771		5,825
			42,401		44,350
Less: allowance for credit losses (Note 6)			5,363		5,141
			37,038		39,209

In 2017, five accounts totalling \$839,000 were written off by the board of directors (2016: \$327,000 by the FMB and \$31,000 by the board of directors). In 2017, no accounts were forgiven (2016: none)

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2017

5. Loans receivable (continued)

In 2017, recoveries on loans previously written off totalled \$26,000 (2016: \$3,000).

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:

Enterprise concentration

Enterprise	000's			
	2017		2016	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
Construction	7,636	103	7,679	142
Retail trade	6,272	779	6,339	584
Accommodations, food and beverage	6,219	3,225	6,159	1,790
Transportation and storage	4,317	-	4,564	124
Real estate and rentals	4,291	-	4,535	-
Wholesale trade	1,961	-	2,212	-
Other services	1,600	86	1,507	169
Manufacturing	888	26	734	26
Management of companies	548	-	676	-
Communication	454	-	437	-
Business services	450	268	2,225	-
Finance and insurance	410	129	432	609
Arts and craft	380	-	392	-
Travel and tourism	22	1,571	32	1,667
Forestry and logging	13	-	22	-
Health care	-	-	414	-
Oil and gas	-	484	-	617
Educational services	-	60	-	59
Fisheries and wildlife	-	40	-	38
	35,461	6,771	38,359	5,825

The loans receivable balance contains one loan, totalling \$2,000, made to a venture investee (2016: \$20,000). This loan is in addition to the venture investments shown in Note 7.

Northwest Territories Business Development and Investment Corporation
Notes to the Consolidated Financial Statements
March 31, 2017

5. Loans receivable (continued)
Geographic concentration

Region	000's			
	2017		2016	
	Performing	Impaired	Performing	Impaired
	\$	\$	\$	\$
South Slave	18,204	2,085	18,331	2,007
Dehcho	8,167	2	7,048	84
North Slave	5,677	3,920	7,394	3,141
Sahtu	1,920	68	1,981	165
Inuvik	1,493	696	3,605	428
	35,461	6,771	38,359	5,825

The following table illustrates performing loans outstanding classified by the Corporation's credit risk rating system:

Credit risk rating	000's	
	2017	2016
	\$	\$
Low	21,875	22,666
Medium	12,904	15,090
High	682	603
	35,461	38,359

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	
	2017	2016
	\$	\$
31 – 60 days	27	-
61 – 90 days	14	-
Over 90 days	-	-
	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 2017 (2016: nil).

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2017

6. Allowance for credit losses

	000's	
	2017	2016
	\$	\$
Balance, beginning of year	5,141	5,778
Provision for credit losses	746	126
Loans written off or forgiven	(346)	(167)
Recoveries from repayments	(178)	(596)
Balance, end of year	5,363	5,141
Comprised of:		
Specific allowance	4,654	4,374
General allowance	709	767
	5,363	5,141

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, 2017, the Corporation does not have significant influence in the companies in which it has invested.

	000's	
	2017	2016
	\$	\$
Balance, beginning of year	7	18
Recoveries	-	-
Redemptions	(7)	(11)
Balance, end of year	-	7

The total cumulative venture investments at March 31, 2017 was \$654,000 (2016: \$661,000) with accumulated write-downs of \$654,000 (2016: \$654,000). In 2017, no venture investments were approved for write-off (2016: nil) or forgiveness (2016: 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, 2017

8. Cash security payable

The Corporation released \$2,006,000 in 2016 from realization of a life insurance policy it received in 2015 as security associated with an irrevocable standby letter of credit to a borrower. As the borrower was not in default on the underlying facility, the Corporation released the funds from the Loans and Bonds Fund after receiving satisfactory replacement security.

9. 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 1.5 times (2016: 1.8) the employee's contribution; and for employment start dates after December 31, 2012, the Corporation's contribution rate effective at year-end was 1.3 times (2016: 1.2) the employee's contribution. Total contributions of \$214,000 (2016: \$246,000) 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	
	2017	2016
	\$	\$
Corporation's contributions	214	246
Employees' contributions	150	141

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.

An actuarial valuation for accounting purposes was prepared as at March 31, 2017.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements
March 31, 2017

9. Employment and post-employment benefits (continued)

(b) Termination, removal benefits and leave (continued)

	000's	
	2017	2016
	\$	\$
Post-employment benefits, beginning of year	306	448
Cost and transfer in	11	16
Actuarial loss (gain)	117	(158)
Post-employment benefits, end of year	434	306

10. 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 (2016: \$45 million) as at March 31, 2017.

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 0.51% to 0.99% (2016: 0.42% to 0.68%) during the year.

11. Government transfers

	000's					
	Lending/ Invest- ments	2017 Retail/ Manufac- turing	Total	Lending/ Invest- ments	2016 Retail/ Manufac- turing	Total
	\$	\$	\$	\$	\$	\$
Government:						
Operations and maintenance	2,568	645	3,213	2,717	640	3,357
Services received without charge (Note 16)	786	-	786	857	-	857
	3,354	645	3,999	3,574	640	4,214
Federal programs	190	-	190	97	-	97
	3,544	645	4,189	3,671	640	4,311

During the current fiscal year the Corporation had surplus funding of \$105,000 (2016: \$432,000). A stipulation included in the agreement is for any unspent funds to be repaid to the Government. This amount has been recognized in accounts payable and accrued liabilities at year end. The amount will be repaid through a reduction of next year's contribution.

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2017

12. Expenses by object

	000's					
	2017		Total	2016		Total
	Lending/ Invest- ments	Retail/ Manu- factur- ing		Lending/ Invest- ments	Retail/ Manu- factur- ing	
\$	\$	\$	\$	\$	\$	
Advertising and promotion	25	10	35	56	11	67
Amortization	11	33	44	6	26	32
Asset retirement	-	1	1	10	-	10
Bad debts (recovery)	-	(14)	(14)	-	38	38
Bank charges and interest	2	27	29	2	28	30
Board members	25	1	26	52	1	53
Business Development Fund	221	-	221	271	-	271
Business Service Centre	239	-	239	241	-	241
Computers and communications	88	19	107	112	22	134
Cost of goods sold	-	806	806	-	836	836
Credit losses (recovery), net	568	-	568	(470)	-	(470)
Insurance	-	26	26	-	25	25
Interest expense on advances from the Government	179	-	179	142	-	142
Office and general	49	30	79	40	15	55
Professional services	197	76	273	48	87	135
Rent	200	16	216	209	16	225
Repairs and maintenance	-	20	20	-	13	13
Salaries and benefits	2,342	240	2,582	2,319	270	2,589
Training and workshops	10	-	10	30	-	30
Travel	22	4	26	66	21	87
Utilities	-	55	55	-	113	113
	4,178	1,350	5,528	3,134	1,522	4,656

13. Commitments

As at March 31, 2017, loans to businesses approved but not yet disbursed, totalled \$2.8 million at a weighted average interest rate of 4.2% (2016: \$2.7 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, 2017, contributions to businesses approved but not yet disbursed totalled \$8,000 (2016: \$25,000).

14. Contingencies

Loans

The Corporation has four outstanding loans to three Northern Community Futures organizations for their own lending purposes totalling \$538,000 (2016: four outstanding loans totalling \$1,041,000). Loans provided by these three organizations may be assigned to the Corporation when impaired. If as-

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2017

14. Contingencies (continued)

signed, 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 2017, no accounts were assigned to the Corporation (2016: nil).

Letters of credit

The Corporation has four outstanding irrevocable standby letters of credit. The amounts of these letters of credit totalled \$2,155,000 (2016: \$2,375,000) and expire in 2018 (3) and 2019 (1). 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 (2016: nil).

Legal claim

The Corporation is named as co-defendant in one legal claim in the amount of \$88,065 plus interest and cost. The proceeding is related to alleged non-payment of work performed for a loan borrower of the Corporation. The merits of the proceeding cannot be determined.

15. Related party transactions

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, territorial corporations and public agencies. 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 16).

Transactions with related parties during the year and balances at year end are as follows:

	000's	
	2017	2016
	\$	\$
Revenues		
Sales	42	10
Government transfers (Note 11)	3,999	4,214
Expenses		
Purchases	208	186
Interest on advances from the Government	179	142
Balances at year end		
Accounts receivable	1	1
Accounts payable and accrued liabilities	137	530
Advances from the Government	24,794	25,115

Northwest Territories Business Development and Investment Corporation

Notes to the Consolidated Financial Statements March 31, 2017

16. 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	
	2017	2016
	\$	\$
Staff support	558	620
Accommodation	228	237
	786	857

17. 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 2017 and 2016 budgeted expenses are as follows:

	000's					
	2017			2016		
	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total	Lending/ Invest- ments	Retail/ Manu- factur- ing	Total
	\$	\$	\$	\$	\$	\$
Advertising and promotion	22	9	31	30	7	37
Amortization	6	27	33	6	20	26
Bad debts	-	5	5	-	5	5
Bank charges and interest	-	26	26	-	26	26
Board members	45	1	46	50	1	51
Business Development Fund	200	-	200	300	-	300
Business Service Centre	194	-	194	250	-	250
Computers and communications	91	19	110	96	17	113
Cost of goods sold	-	745	745	-	719	719
Freight and courier	-	4	4	-	5	5
Insurance and licenses	-	25	25	-	25	25
Interest expense	180	-	180	340	-	340
Office and general	45	18	63	50	22	72
Professional services	90	80	170	90	81	171
Provision for credit losses, net	100	-	100	200	-	200
Rent	237	16	253	213	16	229
Repairs and maintenance	-	11	11	-	11	11
Salaries and benefits	2,536	238	2,774	2,560	224	2,784
Supplies	-	-	-	-	1	1
Travel and vehicles	90	20	110	120	33	153
Utilities	-	55	55	-	58	58
	3,836	1,299	5,135	4,305	1,271	5,576

Northwest Territories Business Development and Investment Corporation**Notes to the Consolidated Financial Statements**
March 31, 2017

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, 2017, \$559,000 (2016: \$142,000) 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, 2017:

	000's	
	2017	2016
	\$	\$
Cash	19,385	15,608
Accounts receivable	78	120
Loans receivable	37,038	39,209
Venture investments	-	7
Letters of credit	2,155	2,375

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.

18. Risk management (continued)

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 excess cash available from the Loans and Bonds fund.

Based on the Corporation's advances from the Government as at March 31, 2017 and the monthly cash balance on hand, a 100 basis point increase in interest rates would decrease annual surplus by \$90,000 (2016: \$93,000). A 100 basis point decrease in interest rates would increase annual surplus by \$18,000 (2016: \$3,000).

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.

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, 2017	March 31, 2016
Cost of tangible capital assets, opening	\$ 80	\$ 1,950	\$ 665	\$ 449	\$ 20	\$ 3,164	\$ 3,163
Acquisitions	-	-	31	8	-	39	53
Disposals	-	-	(1)	-	-	(1)	(52)
Cost of tangible capital assets, closing	80	1,950	695	457	20	3,202	3,164
Accumulated amortization, opening	-	1,794	620	449	20	2,883	2,903
Amortization expense	-	15	27	2	-	44	32
Disposals	-	-	-	-	-	-	(52)
Accumulated amortization, closing	-	1,809	647	451	20	2,927	2,883
Net book value	80	141	48	6	-	275	281



NORTHWEST TERRITORIES HERITAGE FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2017

(unaudited)

Northwest Territories Heritage Fund

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Statement of Change in Net Financial Assets	4
Statement of Operations and Accumulated Surplus	5
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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 Kalgutkar, CPA, CGA
Deputy Secretary of the Financial Management Board
Government of the Northwest Territories

Yellowknife, Northwest Territories
June 16, 2017

Northwest Territories Heritage Fund

Statement of Financial Position (unaudited)

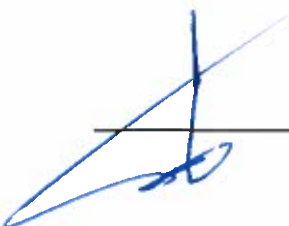
as at March 31, 2017

	2017 \$	2016 \$
Financial assets:		
Cash (Note 3)	10,604,340	5,520,492
Accounts Receivable	9,457	4,923
	10,613,797	5,525,415
Liabilities	-	-
Net financial assets	10,613,797	5,525,415
Accumulated surplus	10,613,797	5,525,415

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, 2017

	2017	2016
	\$	\$
Net financial assets, beginning of year	5,525,415	765,622
Items affecting net financial assets:		
Annual surplus	5,088,382	4,759,793
Net financial assets, end of year	10,613,797	5,525,415

Northwest Territories Heritage Fund

Statement of Operations and Accumulated Surplus (unaudited)

for the year ended March 31, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
Revenues:			
Interest	87,139	88,002	37,583
Contribution from GNWT	7,600,000	5,000,380	4,722,210
	7,687,139	5,088,382	4,759,793
Expenses	-	-	-
Annual surplus	7,687,139	5,088,382	4,759,793
Accumulated surplus, beginning of year	5,525,415	5,525,415	765,622
Accumulated surplus, end of year	13,212,554	10,613,797	5,525,415

Northwest Territories Heritage Fund

Statement of Cash Flow (unaudited)

for the year ended March 31, 2017

	2017	2016
	\$	\$
Cash provided by (used in)		
Operating transactions		
Annual surplus for the year	5,088,382	4,759,793
Changes in non-cash assets and liabilities:		
Increase in accounts receivable	(4,534)	(4,144)
Increase in cash	5,083,848	4,755,649
Cash, beginning of year	5,520,492	764,843
Cash, end of year	10,604,340	5,520,492

Northwest Territories Heritage Fund

Notes to Financial Statements (unaudited)

March 31, 2017

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, 2017 was 1.05% (2016 - 1.13%). 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

FOR THE YEAR ENDED MARCH 31, 2017



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 2017, 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 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.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

October 11, 2017
Edmonton, Canada

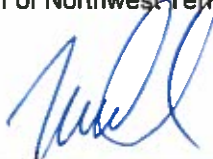
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 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 external auditor has full and free access to financial management of Northwest Territories Housing Corporation and meets when required.

On behalf of Northwest Territories Housing Corporation



Tom R. Williams
President & CEO



Jim Martin, FCPA, FCGA, MBA, MA
Vice President
Finance & Infrastructure Services

Yellowknife, Northwest Territories
October 11, 2017

NORTHWEST TERRITORIES HOUSING CORPORATION


Consolidated Statement of Financial Position

As at March 31,
(in thousands)

	2017	2016
Financial assets		
Cash (Note 3)	\$ 16,886	\$ 21,819
Portfolio investments (Note 4)	56,444	50,830
Accounts receivable (Note 5)	13,503	5,892
Mortgages and loans receivable (Note 6)	4,172	4,439
	91,005	82,980
Liabilities		
Accounts payable and accrued liabilities (Note 7)	16,322	23,785
Deferred revenue	256	150
Loans payable to Canada Mortgage and Housing Corporation (Note 8)	9,063	9,911
Obligations under capital leases (Note 9)	-	53
Environmental liabilities (Note 10)	615	683
Retirement, post-employment and other leave benefits (Note 11)	4,335	4,308
	30,591	38,890
Net financial assets	60,414	44,090
Non-financial assets		
Tangible capital assets (Schedule A)	279,292	269,064
Inventories held for use	3,009	2,843
Prepaid expenses	43	34
	282,344	271,941
Accumulated surplus	\$ 342,758	\$ 316,031

Contractual obligations and contingencies (Notes 16 and 17)

Approved by:


 Caroline Cochrane
 Minister Responsible for the
 Northwest Territories Housing Corporation


 Tom R. Williams
 President & 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,
(in thousands)

	<u>2017</u>	<u>2017</u>	<u>2016</u>
	Budget	Actual	Actual
Net financial assets, beginning of the year	\$ 44,090	\$ 44,090	\$ 51,501
Items affecting net financial assets:			
Annual surplus	22,967	26,727	17,927
Acquisition of tangible capital assets	(37,527)	(24,003)	(40,103)
Amortization of tangible capital assets	14,560	13,275	12,840
Disposal of tangible capital assets	-	500	1,144
Loss from disposal and write-downs of tangible capital assets	-	-	561
Acquisition of inventories held for use	-	(1,692)	(1,475)
Consumption of inventories held for use	-	1,526	1,625
Acquisition of prepaid expenses	-	(36)	(34)
Consumption of prepaid expenses	-	27	104
Increase (decrease) in net financial assets	<u>-</u>	<u>16,324</u>	<u>(7,411)</u>
Net financial assets, end of year	<u>\$ 44,090</u>	<u>\$ 60,414</u>	<u>\$ 44,090</u>

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,
(in thousands)

	<u>2017</u> Budget	<u>2017</u> Actual	<u>2016</u> Actual
Revenues			
Government funding:			
Government of the Northwest Territories	\$ 81,702	\$ 81,611	\$ 85,770
Canada Mortgage and Housing Corporation (CHMC) (Note 12)	33,720	28,673	17,345
	<u>115,422</u>	<u>110,284</u>	<u>103,115</u>
Generated revenues:			
Rental revenue	9,009	9,125	9,596
Recoveries from mortgages and loans (Note 6)	445	940	1,174
Income from portfolio investments	561	1,188	1,291
Gain on disposal of tangible capital assets	1,400	314	53
Other revenue and recoveries	-	506	375
Interest revenue on mortgages and loans	120	136	115
	<u>11,535</u>	<u>12,209</u>	<u>12,604</u>
	<u>126,957</u>	<u>122,493</u>	<u>115,719</u>
Expenses (Note 18)			
Public housing program (Note 13)	63,603	62,788	64,013
Unilateral CMHC programs and other programs	3,270	2,738	2,609
HELP and market housing (Note 14)	6,936	6,606	6,792
Non-residential building operations	565	603	891
Rent subsidy program	900	254	328
Homelessness fund program	1,771	1,612	339
Homeownership assistance grants	6,517	2,519	2,908
Rental housing rural and remote	783	-	-
Corporate and district operations (Note 15)	19,645	18,646	19,912
	<u>103,990</u>	<u>95,766</u>	<u>97,792</u>
Annual surplus	<u>\$ 22,967</u>	<u>\$ 26,727</u>	<u>\$ 17,927</u>
Accumulated surplus, beginning of year	<u>316,031</u>	<u>316,031</u>	<u>298,104</u>
Accumulated surplus, end of year	<u>\$ 338,998</u>	<u>\$ 342,758</u>	<u>\$ 316,031</u>

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, (in thousands)

	2017	2016
Operating transactions		
Annual Surplus	\$ 26,727	\$ 17,927
Items not affecting cash		
Amortization	13,275	12,840
Write-downs of tangible capital assets	-	561
Loss (gain) on disposal of tangible capital assets	(314)	(53)
Loss (gain) on disposal of portfolio investments	267	(517)
Non-cash portfolio income	171	169
Change in valuation allowances for doubtful accounts	(457)	(599)
Change in valuation allowances for mortgage & loan receivables	(544)	(1,125)
	12,398	11,276
Change in non-cash working capital items		
Accounts receivable	(7,154)	577
Inventories held for use	(166)	149
Prepaid expenses	(9)	70
Accounts payable and accrued liabilities	(1,916)	2,902
Deferred revenue	108	54
Environmental liabilities	(68)	382
Retirement, post-employment, and other leave benefits	27	(893)
	(9,178)	3,241
Cash provided by operating transactions	29,947	32,444
Capital transactions		
Acquisition of tangible capital assets	(29,550)	(39,766)
Proceeds on disposal of tangible capital assets	811	1,198
Cash used for capital transactions	(28,739)	(38,568)
Financing transactions		
Repayment of obligations under capital leases	(53)	(229)
Repayment of loans payable to CMHC	(848)	(807)
Cash used for financing transactions	(901)	(1,036)
Investing transactions		
Proceeds from sale of portfolio investments	47,601	76,751
Purchases of portfolio investments	(53,653)	(62,068)
Mortgage and loan payments received	812	919
Cash provided by (used for) investing transactions	(5,240)	15,602
Increase (decrease) in cash	(4,933)	8,442
Cash, beginning of year	21,819	13,377
Cash, end of year	\$ 16,886	\$ 21,819

Total interest paid during the year was \$592 (2016 - \$648).

Total interest received during the year was \$1,416 (2016 - \$1,047).

The accompanying notes and schedule form an integral part of the consolidated financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2017

(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 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

March 31, 2017

(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 Kö Gha K'òodèe	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 significant 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 operations and maintenance of the various public housing programs, the acquisition of public housing and to provide assistance to eligible homeowners and landlords for repairs and rehabilitation of properties.

Government 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. stipulations that give rise to a liability have been satisfied; 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

March 31, 2017

(in thousands)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Programs

a) Contributions for public and affordable housing (HELP and market housing programs)

The Corporation provides contributions to the LHOs for their administration of the public housing and affordable housing programs and maintenance of the housing units. These administration and maintenance contributions are determined using a funding formula based on the number of units managed by the LHO.

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 home ownership 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 6).

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 90 days from the dates 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

March 31, 2017

(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 of mortgages and loans receivable identified as impaired to their 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 type 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

March 31, 2017

(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. Interest expense is included in interest on long-term debt.

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. Construction 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	

NORTHWEST TERRITORIES HOUSING CORPORATION

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(in thousands)

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.

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 credit unit 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 Kō Gha K'áodèe
Deline Housing Association
Fort McPherson Housing Association
Fort Resolution Housing Authority
Fort Simpson Housing Authority

Fort Smith Housing Authority
Inuvik Housing Authority
Lutsel K'e Housing Authority
Radlilh Koe' Housing Association
Yellowknife 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

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(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.

Services Provided Without Charge

The Corporation receives services provided by the Government without charge which include legal, human resource and other services. These services cannot be reasonably estimated and the Corporation does not recognize any amounts related to these services.

NORTHWEST TERRITORIES HOUSING CORPORATION

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(in thousands)

3. 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 \$2,528 (2016 - \$2,493) which are also included in accounts payable and accrued liabilities (Note 7). Also included in cash is reserve funds of \$1,313 (2016 - \$854) of which \$225 is designated by management to replace the Mary Murphy's senior home. In addition an agreement was reached with CMHC to allow the Corporation to maintain the mortgage and pay it out in full at the next renewal date in the amount of \$1,088 to settle mortgage principal where the underlying asset has been disposed. It is anticipated that these funds will be expended in December 2018.

4. PORTFOLIO INVESTMENTS

Issuer	2017			2016
	Stated interest rate	Remaining term	Carrying amount	Carrying amount
Fixed income investments:				
Bankers acceptances, fixed rate	1.64% to 5.63%	33 to 273 days	\$ 37,936	\$ 39,234
Bankers acceptances, fixed rate	1.77% to 2.65%	5 to 8 years	9,434	9,434
Provincial governments, fixed rate	1.56% to 3.00%	33 days to 3 years	7,784	-
Ontario Hydro Strip Bonds, fixed rate	1.54%	3 years	-	907
Ontario Hydro Zero Coupon Bonds, fixed rate	2.04%	5 years	1,290	1,255
			<u>\$ 56,444</u>	<u>\$ 50,830</u>

The weighted average effective yield of this portfolio in 2017 was 2.54% (2016 – 2.20%). Investments in bankers' acceptances are highly liquid investments with original terms to maturities of greater than 90 days.

NORTHWEST TERRITORIES HOUSING CORPORATION

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(in thousands)

5. ACCOUNTS RECEIVABLE

	2017	2016
Trade accounts receivable	\$ 2,693	\$ 2,902
Tenant rents receivable	12,993	13,819
	15,686	16,721
Less allowance for doubtful accounts	(12,569)	(13,026)
	3,117	3,695
Receivables from CMHC	10,270	2,110
Receivables from related parties		
Government of the Northwest Territories	116	87
	116	87
Net Accounts Receivable	\$ 13,503	\$ 5,892

6. MORTGAGES AND LOANS RECEIVABLE

Mortgages and loans receivable

	2017	2016
Corporate loans, repayable in monthly installments at interest rate of 0.00% and 3.00%, secured, with an original term of 10 years	\$ 499	\$ 544
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	553	320
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	3,782	3,919
Restructured mortgages, repayable in monthly installments at interest rates of 3.00%, secured by registered charges against real property, with a term over a maximum of 25 years	980	1,690
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	8,808	8,268
Mortgages and loans receivable	14,622	14,741
Less allowance for impaired mortgages and loans	(10,450)	(10,302)
	\$ 4,172	\$ 4,439

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

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(in thousands)

6. MORTGAGES AND LOANS RECEIVABLE (continued)

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is \$1,484 (2016 - \$1,224). There were no write-offs in the current year (2016 - none).

The allowance for impaired refinanced mortgages and loans that were restructured is \$6,473 (2016 - \$6,219) and the allowance for impaired subsidized mortgages and loans advanced based on Income Assessment is \$3,977 (2016 - \$ 4,083).

Homeownership assistance grants

Conditional grants have been provided by the Corporation to eligible homeowners, which are fully forgivable on the condition of the property remaining the principal residence and annual income remaining 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 \$2,519 (2016 – \$2,908), which are expensed on the consolidated statement of operations and accumulated surplus.

Net recoveries on mortgages, loans receivable, and conditional grants

	2017	2016
Recoveries on impaired mortgages and loans	\$ 352	\$ 386
Adjustment to allowance for impaired mortgages and loans	93	405
Recoveries from conditional grants	495	383
	\$ 940	\$ 1,174

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade payables	\$ 7,396	\$ 13,973
Contractor holdbacks	2,913	3,015
Tender and security deposits	393	438
Wages and employee benefits	985	851
Accrued interest	120	133
Damage deposits	2,135	2,055
Loan guarantee obligation	-	97
Payables to related parties:		
Government of the Northwest Territories	2,380	3,223
	\$ 16,322	\$ 23,785

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

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(in thousands)

8. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	2017			2016
	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 2018 to 2038, at interest rates from 5.94% to 19.00% (2016 - 5.94% to 19.00%).	\$ 23,308	\$ (23,308)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2016 - 6.97%). These loans are guaranteed by the Government.	14,403	(8,002)	6,401	7,004
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%, (2016 - 2.78% and 3.68%).	2,662	-	2,662	2,907
	<u>\$ 40,373</u>	<u>\$ (31,310)</u>	<u>\$ 9,063</u>	<u>\$ 9,911</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 \$3,570 in 2017 (2016 – \$3,687), and would have made additional principal long-term debt repayments to CMHC of \$1,453 in 2017 (2016 – \$1,349).

The above mortgages and loans payable to CMHC are not secured.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

8. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

Principal repayments and interest requirements over the life of the outstanding loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 807	\$ 533	\$ 1,340
2019	1,801	476	2,277
2020	597	407	1,004
2021	585	370	955
2022	620	335	955
2023 - 2027	3,411	1,064	4,475
2028 - 2038	1,242	209	1,451
	<u>\$ 9,063</u>	<u>\$ 3,394</u>	<u>\$ 12,457</u>

9. OBLIGATIONS UNDER CAPITAL LEASES

The Corporation is committed to no annual payments (2016 - one) for lease agreement for market housing units.

The value of the leased housing unit which is included as part of the Corporation's tangible capital assets and the related accumulated amortization as at March 31, 2017 are \$nil and \$nil, respectively (2016 - \$662 and \$589, respectively).

10. ENVIRONMENTAL LIABILITIES

The Corporation has identified eight fuel spills sites and no other contaminated site (2016 - seven fuel spill sites and one 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 (2016 - nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

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(in thousands)

11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS

Pension benefits

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. 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 after January 1, 2013, the Corporation's contribution rate effective at year end was 1.00 times (2016 – 1.11) the employee's contribution; and for employment start dates before December 31, 2012, the Corporation's contribution rate effective at year end was 1.01 times (2016 – 1.15) the employee's contribution. The Corporation's and employee's contributions for the year were \$1,094 and \$1,089 respectively (2016 - \$1,031 and \$1,346 respectively). Total contributions of \$1,094 (2016 - \$1,031) were recognized as an expense in the current year.

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.

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 indexed to inflation.

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

Retirement, post-employment, and other leave benefits

In addition to pension benefits, the Corporation provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to employees based on years of service and final salary. 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 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.

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.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS (continued)

Valuation results

The liabilities are actuarially determined as the present value of accrued benefits at March 31, 2017.

Liability for leave, severance, and removal benefits is as follows:

	<u>2017</u>	<u>2016</u>
Accrued benefit obligation, beginning of year	\$ 4,308	\$ 5,201
Costs for the year	815	1,004
Benefits paid during the year	<u>(788)</u>	<u>(1,897)</u>
Accrued benefit obligation, end of year	<u>\$ 4,335</u>	<u>\$ 4,308</u>

The discount rate used to determine the accrued benefit obligation is an average of 3.30%. 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% (2016 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were \$375 and \$375 respectively (2016 - \$481 and \$481 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, 2016 the plan had a surplus \$25,122 (December 31, 2015 - \$24,873).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

12. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	2017	2016
Funding received from the CMHC recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	\$ 9,894	\$ 10,100
Contributions to non-profit housing sponsor groups and cooperatives	3,918	3,919
Repairs, maintenance and other costs	1,364	1,456
Agreement for Investment in Affordable Housing	13,467	1,840
Agreement for Energy Construction Monitoring	30	30
	\$ 28,673	\$ 17,345

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 million three year agreement amalgamated two existing agreements between the Corporation and CMHC; 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 \$18.4 million. The annual funding is cost shared with CMHC and the Corporation each contributing \$1.84 million per year for this program. Both parties to the Agreement will provide a total of \$14.7 million 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 with the CMHC. Under this Agreement, \$20.4 million in funding has been allocated to the Corporation from 2016 to 2018 of which the Corporation will be required to cost share \$3.9 million. The Amended Agreement had \$15.0 million removed from the original \$35.0 million Federal allocation under the Social Infrastructure Fund Agreement signed on June 8, 2016. The total funding earned under this agreement during the year is \$11.6 million (2016 - nil).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

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(in thousands)

13. PUBLIC HOUSING PROGRAM

	2017	2016
Utilities, taxes, land and rental housing leases	\$ 31,826	\$ 29,351
Repairs, maintenance and other costs	7,737	10,577
Compensation and benefits	11,168	11,577
Administration	935	903
Contribution for public housing	955	922
Interest on long-term debt	579	628
Amortization	9,588	9,494
Write-down of tangible capital assets	-	561
	\$ 62,788	\$ 64,013

14. HELP AND MARKET HOUSING

	2017	2016
Utilities, taxes, land and rental housing leases	\$ 1,217	\$ 1,002
Repairs, maintenance, and other costs	625	885
Compensation and benefits	1,150	1,822
Contribution for affordable housing	228	340
Amortization	3,386	2,743
	\$ 6,606	\$ 6,792

15. CORPORATE AND DISTRICT OPERATIONS

	2017	2016
Compensation and benefits	\$ 13,543	\$ 15,020
Building and equipment rentals	2,308	2,340
Professional and special services	356	451
Training and workshops, travel and other support	1,282	1,078
Computer services	498	441
Materials and supplies	318	235
Communications	200	222
Amortization	141	125
	\$ 18,646	\$ 19,912

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

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(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 2018 contractual obligations are construction commitments of \$13,133 (2016 - \$13,158).

	<u>Total</u>
2018	\$ 17,458
2019	3,414
2020	2,861
2021	1,722
2022	1,404
After	<u>2,624</u>
Total	<u>\$ 29,483</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 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2017 a total of 17 (2016 - 22) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$870 (2016 - \$3,260). In 2017 one loan of these loans was guaranteed with a total outstanding balance of \$64 and in 2016 four of these loans were guaranteed with a total outstanding balance of \$2,239; 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, 2017 was \$16,534 (2016 - \$18,666).

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, 2017 is \$nil (2016 - \$97).

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

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(in thousands)

18. EXPENSES BY OBJECT

	<u>2017</u>	<u>2016</u>
Amortization	\$ 13,275	\$ 12,841
Compensation and benefits	27,937	28,852
Computer hardware and software	168	138
Contract services	7,542	7,884
Controllable assets	30	45
Fees and payments	421	569
Grants and contributions	5,357	4,395
Housing debt repayment	571	622
Housing operations and maintenance	37,144	37,843
Materials and supplies	2,097	2,327
Other expenses	215	306
Purchased services	620	717
Travel	724	707
Valuation allowances	(335)	(15)
Write-downs of tangible capital assets	-	561
	<u>\$ 95,766</u>	<u>\$ 97,792</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

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(in thousands)

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, loans payable to CMHC, and obligations under capital lease and are measured at amortized 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 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.

Financial Liabilities	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 16,322	\$ -	\$ -	\$ -	\$ 16,322
Loans payable to CMHC	807	-	3,603	4,653	9,063
Total liabilities	\$ 17,129	\$ -	\$ 3,603	\$ 4,653	\$ 25,385

b) 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 \$73,330 (2016 - \$72,649).

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 \$13,503 (2016 - \$5,892).

NORTHWEST TERRITORIES HOUSING CORPORATION

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(in thousands)

19. FINANCIAL RISK MANAGEMENT

b) Credit Risk (continued)

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 \$4,172 (2016 - \$4,439).

As at March 31, 2017, \$1,948 (2016 - \$2,554) 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 security is not readily determinable.

As at March 31, 2017, 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	\$ 4	\$ 3	\$ 4	\$ 7
Trade accounts receivable	202	-	-	275
Mortgages and loans receivable	331	147	102	246

c) 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 with respect to these fixed rate instruments.

Interest rate risk is minimized by actively managing the duration of the fixed income investments.

Term						Carrying value	
	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	2017	2016
Portfolio investments	\$ 44,792	\$ -	\$ 928	\$ 10,724	\$ -	\$ 56,444	\$ 50,830

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 with respect to these loans payable.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Corporation's financial assets and liabilities is estimated as follows:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Portfolio investments	\$ 56,444	\$ 56,054	\$ 50,830	\$ 50,193
Loans payable to CMHC	6,401	7,779	7,004	8,716
Mortgages payable to CMHC	2,662	2,695	2,907	2,942
Obligations under capital leases	-	-	53	53

The fair value of the portfolio investments are the market values as at March 31.

The 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 & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt and the province of Newfoundland & Labrador would be considered to have a similar risk profile.

The fair value of the mortgages 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 the short term to maturity.

21. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of the Northwest Territories departments, territorial corporations and public agencies. The Corporation enters into transactions with these entities in the normal course of business, under terms and conditions similar to those with unrelated parties. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

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

March 31, 2017

(all figures in thousands)

	Cost		Accumulated amortization				Net Book Value				
	Opening balance	Acquisitions	Write-downs & Transfers*	Disposals	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2017	2016
Land and Buildings:											
Land	\$ 7,562	\$ -	\$ 747	\$ (46)	\$ 8,263	\$ -	\$ -	\$ -	\$ -	\$ 8,263	\$ 7,562
Public housing	316,689	-	8,880	(1,107)	324,462	145,766	9,026	(949)	153,843	170,619	170,923
HELP and market housing	72,537	-	17,347	(354)	89,530	21,476	3,386	(58)	24,804	64,726	51,061
Non-residential properties	6,408	-	-	-	6,408	3,218	160	-	3,378	3,030	3,190
Construction in progress	27,650	24,003	(27,047)	-	24,606	-	-	-	-	24,606	27,650
Sub-total	430,846	24,003	(73)	(1,507)	453,269	170,460	12,572	(1,007)	182,025	271,244	260,386
Property and equipment:											
Warehouses and offices	12,660	-	-	-	12,660	5,548	356	-	5,904	6,756	7,112
Mobile equipment	2,538	-	73	-	2,611	1,547	213	-	1,760	851	991
Leasehold improvements	771	-	-	-	771	732	5	-	737	34	39
Office furniture and equipment	5,597	-	-	-	5,597	5,142	118	-	5,260	337	455
Software	114	-	-	-	114	33	11	-	44	70	81
Sub-total	21,680	-	73	-	21,753	13,002	703	-	13,705	8,048	8,678
Total	\$ 452,526	\$ 24,003	\$ -	\$ (1,507)	\$ 475,022	\$ 183,462	\$ 13,275	\$ (1,007)	\$ 195,730	\$ 279,292	\$ 269,064

* There were no write-downs in the current year (2016 - \$561).

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2017

Northwest Territories Human Rights Commission

Financial Statements

March 31, 2017 **Page**

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Statement of Changes in Net Assets	6
Statement of Financial Position	7
Statement of Cash Flows	8
Notes to Financial Statements	9-13

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, 2017, 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 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.

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, 2017 and the results of its operations and cash flows for the year then ended in accordance with 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*.

**Yellowknife, Northwest Territories
September 22, 2017**



Chartered Professional Accountants

Northwest Territories Human Rights Commission

Statement of Operations

For the year ended March 31,	2017	2016
Revenue		
Government of the Northwest Territories ("GNWT")		
- Operating grant	\$ 250,000	\$ 250,000
- Expense reimbursement (Note 4)	(22,899)	(32,239)
- Refunded to GNWT	(11,000)	(29,000)
	216,101	188,761
Expenses		
Accounting	6,793	6,760
Advertising and promotion	10,875	16,179
Bank charges	-	25
Benefits and pension	2,253	1,805
Catering	4,550	2,515
Contributions and donations	5,588	-
Events	6,642	6,528
Honorarium - commission chair	22,205	21,688
Honorarium - commission members	35,718	27,224
Legal expenses	87,098	69,979
Membership fees	2,500	2,200
Office supplies	789	700
Postal and courier	15	-
Printing	214	6,436
Professional development	2,712	490
Telephone	256	43
Website	107	-
	188,315	162,572
Excess revenue	\$ 27,786	\$ 26,189

Northwest Territories Human Rights Commission

Statement of Changes in Net Assets

For the year ended March 31,		2017	2016
	General Fund	Total	Total
Balance, beginning of year	\$ 150,924	\$ 150,924	\$ 124,735
Excess revenue	27,786	27,786	26,189
Balance, end of year	\$ 178,710	\$ 178,710	\$ 150,924

Northwest Territories Human Rights Commission

Statement of Financial Position

As at March 31, 2017 2016

Assets

Current

Cash	\$ 172,246	\$ 157,219
Due from GNWT - Legislative Assembly (Note 4)	9,401	2,911
Prepaid expenses	3,834	899

\$ 185,481 **\$ 161,029**

Liabilities

Current

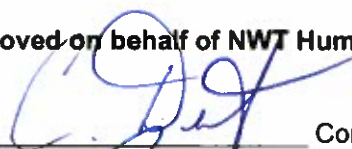
Accounts payable and accrued liabilities	\$ 6,771	\$ 10,105
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Net Assets

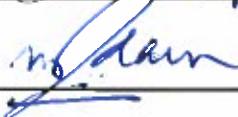
General Fund	178,710	150,924
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\$ 185,481 **\$ 161,029**

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,	2017	2016
Cash provided by (used in)		
Operating activities		
Excess revenue	\$ 27,786	\$ 26,189
Change in non-cash operating working capital		
Due from GNWT - Legislative Assembly	(6,490)	3,437
Prepaid expenses	(2,935)	51
Accounts payable and accrued liabilities	(3,334)	(19,967)
Change in cash	15,027	9,710
Cash, opening	157,219	147,509
Cash, closing	\$ 172,246	\$ 157,219

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2017

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 Public Sector Accounting Standards for Not-for-Profit Organizations (PSA-NPO) 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 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) 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, 2017

2. Accounting Policies (continued)

(d) Measurement uncertainty

The preparation of financial statements in conformity with 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 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 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.

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 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.

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.

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.

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.

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.

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 these accounting standards is not expected to be significant.

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2017

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 all their tangible capital assets for their 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 \$22,899 on behalf of the Commission and \$9,401 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 2017	TOTAL 2016
HRC Meetings	\$ -	\$ 4,466	\$ -	\$ -	\$ -	\$ 4,466	\$ 4,352
CASHRA	3,533	6,618	1,207	604	-	11,962	13,909
Community Visits	-	6,214	-	-	-	6,214	13,978
Community Events	-	-	-	-	257	257	-
Total	\$ 3,533	\$ 17,298	\$ 1,207	\$ 604	\$ 257	\$ 22,899	\$ 32,239

6. 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 \$172,246 (2016 - \$157,219) 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 \$181,647 (2016 - \$160,130)

Northwest Territories Human Rights Commission

Notes to Financial Statements

March 31, 2017

6. Financial Instruments (Continued)

(b) Concentration of credit risk

The Commission does have concentration risk. At March 31, 2017, receivables from one government agency comprised \$9,401 (2016 - \$2,911) 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.

**NORTHWEST TERRITORIES HYDRO CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2017**



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 2017, 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 2017, 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.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

28 July 2017
Edmonton, Canada

NORTHWEST TERRITORIES HYDRO CORPORATION

Management's Responsibility for Financial Reporting

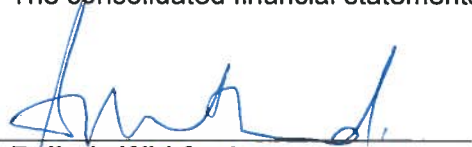
The accompanying consolidated financial statements were prepared by management in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those it deems most appropriate in the circumstances. A summary of significant 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.



Belinda Whitford
Chief Financial Officer



Andrew Davidson
Controller

Hay River, NT
July 28, 2017

NORTHWEST TERRITORIES HYDRO CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at March 31 (in thousands of dollars)

	2017	2016
Financial assets		
Cash	\$ 9,831	\$ 1,236
Revenues receivable (Note 3)	12,683	14,559
Loan receivable (Note 4)	14,395	15,306
Sinking fund investments (Note 5)	5,800	7,988
Investment in Aadrii Ltd.	385	393
	43,094	39,482
Liabilities		
Accounts payable and accrued liabilities	15,303	19,457
Capital lease obligations (Note 4)	18,120	18,568
Debenture debt (Note 5)	230,265	181,818
Asset retirement obligations and environmental liabilities (Note 6)	17,943	17,674
Other employee future benefits (Note 7)	3,077	3,056
Operating line of credit (Note 8)	-	32,600
Deferred government contributions (Note 16)	-	2,702
	284,708	275,875
Net debt	\$ (241,614)	\$ (236,393)
Non-financial assets		
Tangible capital assets (Note 9)	348,739	349,526
Inventories (Note 10)	8,284	8,981
Prepaid expenses	1,316	1,056
	358,339	359,563
Accumulated surplus / equity (Note 11)	\$ 116,725	\$ 123,170

Contractual obligations and contingencies (Note 18)

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)

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Revenues			
Sale of power (Note 12)	\$ 103,007	\$ 102,405	\$ 99,783
Other revenue and customer contributions (Note 13)	2,169	1,898	2,511
Interest income (Note 15)	1,520	1,525	1,616
Insurance proceeds	-	70	1,278
Fuel rider revenues (refunds) (Note 1)	(905)	(763)	1,711
(Loss) income from investment in Aadrii Ltd.	75	(8)	(39)
	<u>105,866</u>	<u>105,127</u>	<u>106,860</u>
Expenses (Note 14)			
Thermal generation	59,451	61,813	76,942
Hydro generation	18,357	23,055	18,531
Corporate services	17,841	15,300	17,155
Transmission, distribution and retail	10,999	11,005	10,059
Purchased power	2,125	2,604	2,263
Alternative power generation	307	424	336
	<u>109,080</u>	<u>114,201</u>	<u>125,286</u>
Deficit for the year before government contributions	<u>(3,214)</u>	<u>(9,074)</u>	<u>(18,426)</u>
Government contributions			
GNWT extreme low water contributions (Note 16)	580	1,726	23,008
Other government contributions (Note 16)	-	903	1,732
	<u>580</u>	<u>2,629</u>	<u>24,740</u>
(Deficit) surplus for the year	<u>\$ (2,634)</u>	<u>\$ (6,445)</u>	<u>\$ 6,314</u>
Accumulated surplus / equity, beginning of year	<u>123,170</u>	<u>123,170</u>	<u>116,856</u>
Accumulated surplus / equity, end of year	<u>\$ 120,536</u>	<u>\$ 116,725</u>	<u>\$ 123,170</u>

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT
For the year ended March 31
(in thousands of dollars)

	2017 Budget	2017 Actual	2016 Actual
(Deficit) Surplus for the year	\$ (2,634)	\$ (6,445)	\$ 6,314
Tangible capital assets			
Additions	(31,320)	(14,812)	(27,155)
Capitalized overhead	(3,200)	(3,696)	(3,790)
Capitalized interest (Note 15)	(343)	(571)	(745)
Disposals	-	3,850	6,466
Amortization (Note 9)	17,026	16,016	16,155
	(17,837)	787	(9,069)
Additions of inventories	(5,192)	(6,028)	(7,272)
Use of inventories	4,747	6,725	7,431
Additions to prepaids	(1,700)	(1,633)	(1,759)
Use of prepaids	1,600	1,373	1,558
	(545)	437	(42)
Increase in net debt for the year	\$ (21,016)	\$ (5,221)	\$ (2,797)
Net debt, beginning of year	(236,393)	(236,393)	(233,596)
Net debt, end of year	\$ (257,409)	\$ (241,614)	\$ (236,393)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended March 31
(in thousands of dollars)

	2017	2016
Cash provided by (used in) operating activities		
Cash receipts from customers	\$ 105,550	\$ 103,887
Cash paid to suppliers	(53,241)	(71,331)
Cash paid to employees	(26,954)	(26,690)
Interest paid (Note 4)	(11,331)	(11,310)
Interest received (Note 4)	95	104
Government contributions received	5,508	21,447
Government contributions returned	(5,771)	-
	13,856	16,107
Cash provided by (used in) investing activities		
Sinking fund investment redemptions (Note 5)	2,616	-
Sinking fund installments (Note 5)	(428)	(794)
Loan receivable receipts (Note 4)	174	128
Return of capital from Aadrii Ltd.	-	225
	2,362	(441)
Cash provided by (used in) capital activities		
Acquisition and development of tangible capital assets	(19,089)	(28,824)
(Losses) Proceeds on sale of tangible capital assets	-	162
	(19,089)	(28,662)
Cash (used in) provided by financing activities		
Issuance (repayment) of debenture debt	60,000	-
Net (payments made on) proceeds from operating line of credit	(32,600)	14,485
Repayment of capital lease obligation (Note 4)	(43)	(34)
Early redemption penalty	(4,552)	-
Repayment of debenture debt	(11,339)	(2,552)
	11,466	11,899
Increase (decrease) in cash	\$ 8,595	\$ (1,097)
Cash, beginning of year	1,236	2,333
Cash, end of year	\$ 9,831	\$ 1,236

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 11).

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)). NTEC(03) was inactive in 2016/17 as the operations were transferred to the GNWT's Public Works and Services (PWS) effective April 1, 2015.

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 January 21, 2013 in Decision 1-2013 the PUB approved a return on equity for 2013/14 of 8.5% on assets outside the thermal zone and 0% for thermal zone assets. 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. A decision from the PUB is not expected on this GRA until the fall of 2017.

NTPC filed a 2016/17 Interim Rate Application with the PUB on June 30, 2016 requesting a 4.8% increase to base energy rates for all customers effective August 1, 2016. The PUB approved this application on July 26, 2016. NTPC also filed a 2017/18 Interim Rate Application with the PUB on February 28, 2017, proposing a 4% increase to the 2016/17 rates effective April 1, 2017. The PUB approved this application on March 31, 2017. Any difference between the 2016/17 and 2017/18

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 1. The Corporation (continued)

interim rates and the final rates for 2016/17 and 2017/18 approved by the PUB in its decision on the 2016/19 GRA will be refunded or collected from customers on a prospective basis and will be adjusted in 2017/18.

In Decision 16-2010, pursuant to the Electricity Rate Policy Guidelines issued by the Minister Responsible for the PUB, the PUB approved the establishment of the Territory-wide Rate Stabilization Fund (RSF) for NTPC. This fund is subject to a \$2,500 threshold, variances in fuel prices and purchased power prices relative to the PUB approved rates, and accumulates fuel mix variances in dual fuel communities. This fund is drawn down by the use of rate riders or refund riders. The PUB approved a RSF rider of 1.17 cents/kWh effective May 1, 2014 for all firm power customers with the exception of Northland Utilities (NWT) Limited. The collection of this rider completed on October 31, 2015.

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 past two years. The PUB's Decision 6-2016 approved the refund rider of 0.36 cents/kWh effective June 1, 2016. See subsequent event information in Note 20.

c) Economic dependence

NT Hydro has historically been able to maintain its operations and meet its liabilities through the rate regulation process without receiving any significant financial assistance from the GNWT. Over the past few years, in order to mitigate rate increases to customers, the GNWT has provided larger increases in subsidization to customers and rate riders by providing direct contributions to NTPC to apply against those rate increases and the RSF. As a result of this government driven policy, NT Hydro is economically 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.

d) Governance

On May 24, 2016 the GNWT formed a Board of Directors comprised of Deputy Ministers from the GNWT. Part of the new Board's mandate is to review and recommend an appropriate long term governance structure for NT Hydro.

NORTHWEST TERRITORIES HYDRO CORPORATION

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 as at March 31, 2017.

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 and the board of the consolidated entity 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.

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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

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 in producing goods or services. The IDC rate for 2016/17 was 5.676% (2015/16 – 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.

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 goods and 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 2016/17 management has utilized amortization rates as proposed in its most recent amortization study and included in the Phase 1 of the 2016/19 GRA currently in front of the PUB. The PUB may approve different rates for 2016/17 when it issues its decision in 2017/18. Any difference between management's estimate of amortization rates and the final PUB rates will be adjusted in 2017/18. The cost, less residual value, of tangible capital assets, excluding land, is amortized on the straight-line average group useful life basis.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

Annual amortization rates are as follows:

	2017	2016
	Rates (%)	Rates (%)
Electric power plants	1.00 – 4.86	1.00 – 6.63
Transmission and distribution systems	1.54 – 6.67	1.54 – 5.00
Warehouse, equipment, motor vehicles and general facilities	1.31 – 20.00	1.00 – 12.83
Electric power plant under capital lease	1.00 – 4.86	1.33 – 1.54

Assets under construction are not amortized until they are ready for their intended productive use. NTPC 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 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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

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.

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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 2. Significant accounting policies (continued)

m) Revenues

Revenues for the sale of power and fuel rider revenues (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.

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

PSAB issued new standards in March 2015 on Related Party Transactions (PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions) and four new standards related to Assets (PS 3210), Contingent Assets (PS 3320), Contractual Rights (PS 3380) and Restructuring Transactions (PS 3430) in June 2015. All these new standards have an effective date of April 1, 2017, except for PS 3430 that has an effective date of April 1, 2018.

NTPC will analyze the impact of these new standards on its consolidated financial statements.

NORTHWEST TERRITORIES HYDRO CORPORATION

3. Revenues receivable

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

At March 31, 2016, the aging of revenues receivable was as follows:

	2016			
	Current (less than 28 days)	29-90 days	Over 90 days	Total
Utility	\$ 11,180	\$ 523	\$ 298	\$ 12,001
Non-utility	2,436	2	438	2,876
Allowance for doubtful accounts	-	-	(318)	(318)
	\$ 13,616	\$ 525	\$ 418	\$ 14,559

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 3. Revenues receivable (continued)

The changes in the allowance for doubtful accounts were as follows:

	2017	2016
Balance, beginning of the year	\$ (318)	\$ (512)
Receivables written off	91	89
Decrease (increase) to allowance	(35)	105
Balance, end of the year	\$ (262)	\$ (318)

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, 2017, 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 19.

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 (the "Snare Plant") 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 Plant are settled on a net basis and are presented segregated on the statement of cash flows. Loan receivable principal payments of \$911 (2015/16 - \$827) and interest income of \$1,430 (2015/16 - \$1,513) were offset by capital lease principal payments of \$405 (2015/16 - \$405) and interest expense of \$1,762 (2015/16 \$1,807). As a result, the net cash receipt of \$174 (2015/16 - \$128) is disclosed in the 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 9).

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 a trailer 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
2018	\$ 2,121	\$ 48	\$ 2,169
2019	2,073	48	2,121
2020	2,024	48	2,072
2021	1,974	8	1,982
2022	1,922	-	1,922
Thereafter	44,530	-	44,530
	54,644	152	54,796
Less: amounts representing imputed interest	(36,668)	(8)	(36,676)
Total capital lease obligations	\$ 17,976	\$ 144	\$ 18,120

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 19.

NORTHWEST TERRITORIES HYDRO CORPORATION

5. Debenture debt and related sinking fund investments

	<u>2017</u>	<u>2016</u>
3.982% amortizing debenture, due February 17, 2047	\$ 60,000	\$ -
5.16% amortizing debenture, due September 13, 2040	45,566	46,545
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	10,667	11,333
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	5,528	5,883
9.75% debentures series 2, due October 1, 2025 repayable in equal monthly payments of \$69	4,743	5,085
10% debenture series 1, due May 1, 2025 repayable in equal monthly payments of \$70	4,645	5,002
8.41% sinking fund debentures, due February 27, 2026	-	8,700
	<u>\$ 231,149</u>	<u>\$ 182,548</u>
Less: Unamortized premium, discount and issuance costs	(884)	(730)
	<u>\$ 230,265</u>	<u>\$ 181,818</u>

The GNWT guarantees NT Hydro's debenture debt.

Principal repayments for the next five years are as follows:

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>Thereafter</u>	<u>Total</u>
\$ 3,923	\$ 14,136	\$ 4,364	\$ 4,613	\$ 4,879	\$199,234	\$231,149

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 19.

The weighted average effective rate of return for the year was 0.47% (2015/16 - 0.48%)

Estimated sinking fund investment requirements for future years are as follows:

<u>2018</u>	<u>2019</u>	<u>Thereafter</u>	<u>Total</u>
\$ 425	\$ 425	\$ -	\$ 850

From time-to-time the opportunity arises for NTPC to refinance existing debt with more favorable interest rates. On December 16, 2016, the Board of Directors authorized the redemption of \$8.7 million face value 8.41% debenture due February 27, 2026. As of March 28, 2017, NTPC redeemed in full the debenture at a price of \$152.994, including unpaid accrued interest, per \$100 face value. As per the debenture, the redemption price was calculated to provide a yield to maturity equal to the Government of Canada 1.5% June 1, 2026 yield to maturity plus 0.20%. The full amount of the associated sinking fund (\$2,616) was redeemed and used to repay the debenture with the remainder, including a current year loss on redemption of \$4,552, coming from NTPC's main operating account.

6. Asset retirement obligations and environmental liabilities

	<u>2017</u>			<u>2016</u>		
	<u>ARO</u>	<u>Env. Liability</u>	<u>Total</u>	<u>ARO</u>	<u>Env. Liability</u>	<u>Total</u>
Opening balance	\$ 6,846	\$ 10,828	\$ 17,674	\$ 7,086	\$ 11,467	\$ 18,553
Liabilities settled	(92)	(197)	(289)	(1,358)	(283)	(1,641)
Accretion Expense	180	-	180	166	-	166
Valuation Adjustment	185	141	326	871	(356)	515
Additions	219	-	219	255	-	255
Disposals	(167)	-	(167)	(174)	-	(174)
Balance, end of year	<u>\$ 7,171</u>	<u>\$ 10,772</u>	<u>\$ 17,943</u>	<u>\$ 6,846</u>	<u>\$ 10,828</u>	<u>\$ 17,674</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 - \$48,192 (2015/16 - \$48,132)
- Expected timing of payments of the cash flow – asset removal and/or site remediation is expected to occur between 1 and 73 years with the majority occurring after 2040.
- The discount rate is the cost of borrowing rate of 2.64% (2015/16 – 2.47%) for those obligations to be settled in less than 10 years and 3.57% (2015/16 – 3.5%) 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 (2015/16 - 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 1.01 times (2015/16 – 1.15) the employees' contributions for employees who started prior to January 2013 and 1.00 times (2015/16 – 1.1) the employees' contributions for all other employees. Employer contributions of \$2,249 (2015/16 - \$2,697) were recognized as an expense in the current year. The employees' contribution to this plan were \$1,894 (2015/16 - \$1,850).

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. Furthermore, contribution rates for current service for all members of the public service will increase gradually to an employer - employee cost sharing ratio of 50:50 by 2017.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 7. Other employee future benefits (continued)

b) Other employee future benefits:

Summary of other employee future benefit liabilities:

	2017			2016		
	Severance and Removal Obligation	Accumulated Sick time Obligation	Total	Severance and Removal Obligation	Accumulated Sick time Obligation	Total
Opening net future obligation	\$ 3,012	\$ 44	\$ 3,056	\$ 2,987	\$ 177	\$ 3,164
Less prior year unamortized net actuarial (gain) loss	(60)	72	12	79	5	84
Accrued benefit obligation, beginning of the year	2,952	116	3,068	3,066	182	3,248
Benefits earned	273	10	283	304	14	318
Interest	70	3	73	71	2	73
Benefits paid	(318)	(19)	(337)	(508)	(79)	(587)
Plan amendments	-	-	-	79	-	79
Actuarial gains (losses)	274	156	430	(60)	(3)	(63)
Accrued benefits paid during the year	3,251	266	3,517	2,952	116	3,068
Unamortized net actuarial (gain) loss	(221)	(219)	(440)	60	(72)	(12)
Net Future obligation	<u>\$ 3,030</u>	<u>\$ 47</u>	<u>\$ 3,077</u>	<u>\$ 3,012</u>	<u>\$ 44</u>	<u>\$ 3,056</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>2017</u>		<u>2016</u>
Current benefits earned	283	\$	313
Interest	73		73
Amortization of net actuarial loss	2		9
	<u>\$ 358</u>	<u>\$</u>	<u>395</u>

The actuarial valuation reflects management's best estimate based upon a number of assumptions about a number of future events including:

	<u>2017</u>		<u>2016</u>
Expected inflation rates	2%		2%
Discount rate used to determine the accrued benefit obligation	2.00%		2.33%
Expected average remaining service life of related employee groups (EARSL)	<u>8.5 years</u>		<u>8.6 years</u>

8. Operating line of credit

NTPC has a \$50,000 (2015/16 - \$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.

NTPC's short term debt against its operating line of credit as of March 31, 2017 was nil (2015/16 - \$32,600). The short term debt outstanding at March 31, 2016 had a weighted average 43 day term and a 1.72% weighted average annual interest rate.

NORTHWEST TERRITORIES HYDRO CORPORATION

9. Tangible capital assets

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 and adjustments	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

March 31, 2016							
	Electric power plants	T&D systems	Warehouse equipment, motor vehicles, and general facilities	Electric power plant under capital lease	LNG assets under capital lease	Construction work in progress	Total
Cost							
Opening balance	\$ 312,907	\$ 86,299	\$ 55,091	\$ 26,469	\$ 2,556	\$ 15,637	\$498,959
Additions	1,123	-	-	-	-	30,568	31,691
Transfers – completed projects	15,225	5,088	8,704	422	-	(29,439)	-
Disposals	(4,306)	(1,480)	(3,725)	-	(2,556)	-	(12,067)
Closing balance	324,949	89,907	60,070	26,891	-	16,766	518,583
Accumulated Amortization							
Opening balance	(97,214)	(27,096)	(26,024)	(7,620)	(549)	-	(158,503)
Amortization	(9,531)	(2,365)	(3,819)	(440)	-	-	(16,155)
Disposals	1,571	824	2,657	-	549	-	5,601
Closing balance	(105,174)	(28,637)	(27,186)	(8,060)	-	-	(169,057)
Net book value	\$ 219,775	\$ 61,270	\$ 32,884	\$ 18,831	\$ -	\$ 16,766	\$349,526

NORTHWEST TERRITORIES HYDRO CORPORATION

10. Inventories

	<u>2017</u>	<u>2016</u>
Materials, supplies and lubricants	\$ 4,567	\$ 4,461
Critical spare parts	3,424	4,169
Fuel	293	351
	<u>\$ 8,284</u>	<u>\$ 8,981</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 18. Diesel fuel requirements for the remaining 20 plants are all managed under the fuel management services agreement described in Note 18.

11. Accumulated surplus / equity

	<u>2017</u>	<u>2016</u>
Share capital, common and preferred shares	\$ 43,129	\$ 43,129
Accumulated operating surplus / equity	73,596	80,041
	<u>\$ 116,725</u>	<u>\$ 123,170</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, 2017, 1 common share (2015/16 – 1 common share), at \$43,129 per share, (2015/16 – \$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.

12. Sale of power

	<u>2017</u>	<u>2016</u>
Power sales to external customers	\$ 75,770	\$ 73,649
Power sales to GNWT and related parties	14,820	14,525
GNWT HSP payments	6,230	6,330
GNWT TPSP payments	5,585	5,279
	<u>\$ 102,405</u>	<u>\$ 99,783</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 12. 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.

13. Other revenue and customer contributions

	<u>2017</u>	<u>2016</u>
Miscellaneous (Note 17)	\$ 529	\$ 105
Contract work	446	762
Pole rental	287	283
Connection fees	266	296
Heat revenues	208	291
Contributions in aid of construction	162	774
	<u>\$ 1,898</u>	<u>\$ 2,511</u>

Customer contributions in aid of construction

Certain tangible capital asset additions are made with the assistance of financial contributions from customers.

14. Expenses

The following is a summary of the expenses for the year by object:

	<u>2017</u>	<u>2016</u>
Fuels and lubricants (Note 18)	\$ 27,467	\$ 40,641
Salaries and wages	26,200	25,050
Supplies and services	20,621	23,934
Amortization (Note 9)	16,016	16,155
Interest expense (Note 16)	12,662	12,380
Net loss on debt (Note 5)	4,552	-
Net loss on disposal of assets	3,850	4,379
Travel and accommodation	2,653	2,581
Accretion on AROs (Note 6)	180	166
	<u>\$ 114,201</u>	<u>\$ 125,286</u>

NORTHWEST TERRITORIES HYDRO CORPORATION

15. Interest expense and interest income

Interest expense

	<u>2017</u>	<u>2016</u>
Interest on debenture debt and capital leases (Notes 4, 5)	\$ 12,673	\$ 12,556
Short-term debt financing costs (Note 8)	560	569
Capitalized interest during construction	<u>(571)</u>	<u>(745)</u>
	<u>\$ 12,662</u>	<u>\$ 12,380</u>

Interest income

	<u>2017</u>	<u>2016</u>
Income on loan receivable (Note 4)	\$ 1,430	\$ 1,513
Income from sinking fund investments (Note 5)	38	35
Income from overdue accounts	<u>57</u>	<u>68</u>
	<u>\$ 1,525</u>	<u>\$ 1,616</u>

16. Government contributions

GNWT extreme low water contributions

In 2015/16, NTPC signed a multi-year funding agreement with the GNWT to fund diesel fuel and lubricant costs and salaries related to additional operating time resulting from extreme low water on NTPC's hydro system between October 15, 2015 and March 31, 2017. Under this agreement NTPC received \$4,500 in 2016/17. NTPC had an unspent balance of extreme low water contributions from 2015/16 of \$2,702. During 2016/17, NTPC incurred \$1,726 in costs eligible under this agreement (2015/16 - \$23,008), and repaid \$5,771 in unspent 2015/16 and 2016/17 contributions, resulting in an overall net receivable from GNWT of \$295 recorded in revenues receivable at March 31, 2017.

Other government contributions

In 2016/17, NTPC signed a single year agreement with Indigenous and Northern Affairs Canada to fund the costs associated with an Exhaust Gas Recovery Unit (EGRU) to operate in the community of Inuvik. NTPC received \$414, of which it had incurred \$394 in eligible costs by March 31, 2017, resulting in a balance recorded under accounts payable and accrued liabilities of \$21.

In 2016/17, NTPC signed four single year agreement with the GNWT. The first agreement was to install a variable speed generator as a pilot project to improve fuel efficiency in Aklavik. The agreement was for \$338, \$300 of which was received during 2016/17. NTPC incurred eligible costs in excess of this amount, and recorded the contribution as revenue. \$38 is recorded in revenues receivable on March 31, 2017. The second agreement was to fund the costs associated with defining data logging information at the Colville Lake project site. This agreement was for \$45, which was fully spent and received as at March 31, 2017. Additionally, NTPC signed an agreement with GNWT for the in-kind transfer of the data logger. This asset had a contribution value of \$35 as recorded under electric power plants in tangible capital assets. The fourth agreement was to fund the costs associated with electricity regulation and energy review analysis. The agreement was for \$60. NTPC incurred \$38 in eligible costs, received \$30 and has recorded a revenue receivable at March 31, 2017 of \$8. NTPC also received \$53 from the GNWT for apprenticeship training support.

NORTHWEST TERRITORIES HYDRO CORPORATION

17. 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:

	2017	2016
Revenue		
Other revenue	\$ 978	\$ 486
Expenses		
Purchases of fuel from Public Works and Services Division of the GNWT (PWS) (Note 18)	\$ 21,002	\$ 34,380
Other operating expenses	243	273
	\$ 21,245	\$ 34,653
Financial assets		
Revenues receivable		
Utility	\$ 1,453	\$ 1,040
Non-utility	39	93
	\$ 1,492	\$ 1,133
Liabilities		
Accounts payable to PWS for fuel (Note 18)	\$ 4,232	\$ 6,610
Other accounts payable and accrued liabilities	12	26
	\$ 4,244	\$ 6,636

Transfer of NTEC(03) operations

As part of the windup of NTEC(03), a related party to NTPC and initiated in 2014/15, in 2016/17 NTEC(03)'s asset and liability balances were settled. NTPC recorded a net gain totaling \$425 on its previous loan to NTEC(03) as a result of the settlement of NTEC(03) balances. This is recorded in miscellaneous revenue. As at March 31, 2017, NTEC(03) has no remaining assets or liabilities. Management intends to preserve NTEC(03) as an inactive corporation for the foreseeable future.

NORTHWEST TERRITORIES HYDRO CORPORATION

18. Contractual obligations and contingencies

a) Contractual obligations

NT Hydro and its subsidiaries have entered into agreements for, or are contractually committed for the following expenses that will be incurred subsequent to March 31, 2017:

	<u>Expiry</u>	<u>2018</u>	<u>2019 and subsequent</u>
Non related parties	2021	\$ 8,696	\$ 1,524

NT Hydro and its subsidiaries have entered into the following contractual obligations with related parties:

Fuel management services agreement

NTPC has a fuel management services agreement with the PWS. Under this agreement fuel inventory and maintenance of fuel tank farms of 20 communities served by NTPC are provided by PWS. 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 PWS in a given year. The contract expires March 31, 2021.

LNG purchases

On October 31, 2013 NTPC entered into an agreement with NTEC(03) to supply NTPC with LNG to NTPC's Inuvik facilities. This contract was transferred to PWS as of April 1, 2015 without interruption of service. The agreement is effective for five years until October 31, 2018. The price of LNG under this agreement varies with PWS's costs, which include LNG fuel costs, which are subject to changes in the market price, transportation costs and an administrative fee.

b) Contingencies

Statement of claim

The owners of a lodge on Nonacho Lake upstream of the Taltson dam, launched a Judicial Review of the 2012 Water Licence issued by the Mackenzie Valley Land and Water Board (MVLWB) to determine impacts of the Taltson Hydro facility on Nonacho Lake and their lodge operations. As a result of the Review, the MVLWB determined NTPC was to award financial compensation to the owners for future impacts. The owners moved the matter to the NWT Supreme Court. The Supreme Court determined that the MVLWB had not followed procedural fairness and ordered the MVLWB to complete a re-hearing. The re-hearing process started in January 2017 and a decision by the MVLWB is expected in late fall of 2017. The total amount claimed in this action is \$3.2 million however the outcome is not determinable due to the on-going re-hearing process.

NORTHWEST TERRITORIES HYDRO CORPORATION

19. 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>2017</u>	<u>2016</u>
Loan receivable	\$ 14,395	\$ 15,306
Revenues receivable	12,683	14,559
Sinking fund investments	5,800	7,988
Cash	9,831	1,236
	<u>\$ 42,709</u>	<u>\$ 39,089</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 six percent (2015/16 - 37%) of NTPC's sales are to two other utilities. Twenty seven percent (2015/16 - 26%) 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.

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.

NORTHWEST TERRITORIES HYDRO CORPORATION

Note 19. Financial instruments and risk management (continued)

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 \$50,000 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, the associated loan receivable, and the LNG capital lease agreement:

	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

	March 31, 2016				
	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
Operating line of credit	\$ 32,600	\$ -	\$ -	\$ -	\$ 32,600
Debenture debt	2,700	26,138	115,335	38,375	182,548
Sinking fund investments	-	(5,385)	(2,603)	-	(7,988)
Snare capital lease obligation	2,215	10,218	21,941	22,582	56,956
Loan receivable	(2,341)	(11,704)	(10,144)	-	(24,189)
	\$ 35,174	\$ 19,267	\$ 124,529	\$ 60,957	\$ 239,927

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, the LNG 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.

20. Subsequent PUB applications

On May 31, 2017 NTPC applied to the PUB to turn off its fuel refund rider effective July 1, 2017. The PUB approved the application on June 30, 2017.

21. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

NWT LOTTERY AUTHORITY
Yellowknife, NT

FINANCIAL STATEMENTS
March 31, 2017

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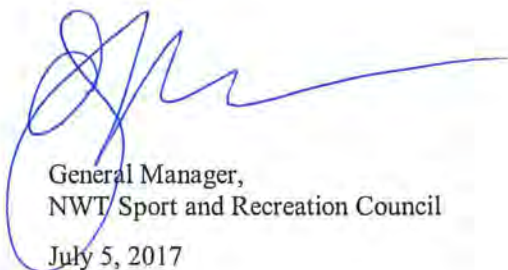
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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

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
July 5, 2017



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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, 2017, 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, 2017, 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

July 5, 2017



NWT LOTTERY AUTHORITY

STATEMENT OF FINANCIAL POSITION

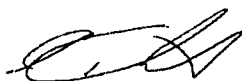
March 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash	\$ 251,969	\$ 154,650
Accounts Receivable	33,335	23,950
Due from Western Canada Lottery Corporation	579,049	475,423
Due from NWT Sport and Recreation Council (Note 5)	5,755	70,325
Cash Holdback (Note 4)	<u>275,000</u>	<u>275,000</u>
	<u>1,145,108</u>	<u>999,348</u>
LIABILITIES		
Accounts Payable & Accrued Liabilities	256,668	49,056
Wages & Benefits Payable	14,362	1,730
Accrued termination benefits	5,012	26,854
Due to Government of Nunavut (Note 5)	<u>157,175</u>	<u>247,098</u>
	<u>433,217</u>	<u>324,738</u>
NET FINANCIAL ASSETS	711,891	674,610
NON-FINANCIAL ASSETS		
Prepaid Expenses	<u>8,483</u>	<u>13,599</u>
ACCUMULATED SURPLUS (Note 4)	<u><u>\$ 720,374</u></u>	<u><u>\$ 688,209</u></u>

Approved:



Member



Member

See the accompanying notes.

NWT LOTTERY AUTHORITY

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31, 2017**

	<u>2017</u>	<u>2016</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 32,165	\$ (90,168)
Change in Prepaid Expenses	<u>5,116</u>	<u>(6,103)</u>
INCREASE (DECREASE) IN NET FINANCIAL ASSETS	37,281	(96,271)
NET FINANCIAL ASSETS, opening	<u>674,610</u>	<u>770,881</u>
NET FINANCIAL ASSETS, closing	<u><u>\$ 711,891</u></u>	<u><u>\$ 674,610</u></u>

See the accompanying notes.

NWT LOTTERY AUTHORITY

STATEMENT OF OPERATIONS

For the year ended March 31, 2017

	2017 Budget Unaudited	2017 Actual	2016 Actual
REVENUES			
Lottery Revenue, Net - Schedule 1	\$ 5,492,074	\$ 5,698,430	\$ 6,068,759
Nunavut Lottery revenue	(718,655)	(783,177)	(801,290)
Miscellaneous income	-	7,255	6,615
Interest income	-	667	1,399
Management fee revenue	166,124	151,366	156,582
	<u>4,939,543</u>	<u>5,074,541</u>	<u>5,432,065</u>
EXPENSES			
Advertising and promotion	80,000	61,520	43,757
Audit and accounting	9,000	6,825	8,441
Communications	4,000	7,128	2,996
Contributions	4,105,000	4,200,000	4,950,000
Equipment lease	1,500	615	1,487
Grants to retailers	265,000	259,618	113,586
Insurance	2,500	4,060	2,085
Interest and bank charges	1,200	1,084	1,283
Legal	5,000	5,934	1,429
Miscellaneous	-	902	247
Office supplies	21,505	50,569	26,520
Postage and courier	38,000	37,498	33,002
Professional development and training	9,000	2,195	10,898
Professional fees	28,090	21,091	48,664
Repairs and maintenance	3,000	1,264	2,229
Travel	31,885	19,340	19,341
Wages and benefits	334,863	362,733	256,268
	<u>4,939,543</u>	<u>5,042,376</u>	<u>5,522,233</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ -</u>	<u>\$ 32,165</u>	<u>\$ (90,168)</u>

NWT LOTTERY AUTHORITY

**STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the Year Ended March 31, 2017**

	<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 4)	<u><u>\$ 720,374</u></u>	<u><u>\$ 688,209</u></u>
	<u>2016</u>	<u>2015</u>
<u>For the Year Ended March 31, 2016</u>		
ACCUMULATED SURPLUS, opening	\$ 778,377	\$ 1,274,773
EXCESS OF REVENUES OVER EXPENSES	<u>(90,168)</u>	<u>(496,396)</u>
ACCUMULATED SURPLUS, closing	<u><u>\$ 688,209</u></u>	<u><u>\$ 778,377</u></u>

See the accompanying notes.

NWT LOTTERY AUTHORITY

STATEMENT OF CASH FLOWS

For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from lottery proceeds and other	\$ 5,018,845	\$ 5,402,021
Cash receipts from other revenue	7,255	6,615
Cash paid to suppliers	(366,048)	(428,749)
Contributions to NWT Sport and Rec. Council	(4,200,000)	(4,950,000)
Cash paid to employees	<u>(362,733)</u>	<u>(261,169)</u>
INCREASE (DECREASE) IN CASH	97,319	(231,282)
CASH, opening	<u>154,650</u>	<u>385,932</u>
CASH, closing	<u><u>\$ 251,969</u></u>	<u><u>\$ 154,650</u></u>

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

1. NATURE OF OPERATIONS

NWT Lottery Authority 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.

2. CHANGE IN ACCOUNTING POLICIES

(a) Inter-entity transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued Section PS 3420, "Inter-entity transactions". 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. The main features of the new Section are:

- under a policy of cost allocation, revenues and expenses are recognized on a gross basis;
- transactions are measured at their carrying amount, except in special circumstances;
- a recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice, and
- the transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Lottery Authority is currently assessing the impact of this Section.

(b) Assets

In June 2015, the PSAB issued Section PS 3210, "Assets". This new Section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Lottery Authority is currently assessing the impact of this Section.

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

(c) Related party disclosures

In March 2015, the PSAB issued Section PS 2200, "Related party disclosures". This new Section defines a related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material effect on the financial statements. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Lottery Authority is currently assessing the impact of this Section.

3. 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 company 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) 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

Minor 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.

(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.

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES, continued

(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.

4. 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 (2016 - \$275,000) and is included in accumulated surplus as at March 31, 2017 as follows:

	<u>2017</u>	<u>2016</u>
Reserve	\$ 275,000	\$ 275,000
Operating Surplus	<u>445,374</u>	<u>413,209</u>
Accumulated Surplus	<u>\$ 720,374</u>	<u>\$ 688,209</u>

5. DUE FROM/TO RELATED PARTY

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 \$329,957 (2016 - \$292,044) from NWT Sport and Recreation Council relating to payroll expenses. The Organization also paid out \$4,200,000 (2016 -\$ 4,950,000) in lottery contributions to NWT Sport and Recreation Council.

The amount due to Government of Nunavut represents their share of lottery proceeds less expenses paid by NWT Lottery Authority which are billed back to the organization.

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

6. CONTRIBUTIONS

The NWT Lottery Authority funds have been distributed to the following organizations during the year:

NWT Sport and Recreation Council	<u>\$ 4,200,000</u>	<u>\$ 4,950,000</u>
----------------------------------	---------------------	---------------------

7. FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES

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 \$256,668 (2016 - \$49,056). 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.

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.

NWT LOTTERY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

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>
2018	\$ 259,618
2019	259,618
2020	259,618
2021	<u>259,618</u>
	<u>\$ 1,038,472</u>

10. CONTINGENT LIABILITIES

The amount due from Western Canada Lottery Corporation (WCLC) is \$579,050. 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 \$159,700 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, 2017

SCHEDULE OF LOTTERY REVENUE, NET

Schedule 1

	2017 Budget Unaudited	2017 Actual	2016 Actual
	<u> </u>	<u> </u>	<u> </u>
SALES			
Lottery ticket sales	\$ 17,500,000	\$ 18,609,700	\$ 19,529,499
Interest and other income	30,363	26,734	24,513
	<u>17,530,363</u>	<u>18,636,434</u>	<u>19,554,012</u>
DIRECT EXPENSES			
Free tickets	773,692	1,004,919	1,175,379
Prizes	9,056,877	9,537,361	9,975,724
Retailer commissions	971,299	1,023,045	1,064,123
Ticket printing	229,540	264,341	246,845
	<u>11,031,408</u>	<u>11,829,666</u>	<u>12,462,071</u>
OPERATING INCOME	<u>6,498,955</u>	<u>6,806,768</u>	<u>7,091,941</u>
EXPENSES			
Amortization	98,530	78,908	69,106
Communications	162,622	164,901	160,956
Cost of premises	20,530	24,643	22,986
Draws and winning numbers publication	4,687	3,448	4,349
Employee development	3,924	4,870	4,181
Equipment	39,609	43,737	33,854
Freight and product transport	3,038	3,148	3,017
Goods and services tax	76,397	89,815	89,703
I. L. C. expense	14,037	12,073	11,640
Insurance and bank charges	1,721	1,772	1,717
Media & advertising	137,503	145,664	144,092
Overhead allocation	(243)	(227)	(292)
Payment to Government of Canada	159,688	181,049	167,410
Presentations, publications and miscellaneous	4,090	3,972	3,696
Professional fees	46,433	54,681	49,354
Promotion	5,912	7,719	10,804
Supplies	2,154	2,066	2,197
Travel	2,697	2,295	1,906
Wages and benefits	223,552	283,804	242,506
	<u>1,006,881</u>	<u>1,108,338</u>	<u>1,023,182</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 5,492,074</u>	<u>\$ 5,698,430</u>	<u>\$ 6,068,759</u>

N.W.T. SPORT AND RECREATION COUNCIL
Yellowknife, NT

FINANCIAL STATEMENTS
March 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian 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

July 4, 2017



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, 2017, 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, 2017, 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

July 4, 2017



N.W.T. SPORT AND RECREATION COUNCIL

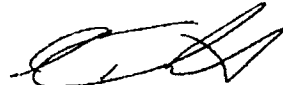
STATEMENT OF FINANCIAL POSITION
March 31, 2017

	<u>2017</u>	<u>2016</u>
FINANCIAL ASSETS		
Cash (Note 4)	\$ 1,204,428	\$ 1,408,264
Short-Term Investments (Note 5)	29,632	29,484
Accounts Receivable	100	100
Government remittances receivable	10,803	11,928
	<u>1,244,963</u>	<u>1,449,776</u>
LIABILITIES		
Line of Credit (Note 8)	-	95,000
Accounts Payable & Accrued Liabilities	9,664	434,103
Wages & Benefits Payable	397,985	165,940
Due to related party (Note 6)	5,755	70,325
	<u>413,404</u>	<u>765,368</u>
NET FINANCIAL ASSETS	<u>831,559</u>	<u>684,408</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	-	10,577
Tangible Capital Assets (Note 7)	3,361	5,485
	<u>3,361</u>	<u>16,062</u>
SUBSEQUENT EVENTS (Note 10)		
ACCUMULATED SURPLUS	<u>\$ 834,920</u>	<u>\$ 700,470</u>

Approved:



Member



Member

N.W.T. SPORT AND RECREATION COUNCIL

**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended March 31, 2017**

	<u>2017</u>	<u>2016</u>
DEFICIENCY OF REVENUES OVER EXPENSES	\$ 134,450	\$ (659,171)
Acquisition of Tangible Capital Assets	-	(1,512)
Amortization of Tangible Capital Assets	2,123	3,540
Change in Prepaid Expenses	<u>10,577</u>	<u>(7,421)</u>
DECREASE IN NET FINANCIAL ASSETS	147,150	(664,564)
NET FINANCIAL ASSETS, opening	<u>684,408</u>	<u>1,348,972</u>
NET FINANCIAL ASSETS, closing	<u><u>\$ 831,558</u></u>	<u><u>\$ 684,408</u></u>

See the accompanying notes and schedules.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF OPERATIONS

For the year ended March 31, 2017

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
REVENUES			
Administration - Schedule 1	\$ 624,713	\$ 580,243	\$ 723,363
Governance - Schedule 2	6,150	-	3,808
Investment and Evaluation - Schedule 3	3,450,137	3,615,136	4,230,204
Multi Sport Games - Schedule 4	650,000	660,439	650,091
	<u>4,731,000</u>	<u>4,855,818</u>	<u>5,607,466</u>
EXPENSES			
Administration - Schedule 1	624,713	580,243	723,363
Governance - Schedule 2	6,150	-	3,808
Investment and Evaluation - Schedule 3	4,596,855	3,713,130	4,240,262
Multi Sport Games - Schedule 4	480,000	427,995	1,299,204
	<u>5,707,718</u>	<u>4,721,368</u>	<u>6,266,637</u>
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES	<u>\$ (976,718)</u>	<u>\$ 134,450</u>	<u>\$ (659,171)</u>

N.W.T. SPORT AND RECREATION COUNCIL

**STATEMENT OF CHANGES IN ACCUMULATED SURPLUS
For the Year Ended March 31, 2017**

	<u>Unrestricted Surplus</u>	<u>Building Reserve</u>	<u>Games Reserve</u>	<u>Program Reserve</u>	<u>Total 2017</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	134,450	-	-	-	134,450
TRANSFER TO RESERVES	(4,274,395)	-	660,439	3,613,956	-
TRANSFER FROM RESERVES	4,141,124	-	(427,994)	(3,713,130)	-
OTHER TRANSFERS	<u>-</u>	<u>-</u>	<u>(232,445)</u>	<u>232,445</u>	<u>-</u>
ACCUMULATED SURPLUS, closing	<u>\$ 236,152</u>	<u>\$ 255,000</u>	<u>\$ -</u>	<u>\$ 343,768</u>	<u>\$ 834,920</u>
<u>For the Year Ended March 31, 2016</u>					
ACCUMULATED SURPLUS, opening	\$ 234,975	\$ 255,000	\$ 211,133	\$ 658,533	\$ 1,359,641
DEFICIENCY OF REVENUES OVER EXPENSES	(659,171)	-	-	-	(659,171)
TRANSFER TO RESERVES	(4,880,295)	-	650,091	4,230,204	-
TRANSFER FROM RESERVES	5,539,464	-	(1,299,204)	(4,240,260)	-
OTHER TRANSFERS	<u>-</u>	<u>-</u>	<u>437,980</u>	<u>(437,980)</u>	<u>-</u>
ACCUMULATED SURPLUS, closing	<u>\$ 234,973</u>	<u>\$ 255,000</u>	<u>\$ -</u>	<u>\$ 210,497</u>	<u>\$ 700,470</u>

See the accompanying notes and schedules.

N.W.T. SPORT AND RECREATION COUNCIL

STATEMENT OF CASH FLOWS

For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from contributions and other	\$ 4,856,943	\$ 5,949,285
Cash paid to grant recipients and other	(4,337,793)	(5,381,509)
Cash paid for salaries	(563,268)	(448,140)
	<u>(44,118)</u>	<u>119,636</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment from (to) related party	(70,325)	-
Due to related parties	5,755	3,081
Line of credit (repayment) advance	(95,000)	95,000
	<u>(159,570)</u>	<u>98,081</u>
CASH FLOWS FROM CAPITAL ACTIVITY		
Purchase of tangible capital assets	-	(1,513)
(DECREASE) INCREASE IN CASH	(203,688)	216,204
CASH, opening	<u>1,437,748</u>	<u>1,221,544</u>
CASH, closing	<u><u>\$ 1,234,060</u></u>	<u><u>\$ 1,437,748</u></u>
REPRESENTED BY:		
Cash	\$ 455,435	\$ 664,858
Restricted cash	748,993	743,406
Short term investment	29,632	29,484
	<u><u>\$ 1,234,060</u></u>	<u><u>\$ 1,437,748</u></u>

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

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)(l) of the Income Tax Act (Canada).

2. FUTURE CHANGES IN ACCOUNTING POLICIES

(a) Inter-entity transactions

In March 2015, the Public Sector Accounting Board (PSAB) issued Section PS 3420, "Inter-entity transactions". 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. The main features of the new Section are:

- under a policy of cost allocation, revenues and expenses are recognized on a gross basis;
- transactions are measured at their carrying amount, except in special circumstances;
- a recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice, and
- the transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Sport and Recreation Council is currently assessing the impact of this Section.

(b) Assets

In June 2015, the PSAB issued Section PS 3210, "Assets". This new Section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Sport and Recreation Council is currently assessing the impact of this Section.

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

(c) Related party disclosures

In March 2015, the PSAB issued Section PS 2200, "Related party disclosures". This new Section defines a related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material effect on the financial statements. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The NWT Sport and Recreation Council is currently assessing the impact of this Section.

3. 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, 2017

3. 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, 2017

3. 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.

4. CASH

	2017	2016
Cash in bank	\$ 455,435	\$ 664,858
RBC Dominion Securities mutual funds	748,993	743,406
	\$ 1,204,428	\$ 1,408,264

Cash, in the amount of \$748,993, is restricted for use in the establishment of the reserve funds as outlined in Note 9. At March 31, 2017 restricted cash exceeded reserves by \$149,045.

5. 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, 2017. The Council does not anticipate redemption of the investments within the next year.

	2017	2016
RBC Cashable GIC	\$ 29,632	\$ 29,484

6. TANGIBLE CAPITAL ASSETS

	2017		2016	
	Cost	Accumulated amortization	Net	Net
Equipment	\$ 10,926	\$ 10,103	\$ 823	\$ 1,175
Computer equipment	28,032	25,738	2,294	3,823
Computer software	18,408	18,164	244	487
	\$ 57,366	\$ 54,005	\$ 3,361	\$ 5,485

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

7. WAGES AND BENEFITS PAYABLE

Wages and benefits payable consists of a wage severance liability for all staff.

8. DUE TO RELATED PARTIES

(a) During the year, the Organization entered into transactions with the following related parties:

NWT Lottery Authority
Nunavut Lottery
MACA

(b) Transactions

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

	<u>2017</u>	<u>2016</u>
Revenue		
MACA - Games funding	\$ 650,000	\$ 650,000
NWT Lottery Authority - Program funding	3,624,311	4,229,357
NWT Lottery Authority - SRC funding	<u>575,689</u>	<u>720,643</u>
	<u>\$ 4,850,000</u>	<u>\$ 5,600,000</u>
Expenses - NWT Lottery Authority - payroll	<u>\$ 329,957</u>	<u>\$ 292,044</u>

(c) Due to related party

	<u>2017</u>	<u>2016</u>
NWT Lottery Authority	<u>\$ 5,755</u>	<u>\$ 70,325</u>

These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. 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 was nil as at March 31, 2017.

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

10. RESERVES

	Opening Balance	Additions	Expenses	Transfer	2017
Program reserve\$	210,497	\$ 3,613,956	\$ (3,713,130)	\$ 232,445	\$ 343,768
Building reserve	255,000	-	-	-	255,000
Games reserve	-	650,083	(417,638)	(232,445)	-
	<u>\$ 465,497</u>	<u>\$ 4,264,039</u>	<u>\$ (4,130,768)</u>	<u>\$ -</u>	<u>\$ 598,768</u>

GAMES RESERVE FUNDING

The games reserve is established by the SRC to support approved multi-sport games. The games reserve was decreased in the current year as follows:

	2017
GNWT MACA Contribution	\$ 650,000
Interest	83
	<u>650,083</u>
Canada Summer Games 2017	50,000
North American Indigenous Games 2017	180,000
Arctic Winter Games 2016	280,000
Arctic Winter Games 2016 refund	(93,625)
Bank charges	1,263
Transfer to Program reserve	232,445
	<u>650,083</u>
	<u>\$ -</u>

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

10. 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. No changes to Building reserve 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 program reserve received \$3,624,312 from Lottery revenue in the current year end and expended \$3,713,130 to partners during the year. During the year, \$222,089 was transferred from the Games reserve to the Program reserve.

11. 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 April 1, 2017.

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.

13. LOTTERY FUNDING

NWT Sport and Recreation Council received the following amounts from the NWT Lottery Authority during the year:

	<u>2017</u>	<u>2016</u>
Funds transferred from NWT Lottery Authority	<u>\$ 4,200,000</u>	<u>\$ 4,950,000</u>

N.W.T. SPORT AND RECREATION COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

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, 2017

ADMINISTRATION

Schedule 1

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
REVENUE			
Lottery contribution	\$ 618,713	\$ 574,509	\$ 715,988
Interest revenue	6,000	5,734	6,562
Miscellaneous Revenue	-	-	813
	<u>624,713</u>	<u>580,243</u>	<u>723,363</u>
EXPENSES			
Audit and accounting fees	8,500	11,147	12,149
Amortization	2,750	2,125	3,540
Bank charges	400	99	370
Catering	1,000	-	828
Communications	5,000	908	5,250
Contracts/fees	-	-	106
Contributions	269,200	-	248,931
Course registration/Professional development	-	-	359
Insurance	3,000	2,695	2,333
Supplies	-	-	1,357
Wages and benefits	<u>334,863</u>	<u>563,269</u>	<u>448,140</u>
	<u>624,713</u>	<u>580,243</u>	<u>723,363</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, 2017

GOVERNANCE

Schedule 2

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
REVENUE			
Lottery contribution	\$ 6,150	\$ -	\$ 3,808
EXPENSES			
Catering	1,000	-	876
Communications	150	-	122
Travel	5,000	-	2,810
	<u>6,150</u>	<u>-</u>	<u>3,808</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, 2017

INVESTMENT AND EVALUATION

Schedule 3

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
REVENUE			
Lottery contribution	\$ 3,450,137	\$ 3,615,136	\$ 4,230,204
EXPENSES			
Aboriginal Sport Circle of the NWT	954,002	763,190	954,002
Beaufort Delta Sahtu Recreation	325,980	260,784	325,980
Mackenzie Recreation Association	304,686	243,748	304,686
NWT Recreation and Parks Association	872,630	698,104	872,630
Sport North Federation	2,139,557	1,747,304	1,782,964
	<u>4,596,855</u>	<u>3,713,130</u>	<u>4,240,262</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (1,146,718)</u>	<u>\$ (97,994)</u>	<u>\$ (10,058)</u>

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

MULTI SPORT GAMES

Schedule 4

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
REVENUE			
MACA Contribution	\$ 650,000	\$ 650,000	\$ 650,000
Lottery Contribution	-	10,356	-
Interest Revenue	-	83	91
	<u>650,000</u>	<u>660,439</u>	<u>650,091</u>
EXPENSES			
Bank Charges	-	1,263	311
Contribution to Sport North Federation	480,000	246,731	1,298,893
Contributions to Aboriginal Sport Circle	-	180,000	-
	<u>480,000</u>	<u>427,994</u>	<u>1,299,204</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 170,000</u>	<u>\$ 232,445</u>	<u>\$ (649,113)</u>

N.W.T. SPORT AND RECREATION COUNCIL

SCHEDULES TO THE FINANCIAL STATEMENTS

For the year ended March 31, 2017

SCHEDULE OF OPERATIONS BY OBJECT

Schedule 5

	2017 Budget (Unaudited)	2017 Actual	2016 Actual
Lottery Revenue	\$ (4,075,000)	\$ (4,200,000)	\$ (4,950,000)
MACA Revenue	(650,000)	(650,000)	(650,000)
Interest Revenue	(6,000)	(5,818)	(6,653)
Miscellaneous Revenue	-	-	(813)
Audit and accounting fees	8,500	11,146	12,149
Amortization	2,750	2,125	3,540
Bank charges	400	1,362	681
Catering	2,000	-	1,704
Communications	5,150	908	5,373
Contracts/fees	-	-	106
Contribution to games	480,000	246,731	1,298,893
Contribution to partners	4,866,055	3,893,130	4,489,192
Course registration	-	-	359
Insurance	3,000	2,695	2,333
Membership fees	-	-	1,241
Supplies	-	-	116
Travel	5,000	-	2,810
Wages	334,863	563,269	448,140
	<u>\$ 976,718</u>	<u>\$ (134,450)</u>	<u>\$ 659,171</u>

**NORTHWEST TERRITORIES
SURFACE RIGHTS BOARD**

AUDITED FINANCIAL STATEMENTS

MARCH 31, 2017

Management's Responsibility for Financial Reporting

Independent Auditor's Report

Statement of Financial Position

Statement of Revenue, Expenditures and Accumulated Surplus

Statement of Cash Flows

Notes to the Financial Statements



Management's Responsibility for Financial Reporting

May 15, 2017

To the Members of the Board
NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Yellowknife, N.W.T.

The accompanying financial statements were prepared by management in conformity with generally accepted accounting principles appropriate in the circumstances.

The 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 and Canada. 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 external auditor annually provides an independent, objective audit for the purposes of expressing an opinion on the financial statements. He also considers whether transactions which come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

A handwritten signature in cursive script that reads "J. Edmondson".

J. Edmondson, Board Coordinator,
NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

Robert
Stewart

Chartered
Accountant/
Management
Consultants

Box 2196
Yellowknife, N.W.T. X1A 2P6
Tel (867) 873-5595
Fax (309) 407-6576
Email: stewartr@peace.ca

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
NORTHWEST TERRITORIES SURFACE RIGHTS BOARD
Yellowknife, N.W.T.

We have audited the accompanying financial statements of NORTHWEST TERRITORIES SURFACE RIGHTS BOARD, which comprise the statement of financial position as at March 31, 2017, and the statements of revenue, expenditures and accumulated surplus, and 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 Generally Accepted Accounting Principles 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 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, 2017, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.



CHARTERED ACCOUNTANT

May 15, 2017
Yellowknife, N.W.T

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

ASSETS

	<u>2017</u>	<u>2016</u>
Current		
Cash	\$ 80,050	\$ 168,366
Accounts receivable (Note 2)	29,592	3,703
Prepaid expenses	1,350	-
	<hr/> 110,992	<hr/> 172,069
Capital assets (Notes 1b and 3)	-	-
	<hr/> \$ 110,992	<hr/> \$ 172,069

LIABILITIES

Current		
Accounts payable and accrued liabilities	\$ 44,132	\$ 58,480
Deferred revenue (Note 4)	66,860	113,589
	<hr/> 110,992	<hr/> 172,069

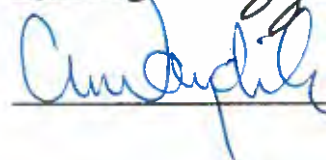
EQUITY

Accumulated surplus	-	-
Investment in capital assets (Note 1b)	-	-
	<hr/> -	<hr/> -
	<hr/> \$ 110,992	<hr/> \$ 172,069

APPROVED ON BEHALF OF THE BOARD:



Director



Director

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

STATEMENT OF OPERATING FUND REVENUE AND EXPENDITURES

FOR THE PERIOD ENDED MARCH 31, 2017

	<u>Budget</u> (Note 1h)	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u> (Note 1h)
REVENUE			
Government of NWT Contributions	\$ 406,889	\$ 293,900	\$ 289,300
Interest revenue	-	250	-
Other revenue	-	1,023	-
Transfer from (to) deferred revenue	-	46,729	(113,589)
	<u>406,889</u>	<u>341,902</u>	<u>175,711</u>
OPERATING EXPENSES			
Professional fees	131,400	138,107	51,859
Honoraria	63,700	63,866	52,400
Board travel and other costs	53,089	46,354	25,905
Wages and benefits	54,000	38,118	17,628
Information technology and computer costs	52,200	25,696	13,266
Rent	17,500	16,007	4,231
Advertising and external communication	-	4,190	6,652
Office and other supplies	34,500	3,968	544
Telephone, fax and internet	500	3,120	2,032
Staff travel	-	1,540	-
Bank charges and interest	-	486	1,194
Insurance	-	450	-
	<u>406,889</u>	<u>341,902</u>	<u>175,711</u>
EXCESS REVENUE (EXPENDITURES) FOR THE PERIOD	-	-	-
ACCUMULATED SURPLUS, BEGINNING OF PERIOD	-	-	-
ACCUMULATED SURPLUS, END OF PERIOD	\$ -	\$ -	\$ -

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u> (Note 1h)
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess revenue (expenditures) for the period	\$ -	\$ -
Net change in non-cash working capital balances:		
Operating resources provided by (used in):		
Decrease (increase) in accounts receivable	(25,889)	(3,703)
Decrease (increase) in prepaid expenses	(1,350)	-
Increase (decrease) in accounts payable	(14,348)	58,480
Increase (decrease) in deferred revenue	(46,729)	113,589
	(88,316)	168,366
Net increase (decrease) in cash and equivalents	168,366	168,366
Cash and equivalents at beginning of period	168,366	-
CASH AND EQUIVALENTS AT END OF PERIOD	\$ 80,050	\$ 168,366
 Comprised of:		
Cash in bank	\$ 55,050	\$ 143,366
GIC	25,000	25,000
	\$ 80,050	\$ 168,366

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017

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.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

a) 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.

b) 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, 2017, the Board had not acquired any capital assets.

d) 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.

e) 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.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont.)

f) 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.

Risk Management

The Board reviews financial risks and sets appropriate limits and controls when necessary.

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.

g) 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.

h) Budget and Actual

Budget figures are for twelve months, unaudited and are those approved by the Board.

Actual 2015/16 figures are for 8 months since the commencement of operations in August 2015.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017

NOTE 2	ACCOUNTS RECEIVABLE	2017	2016
	Goods & services tax recoverable	\$ -	\$ 3,703
	GNWT Department of Lands	29,592	-
	Less: allowance for doubtful accounts	-	-
		\$ 29,592	\$ 3,703

NOTE 3 **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.

	<u>2017</u>	<u>2016</u>
Balance, beginning of period	\$ 113,589	\$ -
Transfer to (from) deferred revenue for the period included in Statement of Operating Fund Revenue and Expenditures	(46,860)	113,589
Balance, end of period	\$ 66,860	\$ 113,589
Comprised of:		
Deferred revenue for processing applications	\$ 50,000	\$ -
Deferred revenue, general	16,860	113,589
	\$ 66,860	\$ 113,589

NOTE 4 **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.

NORTHWEST TERRITORIES SURFACE RIGHTS BOARD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED MARCH 31, 2017

NOTE 5 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.

NOTE 6 COMMITMENTS

Effective May 1, 2016, the Board has entered into an obligation under a 2 year lease for office space. Annual minimum payments under for rent are \$13,103.

NOTE 7 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, 2017**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

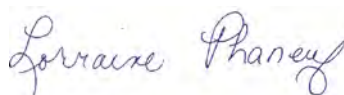
The accompanying financial statements of the Status of Women Council of the Northwest Territories are the responsibility of the management and have been approved by the directors.

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.



Lorraine Phaneuf
Executive Director

Yellowknife, Northwest Territories
July 4, 2017

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 2017, 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.

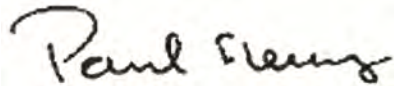
Opinion

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, 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.

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.

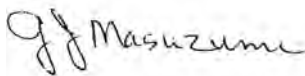
A handwritten signature in black ink that reads "Paul Fleury". The signature is written in a cursive style with a large initial 'P'.

Paul Fleury, CGA
Yellowknife, NWT
July 4, 2017

**Status of Women Council of the Northwest Territories
Statement of Financial Position**

As at March 31,	2017	2016
	\$	\$
Financial assets		
Cash and cash equivalents (Note 2b & 3)	125,037	128,465
Accounts receivable (Note 4)	9,114	39,600
Prepaid Expense	981	-
	<u>135,132</u>	<u>168,065</u>
Liabilities		
Accounts payable and accrued expenses (Note 5)	17,113	36,785
Vacation payable	16,459	16,004
Employee deductions payable	2,018	8,518
Benefits Fund (Note 6)	38,402	38,367
Contingency Fund (Note 7)	42,930	42,891
	<u>116,922</u>	<u>142,565</u>
Net Financial assets	18,210	25,500
Non-Financial assets		
Tangible capital assets-Council (Note 8)	2,913	3,913
-Projects (Note 8)	386	552
	<u>3,299</u>	<u>4,465</u>
Accumulated Surplus (Note 9)	<u>21,509</u>	<u>29,965</u>

Approved on behalf of the Board



President



Vice President

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

Contingencies (Note 11)

Commitments (Note 13)

Status of Women Council of the Northwest Territories

Statement of Operations

Year ended March 31,

	Budget (Unaudited)	2017 Actual	2016 Actual
	\$	\$	\$
REVENUE			
Contributions			
Government of the NWT	394,000	498,600	490,200
Government of Canada	-	86,800	11,274
Deferred revenue	-	-	2,000
Other Revenue			
Administration fees & miscellaneous		6,865	6,131
Contributed Rent	70,870	70,870	70,870
	464,870	663,135	580,475
EXPENDITURES			
Core	464,870	477,869	474,294
Donations	-	2,156	4,175
Community Response	-	-	10,500
Family Violence Week	-	46,250	44,000
Leadership	-	40,000	28,738
Victim Awareness Week	-	6,000	2,774
What Will It Take	-	-	37,200
Dignity Bags	-	22,800	-
FV Educational Series	-	42,000	-
New Horizons	-	25,000	-
NGO Stabilization Fund	-	9,350	-
	464,870	671,425	601,681
EXCESS REVENUE (EXPENDITURES)	-	(8,290)	(21,206)

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,	2017	2016
	\$	\$
Annual (deficit) surplus	(8,290)	(21,206)
Effect of change in tangible capital assets		
<u>Amortization of tangible capital assets</u>	<u>1,000</u>	<u>981</u>
Increase (decrease) in net financial assets	(7,290)	(20,225)
<u>Net financial assets at beginning of year</u>	<u>25,500</u>	<u>45,725</u>
<u>Net financial assets at end of year</u>	<u>18,210</u>	<u>25,500</u>

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,

	2017	2016
	\$	\$
Operating Activities		
Excess revenue/ (expenditure)	(8,290)	(21,206)
Interest earned	74	70
Amortization	1,000	982
	(7,216)	(20,154)
Accounts receivable	30,486	35,375
Prepaid expenses	(981)	-
Payables	(19,672)	(9,374)
Vacation Payable	455	6,810
Employee deduction payable	(6,500)	7,246
Deferred revenue	-	(2,000)
Change in cash position	(3,428)	17,903
Cash and cash equivalents, beginning of year	128,465	110,562
Cash and cash equivalents, end of year	125,037	128,465
Represented by		
Cash in bank	31,926	35,428
Investment in cash account	93,111	93,037
	125,037	128,465

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

3. Cash and Cash Equivalents

Cash balances are made up as follows:	<u>2017</u>	<u>2016</u>
	\$	\$
Cash	31,926	35,428
Investment Cash Account	93,111	93,037
	<hr/>	
Total cash and cash equivalents	125,037	128,465

4. Accounts Receivable

	<u>2017</u>	<u>2016</u>
	\$	\$
Department of Justice Canada	4,200	39,600
RCMP	3,800	-
PSAC	300	-
GNWT	510	-
Reimbursement	304	-
	<hr/>	
Total accounts receivables	9,114	39,600

5. Accounts Payable

	2017	2016
	\$	\$
Suppliers	188	21,650
Wages Payable	5,925	4,635
Accrued Audit Fees	11,000	10,500
	<hr/>	
Total accounts payable	17,113	36,785

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>2017</u>	<u>2016</u>
	\$	\$
Benefits Fund, beginning of year	38,367	38,334
Interest earned	35	33
	<hr/>	
Benefits Fund, end of year	38,402	38,367

Status of Women Council of the Northwest Territories
Notes to Financial Statements
March 31, 2017

7. Contingency Fund

The Council created a contingency fund to protect against funding cutbacks.

Information about the fund is as follows:

	<u>2017</u>	<u>2016</u>
	\$	\$
Contingency Fund, beginning of year	42,891	42,854
Interest earned	39	37
<hr/>		
Contingency Fund, end of year	42,930	42,891

8. Tangible Capital Assets

Council assets

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2017	2016
Furniture	4,870	3,479	1,391	1,739
Projector	1,125	1,060	65	92
Computer	30,517	29,060	1,457	2,082
Total Council assets	36,512	33,599	2,913	3,913

Project assets

Computers	13,664	13,278	386	552
Total assets	50,176	46,877	3,299	4,465

9. Accumulated Surplus

	<u>2017</u>	<u>2016</u>
	\$	\$
Balance, opening April 1,	29,965	49,613
Operating surplus (deficit)	(8,290)	(21,207)
Tangible capital asset addition	-	1,795
Amortization tangible capital assets-projects	(166)	(236)
<hr/>		
Balance, closing March 31,	21,509	29,965

Status of Women Council of the Northwest Territories
Notes to the Financial Statements
March 31, 2017

10. 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.

11. 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, 2017

12. Related Parties

The Council receives contributions from the Government of The Northwest Territories and services provided without or with charge.

	2017	2016
	\$	\$
Operating contributions received	394,000	394,000
Other project contributions	104,600	96,200
<u>Operating premises received without charge</u>	<u>70,870</u>	<u>70,870</u>
	<u>569,470</u>	<u>561,070</u>
<u>Mail support services received with charge</u>	<u>9,141</u>	<u>7,010</u>

13. Commitments

The Council is committed to office equipment leases of \$ 2,379.86 per quarter with the following remaining payments:

		\$
	2018	9,519
	2019	9,519
	2020	9,519
	<u>2021</u>	<u>4,761</u>
		<u>33,318</u>

14. Comparative Figures

Certain prior year figures have been reclassified for comparative purposes to conform to current year figures.

15. Budget

The budget figures presented are unaudited, and are those approved by the Board

16. 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, 2017

17 Expenses by Object

The following is a summary of expenses by object.

Year ended March 31,	2017	2016
	\$	\$
Wages and benefits	310,846	306,594
Professional development, staff	2,825	1,680
Contracted Services	9,424	4,565
Honoraria	13,300	7,375
Office supplies & photocopies	6,303	7,562
Supplies and workshops	42,380	30,988
Travel	68,681	62,060
Food service special events	15,278	4,444
Facility rental	5,655	15,768
Contributed rent	70,870	70,870
Bank charges	1,325	1,167
Audit, Legal and accounting	11,000	10,600
Advertising	17,406	23,502
Meetings and conferences	6,969	3,050
Dues & fees	2,325	3,367
Telephone, fax, internet & website	9,007	6,297
Postage & courier	9,141	7,010
Design & printing	35,795	8,705
Project management	25,330	20,000
Amortization	1,000	981
Administration fees	6,565	5,096
	671,425	601,681

FUR MARKETING SERVICE REVOLVING FUND

FOR THE YEAR ENDED MARCH 31, 2017

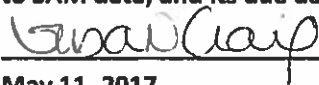
Fur Marketing Service Revolving Fund

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)

	2016/17 Actuals	2016/17 Revised Estimates	2016/17 Main Estimates	2015/16 Actuals
Authorized Limit	1,500	1,500	1,500	1,500
Opening Accounts Receivable	536	408	408	357
Advances to Trappers	694	1,000	1,000	795
Repayment of Fur Account Loans	(511)	(950)	(950)	(615)
Closing Accounts Receivable	719	458	458	536
Cash	(1,881)			(1,560)
Other Asset Accounts	2			2
Liability Accounts	(27)			(136)
Clearing Accounts	63			63
Closing Balance Fund 12	(1,123)			(1,095)
Authorized limit	1,500			1,500

The information provided within this working paper addresses all requirements of YE Directive #53 with regards to content, format, completeness, analysis and reconciliation to SAM data, and its due date of May 11th, 2017.

 Susan Craig, DFA
May 11, 2017

2016 - 2017

63RD ANNUAL REPORT

NORTHWEST TERRITORIES LIQUOR COMMISSION



Photo Credit: Chris Polselli

Northwest Territories

Finance

Territoires du Nord-Ouest

Finances

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MEMBERS OF LEGISLATIVE ASSEMBLY

NWT Liquor Commission Annual Report

I am pleased to present, for the information of the Members of the Legislative Assembly, the sixty-third Annual Report for the Northwest Territories Liquor Commission for the fiscal year ending March 31, 2017.

Robert C. McLeod
Minister Responsible for the
NWT Liquor Commission



**THE HONOURABLE ROBERT C. MCLEOD
MINISTER OF FINANCE**

NWT Liquor Commission

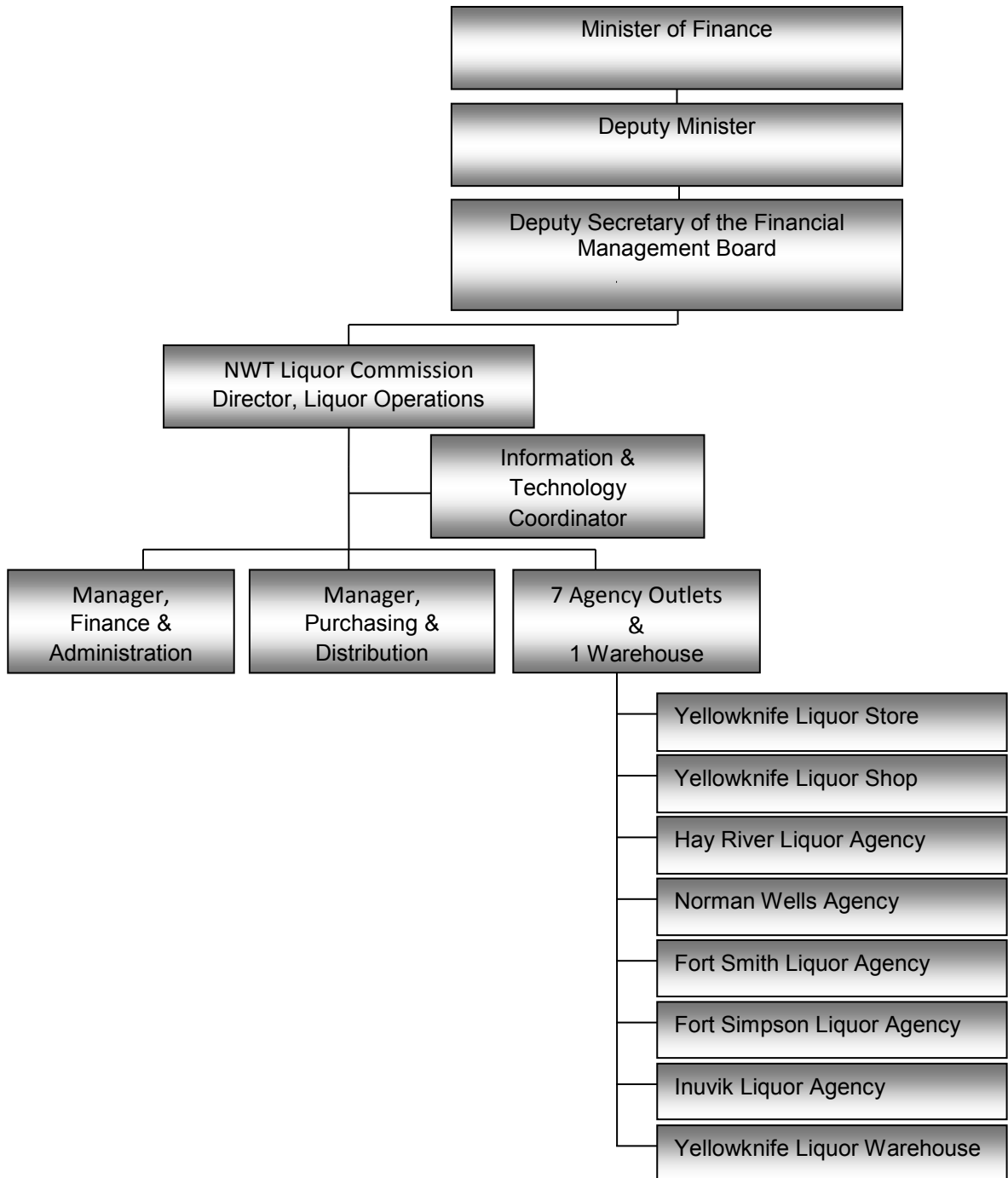
Pursuant to Subsection 64 (1) of the *Liquor Act*, we are pleased to submit the sixty-third Annual Report of the Northwest Territories Liquor Commission for the fiscal year ending March 31, 2017.

We wish to express our thanks to our staff for all their support and contributions to the progress of the Commission during the year.

Peter Maher
Director, Liquor Operations
NWT Liquor Commission

Deputy Minister
Department of Finance

ORGANIZATION CHART



NORTHWEST TERRITORIES LIQUOR COMMISSION

**SUITE 201 – 31 CAPITAL DRIVE
HAY RIVER, NT X0E 1G2
PH: 867 874 8700
FAX: 867 874 8720**

www.fin.gov.nt.ca/liquor



DIRECTOR OF LIQUOR OPERATION'S REPORT

The Northwest Territories Liquor Commission (NWTLC) is established under the *Liquor Act* of the Northwest Territories to purchase, sell classify and distribute liquor in the Northwest Territories.

The year showed a 8% sales growth over the prior year at \$53 million. Budget estimates for the year were exceeded; with the annual surplus 7.0% over the budget targets. The volume of liquor sold, in litres, was down 1.9% over 2015/16, and \$23 million was transferred to the Territorial Treasury.

Sales and distribution are carried out through a network consisting of seven retail outlets and one Yellowknife warehouse, contracted to private sector operators.

The strategic plan of the Commission focuses on three key areas for measuring performance:

1. Efficient operation, and compliance with legislation, regulation and policy
2. Social Responsibility
3. Financial Income Targets

These areas serve as a guideline for incorporating our mission statement into day to day activities. The success of the organization should not be measured in financial performance alone, and the responsibility of the Commission includes ensuring performance as a responsible industry partner, and as a socially responsible member of society. The Commission was successful in meeting the goals established in the strategic plan.

I would like to thank our staff, agents, customers and partners for another successful year.

Peter Maher
Director, Liquor Operations

MANDATE

Vision

Our customers will have a healthy and responsible attitude toward alcohol consumption and we will provide them the opportunity to discover, enjoy and share a wide variety of beverage alcohol.

Mission Statement

We will be an innovative, efficient and profitable organization, dedicated to the retail and wholesale distribution of beverage alcohol, and promote the development of a healthy and responsible drinking culture.

Values

We value our customers and employees.

We encourage and support the responsible use of alcohol.

We will be efficient and cost effective.

We will be responsible for our actions and will be honest and fair.

We will treat others with dignity and courtesy.

We will support one another to achieve our goals.

OPERATIONAL REVIEW

The NWTLC has a number of stakeholders including the people of the Northwest Territories, our customers, employees, private sector contractors, suppliers, industry partners and all those who share our concern for social responsibility and public safety. Our customer base includes the public who access our products through our retail network, as well as commercial clients such as restaurants and bars.

To respond to the needs and concerns of our customers and stakeholders in the fiscal year 2016 – 2017 we:

- Delivered a wide variety of quality beverage alcohol products through our network of stores and warehouse.
- Promoted safe and responsible use of beverage alcohol.

STRATEGIC OBJECTIVES

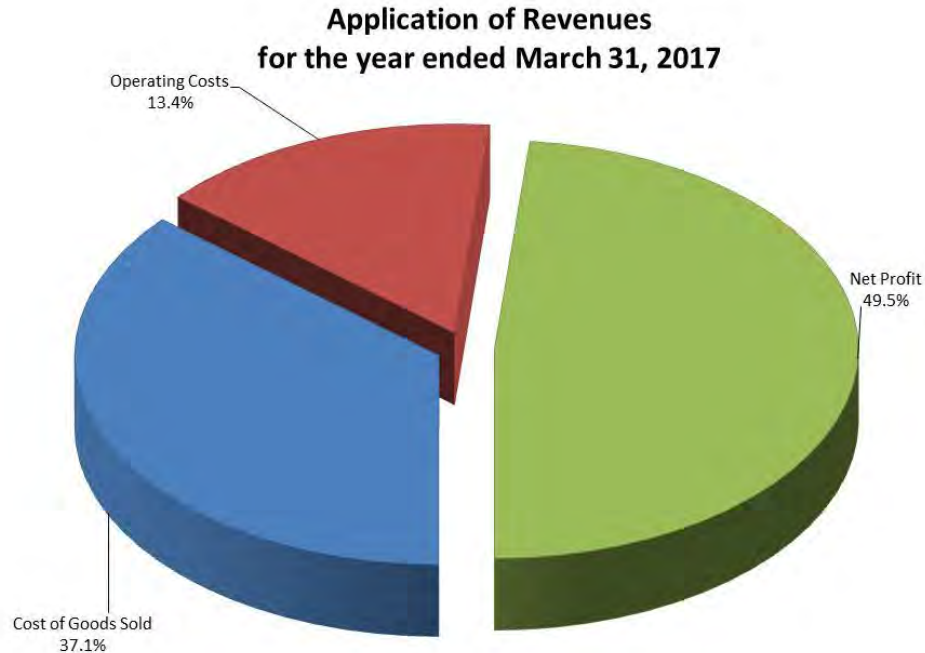
Goal #1

Operations are managed efficiently and comply with legislation, regulation and policy.

Performance Highlights

The operational structure of the NWTLC is designed to deliver optimal service levels for the best possible costs, and consists of a headquarters administrative staff of eight and a network of seven stores and one warehouse, operated by private contractors. All seven of the private agency stores operate with inventory on consignment from the Commission. The Yellowknife stores changed from private to consignment stores on September 8, 2015. Sales to consumers and licensees are incurred through sales by the consignment stores. The cost to deliver the sales and administration throughout the year was 13.4% of sales revenue, of which 12% was paid to liquor store and warehouse contractors.

Operational compliance with contracts, regulation and legislation by the store and warehouse operators was maintained throughout the year. The operations of all liquor outlets are monitored monthly and visited periodically by headquarters management.



Goal #2

Actively and continuously promote the responsible use of alcohol.

Performance Highlights

The NWTLC supports the responsible use of alcohol through various awareness programs and initiatives.

Liquor server training is mandatory in all NWT liquor stores. All liquor store service personnel must successfully complete the NWTLC liquor store training program and demonstrate competence in the service of beverage alcohol.

The Check 25 program is intended to strengthen controls in place concerning service to minors. The program conditions our customers to expect to be asked for proof of identification if they appear to be under the age of 25.

The NWTLC applies warning labels to beverage alcohol containers. The labels warn of the Dangers of Alcohol Consumption during pregnancy, and drinking and driving.

In support of MADD Canada, all liquor stores participated in the Red Ribbon program, *"Its Time to Change the Meaning of Tie One On, "Drive Safe, Drive Sober"*.

Reusable bags are provided as an alternative to single use paper bags.

The NWTLC participants with the Canadian Association of Liquor Jurisdictions Social Responsibility Committee in support of socially responsible liquor retailing on a nationwide basis. We have partnered with Manitoba Liquor and Lotteries in their UnDrunk Campaign; in an effort to promote awareness that drinking and driving extends to the use of recreational vehicles.

During the 2016-17 year, Uphere Magazine's designers, in conjunction with the new requirements for Government of the NWT Visual Identity Programs, designed a Summer and Winter UnDrunk Poster Campaign that was in Uphere Magazine, News North, L'Aguilon, 25 Community Recreational Centres, and Band and Municipal Government Offices across the Northwest Territories, and in the Yellowknife Chamber of Commerce Insider.



During the Christmas Season; the NWT Liquor Commission ran a “Do not Drink and Drive” radio campaign on 100.1 Moose FM and partnered with the Newfoundland and Labrador Liquor Corporation and played the “Do not Drink and Die” advertising campaign in all NWT movie theatres.



GOAL #3

Meet financial income targets.

Performance Highlights

NWTLC annual surplus was 8% higher than the previous fiscal year and 7% within budget targets. Sales volume in litres was approximately 1.9% lower than the previous year.

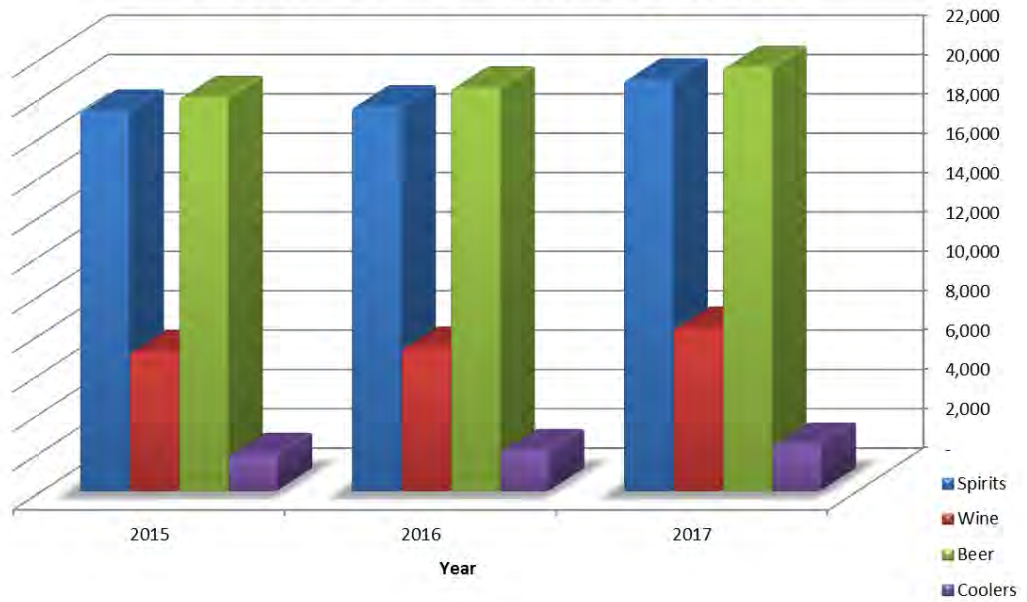
Five Year Performance History

For the year ending March 31

(\$000's)

	2017	2016	2015	2014	2013
Gross sales	52,998	49,238	48,157	46,527	47,313
Gross profit	33,772	30,984	29,976	29,350	30,239
as a % of sales	63.7	62.9	62.2	63.1	63.9
Other Income	13	9	10	7	9
Net surplus	25,681	24,362	25,043	24,523	25,441
as a % of sales	48.5%	49.5%	52.0%	52.7%	53.8%
Operating expenses	8,104	6,631	4,943	4,834	4,807
as a % of sales	15.3%	13.5%	10.3%	10.4%	10.2%

Three Year Dollar Sales Trend by Category



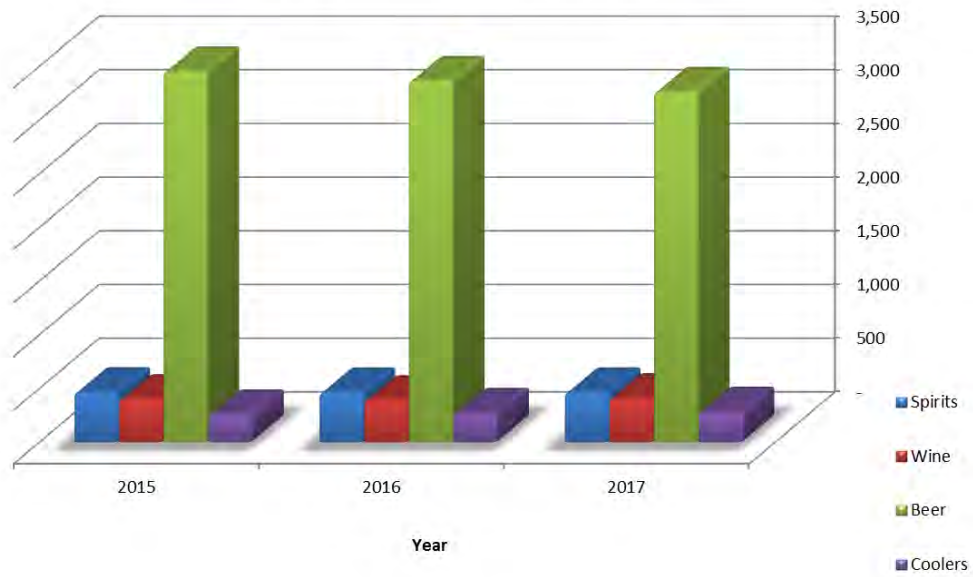
Three Year Dollar Sales by Category

for the year ending March 31

(\$000's)

	Spirits	Wine	Beer	Coolers	Total
2015	19,292	7,053	19,978	1,834	48,157
2016	19,508	7,240	20,459	2,031	49,238
2017	20,875	8,264	21,505	2,354	52,998

Three Year Litre Sales Trend by Category



Three Year Litre Sales by Category

for the year ending March 31

(000's)

	Spirits	Wine	Beer	Coolers	Total
2015	452	387	3,439	246	4,524
2016	451	378	3,362	260	4,451
2017	450	398	3,249	271	4,368

Litre Sales by Distribution Channel



Three Year Litre Sales by Distribution Channel

for the year ending March 31

(000's)

	2017	2016	2015
Sales to Private Stores	0	1,027	2,057
Sales to Consumers	3,574	2,724	1,647
Sales to Licensees	729	688	820
Sales to Manufacturers *	65	12	0
Total	4,368	4,451	4,524

Three Year Dollar Sales by Distribution Channel

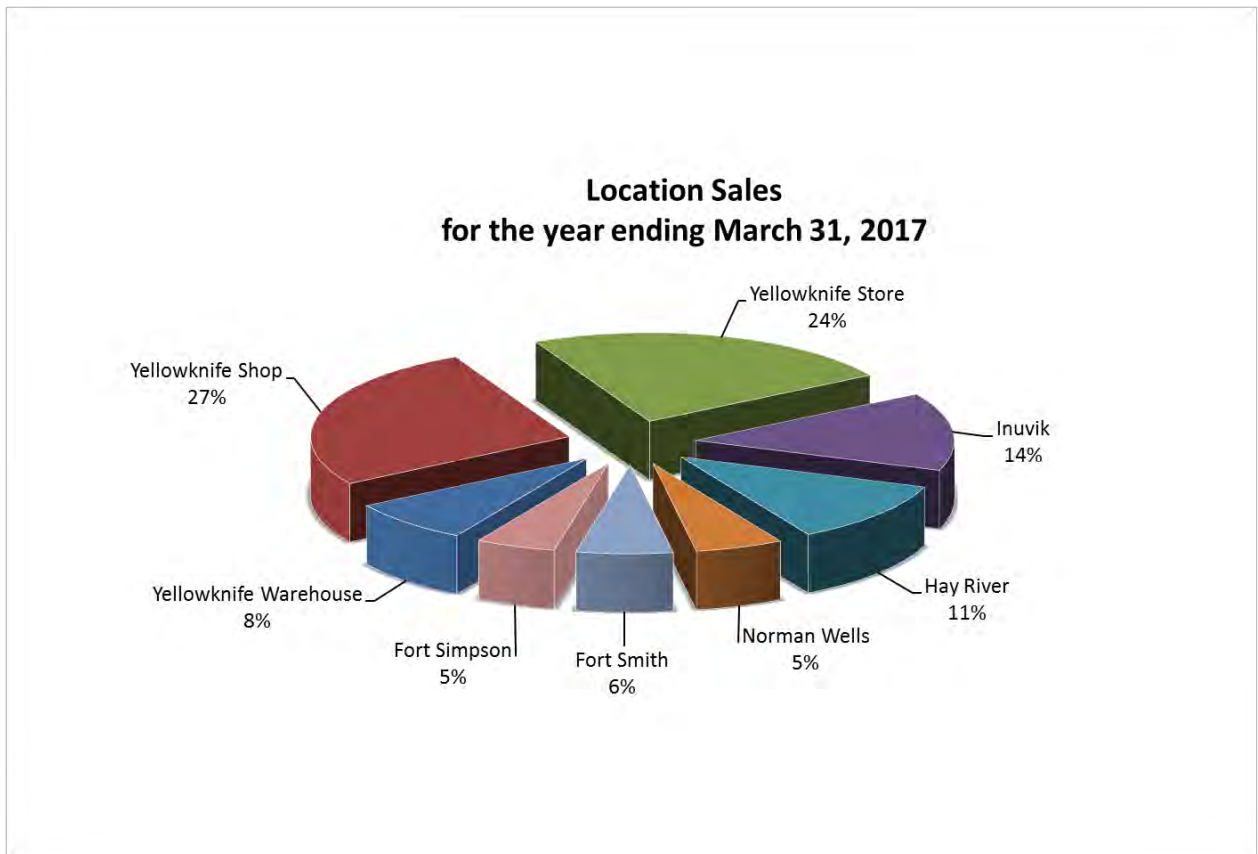
for the year ending March 31

(000's)

	2017	2016	2015
Sales to Private Stores	0	9,354	22,500
Sales to Consumers	47,077	34,125	19,990
Sales to Licensees	5,849	5,746	5,667
Sales to Manufacturers *	72	13	0
Total	52,998	49,238	48,157

* Manufacturer's license markup; per the Liquor Regulations (4.1) A licence holder referred to in paragraph (4)(a) or (b) who sells liquor directly to patrons in the Northwest Territories is deemed to have first sold the liquor to the Commission and purchased it back from the Commission.

STORE OPERATIONS



Sales by Location

for the year ended March 31

(\$000's)

	2017	2016	Increase (Decrease)
Yellowknife Warehouse	\$ 4,101	\$ 13,424	\$ (9,323)
Yellowknife Shop	14,031	6,907	7,124
Yellowknife Store	12,406	6,894 **	5,512
Inuvik	7,486	7,583 **	(97)
Hay River	5,977	5,937	40
Norman Wells	2,899	2,811	88
Fort Smith	3,171	2,933	238
Fort Simpson	2,628	2,556	72
*Other	299	193	106
Total	\$ 52,998	\$ 49,238	\$ 3,760

* Other consists of miscellaneous sales that do not conform to the prescribed commission sales.

** 2016 Sales - September 2015 - March 2016.

Statement of Operations by Location

(for the year ended March 31, 2017 with comparative figures for 2016)
(revenue and expenses directly related to sales per location)

YELLOWKNIFE WAREHOUSE

(\$000's)

					2017	2016
	Spirits	Wine	Beer	Coolers	Total	Total
Sales						
Private Stores	-	-	-	-	-	9,355
Licensees	843	615	2,465	178	4,101	4,069
	843	615	2,465	178	4,101	13,424
Cost of goods sold	333	341	1,492	130	2,296	5,768
Gross margin	510	274	973	48	1,805	7,656
Other income					-	-
Operating expenses					905	897
Net income					900	6,759

YELLOWKNIFE SHOP

(\$000's)

					2017	Sept - Mar 2016
	Spirits	Wine	Beer	Coolers	Total	Total
Sales						
Consumers	5,842	2,357	5,189	643	14,031	6,907
Licensees	-	-	-	-	-	-
	5,842	2,357	5,189	643	14,031	6,907
Cost of goods sold	1,600	1,028	1,860	251	4,739	2,329
Gross margin	4,242	1,329	3,329	392	9,292	4,578
Other income					-	-
Operating expenses					1,542	738
Net income					7,750	3,840

YELLOWKNIFE STORE

(\$000's)

	Spirits	Wine	Beer	Coolers	Sept - Mar	
					2017 Total	2016 Total
Sales						
Consumers	4,827	2,732	4,336	511	12,406	6,894
Licensees	-	-	-	-	-	-
	4,827	2,732	4,336	511	12,406	6,894
Cost of goods sold	1,379	1,188	1,594	201	4,362	2,406
Gross margin	3,448	1,544	2,742	310	8,044	4,488
Other income					-	-
Operating expenses					1,301	714
Net income					6,743	3,774

INUUVIK OPERATIONS

(\$000's)

	Spirits	Wine	Beer	Coolers	2017	2016
					Total	Total
Sales						
Consumers	3,249	785	2,540	266	6,840	6,898
Licensees	122	30	462	32	646	685
	3,371	815	3,002	298	7,486	7,583
Cost of goods sold	925	344	1,239	140	2,648	2,693
Gross margin	2,446	471	1,763	158	4,838	4,890
Other income					-	-
Operating expenses					830	832
Net income					4,008	4,058

HAY RIVER OPERATIONS

(\$000's)

	Spirits	Wine	Beer	Coolers	2017 Total	2016 Total
Sales						
Consumers	2,310	691	2,236	295	5,532	5,489
Licensees	70	37	319	19	445	448
	<u>2,380</u>	<u>728</u>	<u>2,555</u>	<u>314</u>	<u>5,977</u>	<u>5,937</u>
Cost of goods sold	<u>661</u>	<u>299</u>	<u>999</u>	<u>134</u>	<u>2,093</u>	<u>2,079</u>
Gross margin	1,719	429	1,556	180	3,884	3,858
Other income					-	-
Operating expenses					<u>700</u>	<u>679</u>
Net income					3,184	3,179

NORMAN WELLS OPERATIONS

(\$000's)

	Spirits	Wine	Beer	Coolers	2017 Total	2016 Total
Sales						
Consumers	1,244	252	1,090	88	2,674	2,620
Licensees	36	38	143	8	225	191
	<u>1,280</u>	<u>290</u>	<u>1,233</u>	<u>96</u>	<u>2,899</u>	<u>2,811</u>
Cost of goods sold	<u>352</u>	<u>121</u>	<u>521</u>	<u>43</u>	<u>1,037</u>	<u>1,020</u>
Gross margin	928	169	712	53	1,862	1,791
Other income					-	-
Operating expenses					<u>670</u>	<u>645</u>
Net income					1,192	1,146

FORT SMITH OPERATIONS

(\$000's)

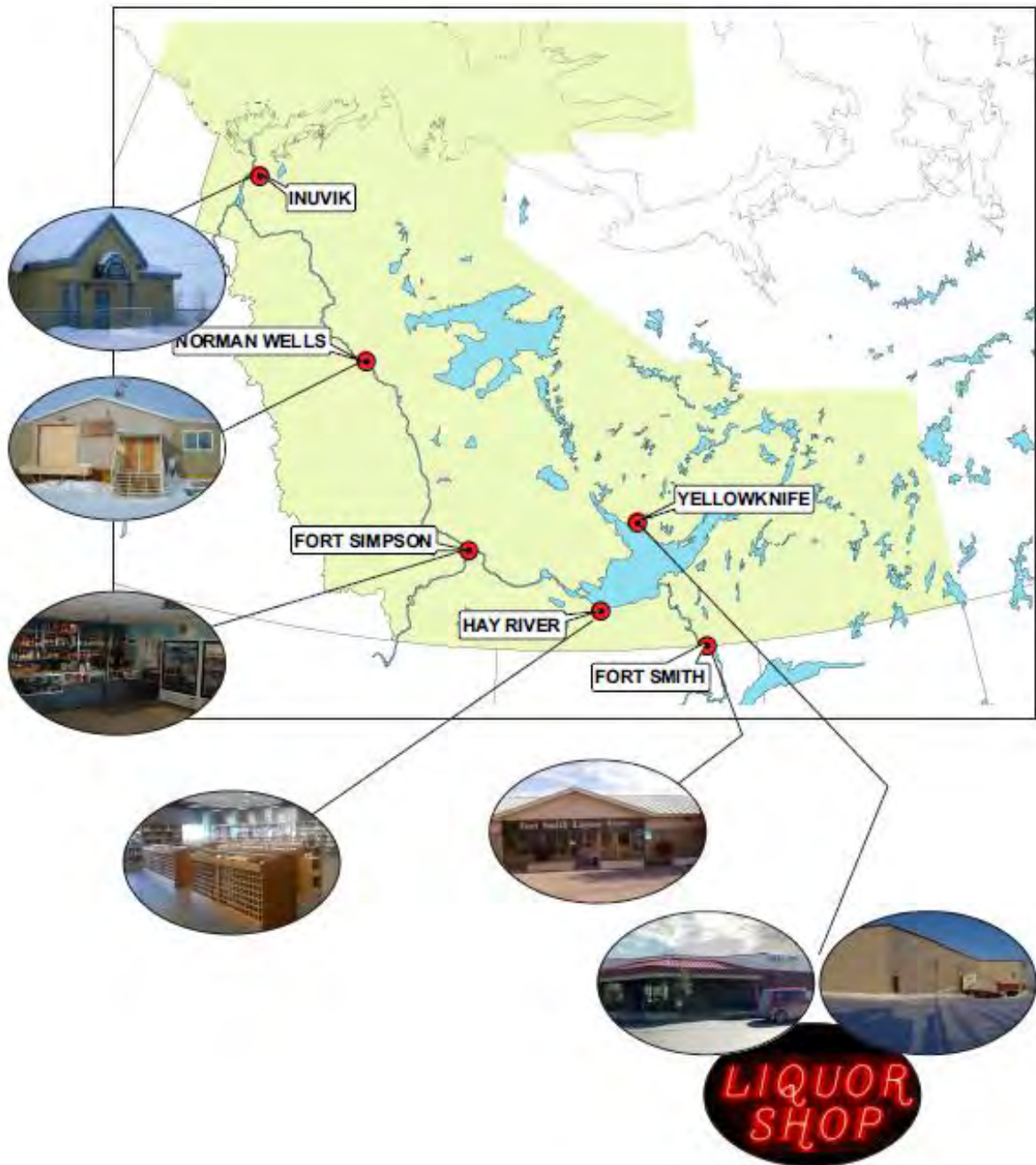
					2017	2016
	Spirits	Wine	Beer	Coolers	Total	Total
Sales						
Consumers	965	398	1,464	205	3,032	2,828
Licensees	32	2	99	6	139	105
	997	400	1,563	211	3,171	2,933
Cost of goods sold	288	158	594	88	1,128	1,066
Gross margin	709	242	969	123	2,043	1,867
Other income					-	-
Operating expenses					558	503
Net income					1,485	1,364

FORT SIMPSON OPERATIONS

(\$000's)

					2017	2016
	Spirits	Wine	Beer	Coolers	Total	Total
Sales						
Consumers	1,292	144	807	92	2,335	2,308
Licensees	32	4	246	11	293	248
	1,324	148	1,053	103	2,628	2,556
Cost of goods sold	298	68	416	44	826	832
Gross margin	1,026	80	637	59	1,802	1,724
Other income					-	-
Operating expenses					401	388
Net income					1,401	1,336

STORE LOCATIONS



AUDITED FINANCIAL STATEMENTS
2016 – 2017

NORTHWEST TERRITORIES LIQUOR COMMISSION

Financial Statements

Year ended March 31, 2017

NORTHWEST TERRITORIES LIQUOR COMMISSION

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March 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Northwest Territories Liquor 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 30, 2017

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Northwest Territories Liquor Licensing Board and Liquor Enforcement, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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



Independent Auditor's Report (Continued)

Report on Other Legal and Regulatory Requirements

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



June 30, 2017
Spruce Grove, Canada

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Financial Position

As at March 31 (\$000)	2017	2016
Financial Assets		
Cash	\$ 3,539	\$ 2,739
Accounts receivable	61	43
Inventories for resale (note 3)	3,906	3,527
	<u>7,506</u>	<u>6,309</u>
Financial Liabilities		
Accounts payable and accrued liabilities (note 7)	2,026	2,159
Pension and other employee benefits (note 4)	80	127
Due to the NWT Liquor Licensing Board (note 5)	87	271
	<u>2,193</u>	<u>2,557</u>
Net Financial Resources	<u>5,313</u>	<u>3,752</u>
Non-Financial Assets		
Tangible capital assets (note 6)	569	620
Prepaid expenses	30	44
	<u>599</u>	<u>664</u>
Accumulated Surplus	<u>\$ 5,912</u>	<u>\$ 4,416</u>

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)	2017		2016	
	Budget	Actual	Budget	Actual
Sales				
Beer	\$ 20,902	\$ 21,505	\$ 20,459	\$ 20,459
Spirits	19,455	20,875	19,508	19,508
Wine	7,423	8,264	7,240	7,240
Coolers and Ciders	2,078	2,354	2,031	2,031
	49,858	52,998	49,238	49,238
Cost of goods sold				
Beer	8,450	8,715	8,593	8,593
Spirits	5,494	5,835	5,468	5,468
Wine	3,364	3,645	3,276	3,276
Coolers and ciders	914	1,031	917	917
	18,222	19,226	18,254	18,254
Gross profit on sales	31,636	33,772	30,984	30,984
Other income				
Government contribution - services provided without charge (note 7)	-	6	3	3
Import fees and Income	9	7	6	6
	9	13	9	9
Expenses (note 7)				
Commissions to agents	6,037	6,339	4,871	4,871
Salaries, wages and employee benefits	751	793	854	854
Administration	496	580	516	516
Travel	35	62	46	46
Rent	230	241	249	249
Amortization of tangible capital assets (note 7)	90	89	95	95
	7,639	8,104	6,631	6,631
Annual surplus	\$ 24,006	\$ 25,681	\$ 24,362	\$ 24,362

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)	2017	2017	2016
	Budget	Actual	Actual
Accumulated surplus, beginning of the y	\$ 4,416	\$ 4,416	\$ 3,704
Annual surplus	24,006	25,681	24,362
Amounts transferred to the Consolidated Revenue Fund	(23,281)	(23,566)	(23,024)
Amounts Transferred to the NWT Liquor Licensing Board (note 5)	(725)	(619)	(626)
Increase in accumulated surplus	-	1,496	712
Accumulated surplus, end of year	\$ 4,416	\$ 5,912	\$ 4,416

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)	2017	2017	2016
	Budget	Actual	Actual
Net financial resources, beginning of	\$ 3,752	\$ 3,752	\$ 3,077
Items affecting net financial resources:			
Increase (decrease) in accumulated surplus	-	1,496	712
Net investment in tangible capital assets:			
Acquisitions	-	(38)	(140)
Amortization expense	90	89	95
Increase in prepaid expenses	-	14	8
Net financial resources, end of year	\$ 3,842	\$ 5,313	\$ 3,752

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)	2017	2016
Operating activities		
Cash received from customers	\$ 52,987	\$ 49,229
Cash paid to employees and suppliers	(27,780)	(25,402)
Cash provided by operating activities	25,207	23,827
Capital activities		
Purchase of tangible capital assets	(38)	(140)
Financing activities		
Cash transferred to the Consolidated Revenue Fund	(23,566)	(23,024)
Cash transferred to the NWT Licensing Board	(803)	(556)
Cash provided by financing activities	(24,369)	(23,580)
Decrease in cash	800	107
Cash, beginning of year	2,739	2,632
Cash, end of Year	\$ 3,539	\$ 2,739

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2017 (\$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, 2017, the Fund's assets exceeded the liabilities by \$5,313 (2016 - \$3,752).

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, 2017 (\$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. This change was implemented in 2015 and has been accounted for in the comparative figures.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2017 (\$000)

3. Inventories for resale

	2017	2016
Spirits	\$ 1,523	\$ 1,322
Beer	1,292	1,213
Wine	929	839
Coolers and ciders	162	153
	\$ 3,906	\$ 3,527

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 (2016 - 1.15) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2016 - 1.11) the employees' contributions for all other employees. The Employers contributions and the Commission's employees' contribution for the year were as follows:

	2017	2016
Commission's contributions (recognized as expense)	\$ 71	\$ 74
Employees' contribution	64	59

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

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2017 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits

	2017			2016		
	Severance and Accumulated Removal Sick & Special Obligation	Obligation	Total	Severance and Accumulated Removal Sick & Special Obligation	Obligation	Total
Accrued benefit obligation, beginning of the year	\$ 78	\$ 10	\$ 88	\$ 147	\$ 14	\$ 160
Current period benefit cost	3	1	4	(6)	11	5
Accuarial (gains) loss	60	3	63	(26)	(13)	(39)
Accretion in liability	2	-	2	3	-	4
Benefits paid during the year	(48)	(1)	(49)	(40)	(2)	(42)
	\$ 95	\$ 13	\$ 108	\$ 78	\$ 10	\$ 88
Unamortized net actuarial gain (loss)	(37)	9	(28)	26	13	39
Accrued benefit obligation, end of the year	\$ 58	\$ 22	\$ 80	\$ 104	\$ 23	\$ 127

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, 2017 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, 2017 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

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

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

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

2018	\$	9
2019		8
2020		7
2021		41
2022		24
2023 and beyond		<u>19</u>
	\$	<u>108</u>

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2017 (\$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 the use by the Board and Enforcement without charge.

6. Tangible capital assets

	Furniture and fixtures	Computer hardware and software	Leasehold improvements	2017	2016
Cost:					
Opening balance	\$ 109	\$ 714	\$ 848	\$ 1,671	\$ 1,564
Acquisitions	12	27	-	39	140
Disposals and write-downs	(3)	(22)	-	(25)	(33)
Closing balance	118	719	848	1,685	1,671
Accumulated Amortization:					
Opening balance	(94)	(602)	(355)	(1,051)	(989)
Amortization	(6)	(50)	(33)	(89)	(95)
Disposals and write-downs	3	21	-	24	33
	(97)	(631)	(388)	(1,116)	(1,051)
Net book value	\$ 21	\$ 88	\$ 460	\$ 569	\$ 620

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

March 31, 2017 (\$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 \$793 (2016 – \$854) 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 \$6 (2016 – \$3). 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 \$174 (2016 – \$170) for bottle deposits payable to the Department of Environment and Natural Resources, \$29 (2016 – \$64) for salaries, wages, and employee benefits to the Department of Finance, and \$4 (2016 - \$0) 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:

2017/18	\$ 228
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 and 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 Licensing Board
63rd Annual Report

ANNUAL REPORT 2016 - 2017





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

May 16, 2017

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

Dear Honourable Minister McLeod:

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

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

Colin Baile
Chairperson

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Chairperson's Message

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

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

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

The three pillars of the Board's operations are:

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

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

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

Sincerely,



Colin Baile
Chairperson

Overview

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

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

The Liquor Licensing Board regulates:

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

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

Board Members and Staff

Colin Baile - Chairperson (*Yellowknife*)

Adelle Guigon - Vice Chairperson (*Yellowknife*)

Wayne Smith - Board Member (*Inuvik*)

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

Michael Hansen - Board Member (*Hay River*)

Linda Martin - Board Member (*Fort Smith*)

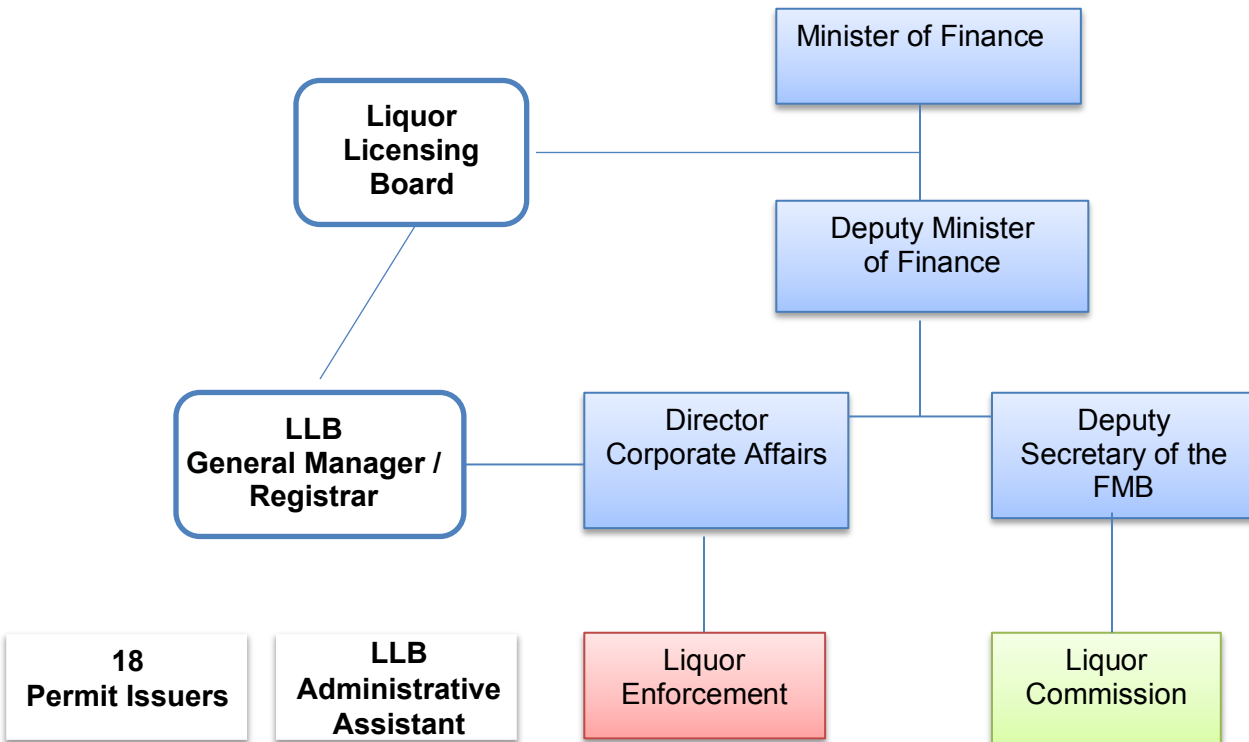
Jaimie Graham – General Manager/Registrar (*Hay River*)

Valerie Daniels – Administrative Assistant (*Hay River*)

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

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

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



Board Activity

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

Administration Meetings

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

Hearing of Licence Applications and Board Requests

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

Compliance Hearings

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

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

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

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

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

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

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

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

Liquor Licences

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

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

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

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

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

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

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

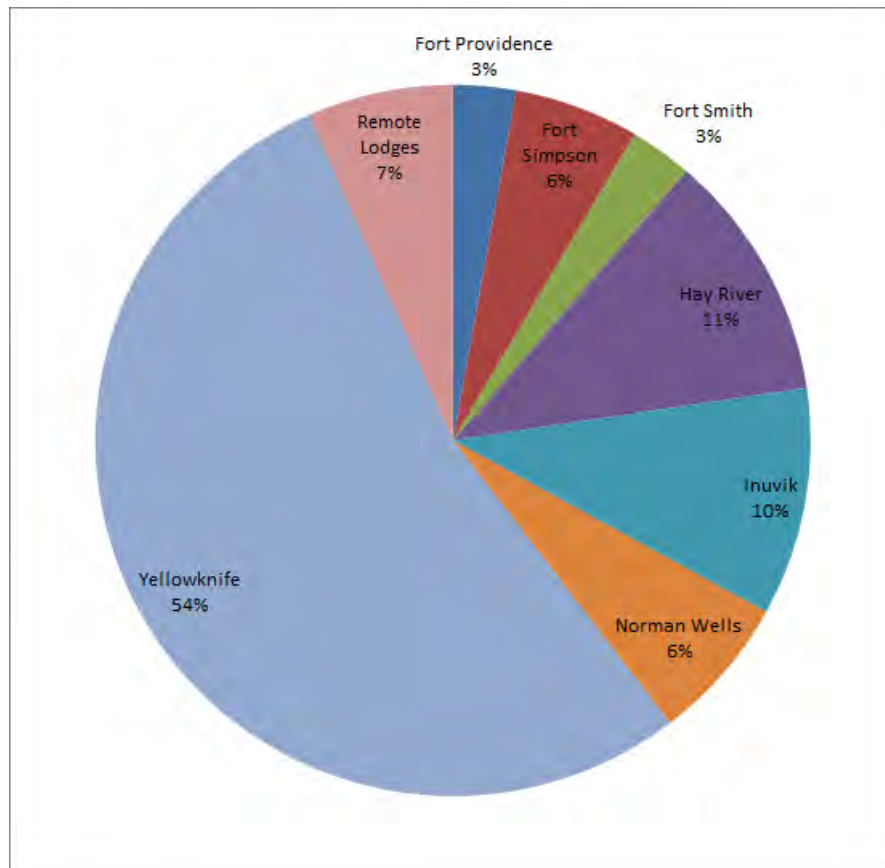
Manufacturing Licence - authorizes the Licence Holder to manufacture a specified type of liquor. The holder of a Manufacturing Licence may only sell its manufactured liquor to the NWT Liquor Commission or a liquor commission or other similar authority outside the Northwest Territories.

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

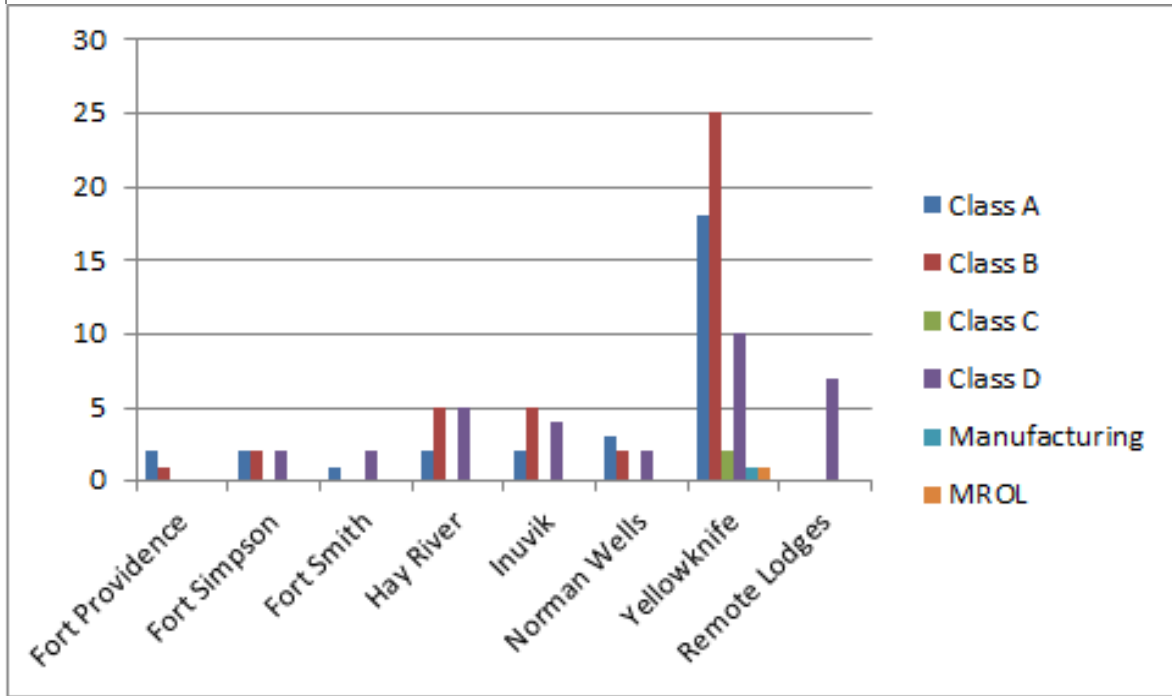
Total Liquor Licences

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

Total Liquor Licences % by Community



Total Liquor Licences Class / Community



Special Occasion Permits

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

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

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

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

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

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

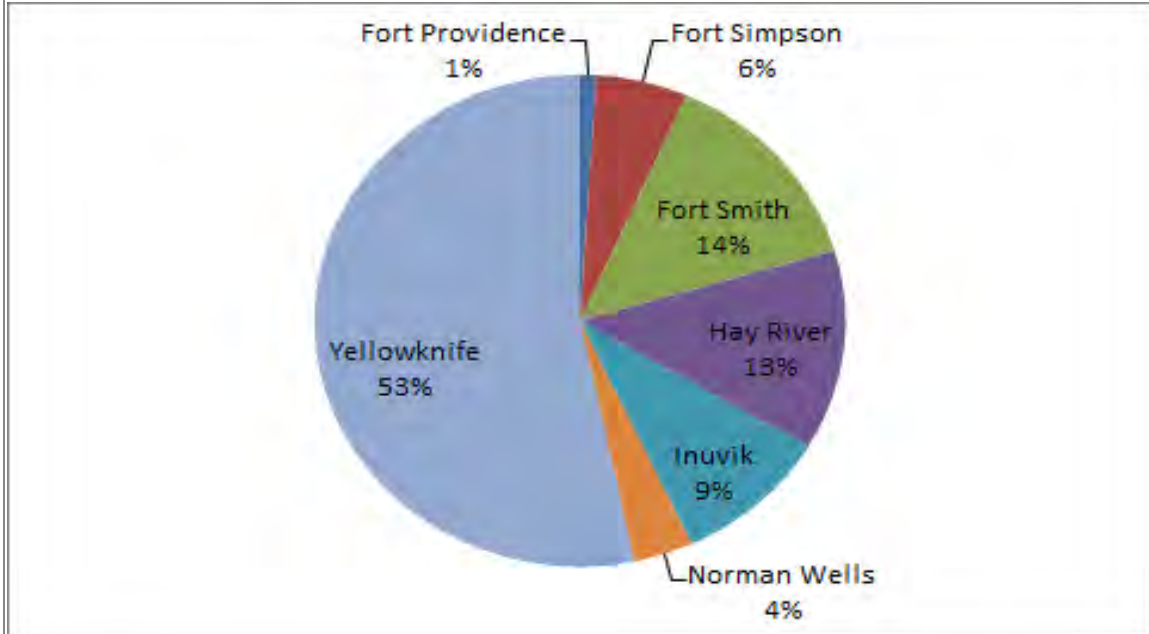
After the event, a Class 3 Permit Holder must provide the Board with a statement of account, which reflects the profit from liquor sales and the purpose to which it will be used.

Total Special Occasion Permits

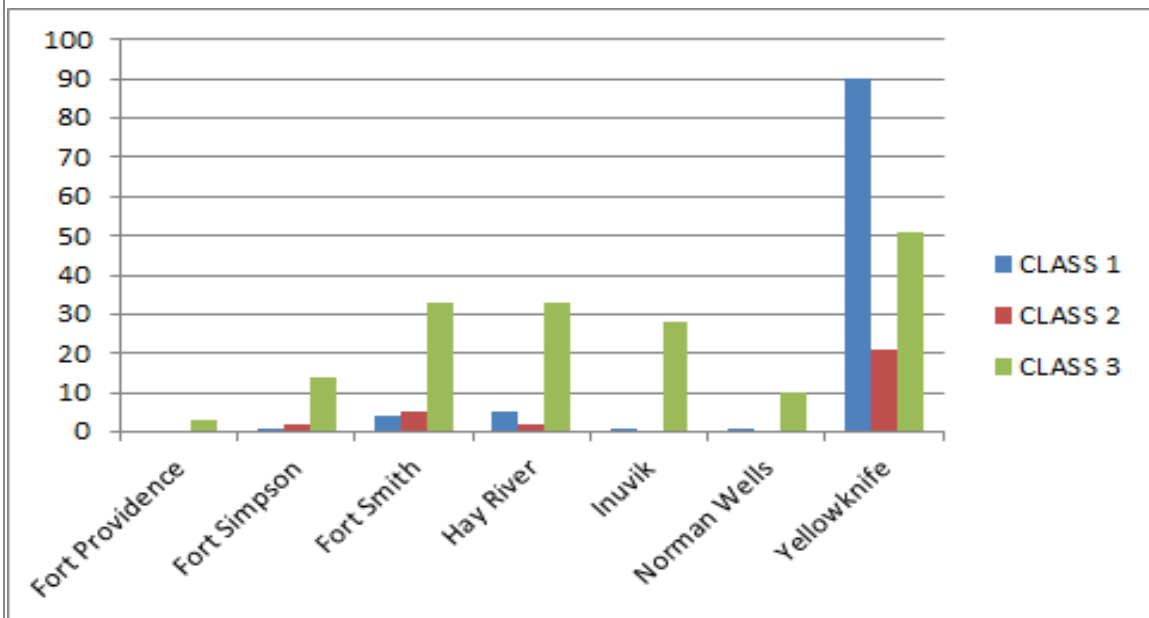
Community	Class of Permit			Total Permits
	Class 1	Class 2	Class 3	
Fort Providence*	0	0	3	3
Fort Resolution*	0	1	0	1
Fort Simpson	1	2	14	17
Fort Smith*	4	5	33	42
Hay River	5	2	33	40
Inuvik	1	0	28	29
Norman Wells	1	0	10	11
Ulukhaktok*	1	0	0	1
Yellowknife	90	21	51	162
Total	103	31	172	306

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

Special Occasion Permits % by Community



Special Occasion Permits Class / Community



Special Purpose Permits

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

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

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

There are presently three issued Special Purpose Permits.

Board Accomplishments

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

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



As of April 1, 2017
Yellowknife

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

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

Find out more:

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

LLBinfo@gov.nt.ca

1-800-351-7770

Board Office

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

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

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

Toll-free: 1-800-351-7770

Email: LLBinfo@gov.nt.ca

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

NORTHWEST TERRITORIES ENFORCEMENT

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

ENFORCEMENT ACTIVITY

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

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

INSPECTION OF LICENSED PREMISES

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

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

SERVER TRAINING

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

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

SERVER TRAINING COURSE PARTICIPANTS

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

COMMUNITY STATUS

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

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

UNRESTRICTED COMMUNITIES INCLUDE

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

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

RESTRICTED COMMUNITIES INCLUDE

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

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

Déline

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

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

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

Detah

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

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

Fort Good Hope

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

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

Fort Liard

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

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

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

Fort McPherson

The restriction prohibits an individual from:

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

Fort Simpson

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

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

Paulatuk

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

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

Trout Lake

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

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

Tulita

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

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

Ulukhaktok

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

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

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

Tuktoyaktuk

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

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

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

PROHIBITED COMMUNITIES INCLUDE

Gamèti	Nahanni Butte	Whati
Lutsel’Ke	Tsiigehtchic	Wekweètì

COMMUNITY OPTIONS

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

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

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

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

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

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

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

Financial Statements

Year ended March 31, 2017

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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

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

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

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

A handwritten signature in blue ink, appearing to read 'Adelle Rigo', is positioned above the text identifying the signatory.

Chairperson, NWT Liquor Licensing Board
June 30, 2017

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

INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Liquor 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, 2017, 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, 2017 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.', on a light green background.

June 30, 2017
Spruce Grove, Canada

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Financial Position

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

Contractual obligations (note 7).

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

Approved by the Northwest Territories Liquor Licensing Board:



Chairperson, Liquor Licensing Board

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Operations

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

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

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Accumulated Surplus

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

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

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Change in Net Debt

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

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

NORTHWEST TERRITORIES LIQUOR LICENSING BOARD AND LIQUOR ENFORCEMENT

Statement of Cash Flow

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

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

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

1. Authority and operations

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

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

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

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

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

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

2. Significant accounting policies

(a) Basis of accounting

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

(b) Measurement uncertainty

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

(c) Revenue recognition

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

(d) Services provided without charge

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

(e) Tangible capital assets

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

(f) Pension benefits

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

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

2. Significant accounting policies; continued,

(g) Other employee benefits

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

3. Due from NWT Liquor Commission

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

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

4. Pension and other employee benefits

a) Pension benefits

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

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

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

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits

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

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

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

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

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

4. Pension and other employee benefits (continued)

b) Other employee benefits (continued)

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

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

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

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

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

5. Expenses

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

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

6. Related party transactions

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

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

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

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

NORTHWEST TERRITORIES LIQUOR BOARD AND LIQUOR ENFORCEMENT

Notes to Financial Statements

March 31, 2017 (\$000)

7. Contractual obligations

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

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

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

8. Financial instruments

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

The carrying value of the financial instrument approximates fair value.

Fuel Services Division

Financial Statements

March 31, 2017

Fuel Services Division

Financial Statements

March 31, 2017

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Management's Responsibility for Financial Reporting

**Minister
Department of Public Works and Services
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 9, 2017**

Independent Auditors' Report

To the Minister of Public Works and Services 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, 2017, and the statement of change in net financial resources (debt), 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, these financial statements present fairly, in all material respects, the financial position of Fuel Services Division as at March 31, 2017 and the results of its operations and changes in net financial resources (debt) 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.

Crowe MacKay LLP

**Yellowknife, Northwest Territories
June 9, 2017**

Chartered Professional Accountants

Fuel Services Division**Statement of Financial Position**

As at March 31, **2017** **2016**

Financial Assets

Accounts receivable (note 4)	\$ 8,663,395	\$ 12,202,927
Inventories for resale (note 5)	23,814,641	24,279,582
	32,478,036	36,482,509

Liabilities

Accounts payable and accrued liabilities (note 6)	7,556,451	7,114,495
Employee benefits payable	186,517	239,433
Due to the Government of the Northwest Territories (note 7)	23,940,404	28,519,252
	31,683,372	35,873,180
Net Financial Resources	794,664	609,329

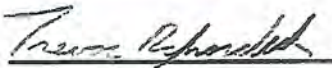
Accumulated Surplus **\$ 794,664** **\$ 609,329**

Commitments (note 13)

Approved:



Curt Snook, Director



Trevor Ryhorchuk, Comptroller

Fuel Services Division

Statement of Changes in Net Financial Resources (Debt)

March 31,	2017	2016
Annual surplus (deficit)	\$ 185,335	\$ (181,512)
Increase in net financial resources	185,335	(181,512)
Net financial resources (debt), beginning of year	609,329	790,841
Net financial resources, end of year	\$ 794,664	\$ 609,329

Fuel Services Division

Statement of Operations

For the year ended March 31,	2017	2016
Revenues		
Sales of petroleum products (note 10)	\$ 37,894,392	\$ 53,194,231
Cost of sales		
Cost of goods sold	31,252,475	45,544,854
Commissions	2,592,440	2,557,620
	33,844,915	48,102,474
Gross margin (10.7%, 2016 9.6%)	4,049,477	5,091,757
Expenses		
Bad debts (recovered)	(29,434)	86,113
Contracts and purchased services	704,733	719,091
Inventory write-off	163,529	140,373
Operating and maintenance costs	549,855	467,061
Miscellaneous	55,505	55,340
Salaries, wages and employee benefits	1,951,290	2,066,924
Travel	323,664	362,985
Utilities	477,118	450,699
	4,196,260	4,348,586
Excess (deficiency) of revenues over expenses before other items	(146,783)	743,171
Other revenue (expenses)		
Other expenses (revenue) (note 8)	332,118	(924,683)
Grant-in-kind, Government assets provided at no cost (note 9)	2,702,444	2,193,257
Financing charges (note 9)	(299,252)	(332,478)
Tangible capital assets - rent expenses (note 9)	(2,403,192)	(1,860,779)
	332,118	(924,683)
Excess (deficiency) of revenues over expenses	\$ 185,335	\$ (181,512)

Fuel Services Division

Statement of Accumulated Surplus

March 31,	2017	2016
Accumulated surplus, beginning of year	\$ 609,329	\$ 790,841
Annual surplus (deficit)	185,335	(181,512)
Accumulated surplus, end of year	\$ 794,664	\$ 609,329

Fuel Services Division

Notes to the Financial Statements

March 31, 2017

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 Public Works and Services 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, 2017 is a surplus of \$794,664 (2016 - surplus of \$609,329).

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 9.

Fuel Services Division

Notes to the Financial Statements

March 31, 2017

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 benefits

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 \$135,520 (2016 - \$147,514) to the plan which was recognized as an expense while employees contributed \$146,973 (2016 - \$118,675). 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, 2017

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.

(j) Related party balances

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 transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Fuel Services Division

Notes to the Financial Statements

March 31, 2017

3. Future changes to significant accounting policies

Related party disclosures, Section PS 2200

In December of 2014, PSAB approved Section PS 2200, Related Party Disclosures. The new 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 effective date for Section PS 2200 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has not yet been determined.

Inter-entity Transactions, Section PS 3420

In December of 2014, 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. This section may be applied in conjunction with Related Party Disclosures, Section 2200.

The effective date for Section PS 3420 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management.

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.

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.

Fuel Services Division

Notes to the Financial Statements

March 31, 2017

3. Future changes to significant accounting policies (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.

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 has not yet been determined.

4. Accounts receivable

	2017	2016
Non-Government	\$ 1,313,193	\$ 2,605,147
Government of Canada	10,597	(2,486)
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	823	2,350
Health and Social Services Authorities	6,202	7,214
Northwest Territories Housing Corporation	1,067,921	927,161
Northwest Territories Power Corporation	4,979,184	7,002,389
Tlicho Community Services Agency	766	2,768
Departments		
Department of Education, Culture, and Employment	165,281	238,768
Department of Environment and Natural Resources	1,788	2,976
Department of Public Works and Services	236,919	279,953
Department of Transportation	14,657	18,106
Local (Municipalities, Community Governments)	866,064	1,171,609
	8,663,395	12,255,955
Less: Allowance for doubtful accounts	-	53,028
	\$ 8,663,395	\$ 12,202,927

Fuel Services Division

Notes to the Financial Statements

March 31, 2017

5. Inventories for resale

	2017	2016
Diesel	\$ 17,556,273	\$ 20,151,945
Gasoline	3,764,581	3,446,070
Jet A1	2,408,769	632,849
Naphtha	85,018	48,718
	\$ 23,814,641	\$ 24,279,582

Inventory in the amount of \$31,252,475 (2016 - \$45,544,854) was expensed during the year.

6. Accounts payable and accrued liabilities

	2017	2016
Non-Government	\$ 7,251,699	\$ 5,542,598
Government of Canada	248,201	535,524
Government of the Northwest Territories		
Boards and Agencies		
Northwest Territories Power Corporation	64,342	1,015,292
Northwest Territories Energy Corporation	-	4,901
Departments		
Department of Finance	-	12,420
Department of Public Works and Services	(7,969)	3,582
Department of Transportation	178	178
	\$ 7,556,451	\$ 7,114,495

7. Due to the Government of the Northwest Territories - revolving fund

The amount due to the Government of the Northwest Territories represents the balance in the revolving fund as follows:

	2017	2016
Balance, beginning of year	\$ 28,519,252	\$ 32,827,745
Plus: Payments made by the Government		
Purchases of petroleum products	33,379,973	45,928,640
Other cash disbursements	3,807,221	2,938,362
Less: cash received from the Government	(41,766,042)	(53,175,495)
Balance, end of year	\$ 23,940,404	\$ 28,519,252

Fuel Services Division

Notes to the Financial Statements

March 31, 2017

8. Other revenues (expenditures)

Other expenditures (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 charge back revenue where the revenue is not directly related to expenditures, and other miscellaneous revenue transaction such as returned cheque fees.

The transactions consist of the following:

	2017
Other revenue:	
Barge resupply contract settlement	\$ 299,985
Recovery of prior year expenditures	6,918
Other	25,215
	\$ 332,118

9. Grant in kind

Financing charges

Management estimated that the Fund required up to \$30 million in working capital with an estimated financing cost of \$299,252 for the year. (For 2016 they were \$45 million and \$332,478 respectively). The financing cost is based upon the average monthly balance due to the Government at a month rolling average interest rate for the Government of the prime corporate rate + 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	2017	2016
Fuel storage facilities	\$ 61,563,158	\$ 25,824,026	\$ 35,739,132	\$ 37,391,475
Fuel delivery vehicles	4,257,891	2,907,831	1,350,060	1,550,730
Construction in process	127,287	-	127,287	127,287
Buildings	870,138	64,246	805,892	457,733
Assets under capital lease	1,374,941	532,235	842,706	-
	\$ 68,193,415	\$ 29,328,338	\$ 38,865,077	\$ 39,527,225

Amortization expense for 2017 is \$2,403,192 (2016 - \$1,860,779).

Fuel Services Division

Notes to the Financial Statements

March 31, 2017

10. Sales of Petroleum Products

	2017	2016
Non-Government	\$ 8,882,725	\$ 9,901,961
Government of Canada	94,200	153,510
Government of the Northwest Territories		
Boards and Agencies		
Education Authorities	10,356	8,990
Health and Social Services Authorities	45,845	51,087
Northwest Territories Housing Corporation	2,617,421	2,724,755
Northwest Territories Power Corporation	20,489,669	34,330,068
Tlicho Community Services Agency	8,388	12,469
Departments		
Department of Education, Culture, and Employment	684,768	634,671
Department of Environment and Natural Resources	18,371	36,724
Department of Public Works and Services	1,596,303	1,756,658
Department of Transportation	54,984	45,770
Local (Municipalities, Community Governments)	3,391,362	3,537,568
	\$ 37,894,392	\$ 53,194,231

11. 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 (GNWT). The cash received and payments made by the GNWT on behalf of this Fund are reported in Note 7.

12. 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, with the exception of 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, 2017

13. Commitments

Fuel resupply contracts

The Government has entered into contracts with Bluewave Energy Ltd., AFD Petroleum Inc., and Flight Fuels LP 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 August 2017 and the latest contract terminates in September 2018.

Community fuel delivery contracts

The Government 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 \$20,070,746 as follows:

2018	\$ 12,968,037
2019	5,918,000
2020	727,375
2021	425,000
2022	32,334
	<hr/>
	\$ 20,070,746

The Fund paid \$2,592,440 (2016 - \$2,557,620) in commissions to local contractors in the 16 communities that they serve.

Fuel Services Division

Notes to the Financial Statements

March 31, 2017

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.

(a) 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.

Fuel Services Division

Notes to the Financial Statements

March 31, 2017

14. Risk management (continued)

(b) 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 financial assets for a total of \$8,663,395 (2016 - \$12,202,927). Financial assets consist of accounts receivable. All financial assets are considered current and mature within 6 months. At March 31, 2017, 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.

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, 2017, receivables from three customers comprised 73% of the total outstanding accounts receivables (2016 - 59%). 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.

(c) 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 \$31,683,372 (2016 - \$35,873,180). 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.

15. 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, 2017

**Schedule of Public Stores Revolving Fund Inventories
for the year ended March 31, 2017**

Public Stores	Balance March 31, 2016	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 2017
Yellowknife	136,278			0		136,278
	SAM	127,094	(127,268)		0	(174)
	136,278	127,094	(127,268)	0	0	136,104

Prepared By: Sharon Cormier

Approved By: 

KM.

Environment Fund

Financial Statements

March 31, 2017

Environment Fund**Financial Statements**

March 31, 2017

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Management Responsibility Statement

Management is responsible for the reliability, integrity and objectivity of the data in the accompanying financial statement, which has 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 financial reporting, management maintains and relies on internal control systems and practices, which are designated 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 Environment 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.

for 

Dr. Joe Dragon, Deputy Minister
Department of Environment and Natural Resources



Susan Craig, Director, Corporate Services,
Department of Environment and Natural Resources

July 6, 2017



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Independent Auditors' Report

To the Minister of the Environment 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, 2017, 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.

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 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.



Independent Auditors' Report (continued)

Basis for Qualified Opinion

The Environment Fund relies on reports prepared by distributors, processing centres and depots for the recording of beverage container program revenues, depot handling fees, processing fees and refundable deposits. The reports provided by distributors, processing centres and depots are not independently verifiable, and consequently, our review of these accounts was limited to the amounts reported on the filed claims. As a result we are unable to determine if adjustments would be required to revenues, expenditures, accounts receivable, accounts payable or fund balances.

Wages and benefits paid to employees of the 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 wages and benefits expenses and related balances. Accordingly, we were not able to determine whether any adjustments might be necessary to wages and benefits expenditures, liabilities and fund balances.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Environment Fund as at March 31, 2017 and the results of its operations for the year then ended in accordance with Canadian public sector accounting standards for not-for-profit organizations.

Yellowknife, Canada
July 6, 2017

A handwritten signature in black ink that reads "Crowe MacKay LLP".

Chartered Professional Accountants

Environment Fund

Statement of Operations

For the year ended March 31,	2017	2016
Revenues		
Beverage Container Program (schedule 1)	\$ 5,763,589	\$ 5,363,831
Electronics Recycling Program (schedule 2)	153,654	30,000
Other Programs and Initiatives (schedule 3)	680,996	694,312
	6,598,239	6,088,143
Other revenue		
Beverage Container Program (schedule 1)	37,135	32,677
	6,635,374	6,120,820
Expenditures		
Beverage Container Program (schedule 1)	5,027,691	5,337,910
Electronics Recycling Program (schedule 2)	171,142	159,199
Other Programs and Initiatives (schedule 3)	976,105	1,053,634
	6,174,938	6,550,743
Excess (deficiency) of revenues over expenditures	\$ 460,436	\$ (429,923)

Environment Fund**Statement of Changes in Fund Balances**

For the year ended March 31, 2017

	Unrestricted	Equipment replacement reserve	Total 2017	Total 2016
Balance, beginning of year	\$ 1,590,674	\$ 505,859	\$ 2,096,533	\$ 2,526,456
Excess (deficiency) of revenues over expenditures	460,436	-	460,436	(429,923)
Transfers (Note 2c)	(11,917)	11,917	-	-
Balance, end of year	\$ 2,039,193	\$ 517,776	\$ 2,556,969	\$ 2,096,533

Environment Fund

Statement of Financial Position

March 31, 2017 2016

Assets

Accounts receivable (note 5)	\$ 984,151	\$ 1,143,085
Due from Treasury (note 6)	2,780,577	2,153,279
Loans receivable (note 7)	22,500	472
	<u>\$ 3,787,228</u>	<u>\$ 3,296,836</u>

Liabilities

Accounts payable and accrued liabilities	\$ 389,438	\$ 427,115
Unredeemed container liability (note 8)	840,821	773,188
	<u>1,230,259</u>	<u>1,200,303</u>

Fund balances

Unrestricted	2,039,193	1,590,674
Equipment replacement reserve	517,776	505,859
	<u>2,556,969</u>	<u>2,096,533</u>
	<u>\$ 3,787,228</u>	<u>\$ 3,296,836</u>

Nature of operations (note 1)

Contingent liabilities (note 4)

Approved on behalf of the Fund:

Jan Kelly for Deputy Minister

Joan Gair Director, Corporate Services

Environment Fund

Notes to the Financial Statements

March 31, 2017

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
- other costs associated with programs, initiatives, or activities in respect of the reduction or recovery of waste

Environment Fund Programs

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 that came into effect was the Single-use Retail Bag Program, established on January 15, 2010. The Electronics Recycling Program became the third program that was established under the Environment Fund 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.

The Department of Environment and Natural Resources advised it will be examining other waste reduction and recovery programs that could, in the future, become part of the Fund.

Environment Fund

Notes to the Financial Statements

March 31, 2017

2. Significant accounting policies

The Fund follows Canadian public sector accounting standards for not-for-profit organizations in preparing its financial statements. The significant accounting policies used are as follows:

(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 sold by distributors to retailers. 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) 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:

Equipment replacement reserve - an amount equal to 1/10 of the cost of capital equipment, including capital equipment purchased with start-up funds, has been reserved annually for future replacements of capital equipment. The 2017 transfer is \$11,917 (2016 - \$11,917). This 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 accounts of the Environment Fund. The costs associated with administering and maintaining the accounts are not reflected in these financial statements as they are reported on in the consolidated financial statements of the Government of the Northwest Territories.

Environment Fund

Notes to the Financial Statements

March 31, 2017

2. Significant accounting policies (continued)

(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 in the consolidated financial statements of the Government of the Northwest Territories.

(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) 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.

(h) 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 disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Environment Fund

Notes to the Financial Statements

March 31, 2017

3. Future changes to significant accounting policies

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.

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.

Environment Fund

Notes to the Financial Statements

March 31, 2017

3. Future changes to significant accounting policies (continued)

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.

4. 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.

5. Accounts receivable

	2017	2016
Accounts receivable	\$ 733,626	\$ 747,498
Due from GNWT - Department of Environment and Natural Resources	76,603	80,505
Due from NWT Liquor Commission	173,922	315,082
	<u>\$ 984,151</u>	<u>\$ 1,143,085</u>

6. Due from Treasury

The Fund is a special purpose fund as defined in subsection 1(1) of 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 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.

7. Loan 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 a non-interest bearing loan with an amount currently outstanding of \$22,500 and is repayable in monthly installments of \$2,500. The loan is due on December 31, 2017.

As the full amount of the loans receivable is due within one year, it has been classified as current as at March 31, 2017.

Environment Fund

Notes to the Financial Statements

March 31, 2017

8. 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.

9. Expense allocation

Wages and benefits for all programs and initiatives have been reported on Schedule 3 - Other Programs and Initiatives.

10. Comparative figures

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

11. 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).

12. 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.

Environment Fund

Notes to the Financial Statements

March 31, 2017

12. Financial instruments (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, loans receivable, and due from Treasury.

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.

The Fund's maximum exposure to credit risk is represented by the financial assets for a total of \$1,008,015 (2016 - \$1,143,557). All financial assets are considered current.

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, 2017, receivables from three customers comprised 50% of the total outstanding accounts receivables (2016 - 55%). The Fund reduces this risk by monitoring overdue balances.

Environment Fund**Schedules to the Financial Statements**

For the year ended March 31,

Schedule of Beverage Container Program**Schedule 1**

	2017	2016
Revenue		
Beverage Container Program Fees	\$ 5,491,235	\$ 5,075,248
Recoveries	325	4,694
Salvage	272,029	283,889
	5,763,589	5,363,831
Other revenue		
Interest revenue	37,135	32,677
	5,800,724	5,396,508
Expenditures		
Advertising and promotion	9,879	46,603
Contract service - satellite depot	116,240	110,766
Depot handling fee	886,557	677,034
Equipment, supplies and maintenance	141,536	104,640
Freight	339,640	345,385
Grants and contributions	90,321	44,711
Insurance	12,106	12,314
Memberships	10,486	6,030
Office	2,598	8,963
Processing centre handling fee	575,377	611,731
Professional fees	2,480	10,648
Quality control fees	38,500	-
Refundable deposit fees	2,695,070	3,252,653
Storage	62,001	81,790
Travel and training	44,900	24,642
	5,027,691	5,337,910
Excess of revenues over expenditures	\$ 773,033	\$ 58,598

Environment Fund**Schedules to the Financial Statements**

For the year ended March 31,

Schedule of Electronics Recycling Program**Schedule 2**

	2017	2016
Revenue		
Electronics Recycling Program Fees	\$ 130,866	\$ 30,000
Recoveries	22,789	-
	153,654	30,000
Expenditures		
Advertising and promotion	11,841	23,784
Depot, processing centre and recycling fees	85,069	87,070
Equipment, supplies and maintenance	298	-
Freight	14,876	3,152
Office	104	-
Professional fees	53,003	36,224
Storage	4,100	8,660
Travel and training	1,851	309
	171,142	159,199
Deficiency of revenues over expenditures	\$ (17,488)	\$ (129,199)

Environment Fund**Schedules to the Financial Statements**

For the year ended March 31,

Schedule of Other Programs and Initiatives**Schedule 3**

	2017	2016
Revenue		
Single-use Retail Bag Program Fees	\$ 655,892	\$ 646,586
Recoveries	25,105	47,725
	680,996	694,312
Expenditures		
Advertising and promotion	11,241	8,603
Grants and contributions	83,130	158,855
Office	1,138	2,321
Professional fees	20,399	54,276
Travel and training	835	11,782
Wages and benefits	859,362	817,797
	976,105	1,053,634
Deficiency of revenues over expenditures	\$ (295,110)	\$ (359,322)

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND
Yellowknife, NT**

FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

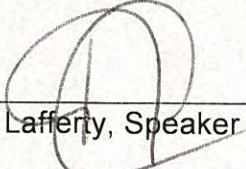
The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting standards for pension plans. Where necessary the statements include amounts 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

May 29, 2017

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, 2017 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, 2017 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
May 29, 2017

Ashton Chartered Accountants

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

STATEMENT OF FINANCIAL POSITION
March 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT		
Accounts Receivable (Note 3)	\$ 6,500	\$ 6,000
Accrued Interest Income	<u>18,317</u>	<u>28,035</u>
	24,817	34,035
INVESTMENTS (Note 4)	<u>23,625,184</u>	<u>22,601,066</u>
	<u>\$ 23,650,001</u>	<u>\$ 22,635,101</u>
LIABILITIES		
CURRENT		
Accounts Payable	<u>\$ 58,393</u>	<u>\$ 37,436</u>
NET ASSETS AVAILABLE FOR BENEFITS per page 2	23,591,608	22,597,665
PENSION OBLIGATIONS per page 3 (Note 5)	<u>19,247,800</u>	<u>18,436,500</u>
PENSION PLAN FUND SURPLUS	<u>\$ 4,343,808</u>	<u>\$ 4,161,165</u>

APPROVED


 _____ Speaker

 _____ Clerk

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended March 31, 2017

	<u>2017</u>	<u>2016</u>
INCREASE IN ASSETS		
Contributions:		
Members	218,421	202,968
In-Kind Contributions	<u>6,500</u>	<u>6,000</u>
	<u>224,921</u>	<u>208,968</u>
Investment Income:		
Other Receipts	-	829
Interest	335,191	350,070
Dividends	273,333	372,144
Gain on Sale of Investments	<u>1,125,716</u>	<u>1,916,343</u>
	1,734,240	2,639,386
Current Period Change in Fair Values of Investments	<u>203,121</u>	<u>(2,936,979)</u>
Net Investment Income	<u>1,937,361</u>	<u>(297,593)</u>
Total Increase in Assets	<u>2,162,282</u>	<u>(88,625)</u>
DECREASE IN ASSETS		
Benefits		
Pension Payments	965,338	836,555
Termination/Lump sum Payments	<u>-</u>	<u>2,511,123</u>
Total Benefits	<u>965,338</u>	<u>3,347,678</u>
Administrative		
Actuary Fees	59,629	33,868
Audit Fees	6,500	6,000
Investment Management Fees	85,753	77,236
Meeting Travel & Accommodation	20,177	1,884
Trustee Fees	<u>30,942</u>	<u>34,603</u>
Total Administrative	<u>203,001</u>	<u>153,591</u>
Total Decrease in Assets	<u>1,168,339</u>	<u>3,501,269</u>
INCREASE (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	\$ 993,943	\$ (3,589,894)
NET ASSETS AVAILABLE FOR BENEFITS		
BEGINNING OF YEAR	<u>22,597,665</u>	<u>26,187,559</u>
END OF YEAR	<u>\$ 23,591,608</u>	<u>\$ 22,597,665</u>

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

STATEMENT OF CHANGES IN PENSION OBLIGATIONS
For the Year Ended March 31, 2017

	<u>2017</u>	<u>2016</u>
INCREASE IN PENSION OBLIGATIONS		
Interest accrued on benefits	\$ 894,700	\$ 920,400
Benefits accrued	729,800	813,000
Experience loss	<u>150,800</u>	<u>-</u>
	<u>1,775,300</u>	<u>1,733,400</u>
 DECREASE IN PENSION OBLIGATIONS		
Benefits Paid	\$ 964,000	\$ 3,318,000
Experience gains	<u>-</u>	<u>-</u>
	<u>964,000</u>	<u>3,318,000</u>
INCREASE (DECREASE) IN PENSION OBLIGATIONS	811,300	(1,584,600)
 PENSION OBLIGATIONS, BEGINNING OF YEAR	 <u>18,436,500</u>	 <u>20,021,100</u>
PENSION OBLIGATIONS, END OF YEAR	<u>\$ 19,247,800</u>	<u>\$ 18,436,500</u>
 AS REPRESENTED BY		
Active Members	\$ 3,549,600	\$ 5,723,900
Pensioners & Terminated Members	<u>15,698,200</u>	<u>12,712,600</u>
	<u>\$ 19,247,800</u>	<u>\$ 18,436,500</u>

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

3. ACCOUNTS RECEIVABLE

	2017	2016
Member Contributions	\$ -	\$ -
In-Kind Contributions- GNWT	6,500	6,000
	\$ 6,500	\$ 6,000

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	2017 Market	Cost	2016 Market
Cash & Cash Equivalents	43,058	43,058	101,611	101,611
Canadian Equity Mutual Funds	4,478,827	4,717,588	3,638,830	3,665,557
International Equity Mutual Funds	5,505,149	7,536,598	6,343,867	7,702,769
Temporary Investments	84,851	84,851	56,290	56,290
Canadian Fixed Income Funds	8,805,046	8,536,848	7,844,897	7,755,233
Government of Canada Bonds	1,882,906	2,112,521	1,993,345	2,719,121
Province of Ontario Bonds	430,653	593,720	430,653	600,485
	\$ 21,230,490	\$ 23,625,184	\$ 20,409,493	\$ 22,601,066

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, 2017

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:

	2017	2016
Level 1	\$ 23,625,184	\$ 22,601,066

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, 2017 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.

	2017	2016
Valuation Interest Rate (net of expenses)	4.75%	4.80%
Remuneration Projection Rate	2.00%	2.25%
Interest Credited on Contributions	4.75%	4.80%
Inflation Rate	2.00%	2.25%

In addition to the changes in assumptions above, the mortality table changed from the 1994 Uninsured Pensioner Mortality projected on a generational basis to the 2014 Canadian Pensioner's Mortality Table combined with mortality improvement scale CPM-B.

In combination, these changes in assumptions increased the accrued liability by \$2,602,000 and the current service cost by \$136,900.

The actuarial valuation is performed on a going concern basis to determine the funded status and the funding requirements of the pension plan.

**LEGISLATIVE ASSEMBLY
RETIRING ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended March 31, 2017

5. OBLIGATIONS FOR PENSION BENEFITS, continued

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, 2017 has been obtained using a measurement date of January 31, 2017 by increasing the April 1, 2016 liability by the cost of accruing benefits and interest and subtracting the estimated benefit payments.

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, 2017

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, 2017

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, 2017

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, 2017, the Plan is not in violation of any externally imposed legal or regulatory requirements.

8. AUTHORIZATION

On May 29, 2017, the Board of Management authorized the issue of the financial statements for the year ended March 31, 2017.

**THE NATURAL RESOURCES
CONSERVATION TRUST FUND**
Yellowknife, NT

FINANCIAL STATEMENTS
For the year ended March 31, 2017

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with 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, 2017



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Chartered Professional Accountants

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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, 2017, and the Statements of Operations and Changes in Net Assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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, 2017, 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

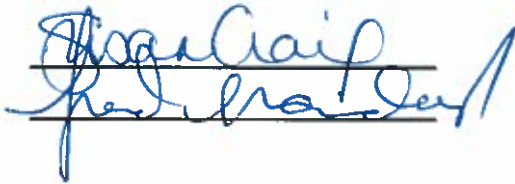
June 25, 2017

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF FINANCIAL POSITION March 31, 2017

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT		
Cash	<u>\$ 235,806</u>	<u>\$ 235,981</u>
LIABILITY		
CURRENT		
Accounts payable and accrued liabilities	<u>\$ 2,500</u>	<u>\$ 2,000</u>
FUND BALANCES		
CAPITAL PORTION per page 3	187,828	187,828
INTEREST PORTION per page 3	<u>45,478</u>	<u>46,153</u>
	<u>233,306</u>	<u>233,981</u>
	<u>\$ 235,806</u>	<u>\$ 235,981</u>

Approved:



THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF OPERATIONS

For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
REVENUES		
Interest income	\$ 2,450	\$ 2,555
GENERAL AND ADMINISTRATIVE EXPENSES		
Professional fees	<u>3,125</u>	<u>2,000</u>
(DEFICIENCY) EXCESS OF REVENUES OVER GENERAL AND ADMINISTRATIVE EXPENSES	<u>\$ (675)</u>	<u>\$ 555</u>

THE NATURAL RESOURCES CONSERVATION TRUST FUND

STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31, 2017

	<u>Capital Portion</u>	<u>Interest Portion</u>	<u>Total 2017</u>	<u>Total 2016</u>
BALANCE, opening	\$ 187,828	\$ 46,153	\$ 233,981	\$ 233,426
(Deficiency) excess of revenues over general and administrative expenses per page 2	<u>-</u>	<u>(675)</u>	<u>(675)</u>	<u>555</u>
BALANCE, closing	<u>\$ 187,828</u>	<u>\$ 45,478</u>	<u>\$ 233,306</u>	<u>\$ 233,981</u>

THE NATURAL RESOURCES CONSERVATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

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, 2017

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, 2017

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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 the auditors to provide an independent, objective audit for the purpose of expressing their opinion on the financial statements.

Public Trustee for the Northwest Territories

June 14, 2017



Brian J. Asmundson
Public Trustee



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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, 2017, 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, 2017 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
June 14, 2017



AVERY COOPER IS A MEMBER OF MSI, AN INTERNATIONAL ASSOCIATION OF INDEPENDENT PROFESSIONAL FIRMS

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND**

**BALANCE SHEET
March 31, 2017**

ASSETS

	<u>2017</u>	<u>2016</u>
Cash (Note 3)	\$5,526,965	\$5,605,479
Other assets at nominal value (Note 2b)	<u>1</u>	<u>1</u>
	<u>\$5,526,966</u>	<u>\$5,605,480</u>

NET ASSETS

Undistributed Common Fund earnings per Statement II (Note 4)	\$ 35,274	\$ 26,741
Public Trustee Management Fund (Note 6)	20,893	30,643
Estate & Trust Fund per Statement III (Note 5)	<u>5,470,799</u>	<u>5,548,096</u>
	<u>\$5,526,966</u>	<u>\$5,605,480</u>

APPROVED:

Bryan 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, 2017

	<u>2017</u>	<u>2016</u>
Undistributed Common Fund earnings, opening	<u>\$ 26,741</u>	<u>\$ 34,308</u>
Add		
Common Fund earnings	<u>55,429</u>	<u>60,034</u>
Less		
Interest paid to estates and trusts (Statement III)	46,896	52,204
Excess interest paid to the Government of the Northwest Territories	-	-
Transfers to Public Trustee Management Fund (Note 6)	<u>-</u>	<u>15,397</u>
	<u>46,896</u>	<u>67,601</u>
Increase (decrease) in Undistributed Common Fund earnings balance	<u>8,533</u>	<u>(7,567)</u>
Undistributed Common Fund earnings, closing	<u>\$ 35,274</u>	<u>\$ 26,741</u>

See the accompanying notes.

STATEMENT III

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE & TRUST FUND**

STATEMENT OF CHANGES IN ESTATE & TRUST FUND BALANCE
For the year ended March 31, 2017

	<u>2017</u>	<u>2016</u>
Estate & trust funds provided:		
Estate and trust assets received	\$ 1,609,207	\$ 1,372,084
Common Fund interest paid to estates and trusts (Statement II)	<u>46,896</u>	<u>52,204</u>
	<u>1,656,103</u>	<u>1,424,288</u>
Estate & trust funds applied:		
Payments to beneficiaries	678,528	955,805
Disbursements made on behalf of estates and trusts	948,645	861,862
Administration fees (Note 2c)	99,844	124,957
GST on Administration fees	4,992	6,248
Court fees	<u>1,391</u>	<u>1,674</u>
	<u>1,733,400</u>	<u>1,950,546</u>
Decrease in Estate & Trust Fund balance	(77,297)	(526,258)
Estate & Trust Fund balance, opening	<u>5,548,096</u>	<u>6,074,354</u>
Estate & Trust Fund balance, closing	<u>\$ 5,470,799</u>	<u>\$ 5,548,096</u>

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

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 \$99,844 (2016 - \$124,957) 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 monies 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 weekly.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

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>2017</u>	<u>2016</u>
Common Fund	\$5,470,798	\$5,548,095
Other assets at nominal value	<u> 1</u>	<u> 1</u>
	<u>\$5,470,799</u>	<u>\$5,548,096</u>

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2017

NOTE 6 PUBLIC TRUSTEE MANAGEMENT FUND

The change during the year in the Public Trustee Management Fund is as follows:

	<u>2017</u>	<u>2016</u>
Public Trustee Management Fund balance, opening	\$30,643	\$24,997
Add		
Management fees paid to the Public Trustee out of the excess interest earned	-	15,396
Less		
Costs incurred in respect of the annual audit	<u>(9,750)</u>	<u>(9,750)</u>
Public Trustee Management Fund balance, closing	<u>\$20,893</u>	<u>\$30,643</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.

STUDENT LOAN REVOLVING FUND

FOR THE YEAR ENDED MARCH 31, 2017

Government of the Northwest Territories
 Student Loan Revolving Fund
 Statement of Operations
 for the year ended March 31, 2017

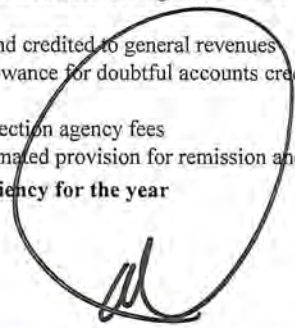
(thousands of dollars)


	2017	2016
Loans Receivable, opening balance	41,953	40,632
Loans granted during the year	<u>5,835</u>	<u>5,719</u>
	47,788	46,351
Less:		
Principal amount of loans repaid	(3,248)	(3,366)
Principal amount of loan forgiveness	-	(125)
Principal amount of loan remissions	(2,501)	(907)
Principal Amount of Northern Bonus Remission	<u>(719)</u>	<u>-</u>
Loans Receivable, closing balance	41,320	41,953
Less:		
Allowance for remissable and doubtful loans	<u>(17,697)</u>	<u>(19,247)</u>
Net Loans Receivable, closing balance	<u>23,624</u>	<u>22,706</u>


Effect of Student Loan Revolving Fund on Government Operations

Interest earned and credited to general revenues	320	367
Reduction to allowance for doubtful accounts credited to Recovery of Prior Year Expenses	1,100	-
Less:		
Collection agency fees	(13)	(21)
Estimated provision for remission and doubtful accounts	<u>(2,334)</u>	<u>(2,282)</u>
Operating deficiency for the year	<u>(927)</u>	<u>(1,936)</u>

Approved:



 Sylvia Haener (ANDY BEVAN)
 Deputy Minister
 Department of Education, Culture and Employment


 Marissa Martin
 Director, Finance and Capital Planning
 Department of Education, Culture and Employment

NWT Student Loan Revolving Fund

Notes to the Financial Statement

(in thousands)

March 31, 2017

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 Student Loan Revolving Fund (SLRF) 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 SLRF 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); in addition Northern Bonus Grants function as both remissible loans and a grant provided the criteria are met (i.e. having met the academic, and residency criteria and provided the loan is up to date); and
- c. the principal amounts of all loans made under the Act that are written off under the *Financial Administration Act* (FAA).

The SLRF 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>2017</u>	<u>2016</u>
Allowance for Forgiveness – Remissible Loans	\$7,560	\$9,713
Allowance for Doubtful Accounts – Repayable Loans	10,137	10,074
Total Allowance	<u><u>\$17,697</u></u>	<u><u>\$19,247</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 SLRF and reflected in the financial statement.

6. Financial Instruments and Risk Management

Through its financial assets and liabilities, the SLRF 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 SLRF'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 SLRF will encounter difficulty in meeting financial obligations as they fall due. The SLRF's liquidity risk is minimal as the SLRF's bank accounts are supported by the Government of the Northwest Territories.

7. Budget

The operating budget has been approved by the Financial Management Board.

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2017

Territorial Court Judges Registered Pension Plan Fund

Financial Statements

January 1, 2017

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Management's Responsibility Statement

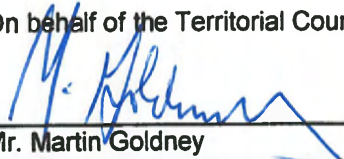
The accompanying financial statements have been prepared by the Government of the Northwest Territories, Department of Justice's management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with Canadian accounting 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 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 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 25 / 2017
Date



Witness

May 25 / 2017
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, 2017 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.



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, 2017, 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.

Crowe MacKay CP

**Yellowknife, Northwest Territories
April 26, 2017**

Chartered Professional Accountants

Territorial Court Judges Registered Pension Plan Fund

Statement of Financial Position

As at January 1, 2017 2016

Assets

Contributions receivable - Members	\$ 7,636	\$ 7,312
Contributions receivable - Government of the Northwest Territories (note 3)	67,178	31,469
Investments (note 4)	5,869,191	5,636,568

Total Assets **5,944,005** **5,675,349**

Liabilities

Accounts payable and accrued liabilities (note 3) 15,770 21,774

Net Assets Available for Benefits **5,928,235** **5,653,575**

Pension obligations **7,319,700** **6,812,900**

Deficiency

Pension Plan Fund Deficit **\$ (1,391,465)** **\$ (1,159,325)**

Approved by:



Deputy Minister, Department of Justice,
Government of the Northwest Territories

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Net Assets Available for Benefits

For the year ended January 1,	2017	2016
Increase in assets:		
Investment income	\$ 267,644	\$ 414,009
Realized capital gains income	64,967	76,573
Current year change in fair value of investments	134,062	-
Employee contributions	89,457	65,508
Current service cost	59,454	80,273
In-kind contributions	35,828	18,601
	651,412	654,964
Decrease in assets:		
Administrative expenses (Note 5)	89,824	66,003
Benefit payments - regular	286,928	283,327
Current year change in fair value of investments	-	174,956
	376,752	524,286
Increase in net assets available for benefits	274,660	130,678
Net assets available for benefits, beginning of year	5,653,575	5,522,897
Net assets available for benefits, end of year	\$ 5,928,235	\$ 5,653,575
Changes in pension plan fund deficit:		
Beginning of year	\$ (1,159,325)	\$ (1,037,703)
Increase in net assets available for benefits	274,660	130,678
Increase in pension obligation	(506,800)	(252,300)
Net change	(232,140)	(121,622)
End of year	\$ (1,391,465)	\$ (1,159,325)

Territorial Court Judges Registered Pension Plan Fund

Statement of Changes in Pension Obligations

For the year ended January 1,	2017	2016
Increase in pension obligations:		
Interest accrued on benefits	\$ 289,100	\$ 313,400
Benefits accrued	247,100	227,600
Experience (gains) and losses	257,500	-
	793,700	541,000
Decrease in pension obligations:		
Benefits paid	286,900	288,700
Increase in pension obligation	506,800	252,300
Pension obligation, beginning of year	6,812,900	6,560,600
Pension obligation, end of year	\$ 7,319,700	\$ 6,812,900

Territorial Court Judges Registered Pension Plan Fund

Notes to Financial Statements

January 1, 2017

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 provincial 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, 2017

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, 2017

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, 2017

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, 2017

3. Contribution Receivable - GNWT

	2017	2016
In-Kind Contribution	\$ 4,703	\$ 10,469
Current Services Contributions	62,475	21,000
	\$ 67,178	\$ 31,469

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:

	2017	2016
Canadian Equities	\$ 1,825,318	\$ 1,679,697
Global Equities	1,584,682	1,533,146
Emerging Market Equity	223,029	231,099
Bond funds	2,171,601	2,079,894
Canadian Money Market Funds	64,561	112,732
Total market value of the investment portfolio	\$ 5,869,191	\$ 5,636,568

The total cost of the investments for the year ended January 1, 2017 is \$4,755,057 (2016 - \$4,656,495).

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.

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, 2017

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.

	2017	2016
Discount rate	4.10 %	4.80 %
Salary projection rate	3.50 %	2.25 %
Price inflation	2.00 %	2.25 %
Real rate of return	3.00 %	3.25 %

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, 2017

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.

	2017	2016
Actuarial fees	\$ 31,125	\$ 8,133
Audit	4,701	10,469
Investment management	28,546	28,559
Trustee fees	25,452	18,842
	\$ 89,824	\$ 66,003

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, 2017

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, 2017

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.



Public Accounts 2016-2017

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, 2017

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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**BEAUFORT-DELTA EDUCATION COUNCIL
INUVIK, NT**

**CONSOLIDATED ANNUAL FINANCIAL REPORT
June 30, 2016**

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BEAUFORT- DELTA EDUCATION COUNCIL

Aklavik, Fort. McPherson, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk,
Ulukhaktok

Management Discussion and Analysis

For the Year Ended June 30, 2016



BEAUFORT- DELTA EDUCATION COUNCIL

Aklavik, Fort. McPherson, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk,
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Message from Superintendent of Schools Denise McDonald

On behalf of the Beaufort Delta Education Council (BDEC), we are pleased to present the Annual Report for 2015 - 2016. 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 first 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 improved is needed. Some of the key accomplishments in 2015 - 2016 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 eLearning Program and supporting the Data Analyst position
- Expansion of the eLearning program to include 2 schools outside of our region. The schools added to the program were Fort Liard and Fort Resolution. 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.
- 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.
- Grade 12 students currently write the June sitting of the Alberta Diploma Examinations. Diploma Exams currently weighted at 50% of a student's final grade are being heavily debated in Alberta. In the 2015-2016 school year; the weight of the Diploma Exams was reduced to 30% in Alberta.
- 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.

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. This environment of change has naturally lead BDEC staff to re-examine the conventional teaching and learning model as it pertains to the Aboriginal student. 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. First, culture-based education (CBE) positively impacts student socio-emotional well-being. Second, enhanced socio-emotional well-being in turn affects math and reading test scores. Third, CBE is positively related to math and reading test scores for all students, and particularly for those with low socio-emotional development.

We acknowledge the work and thinking that has led us to this point in our region. BDEC has been shaped by the staffs and families who have contributed to our successes and upon whose work and input we continue to build.

Overview

The Beaufort Delta Education Council (BDEC) provides kindergarten to Grade 12 instruction for 1,350 students through 9 schools in the in 8 communities of Inuvik, Aklavik, Fort McPherson, Tsiigehtchic, Tukoyaktuk, Sachs Harbour, Ulukhaktok, and Paulatuk.

Fort McPherson, Sachs Harbour and Paulatuk offer education only 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

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.

Pillar 2: Strengthen and build community partnerships to foster strong relationships that inspire BDEC students as future northern leaders.

Pillar 3: Support and sustain BDEC schools by effectively and creatively managing our organizational, physical and financial resources.

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. The BDEC Board typically has one face to face meeting yearly, and two video conference meetings yearly.

Chairperson	Lesla Semmler
Vice-Chairperson	Tena Blake
Member-at-Large	Maureen Pokiak
Aklavik	Lorna Storr
Fort McPherson	Tena Blake
Inuvik	Janelle Wainman
Paulatuk	Gilbert Thrasher Sr
Sachs Harbour	Emma Nakimayak
Tsiigehtchic	Anna May MacLeod
Tuktoyaktuk	Maureen Pokiak
Ulukhaktok	Linda Kataoyak
Gwich'in Tribal Council	Robert Charlie
Inuvialuit Regional Corporation	Evelyn Storr

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	Denise McDonald
Assistant Superintendent of Schools	Greta Sittichinli
Supervisor of Schools	Chris Gilmour
Comptroller	Gary McBride
Public Affairs Coordinator	Sheila Nasogaluak
LAN Manager	Michael Reardon
Technical Officer	Dylan Blais
Finance Officers	Ken Crocker
	Kurt Scheiwiller

Consultants

Literacy Coordinator k-12	Bernice Oden
Inclusive Schooling	Theresa Hartley
Math Science	Tara Gilmour/ Lisa Mackenzie
eLearning	Gene Jenks
PowerSchool	Lorna Jones-Martin

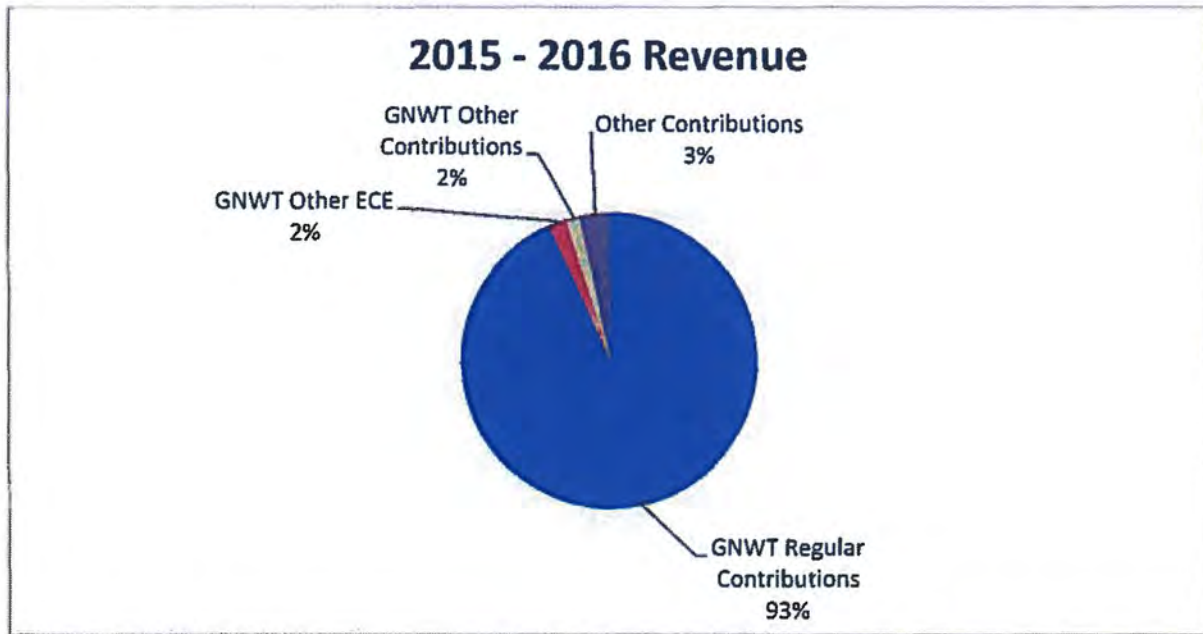
Principals

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

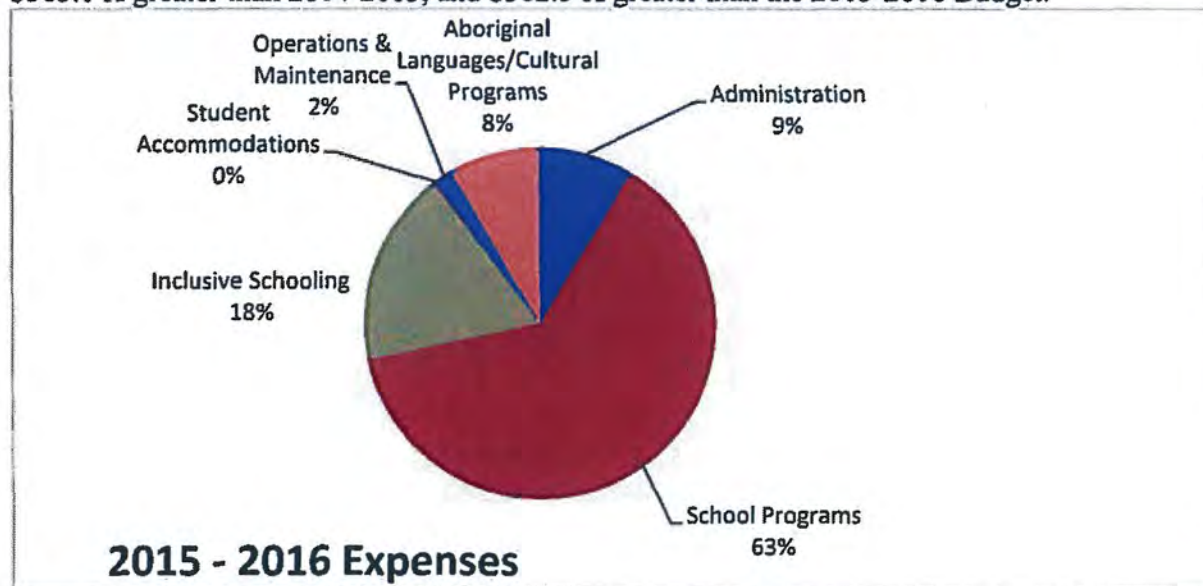
Debbie Redden-Cormier
Shirley Snowshoe
Sonia Gregory
Richard McKinnon
Lawrence Berger
Agnes Cudmore
Velma Illisiak
Deborah Reid
Deborah Reid

Financial Highlights

Revenues for 2015–2016 of \$30.2 million were \$1.65 million higher than budgeted. GNWT regular contributions accounted for a 93% of the revenue at \$28.2 million an increase of \$38.5K from 2014-2015 year. Other contribution agreements from the GNWT brought the total GNWT contributions to \$29.2 million which is a drop of \$303.8K from the 2014 – 2015 year. Total revenues of \$30.2 million were a decrease of \$475.4K from the 2014-2015 year.



Expenses are broken into program cost; school programs accounted for 63% of cost at \$18.4 million, Inclusive schooling for 18% of cost at \$5.3 million. Overall total expenses at \$29.1 million were \$363.1 K greater than 2014-2015, and \$562.5 K greater than the 2015-2016 Budget.

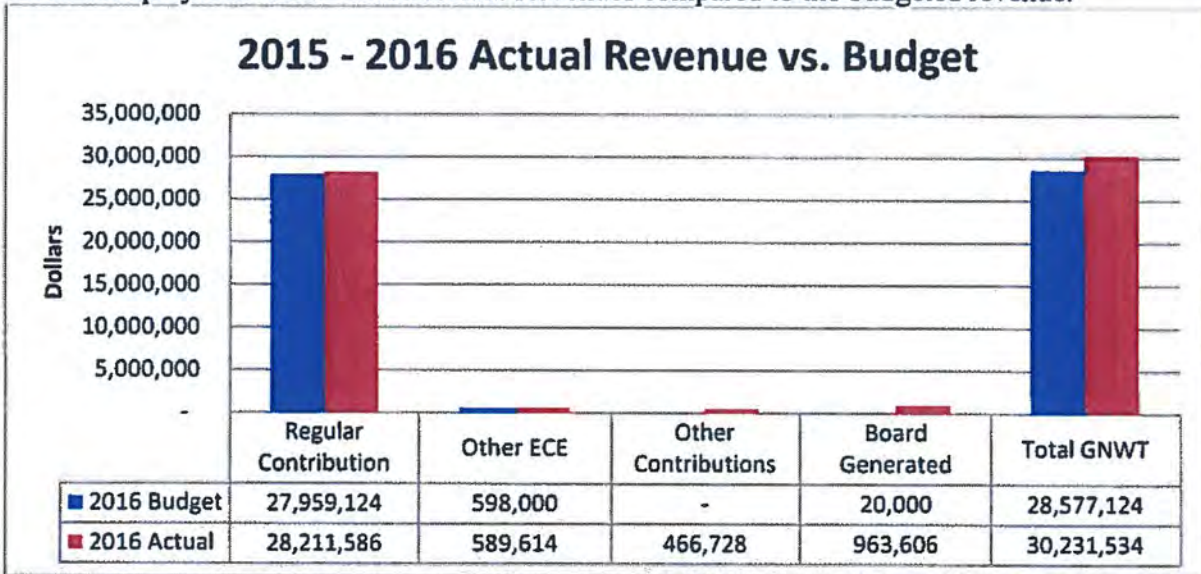


2015 – 2016 Revenues

For 2015 - 2016 BDEC Consolidated Statement of Operations had an Accumulated Surplus of \$1,101,515 compared to a budgeted surplus of \$9,613. This is attributed to additional contribution agreements from the Government of the NWT (\$689.8 above budget) and Revenue from Board Generated Funds (\$943.6K above budget).

Once again this year both the DEA's and BDEC have been successful in finding funding partners that will allow us to maintain our programs and to offer some specialty programming. In the Communities the schools and the DEA's continue to look for ways to enhance the education of our students through additional funding methods, with many of the programs focused on Cultural Based Education and On the Land Programming.

Chart 1 displays our 2015 – 2016 Actual Revenues compared to the budgeted revenue.



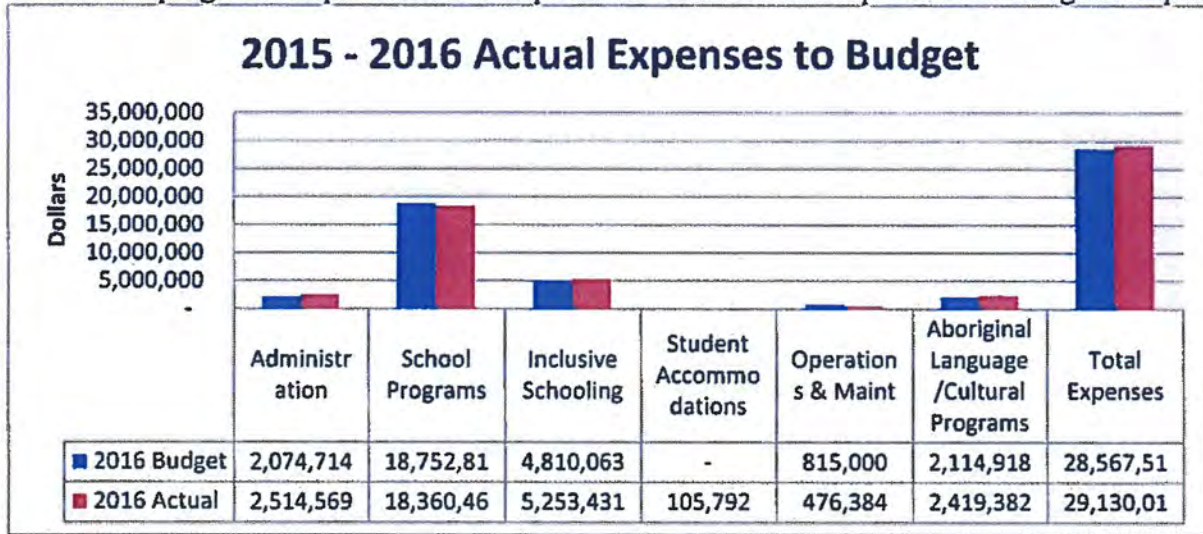
2015 – 2016 Expenses

Expenses for the year end June 2016 were \$562.5K more than the budget of \$28.6 million for a total cost of \$29.1 million. This represents a \$363.1K increase in expenditures from 2014 -2015, or a 1.3% increase in program spending.

Inclusive schooling had expenses of \$5.3 million representing an increase in spending from the 2014 - 2015 year of \$1.3 million. The focus of the Inclusive schooling was to be responsive to the students that needed additional support. To accomplish this goal, additional Education Assistants EA's were hired in the communities where the needs had been identified, and additional support equipment was purchased for each of the schools.

Aboriginal Languages/Cultural Programs had expenses of \$2.4 million which represents an increase of expenditures of \$177.9K from the 2014 – 2015 year. This represents the increased support for Cultural and On the Land programs.

Chart 2 is a program comparison of our expenses for 2015-2016 compared to the budgeted expenses.



When comparing 2016 against 2015, BDEC experienced a 1.5% decrease in revenues, and an increase in expenses of 1.3% resulting in an operating surplus of \$1,101,515 compared to the operating surplus for 2015 of \$1,939,938. The Operating Surplus was a result of DEA fundraising, and Schools entering into contribution agreements for additional program funding.

Chart 3 is a comparison of the Year-end 2016 GNWT Revenues compared to the 2015 Revenues

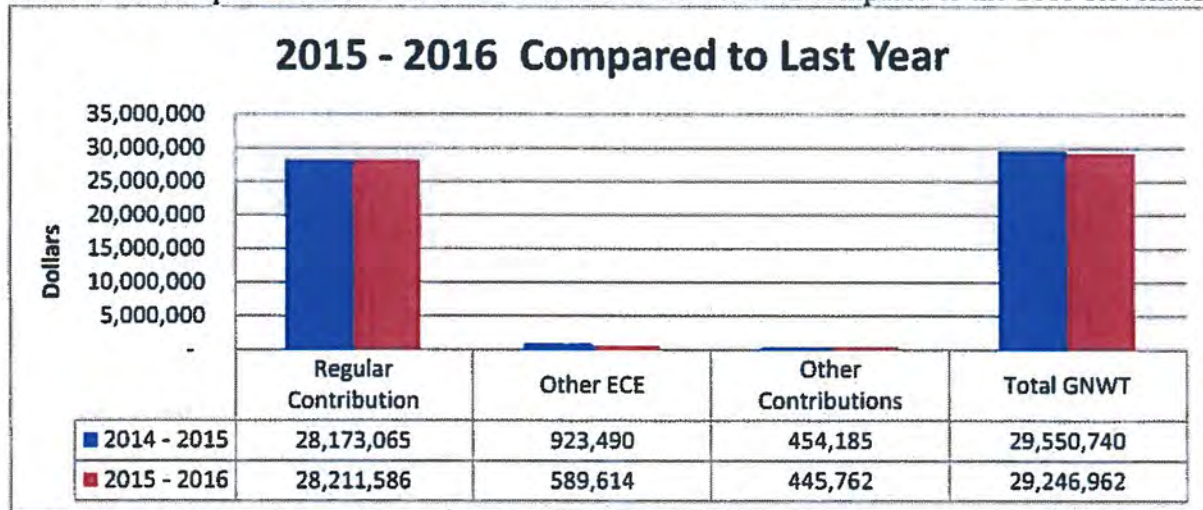
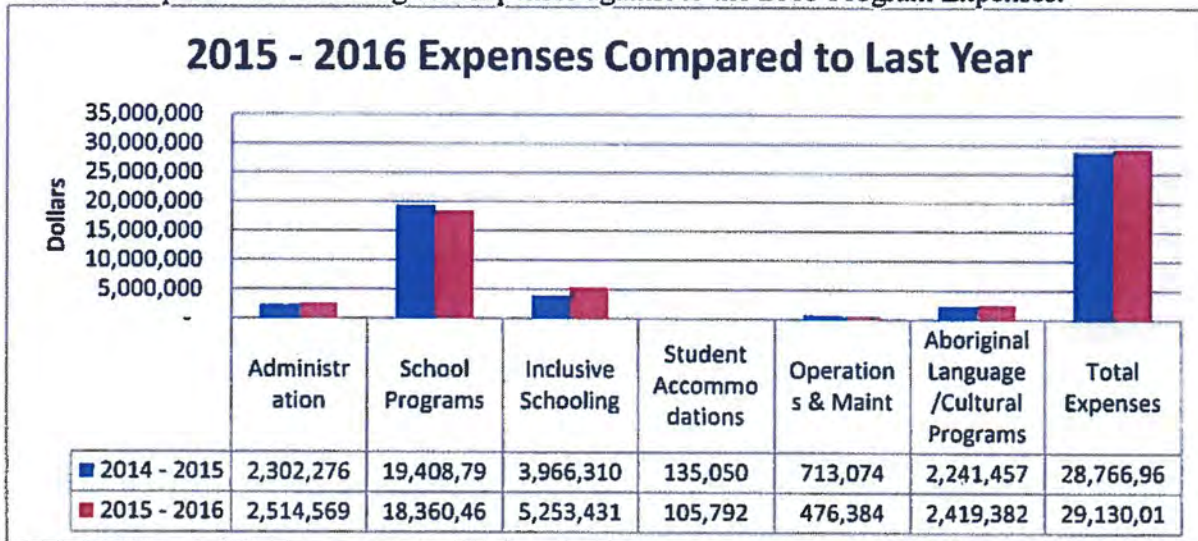


Chart 4 compares the 2016 Program Expenses against to the 2015 Program Expenses.



2015 - 2016 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 \$1.1 million operating surplus has an Accumulated Surplus of \$3.5 million. The Accumulated Surplus has been achieved through the DEA's and Schools finding additional Funding Partners, and continued cost controls. Student welfare is put first with our Cultural Based Education. Programs are continuously evaluated to ensure that the Student needs are being met through a cost effective method.

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	2016 Students	2016 Teachers	2015 Students	2015 Teachers
Aklavik	Moose Kerr	146.0	10.25	151.00	11.93
Fort McPherson	Chief Julius	138.5	11.00	145.00	12.00
Inuvik	East 3 Elem	347.00	18.50	347.00	17.00
Inuvik	East 3 Second	266.00	17.50	266.00	20.00
Inuvik DEA	Subtotal	613.00	36.00	613.00	37.00
Paulatuk	Angik	51.75	4.50	51.75	5.50
Sachs Harbour	Inualthuyak	20.00	2.00	20.00	2.00
Tsiigehtchic	Chief Paul Niditchie	33.00	3.00	33.00	3.00
Tuktoyaktuk	Mangilaluk	221.50	14.00	221.50	14.00
Ulukhaktok	Helen Kalvak	107.00	7.00	107.00	7.00
Total		1330.8	87.75	1342.25	92.43

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.

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.

2015 - 2016 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 2014 – 2015 year the following individual were recognized by the management team.

Community	Name	Service Years
Aklavik	Inga Gardlund	5
	Shannon J. Kailek	10
	Florence Greenland	20
Fort McPherson	Jennifer Ann Thompson	5
	Louisa Lucy Kay	20
Inuvik	Kenzie MacDonald	5
	Ashley Megan Wood	5
	Denise McDonald	5
	Alexandra Winchester	5
	Kurt Scheiwiller	10
	Kirsten Fleuty	10
	Lorna Jones-Martin	15
	Sandra Jane Ipana	25
	Greta Anne Sitichinli	25
Wayne Joy Allen	25	
Tuktoyaktuk	Holly Carpenter	5
	Heavenly Gloria Elias	10
	Sandra Edwards	10
Ulukhaktok	Mary Catherine Dodds	5

Accomplishments

The BDEC office received the 2016 Premiers Award for Excellence; long-term staff member Finance Officer Kurt Scheiwiller accepted the award from Premier Bob McLeod at the ceremony in Yellowknife.

Elearning Consultant Gene Jenks received the 2016 Prime Ministers award for his work with the eLearning Program.

Superintendent Denise McDonald was one of the nominees for the Top School Administrator in Canada which is awarded by the Canadian Association of School Administrators and she also received the NWT Wise Woman Award in 2016.

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. Our staff continue 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

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The Minister of Education, Culture and Employment
Government of the Northwest Territories

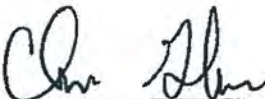
The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public 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., Certified General 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


for _____
Denise McDonald
Superintendent



Gary McBride
Comptroller



VERY COOPER & CO. LTD.
Certified General 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, 2016 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

The Government of the Northwest Territories is responsible for the calculation and distribution of a significant portion of the wages and benefits 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 records of the Beaufort-Delta Education Council. Consequently, we were unable to determine whether adjustments to the financial performance and cash flows might be necessary for the year ended June 30, 2016.

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, 2016 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.
Certified General Accountants
Yellowknife, NT

October 7, 2016

BEAUFORT-DELTA EDUCATION COUNCIL
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 June 30, 2016

Statement I

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents (Note 4)	\$ 9,007,811	\$ 8,697,156
Restricted Assets (Note 6)	256,459	258,247
Accounts Receivable (Note 8)	<u>279,911</u>	<u>370,135</u>
	<u>9,544,181</u>	<u>9,325,538</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities (Note 10)	787,872	686,478
Payroll Liabilities (Note 35)	2,683,825	3,523,631
Contribution Repayable (Note 12)	38,264	122,532
Employee Deductions Payable	1,537	37,343
Deferred Revenue (Note 11)	310,707	283,771
Post-Employment Benefits (Note 17)	<u>2,207,324</u>	<u>2,278,677</u>
	<u>6,029,529</u>	<u>6,932,432</u>
NET FINANCIAL ASSETS (Statement II)	<u>3,514,652</u>	<u>2,393,106</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses (Note 20)	<u>9,241</u>	<u>31,022</u>
	<u>9,241</u>	<u>31,022</u>
ACCUMULATED SURPLUS (Statement IV)	<u>\$ 3,523,893</u>	<u>\$ 2,424,128</u>
CONTINGENCIES (Note 25)		

Approved:


 _____ for 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, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
OPERATING SURPLUS	\$ 9,613	\$ 1,101,515	\$ 1,939,938
Net Income from Stallworthy / Carpenter Fund	-	(1,750)	694
Acquisition of Prepaid Expenses	-	(9,241)	(31,022)
Use of Prepaid Expenses	<u>-</u>	<u>31,022</u>	<u>2,549</u>
	-	20,031	(27,779)
INCREASE IN NET FINANCIAL ASSETS	<u>9,613</u>	<u>1,121,546</u>	<u>1,912,159</u>
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>2,393,106</u>	<u>2,393,106</u>	<u>480,947</u>
NET FINANCIAL ASSETS, END OF YEAR	<u>\$ 2,402,719</u>	<u>\$ 3,514,652</u>	<u>\$ 2,393,106</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

Statement III

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended June 30, 2016

	2016 Budget (Unaudited)	2016 Actual	2015 Actual
REVENUE			
Government of the NWT			
Regular contributions	\$ 27,959,124	\$ 28,211,586	\$ 28,173,065
Other ECE contributions (Note 33)	598,000	589,614	923,490
Other contributions (Note 34)	<u>-</u>	<u>445,762</u>	<u>454,185</u>
Total Government of the NWT	<u>28,557,124</u>	<u>29,246,962</u>	<u>29,550,740</u>
Government of Canada	<u>-</u>	<u>20,966</u>	<u>82,440</u>
Board Generated Funds			
Investment Income	20,000	67,718	66,658
Rentals	-	3,829	12,150
Other (Note 38)	<u>-</u>	<u>892,059</u>	<u>994,910</u>
Total Board Generated Funds	<u>20,000</u>	<u>963,606</u>	<u>1,073,718</u>
TOTAL REVENUE	<u>28,577,124</u>	<u>30,231,534</u>	<u>30,706,898</u>
EXPENSES (Schedule 1)			
Administration	2,074,714	2,514,569	2,302,276
School Programs	18,752,816	18,360,461	19,408,793
Inclusive Schooling	4,810,063	5,253,431	3,966,310
Student Accommodations	-	105,792	135,050
Operations & Maintenance	815,000	476,384	713,074
Aboriginal Languages/Cultural Programs	<u>2,114,918</u>	<u>2,419,382</u>	<u>2,241,457</u>
TOTAL EXPENSES	<u>28,567,511</u>	<u>29,130,019</u>	<u>28,766,960</u>
OPERATING SURPLUS	<u>\$ 9,613</u>	<u>\$ 1,101,515</u>	<u>\$ 1,939,938</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

Statement IV

CONSOLIDATED STATEMENT OF ACCUMULATED SURPLUS

For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
OPERATING FUND SURPLUS		
Operating Fund Surplus/(Deficit), Beginning of Year	2,165,919	225,943
Operating Surplus	<u>1,101,515</u>	<u>1,939,938</u>
Operating Fund Surplus, End of Year	<u>3,267,434</u>	<u>2,165,881</u>
STALLWORTHY / CARPENTER ENDOWMENT		
Opening Endowment Balance	<u>258,247</u>	<u>257,553</u>
Opening Endowment Balance, as restated	258,247	257,553
Interest Income	3,212	3,194
Endowment Expenses	<u>(5,000)</u>	<u>(2,500)</u>
Closing Endowment Balance (Note 6)	<u>256,459</u>	<u>258,247</u>
Total Closing Accumulated Surplus	<u>3,523,893</u>	<u>2,424,128</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

Statement V

CONSOLIDATED STATEMENT OF CASH FLOW

For the Year Ended June 30, 2016

Cash provided by (used in):	<u>2016</u>	<u>2015</u>
OPERATING TRANSACTIONS		
Operating surplus (deficit)	\$ 1,101,515	\$ 1,939,938
Items not affecting cash:		
Changes in valuation allowances	38	-
Changes in non-cash assets and liabilities:		
Decrease (increase) in accounts receivable	90,224	215,348
Increase (decrease) in accounts payable	101,394	(74,550)
Increase (decrease) in payroll liabilities	(839,806)	690,308
Increase (decrease) in contributions repayable	(84,268)	16,992
Increase (decrease) in employee deductions payable	(35,806)	1,260
Increase (decrease) in deferred revenue	26,936	54,799
Increase (decrease) in post-employment benefits	(71,353)	(6,775)
Decrease (increase) in prepaid expenses	<u>21,781</u>	<u>(28,473)</u>
Cash provided by operating transactions	<u>310,655</u>	<u>2,808,847</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	310,655	2,808,847
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,697,156</u>	<u>5,888,309</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,007,811</u>	<u>\$ 8,697,156</u>

See the accompanying notes and schedules.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

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 3, 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, 2016

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, 2016

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, 2016

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(g) Infrastructure Funding

Any personnel, utilities, and leases infrastructure funding net surplus at the end of the fiscal year is recorded as 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 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.

(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 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.

(j) 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, 2016

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(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 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.

(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 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 Beaufort-Delta Education Council and other criteria as outlined in the negotiated collective agreements and management handbook guidelines of the GNWT.

(m) 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.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES, continued

(n) 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

In March 2015, the Public Sector Accounting Board (PSAB) issued Section PS 3420, "Inter-entity transactions". 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. The main features of the new Section are:

- under a policy of cost allocation, revenues and expenses are recognized on a gross basis;
- transactions are measured at their carrying amount, except in special circumstances;
- a recipient may choose to recognize unallocated costs for the provision of goods and services and measure them at the carrying amount, fair value or other amount dictated by policy, accountability structure or budget practice, and
- the transfer of an asset or liability for nominal or no consideration is measured by the provider at the carrying amount and by the recipient at the carrying amount or fair value.

This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Beaufort-Delta Education Council is currently assessing the impact of this Section.

Also in March 2015, the Public Sector Accounting Board (PSAB) issued Section PS 2200, "Related party disclosures". This new Section defines a related party and established disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material effect on the consolidated financial statements. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Beaufort-Delta Education Council is currently assessing the impact of this Section.

In June 2015, the PSAB issued Section PS 3210, "Assets". This new Section provides guidance for applying the definition of assets and establishes general disclosure standards for assets. Disclosure of information about the major categories of assets that are not recognized is required. When an asset is not recognized because a reasonable estimate of the amount involved cannot be made, the reason(s) for this should be disclosed. This Section applies to fiscal years beginning on or after April 1, 2017. Earlier adoption is permitted. The Beaufort-Delta Education Council is currently assessing the impact of this Section.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

NOTE 3 FUTURE ACCOUNTING CHANGES, continued

Also in June 2015, the new Section PS 3320, Contingent assets, was issued to define and establish disclosure standards on contingent assets. Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the organization's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset. 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. Early adoption is permitted. The organization is currently assessing the impact on the financial statements.

Also in June 2015, the new Section PS 3380, Contractual rights, was issued to define and establish disclosure standards on contractual rights. Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. Disclosure of information about contractual rights is required including a description about their nature and extent and the timing. This Section applies to fiscal years beginning on or after April 1, 2017. Early adoption is permitted. The organization is currently assessing the impact on the financial statements.

NOTE 4 CASH AND CASH EQUIVALENTS

	<u>2016</u>	<u>2015</u>
Cash	\$ <u>9,007,811</u>	\$ <u>8,697,156</u>
	\$ <u>9,007,811</u>	\$ <u>8,697,156</u>

NOTE 5 SPECIAL PURPOSE FUNDS

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

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>2016</u>	<u>2015</u>
Comprised of:		
Short-term		
- GIC 0.95% due June 22, 2018	\$ 250,000	\$ 250,000
- Due from general cash	<u>6,459</u>	<u>8,247</u>
	<u>\$ 256,459</u>	<u>\$ 258,247</u>
Stallworthy / Carpenter Endowment Fund: (Note 21)		
Principal proceeds received	\$ 216,515	\$ 216,515
Interest earned to date	255,645	255,645
Expenses to date	<u>(215,701)</u>	<u>(213,913)</u>
	<u>\$ 256,459</u>	<u>\$ 258,247</u>

NOTE 7 PORTFOLIO INVESTMENTS

(Not applicable)

NOTE 8 ACCOUNTS RECEIVABLE

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>2016</u>	<u>2015</u>
Government of the Northwest Territories:				
- Education, Culture and Employment	\$ 53,544	\$ -	\$ 53,544	\$ 29,910
- Health and Social Services	4,466	-	4,466	4,466
- Municipal and Community Affairs	<u>4,630</u>	<u>-</u>	<u>4,630</u>	<u>4,630</u>
Due from GNWT	62,640	-	62,640	39,006
Other Accounts receivable	<u>379,872</u>	<u>162,601</u>	<u>217,271</u>	<u>331,129</u>
	<u>\$ 442,512</u>	<u>\$ 162,601</u>	<u>\$ 279,911</u>	<u>\$ 370,135</u>

NOTE 9 INVENTORY

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

NOTE 10 ACCOUNTS PAYABLE

	<u>2016</u>	<u>2015</u>
Government of the Northwest Territories:		
Education, Culture and Employment	\$ 23,212	\$ 41,106
Municipal and Community Affairs	29,630	7,066
Finance	-	19,086
Taxation	-	1,742
Justice	3,592	3,592
Industry, Tourism and Investment	6,717	25,119
Public Works	<u>-</u>	<u>2,674</u>
Due to GNWT	63,151	100,385
Various BDEC schools	235,518	301,738
Accounts payable	262,355	40,066
Accrued payables	<u>226,847</u>	<u>244,270</u>
	<u>\$ 787,871</u>	<u>\$ 686,459</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

NOTE 11 DEFERRED REVENUE

	<u>2016</u>	<u>2015</u>
Education, Culture & Employment		
- HKS Playground	\$ -	\$ 20,000
- HKS Kitchen Upgrade	19,800	19,800
- E3E Playground	23,816	50,000
- NGDG	-	6,641
- Healthy Food for Learning	81,707	104,130
- Safe and Caring Schools	2,160	2,160
- Resiliency & Leadership	865	-
- Elders in School	21,842	-
Justice		
- New Beginnings - Inuvik DEA	5,159	5,159
Library		
- School & Public Library Services - Ft. McPherson DEA	7,537	9,979
- Library - Ulukhaktok DEA	21,849	14,280
Healthy and Social Services		
- Drop the Pop	11,025	7,153
Municipal & Community Affairs		
- Ivvavik	<u>5,155</u>	<u>5,155</u>
Government of the Northwest Territories	200,915	244,457
Health Canada - Community Oral Health initiative	13,074	1,197
Inuvik Community Corporation	9,238	12,350
Aklavik Community Corporation	-	804
Canadian Womens Foundation - A Relationship to die four	92	-
Hamlet of Sachs Harbour	1,500	1,500
Inuvialuit Regional Corporation	33,732	14,163
Food First Foundation	6,024	-
NWT Literacy Council	-	1,900
Beaufort Delat Recreation Association	20,741	-
Show Kids You Care	-	2,400
E3E Breakfast	5,000	5,000
Tides - OTL - Collaborative Fund	18,650	-
NWT Parks & Rec Get Active NWT	<u>1,741</u>	<u>-</u>
	<u>\$ 310,707</u>	<u>\$ 283,771</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

NOTE 12 CONTRIBUTION REPAYABLE

	<u>2016</u>	<u>2015</u>
Education, Culture & Employment - Library Services - Aklavik DEA	1,717	-
Municipal & Community Affairs - Employee Secondment	-	122,532
Tlicho Community Services eLearning	<u>36,547</u>	<u>-</u>
	<u>38,264</u>	<u>122,532</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, 2016

NOTE 17 POST-EMPLOYMENT BENEFITS, COMPENSATED ABSENCES AND TERMINATION BENEFITS

In addition to the pension benefits, The 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 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 employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology for June 30, 2016 and management estimates for June 30, 2015.

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. Under PSAB 3255, accumulating vesting and non-vesting (sick leave paid only upon illness-related absence) are required to be accrued.

Change in estimate

During the year ended June 30, 2016, the method for calculating other employee future benefits and compensated absence was refined to better reflect the probability that these benefits would be used in the future based on past experience. The GNWT has contracted an actuarial company to place a value on the expected cost of sick leave usage in the future based on employee data. Compensated absences are the total value of vested and non-vested future sick leave costs that were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation includes the liabilities as at June 30, 2016. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2016. The balances for June 30, 2015 were not actuarially valued, they were management estimates based on employee data at June 30, 2015 and does not include non-vested future sick leave costs. The values presented for June 30, 2016 below are for all of the benefits under the Compensated Absences and Termination Benefits for The Council.

These liabilities are to be funded in the year they become due through regular annual budget allocations.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

	<u>2016</u>	<u>2015</u>
Annual leave and lieu time	\$ 99,422	\$ 98,421
Retirement and resignation benefits	1,257,942	1,170,586
Ultimate removal assistance	<u>849,960</u>	<u>1,009,670</u>
	<u>\$ 2,207,324</u>	<u>\$ 2,278,677</u>

NOTE 18 TRUST ASSETS UNDER ADMINISTRATION

(Not applicable)

NOTE 19 TANGIBLE CAPITAL ASSETS

(Not applicable)

NOTE 20 PREPAID EXPENSES

	<u>2016</u>	<u>2015</u>
Air North	-	4,195
First Air	-	1,661
Alberta Assessment Consortium	1,100	1,100
Career Cruising	998	998
Studentlink Canada Ltd.	-	250
Cleaning supplies - Inuvik schools	-	21,009
R Agnes	2,450	-
Canadian North	2,508	-
Ontario Public Support	944	-
WSCC overpayment - Tuk DEA	-	722
Bingo licensing and rental - Tuk DEA	-	1,087
Arctic Inn	525	-
WestJet	<u>716</u>	<u>-</u>
	<u>9,241</u>	<u>31,022</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, 2016

NOTE 23 GNWT ASSETS PROVIDED AT NO COST

	<u>Cost</u>	<u>Accumulated Amortization</u>	2016 <u>Net Book Value</u>	2015 <u>Net Book Value</u>
BBDEC Student Housing				
Inuvik	\$ 182,650	\$ 182,650	\$ -	\$ -
East Three Secondary School Carpentry shop	461,563	461,563	-	-
East Three Secondary School Auto Shop	541,689	452,977	88,712	104,140
Moose Kerr School	8,123,452	4,815,638	3,307,814	3,372,291
Aklavik Portable Classrooms	62,052	62,052	-	-
Chief Julius School	9,146,834	4,358,344	4,788,490	5,019,260
Mangilaluk School	7,146,891	4,274,920	2,871,971	3,080,841
Inualthuyak School	2,298,578	1,142,604	1,155,974	1,288,086
Helen Kalvak School	8,864,887	6,254,721	2,610,166	2,908,471
Angik School	3,697,250	1,876,345	1,820,905	1,608,217
Chief Paul Nitdchie School	2,467,761	699,142	1,768,619	1,839,839
Moose Kerr Foundation Replacement	753,546	98,938	654,608	673,445
Tsiigehtchic Gym	1	-	1	1
Moose Kerr School - Ventilation	173,505	45,155	128,350	139,931
Angik School Retrofit	123,278	35,727	87,551	97,557
Helen Kalvak School Vent & DDC Retrofit	354,896	96,118	258,778	288,353
East Three New Inuvik School	106,182,229	10,180,884	96,001,345	98,661,891
Tsiigehtchic Gym Pilings	205,668	15,854	189,814	194,956
Aklavik Community Library	<u>234,794</u>	<u>98,325</u>	<u>136,469</u>	<u>142,338</u>
	<u>\$151,021,524</u>	<u>\$ 35,151,957</u>	<u>\$115,869,567</u>	<u>\$119,419,617</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

NOTE 24 CONTRACTUAL OBLIGATIONS

The Council has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2016:

	<u>Expires in Fiscal Year:</u>	<u>2017</u>	<u>2018-2021</u>	<u>Total</u>
Commercial Leases	2020	\$ 146,100	\$ 365,249	\$ 511,349
Equipment Leases	2021	<u>94,556</u>	<u>174,871</u>	<u>269,427</u>
Total		<u>\$ 240,656</u>	<u>\$ 540,120</u>	<u>\$ 780,776</u>

Estimated lease payments are as follows:

2016	\$ 240,656
2017	234,711
2018	214,038
2019	88,011
2020	<u>3,360</u>
	<u>\$ 780,776</u>

NOTE 25 CONTINGENCIES

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

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.

	<u>2016</u>	<u>2015</u>
<u>Accounts receivable:</u>		
Department of Education, Culture & Employment	\$ 53,544	\$ 29,910
Department of Health and Social Services	4,466	4,466
Department of Municipal & Community Affairs	\$ <u>4,630</u>	\$ <u>4,630</u>
	<u>62,640</u>	<u>39,006</u>
<u>Accounts payable:</u>		
Department of Education, Culture & Employment	\$ 23,212	\$ 41,106
Department of Municipal & Community Affairs	29,630	7,066
Department of Finance	-	19,086
Department of Taxation	-	1,742
Department of Justice	3,592	3,592
Department of Industry, Tourism and Investment	6,717	25,119
Department of Public Works	-	2,674
Various BDEC Schools	\$ <u>235,518</u>	\$ <u>301,738</u>
	<u>298,669</u>	<u>402,123</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

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.

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.

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

NOTE 30 EXPENSES BY OBJECT

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
Compensation	\$ 23,150,511	\$ 24,602,895	\$ 24,875,954
Other	<u>5,417,000</u>	<u>4,527,124</u>	<u>3,891,006</u>
	<u>\$ 28,567,511</u>	<u>\$ 29,130,019</u>	<u>\$ 28,766,960</u>

NOTE 31 SUBSEQUENT EVENTS

(Not applicable)

NOTE 32 COMPARATIVE FIGURES

(Not applicable)

NOTE 33 ECE OTHER CONTRIBUTIONS

	<u>2016</u>
French Program	\$ 90,000
eLearning	226,000
TLC - Gwichin	39,000
TLC - Inuvialuit	39,000
Library Operations	48,337
NWT Literacy Program (Aklavik)	13,487
Library (Aklavik)	37,893
Public Library Services (Ft McPherson)	40,741
Community Literacy Projects (Ft McPherson)	13,073
Literacy (Ulukhaktok)	11,352
Library (Ulukhaktok)	<u>30,731</u>
	<u>\$ 589,614</u>

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

NOTE 34 GNWT OTHER CONTRIBUTIONS

	<u>2016</u>
HKS Playground	20,000
E3E Playground	26,184
Ivvavik	10,000
Sports Leadership (MACA)	4,000
Lights On (MACA)	4,000
YELS (MACA)	30,000
RYS - Basketball (MACA)	8,000
RYS - Soccer (MACA)	5,000
NGDG Summit (MACA)	37,000
RYS - Volleyball (MACA)	2,487
GNWT - RYS Hockey (MACA)	2,500
Drop the Pop (H & SS)	19,447
Take a Kid Trapping (TTI)	7,500
Enhancing students (MACA)	3,000
After School Physical Activity (MACA)	119,101
HKS Resiliency (YK Catholic School)	98,768
Take a Kid Trapping (TTI)	28,194
Keepers (MACA)	14,292
GNWT - Others	4,000
NWT Literacy Council (Ft McPherson)	1,900
Misc revenue (Ulukhaktok)	<u>389</u>
	<u><u>445,762</u></u>

NOTE 35 PAYROLL LIABILITIES

	<u>2016</u>
NWTTA	2,107,680
UNW School Year	458,510
Other June 30	<u>117,635</u>
	<u><u>2,683,825</u></u>

NOTE 36 STATEMENT OF REMEASUREMENT GAINS AND LOSSES

(Not applicable)

NOTE 37 RESTATEMENTS

(Not applicable)

BEAUFORT-DELTA EDUCATION COUNCIL

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

NOTE 38 OTHER REVENUE

	<u>2016</u>
NWTTA SSI	63,329
French Monitor	27,563
NGDG Summit	28,900
Breakfast for Learning	47,445
eLearning	140,000
Inuvialuit Indicators	100,000
IRC - Tobacco Free	96,328
Other less than 20K	46,271
Other Contributions (Aklavik DEA)	12,790
Other less than 20K (Aklavik DEA)	24,012
TGC - Social Skills Program (Ft. McPherson DEA)	94,000
Other less than 20K (Ft. McPherson DEA)	20,434
Inuvik Community Corporation (Inuvik DEA)	48,113
Facility Use (Inuvik DEA)	23,165
Other less than 20K (Inuvik DEA)	5,481
Other less than 20K (Paulatuk DEA)	18,066
Bings (Tuktoyaktuk DEA)	33,232
Brighter Futures (Tuktoyaktuk DEA)	21,440
Other less than 20K (Tuktoyaktuk DEA)	8,071
Other less than 20K (Ulukhaktok DEA)	28,410
Other less than 20K (Sachs Harbour DEA)	<u>5,009</u>
	<u>892,059</u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 1

CONSOLIDATED DETAILS OF EXPENSES

For the Year Ended June 30, 2016

	<u>School Programs</u>	<u>Inclusive Schooling</u>	<u>Student Accommodations</u>	<u>Operations & Maintenance</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2016</u>
SALARIES:							
Teachers	\$ 10,639,607	\$ 1,131,020	\$ -	\$ -	\$ -	\$ 1,132,337	\$ 12,902,964
Instruction Assistants	95,350	-	-	-	-	45,636	140,986
Non-instructional Staff	1,878,295	1,771,392	-	-	1,406,485	266,676	5,322,848
Board/Trustee Honoraria	11,125	-	-	-	79,265	47,644	138,034
EMPLOYEE BENEFITS							
Employee Benefit/Allowance	4,103,849	1,054,178	-	151,063	320,807	468,168	6,098,065
SERVICES PURCHASED/ CONTRACTED							
Professional/Technical Services	-	188,746	-	-	64,897	-	253,643
Postage/Communication	83,585	-	2,220	-	43,150	-	128,955
Utilities & Leases	1,630	1,000	-	-	-	-	2,630
Travel	150,987	116,016	2,257	-	170,562	77,819	517,641
Student Travel	75,375	55,399	101,155	-	4,177	15,893	251,999
Advertising/Printing/Publishing	-	-	61	-	3,841	1,054	4,956
Maintenance/Repair	43,295	-	-	-	13,679	8,249	65,223
Rentals/Leases	124,929	21,950	-	151,634	19,339	8,400	326,252
Others	33,043	8,388	-	173,687	118,330	4,230	337,678
Contracted Services	112,059	252,425	-	-	27,407	182,201	574,092
MATERIALS/SUPPLIES/FREIGHT							
Materials	875,253	301,135	99	-	171,229	140,867	1,488,583
Furniture and Equipment	74,651	285,416	-	-	61,014	12,199	433,280
Freight	57,428	66,366	-	-	10,387	8,009	142,190
CONTRIBUTIONS/TRANSFERS							
Total	\$ 18,360,461	\$ 5,253,431	\$ 105,792	\$ 476,384	\$ 2,514,569	\$ 2,419,382	\$ 29,130,019

AKLAVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 74,317	\$ 25,044
Due from Related Parties	4,956	24,030
Accounts Receivable	<u>18,947</u>	<u>14,149</u>
	<u>98,220</u>	<u>63,223</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	-	1,293
Due to Related Parties	35,628	960
Payroll Liabilities	776	1,165
Contribution Repayable	1,717	-
Deferred Revenue	<u>5,000</u>	<u>804</u>
	<u>43,121</u>	<u>4,222</u>
ACCUMULATED SURPLUS	<u>\$ 55,099</u>	<u>\$ 59,001</u>

AKLAVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2016

	2016 Budget (Unaudited)	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 68,966	\$ 59,038	\$ 74,294
Other ECE contributions	51,800	51,380	65,350
Government of Canada	-	-	50,988
Other	<u>8,000</u>	<u>36,802</u>	<u>48,166</u>
TOTAL REVENUE	<u>128,766</u>	<u>147,220</u>	<u>238,798</u>
EXPENSES			
Administration	41,056	44,893	15,909
School Programs	51,800	62,003	78,939
Aboriginal Languages/Cultural Programs	<u>35,910</u>	<u>44,226</u>	<u>93,856</u>
TOTAL EXPENSES	<u>128,766</u>	<u>151,122</u>	<u>188,704</u>
OPERATING DEFICIT	-	(3,902)	50,094
OPENING ACCUMULATED SURPLUS	<u>58,999</u>	<u>58,999</u>	<u>8,905</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 58,999</u>	<u>\$ 55,097</u>	<u>\$ 58,999</u>

**AKLAVIK DISTRICT EDUCATION AUTHORITY
 DETAILS OF EXPENSES
 For the Year Ended June 30, 2016**

	<u>School</u>	<u>Administration</u>	<u>Aboriginal</u>	<u>2016</u>
	<u>Programs</u>		<u>Languages</u>	
SALARIES:				
Non-instructional Staff	\$ 46,430	\$ 25,700	\$ 9,175	\$ 81,305
Board/Trustee Honoraria	-	5,300	-	5,300
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	847	847	2,542	4,236
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	889	-	889
Travel	-	1,413	-	1,413
Rentals/Leases	400	-	800	1,200
Others	690	3,992	(200)	4,482
Contracted Services	-	-	4,566	4,566
MATERIALS/SUPPLIES/FREIGHT				
Materials	8,728	6,752	27,343	42,823
Furniture and Equipment	1,060	-	-	1,060
Freight	3,848	-	-	3,848
	<u>3,848</u>	<u>-</u>	<u>-</u>	<u>3,848</u>
Total	\$ 62,003	\$ 44,893	\$ 44,226	\$ 151,122

FT MCPHERSON DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 47,560	\$ 14,538
Due from Related Parties	4,897	34,165
Accounts Receivable	<u>1,760</u>	<u>4,540</u>
	<u>54,217</u>	<u>53,243</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	20,441	19,414
Due to Related Parties	1,220	-
Payroll Liabilities	1,708	2,380
Deferred Revenue	<u>7,537</u>	<u>11,879</u>
	<u>30,906</u>	<u>33,673</u>
ACCUMULATED SURPLUS	<u>\$ 23,311</u>	<u>\$ 19,570</u>

FT MCPHERSON DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2016

	2016 Budget (Unaudited)	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 66,091	\$ 132,713	\$ 156,525
Other ECE contributions	53,300	53,814	65,302
Other contributions	-	1,900	4,100
Other	<u>12,000</u>	<u>114,434</u>	<u>117,657</u>
TOTAL REVENUE	<u>131,391</u>	<u>302,861</u>	<u>343,584</u>
EXPENSES			
Administration	44,261	57,237	69,768
School Programs	53,950	90,218	131,214
Inclusive Schooling	-	16,024	21,906
Aboriginal Languages/Cultural Programs	<u>33,180</u>	<u>123,883</u>	<u>135,890</u>
TOTAL EXPENSES	<u>131,391</u>	<u>287,362</u>	<u>358,778</u>
OPERATING SURPLUS	-	15,499	(15,194)
OPENING ACCUMULATED SURPLUS	<u>19,565</u>	<u>19,565</u>	<u>34,759</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 19,565</u>	<u>\$ 35,064</u>	<u>\$ 19,565</u>

FT MCPHERSON DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES
 For the Year Ended June 30, 2016

	<u>School Programs</u>	<u>Inclusive Schooling</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2016</u>
SALARIES:					
Instruction Assistants	\$ 73,704	\$ -	\$ -	\$ -	\$ 73,704
Non-instructional Staff	-	4,982	29,207	67,769	101,958
Board/Trustee Honoraria	-	-	5,500	25,493	30,993
EMPLOYEE BENEFITS					
Employee Benefit/Allowance	2,953	-	1,772	7,086	11,811
SERVICES PURCHASED/ CONTRACTED					
Professional/Technical Services	-	-	150	-	150
Postage/Communication	-	-	2,303	-	2,303
Travel	-	-	-	600	600
Rentals/Leases	-	14,640	-	1,200	15,840
Others	350	(3,708)	1,039	800	(1,519)
MATERIALS/SUPPLIES/FREIGHT					
Materials	12,620	110	17,266	20,821	50,817
Freight	<u>591</u>	<u>-</u>	<u>-</u>	<u>114</u>	<u>705</u>
Total	<u>\$ 90,218</u>	<u>\$ 16,024</u>	<u>\$ 57,237</u>	<u>\$ 123,883</u>	<u>\$ 287,362</u>

INUVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 179,369	\$ 77,133
Due from Related Parties	18,712	95,255
Accounts Receivable	<u>24,194</u>	<u>2,000</u>
	<u>222,275</u>	<u>174,388</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	5,281	12,138
Due to Related Parties	-	15,517
Payroll Liabilities	10,625	9,356
Deferred Revenue	<u>19,396</u>	<u>5,509</u>
	<u>35,302</u>	<u>42,520</u>
ACCUMULATED SURPLUS	<u>\$ 186,973</u>	<u>\$ 131,868</u>

INUVIK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2016

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 240,788	\$ 248,888	\$ 305,235
Other	<u>117,360</u>	<u>76,759</u>	<u>90,907</u>
TOTAL REVENUE	<u>358,148</u>	<u>325,647</u>	<u>396,142</u>
EXPENSES			
Administration	121,258	102,840	98,820
School Programs	79,119	57,366	52,573
Inclusive Schooling	-	-	72,313
Aboriginal Languages/Cultural Programs	<u>157,771</u>	<u>110,337</u>	<u>102,494</u>
TOTAL EXPENSES	<u>358,148</u>	<u>270,543</u>	<u>326,200</u>
OPERATING SURPLUS	-	55,104	69,942
OPENING ACCUMULATED SURPLUS	<u>131,869</u>	<u>131,869</u>	<u>61,927</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 131,869</u>	<u>\$ 186,973</u>	<u>\$ 131,869</u>

INUVIK DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES
 For the Year Ended June 30, 2016

	<u>School</u> <u>Programs</u>	<u>Administration</u>	<u>Aboriginal</u> <u>Languages</u>	<u>2016</u>
SALARIES:				
Instruction Assistants	\$ -	\$ -	\$ 41,110	\$ 41,110
Non-instructional Staff	-	71,986	37,000	108,986
Board/Trustee Honoraria	-	8,500	-	8,500
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	-	4,978	5,393	10,371
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	3,393	-	3,393
Utilities & Leases	1,630	-	-	1,630
Travel	-	-	1,285	1,285
Student Travel	679	-	-	679
Advertising/Printing/Publishing	-	-	1,054	1,054
Maintenance/Repair	-	5,000	-	5,000
Rentals/Leases	20,400	-	-	20,400
Others	18,438	940	3,000	22,378
Contracted Services	10,698	128	4,700	15,526
MATERIALS/SUPPLIES/FREIGHT				
Materials	5,521	5,578	4,596	15,695
Furniture and Equipment	-	2,337	12,199	14,536
Total	<u>\$ 57,366</u>	<u>\$ 102,840</u>	<u>\$ 110,337</u>	<u>\$ 270,543</u>

PAULATUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 873	\$ 4,878
Due from Related Parties	<u>2,745</u>	<u>12,028</u>
	<u>3,618</u>	<u>16,906</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	4,000	4,000
Due to Related Parties	1,283	7,816
Payroll Liabilities	908	1,313
Deferred Revenue	<u>3,019</u>	<u>3,545</u>
	<u>9,210</u>	<u>16,674</u>
ACCUMULATED SURPLUS (DEFICIT)	<u>\$ (5,592)</u>	<u>\$ 232</u>

PAULATUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2016

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 37,391	\$ 37,321	\$ 39,832
Other	<u>14,500</u>	<u>18,066</u>	<u>20,766</u>
TOTAL REVENUE	<u>51,891</u>	<u>55,387</u>	<u>60,598</u>
EXPENSES			
Administration	21,801	25,488	22,740
School Programs	13,700	26,090	22,708
Aboriginal Languages/Cultural Programs	<u>16,390</u>	<u>9,633</u>	<u>11,505</u>
TOTAL EXPENSES	<u>51,891</u>	<u>61,211</u>	<u>56,953</u>
OPERATING DEFICIT	-	(5,824)	3,645
OPENING ACCUMULATED SURPLUS	<u>233</u>	<u>233</u>	<u>(3,412)</u>
CLOSING ACCUMULATED SURPLUS (DEFICIT)	<u>\$ 233</u>	<u>\$ (5,591)</u>	<u>\$ 233</u>

PAULATUK DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES
 For the Year Ended June 30, 2016

	<u>School</u>	<u>Administration</u>	<u>Aboriginal</u>	<u>2016</u>
	<u>Programs</u>		<u>Languages</u>	
SALARIES:				
Non-instructional Staff	\$ 8,385	\$ 11,272	\$ 7,795	\$ 27,452
Board/Trustee Honoraria	-	8,625	-	8,625
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	511	682	511	1,704
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	450	-	450
Others	-	443	-	443
Contracted Services	4,000	1,952	-	5,952
MATERIALS/SUPPLIES/FREIGHT				
Materials	11,926	2,064	1,327	15,317
Freight	<u>1,268</u>	<u>-</u>	<u>-</u>	<u>1,268</u>
Total	<u>\$ 26,090</u>	<u>\$ 25,488</u>	<u>\$ 9,633</u>	<u>\$ 61,211</u>

SACHS HARBOUR DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 17,464	\$ 20,719
Due from Related Parties	<u>54,421</u>	<u>46,210</u>
	<u>71,885</u>	<u>66,929</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	17,303	-
Due to Related Parties	5,660	11,160
Payroll Liabilities	74	48
Deferred Revenue	<u>1,500</u>	<u>1,500</u>
	<u>24,537</u>	<u>12,708</u>
ACCUMULATED SURPLUS	<u>\$ 47,348</u>	<u>\$ 54,221</u>

SACHS HARBOUR DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2016

	2016 Budget (Unaudited)	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 28,068	\$ 21,208	\$ 23,416
Other	<u>-</u>	<u>5,009</u>	<u>-</u>
TOTAL REVENUE	<u>28,068</u>	<u>26,217</u>	<u>23,416</u>
EXPENSES			
Administration	3,976	11,357	3,401
School Programs	16,232	18,728	12,710
Aboriginal Languages/Cultural Programs	<u>7,860</u>	<u>3,003</u>	<u>-</u>
TOTAL EXPENSES	<u>28,068</u>	<u>33,088</u>	<u>16,111</u>
OPERATING DEFICIT	-	(6,871)	7,305
OPENING ACCUMULATED SURPLUS	<u>54,222</u>	<u>54,222</u>	<u>46,917</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 54,222</u>	<u>\$ 47,351</u>	<u>\$ 54,222</u>

SACHS HARBOUR DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES
 For the Year Ended June 30, 2016

	<u>School</u>	<u>Administration</u>	<u>Aboriginal</u>	<u>2016</u>
	<u>Programs</u>		<u>Languages</u>	
SALARIES:				
Teachers	\$ 3,719	\$ -	\$ -	\$ 3,719
Board/Trustee Honoraria	-	1,450	-	1,450
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	445	-	-	445
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	123	-	123
Travel	-	1,817	-	1,817
Others	-	805	-	805
Contracted Services	12,000	800	600	13,400
MATERIALS/SUPPLIES/FREIGHT				
Materials	2,469	3,140	2,403	8,012
Furniture and Equipment	-	3,222	-	3,222
Freight	<u>95</u>	<u>-</u>	<u>-</u>	<u>95</u>
Total	<u>\$ 18,728</u>	<u>\$ 11,357</u>	<u>\$ 3,003</u>	<u>\$ 33,088</u>

TSIIGEHTCHIC DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
For the year ended June 30, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 55,416	\$ 44,402
Due from Related Parties	50,383	93,398
Accounts Receivable	<u>900</u>	<u>5,200</u>
	<u>106,699</u>	<u>143,000</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	9,506	8,882
Due to Related Parties	-	7,047
Payroll Liabilities	<u>151</u>	<u>986</u>
	<u>9,657</u>	<u>16,915</u>
ACCUMULATED SURPLUS	<u>\$ 97,042</u>	<u>\$ 126,085</u>

TSIIGEHTCHIC DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2016

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 24,354	\$ 24,354	\$ 22,666
Rentals	3,200	2,300	12,150
Other	<u>-</u>	<u>-</u>	<u>2,500</u>
TOTAL REVENUE	<u>27,554</u>	<u>26,654</u>	<u>37,316</u>
EXPENSES			
Administration	7,400	12,663	18,225
School Programs	7,864	32,453	14,923
Aboriginal Languages/Cultural Programs	<u>12,290</u>	<u>10,582</u>	<u>4,054</u>
TOTAL EXPENSES	<u>27,554</u>	<u>55,698</u>	<u>37,202</u>
OPERATING DEFICIT	-	(29,044)	114
OPENING ACCUMULATED SURPLUS	<u>126,080</u>	<u>126,080</u>	<u>125,966</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 126,080</u>	<u>\$ 97,036</u>	<u>\$ 126,080</u>

TSIIGEHTCHIC DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES
For the Year Ended June 30, 2016

	<u>School Programs</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2016</u>
SALARIES:				
Instruction Assistants	\$ -	\$ -	\$ 4,526	\$ 4,526
Non-instructional Staff	-	-	656	656
Board/Trustee Honoraria	-	4,725	-	4,725
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	-	-	51	51
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Student Travel	4,450	-	1,601	6,051
Rentals/Leases	7,325	-	400	7,725
Others	-	1,881	-	1,881
Contracted Services	8,400	220	1,129	9,749
MATERIALS/SUPPLIES/FREIGHT				
Materials	12,278	3,099	2,219	17,596
Furniture and Equipment	-	2,738	-	2,738
Total	<u>\$ 32,453</u>	<u>\$ 12,663</u>	<u>\$ 10,582</u>	<u>\$ 55,698</u>

TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION

For the year ended June 30, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 16,946	\$ 7,117
Due from Related Parties	2,792	20,288
Accounts Receivable	<u>5,252</u>	<u>47</u>
	<u>24,990</u>	<u>27,452</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	13,534	24,461
Due to Related Parties	6,284	2,396
Payroll Liabilities	1,098	3,168
Deferred Revenue	<u>18,074</u>	<u>6,197</u>
	<u>38,990</u>	<u>36,222</u>
NET FINANCIAL DEBT	<u>(14,000)</u>	<u>(8,770)</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	<u>-</u>	<u>1,810</u>
ACCUMULATED DEFICIT	<u>\$ (14,000)</u>	<u>\$ (6,960)</u>

TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2016

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 122,681	\$ 75,057	\$ 116,822
Government of Canada	29,000	19,966	28,602
Other	<u>46,000</u>	<u>62,743</u>	<u>55,788</u>
TOTAL REVENUE	<u>197,681</u>	<u>157,766</u>	<u>201,212</u>
EXPENSES			
Administration	41,650	64,347	46,450
School Programs	62,399	59,985	116,580
Inclusive Schooling	55,260	-	26,624
Aboriginal Languages/Cultural Programs	<u>38,372</u>	<u>26,656</u>	<u>29,783</u>
TOTAL EXPENSES	<u>197,681</u>	<u>150,988</u>	<u>219,437</u>
OPERATING SURPLUS	-	6,778	(18,225)
OPENING ACCUMULATED DEFICIT	<u>(6,963)</u>	<u>(6,963)</u>	<u>11,262</u>
CLOSING ACCUMULATED DEFICIT	<u>\$ (6,963)</u>	<u>\$ (185)</u>	<u>\$ (6,963)</u>

TUKTOYAKTUK DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES
 For the Year Ended June 30, 2016

	<u>School</u>	<u>Administration</u>	<u>Aboriginal</u>	<u>2016</u>
	<u>Programs</u>	<u>Administration</u>	<u>Languages</u>	<u>2016</u>
SALARIES:				
Non-instructional Staff	\$ 19,773	\$ 8,927	\$ -	\$ 28,700
Board/Trustee Honoraria	-	5,600	7,855	13,455
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	5,907	4,390	-	10,297
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Postage/Communication	-	45	-	45
Travel	-	288	1,922	2,210
Student Travel	-	3,350	-	3,350
Maintenance/Repair	-	260	-	260
Rentals/Leases	-	6,815	-	6,815
Others	2,000	5,315	-	7,315
Contracted Services	2,268	1,800	13,586	17,654
MATERIALS/SUPPLIES/FREIGHT				
Materials	30,037	7,241	3,181	40,459
Furniture and Equipment	-	19,679	-	19,679
Freight	-	637	112	749
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 59,985	\$ 64,347	\$ 26,656	\$ 150,988

ULUKHAKTOK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION

For the year ended June 30, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 52,634	\$ 35,956
Due from Related Parties	7,945	10,911
Accounts Receivable	<u>321</u>	<u>400</u>
	<u>60,900</u>	<u>47,267</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	250	250
Payroll Liabilities	750	1,015
Deferred Revenue	<u>25,586</u>	<u>17,177</u>
	<u>26,586</u>	<u>18,442</u>
ACCUMULATED SURPLUS	<u>\$ 34,314</u>	<u>\$ 28,825</u>

ULUKHAKTOK DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL OPERATIONS

For the Year Ended June 30, 2016

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUE			
Contributions from Divisional Council	\$ 73,407	\$ 73,407	\$ 72,087
Other ECE contributions	50,227	42,083	55,505
Other contributions	-	387	1,393
Rentals	-	1,529	-
Other	<u>27,945</u>	<u>28,410</u>	<u>25,592</u>
TOTAL REVENUE	<u>151,579</u>	<u>145,816</u>	<u>154,577</u>
EXPENSES			
Administration	25,898	32,219	28,698
School Programs	73,678	63,249	90,642
Inclusive Schooling	20,415	-	16,054
Aboriginal Languages/Cultural Programs	<u>31,588</u>	<u>24,445</u>	<u>23,589</u>
TOTAL EXPENSES	<u>151,579</u>	<u>119,913</u>	<u>158,983</u>
OPERATING SURPLUS	-	25,903	(4,406)
OPENING ACCUMULATED SURPLUS	<u>28,819</u>	<u>28,819</u>	<u>33,225</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 28,819</u>	<u>\$ 54,722</u>	<u>\$ 28,819</u>

ULUKHAKTOK DISTRICT EDUCATION AUTHORITY
DETAILS OF EXPENSES
For the Year Ended June 30, 2016

	<u>School</u> <u>Programs</u>	<u>Administration</u>	<u>Aboriginal</u> <u>Languages</u>	<u>2016</u>
SALARIES:				
Teachers	\$ 9,466	\$ -	\$ -	\$ 9,466
Non-instructional Staff	39,574	13,670	20,508	66,752
Board/Trustee Honoraria	-	10,025	2,250	12,275
EMPLOYEE BENEFITS				
Employee Benefit/Allowance	-	4,587	-	4,587
SERVICES PURCHASED/ CONTRACTED				
Professional/Technical Services	-	-	-	-
Utilities & Leases	-	-	-	1,000
Student Travel	9,110	827	-	9,937
Rentals/Leases	-	-	-	6,000
Others	325	2,981	-	3,306
MATERIALS/SUPPLIES/FREIGHT				
Materials	4,774	-	1,687	6,461
Freight	-	129	-	129
	<u>-</u>	<u>129</u>	<u>-</u>	<u>129</u>
Total	\$ <u>63,249</u>	\$ <u>32,219</u>	\$ <u>24,445</u>	\$ <u>119,913</u>

NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL
STATEMENT OF FINANCIAL POSITION

For the year ended June 30, 2016

	<u>2016</u>	<u>2015</u>
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 8,563,232	\$ 8,467,369
Accounts Receivable	228,537	343,798
Restricted Assets	<u>256,459</u>	<u>258,247</u>
	<u>9,048,228</u>	<u>9,069,414</u>
LIABILITIES		
Accounts Payable and Accrued Liabilities	717,456	616,021
Due to Related Parties	96,876	291,389
Payroll Liabilities	2,667,735	3,504,200
Contribution Repayable	36,547	122,532
Employee Deductions Payable	1,537	37,343
Deferred Revenue	230,595	237,160
Post-Employment Benefits	<u>2,207,324</u>	<u>2,278,677</u>
	<u>5,958,070</u>	<u>7,087,322</u>
NET FINANCIAL RESOURCES	<u>3,090,158</u>	<u>1,982,092</u>
NON-FINANCIAL ASSETS		
Prepaid Expenses	<u>9,241</u>	<u>29,212</u>
ACCUMULATED SURPLUS	<u>\$ 3,099,399</u>	<u>\$ 2,011,304</u>

NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL
STATEMENT OF FINANCIAL OPERATIONS
For the Year Ended June 30, 2016

	2016 Budget <u>(Unaudited)</u>	2016 <u>Actual</u>	2015 <u>Actual</u>
REVENUE			
Government of the NWT			
Regular contributions	\$ 27,959,124	\$ 28,211,586	\$ 28,173,065
Other ECE contributions	228,200	442,337	737,333
Other contributions	<u>598,600</u>	<u>443,475</u>	<u>448,692</u>
Total Government of the NWT	<u>28,785,924</u>	<u>29,097,398</u>	<u>29,359,090</u>
Government of Canada	<u>-</u>	<u>1,000</u>	<u>2,850</u>
Board Generated Funds			
Investment Income	20,000	67,718	66,658
Other	<u>523,484</u>	<u>549,836</u>	<u>633,534</u>
Total Board Generated Funds	<u>543,484</u>	<u>617,554</u>	<u>700,192</u>
TOTAL REVENUE	<u>29,329,408</u>	<u>29,715,952</u>	<u>30,062,132</u>
EXPENSES			
Administration	2,069,141	2,356,594	2,206,902
School Programs	18,386,293	18,096,919	19,049,758
Inclusive Schooling	5,601,943	5,274,420	4,028,303
Student Accommodations	200,000	105,792	135,050
Operations & Maintenance	815,000	476,384	713,074
Aboriginal Languages/Cultural Programs	<u>2,247,418</u>	<u>2,315,977</u>	<u>2,082,382</u>
TOTAL EXPENSES	<u>29,319,795</u>	<u>28,626,086</u>	<u>28,215,469</u>
OPERATING SURPLUS	9,613	1,089,866	1,846,663
OPENING ACCUMULATED SURPLUS	<u>1,753,043</u>	<u>1,753,043</u>	<u>(93,620)</u>
CLOSING ACCUMULATED SURPLUS	<u>\$ 1,762,656</u>	<u>\$ 2,842,909</u>	<u>\$ 1,753,043</u>

**NON-CONSOL BEAUFORT DELTA EDUCATION COUNCIL
 DETAILS OF EXPENSES
 For the Year Ended June 30, 2016**

	<u>School Programs</u>	<u>Inclusive Schooling</u>	<u>Student Accommodations</u>	<u>Operations & Maintenance</u>	<u>Administration</u>	<u>Aboriginal Languages</u>	<u>2016</u>
SALARIES:							
Teachers	\$ 10,626,422	\$ 1,131,020	\$ -	\$ -	\$ -	\$ 1,132,337	\$ 12,889,779
Instruction Assistants	21,646	-	-	-	-	-	21,646
Non-instructional Staff	1,764,133	1,773,410	-	-	1,245,723	123,773	4,907,039
Board/Trustee Honoraria	11,125	-	-	-	29,540	12,046	52,711
EMPLOYEE BENEFITS							
Employee Benefit/Allowance	4,093,186	1,054,178	-	151,063	303,551	452,585	6,054,563
SERVICES PURCHASED/ CONTRACTED							
Professional/Technical Services	-	188,746	-	-	64,747	-	253,493
Postage/Communication	83,585	-	2,220	-	35,947	-	121,752
Travel	150,987	116,016	2,257	-	167,044	74,012	510,316
Student Travel	61,136	55,399	101,155	-	-	14,292	231,982
Advertising/Printing/Publishing	-	-	61	-	3,841	-	3,902
Maintenance/Repair	43,295	-	-	-	8,419	8,249	59,963
Rentals/Leases	96,804	1,310	-	151,634	12,524	6,000	268,272
Others	11,240	12,096	-	173,687	100,934	630	298,587
Contracted Services	74,693	252,425	-	-	22,507	157,620	507,245
MATERIALS/SUPPLIES/FREIGHT							
Materials	786,900	301,025	99	-	126,089	77,290	1,291,403
Furniture and Equipment	73,591	285,416	-	-	33,038	-	392,045
Freight	51,626	66,366	-	-	9,621	7,783	135,396
CONTRIBUTIONS/TRANSFERS							
Transfers - Other	<u>146,550</u>	<u>37,013</u>	<u>-</u>	<u>-</u>	<u>193,069</u>	<u>249,360</u>	<u>625,992</u>
Total	<u>\$ 18,096,919</u>	<u>\$ 5,274,420</u>	<u>\$ 105,792</u>	<u>\$ 476,384</u>	<u>\$ 2,356,594</u>	<u>\$ 2,315,977</u>	<u>\$ 28,626,086</u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 29

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
INFRASTRUCTURE**

For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
PERSONNEL INFRASTRUCTURE		
Contributions	<u>816,293</u>	<u>536,346</u>
Expenses:		
Removal In/Transfer	346,198	282,272
Ultimate Removal	(172,511)	179,155
WSCC Premiums	<u>150,987</u>	<u>108,778</u>
Total Expenses	<u>324,674</u>	<u>570,205</u>
Net Surplus (Deficit)	<u>491,619</u>	<u>(33,859)</u>
LEASES INFRASTRUCTURE		
Contributions	<u>-</u>	<u>138,665</u>
Expenses:		
Leases	<u>151,634</u>	<u>141,624</u>
Total Expenses	<u>151,634</u>	<u>141,624</u>
Net Surplus (Deficit)	<u>(151,634)</u>	<u>(2,959)</u>
REPAYABLE TO EDUCATION, CULTURE AND EMPLOYMENT	<u>-</u>	<u>-</u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 30

REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS

FRENCH LANGUAGE PROGRAM

For the Year Ended June 30, 2016

	<u>Contributions</u>	<u>Total Expenses</u>	<u>Variance</u>
	<u>July 1 to June 30</u>	<u>July 1 to June 30</u>	
Bilateral Agreement Funding			
Special Projects:			
Teacher's Assistant Salary	\$ 60,000	\$ -	\$ 60,000
Core French 1:12 Salary	-	146,927	(146,927)
French Resources	5,000	13,160	(8,160)
Cultural Activities	5,000	45	4,955
Professional Development	5,000	-	5,000
French Monitor	<u>15,000</u>	<u>14,997</u>	<u>3</u>
Total	\$ <u>90,000</u>	\$ <u>175,129</u>	\$ <u>(85,129)</u>
Regular GNWT Funding			
Immersion Program	\$ 90,000		
Core French Instruction	<u>28,563</u>		
Total	\$ <u>118,563</u>		

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 31

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
ABORIGINAL LANGUAGES
For the Year Ended June 30, 2016**

	<u>July 1 to March 31</u>	<u>April 1 to June 30</u>	<u>Total</u>
<u>Contribution Agreement Aboriginal Languages</u>			
Revenue			
Funding Received	<u>78,000</u>	<u>-</u>	<u>78,000</u>
Expenses			
Salaries	100,000	(100,000)	-
Other O & M	<u>53,000</u>	<u>100,000</u>	<u>153,000</u>
Total Expenses	<u>153,000</u>	<u>-</u>	<u>153,000</u>
Net Surplus (Deficit)	<u>(75,000)</u>	<u>-</u>	<u>(75,000)</u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 32

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
STUDENT SUCCESS INITIATIVE
For the Year Ended June 30, 2016**

NWT Student Success Initiative

Professional Development Initiative

Title of Project: Ongoing Development of Collaborative Teams and Response to Intervention

	<u>2016</u>
Revenue	<u>63,329</u>
Expenses:	
Travel	
Air Charter	84,169
Accommodation	33,054
Daily Per Diems	18,054
Workshop Expenses	
Room Rental	318
Miscellaneous	<u>49,679</u>
Total Expenses	<u>185,274</u>
Net Surplus (Deficit)	<u>(121,945)</u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 33

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
 DETAILS OF ABORIGINAL LANGUAGE AND CULTURAL-BASED EDUCATION EXPENSES
 For the Year Ended June 30, 2016**

<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	\$ 1,132,337	\$ -	\$ -	\$ -	\$ 1,132,337
Language Consultants	123,773	-	-	-	123,773
Instruction Assistants	45,636	-	-	-	45,636
Non Instructional Staff	-	-	-	142,903	142,903
Honoraria	-	-	-	47,644	47,644
<u>EMPLOYEE BENEFITS</u>					
Employee Benefits/Allowances	452,585	-	-	15,583	468,168
<u>SERVICES PURCHASED/ CONTRACTED</u>					
Travel	15,676	-	17,516	44,627	77,819
Student Transportation (bussing)	-	-	-	15,893	15,893
Maintenance/Repair	-	-	-	8,249	8,249
Rentals/Leases	-	-	-	8,400	8,400
Other Contracted Services	-	177,451	-	4,750	182,201
Others	-	-	-	4,230	4,230
<u>MATERIAL/SUPPLIES/FREIGHT</u>					
Materials	-	25,909	1,331	113,627	140,867
Furniture and Equipment	-	-	-	12,199	12,199
Freight	-	1,023	-	6,986	8,009
TOTAL	<u>\$ 1,770,007</u>	<u>\$ 204,383</u>	<u>\$ 18,847</u>	<u>\$ 425,091</u>	<u>\$ 2,418,328</u>

BEAUFORT-DELTA EDUCATION COUNCIL

Schedule 34

**REPORT ON ACTIVITIES OF SPECIFIC PROGRAMS
DETAILS OF INCLUSIVE SCHOOLING EXPENSES
For the Year Ended June 30, 2016**

<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	\$ -	\$ -	\$ -	\$ 1,131,020	\$ 1,131,020
Consultants	-	-	-	133,121	133,121
Support Assistants	-	-	-	1,374,190	1,374,190
Non Instructional Staff	-	42,913	-	221,168	264,081
<u>EMPLOYEE BENEFITS</u>					
Employee Benefits/Allowances	-	-	-	1,054,178	1,054,178
<u>SERVICES PURCHASED/ CONTRACTED</u>					
Professional/Technical Services	-	-	-	188,746	188,746
Travel	-	-	-	1,000	1,000
Travel	70,266	-	-	45,750	116,016
Student Transportation (bussing)	-	-	-	55,399	55,399
Rentals/Leases	-	-	-	21,950	21,950
Other Contracted Services	60,702	-	-	191,723	252,425
Others	1,730	-	-	6,658	8,388
<u>MATERIAL/SUPPLIES/FREIGHT</u>					
Materials	-	9,486	151,886	139,763	301,135
Furniture and Equipment	-	-	-	285,416	285,416
Freight	-	-	-	66,366	66,366
TOTAL	\$ 132,698	\$ 52,399	\$ 151,886	\$ 4,916,448	\$ 5,253,431

**Commission scolaire francophone
Territoires du Nord-Ouest**

Consolidated Financial Statements

June 30, 2016

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Financial Statements

June 30, 2016

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Commission scolaire francophone Territoires du Nord-Ouest

Le 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 et 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: 3 à Yellowknife et 3 à Hay River.

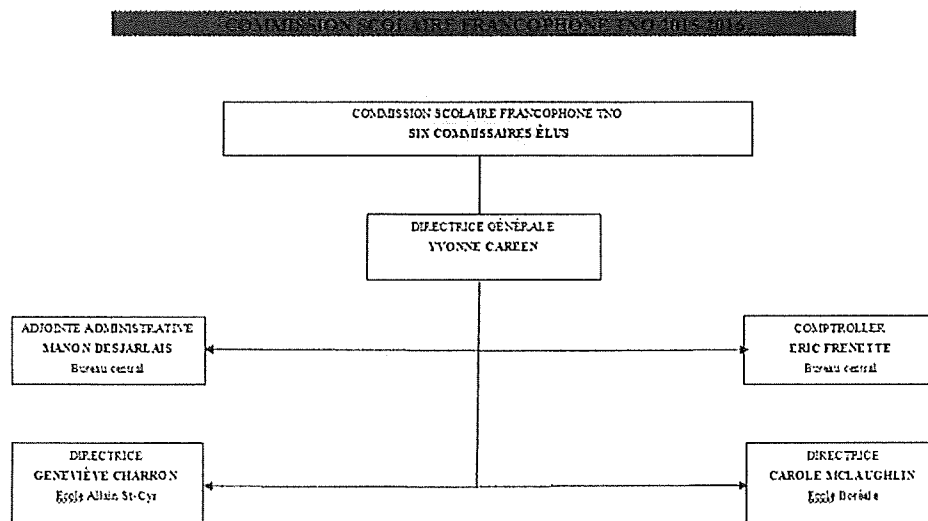
Ce sont les commissaires qui doivent superviser la gestion de la Commission scolaire et des écoles. En fait, ils constituent le lien entre les élèves, les parents, les écoles et les deux paliers de gouvernement.

Les commissaires pour 2015-16 étaient :

Nom	Position
Simon Cloutier	Président
Étienne Croteau	Vice-président
Michael St-Amour	Trésorier
David Couture	Commissaire
Natalie Campbell	Commissaire
Christian Marcoux	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 2015-16, 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 2015-16:



En 2015-2016, 131.5 élèves ont fréquenté l'école Allain St-Cyr et 85 ont fréquenté 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 gouvernances 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

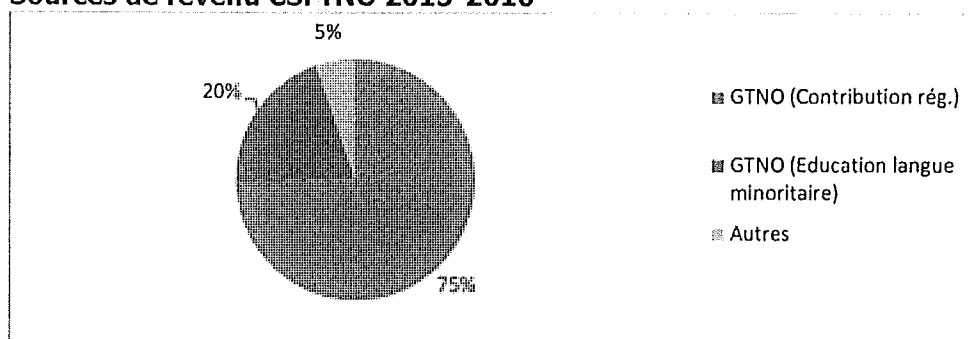
- Mettre à jour les politiques de gouvernance de la CSFTNO;
- Renforcer les capacités de leadership au sein de la CSFTNO; et
- Améliorer la communication et la diffusion d'information auprès des parents et des membres de la communauté.

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 2015-2016

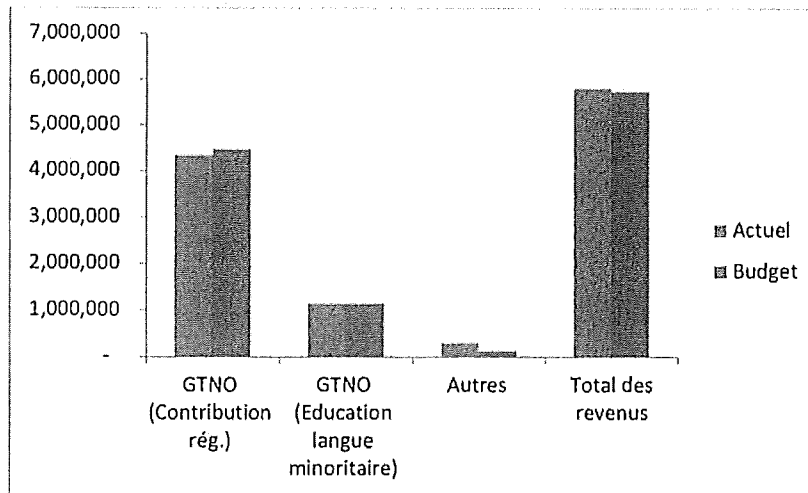


En 2015-2016, la Commission scolaire francophone TNO a enregistré des revenus d'une somme de 5.79 M\$ comparativement à un montant budgété de 5.74 M\$. Cette variance de 50 K\$ s'explique principalement par trois facteurs :

- Les revenus pour les ordonnances de la cour ont été 12K\$ plus que prévu.
- Les contributions additionnelles de 73K\$ reçues par le Gouvernement des Territoires du Nord-Ouest pendant l'année scolaire 2015-16 non incluent dans le budget approuvé.
- Les revenus de 35K\$ budgété en trop qui aurait été reçus si la cause de la CSFTNO avait été entendu à la Cour suprême du Canada. (Programme de contestation judiciaire du Canada)

Voici un tableau illustrant les revenus actuels comparativement aux revenus budgétés :

Revenus actuels vs. budgétés 2015-16

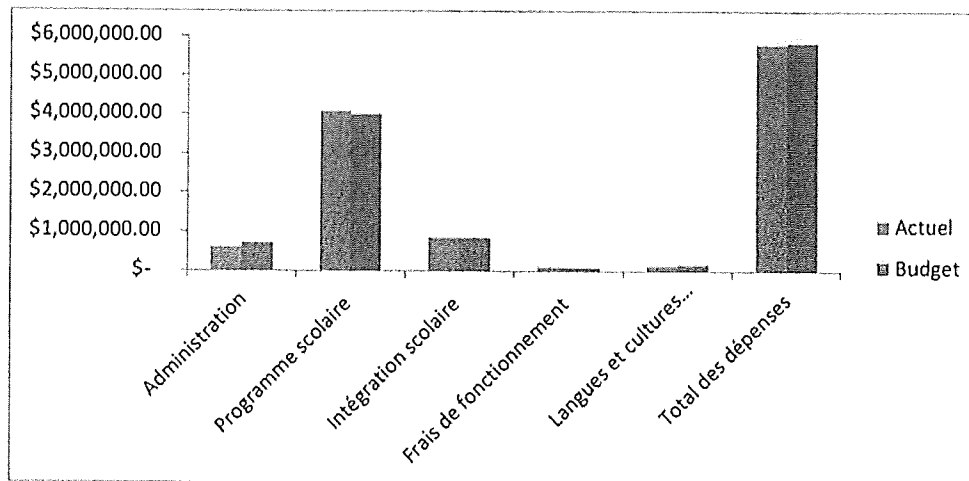


Dépenses

Le total des dépenses de la Commission scolaire francophone TNO au 30 juin 2016 se chiffrait à 5,79 M\$ comparativement à un budget approuvé de 5.84 M\$.

Voici un tableau illustrant les dépenses réelles comparativement aux dépenses budgétées par programme :

Dépenses actuelles vs. Budgétées



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, transport par autobus, matériaux scolaire et les fournitures scolaires dans les écoles.

- **Intégration scolaire**

Les dépenses pour l'intégration scolaire supportent les écoles pour permettre à tous les élèves l'inclusion et la participation dans les classes régulières. Cette section inclue les salaires et bénéfices des enseignants, les aides-enseignants, le développement professionnel, matériaux et fournitures de classes associés avec le programme d'intégration scolaire.

- **Frais de fonctionnement**

Les frais de fonctionnement consistent aux dépenses d'opérations et de maintenances des écoles non couvert par le Gouvernement des Territoires du Nord-Ouest.

- **Langues et cultures autochtones**

Ce programme comprend les salaires et bénéfices des enseignants, les matériaux et les fournitures reliés au programme de Langue et Cultures Autochtones.

Sommaire

La Commission scolaire francophone TNO a approuvé un déficit de (103 404 \$) en raison des dépenses légales prévues pour l'année 2015-16.

La Commission scolaire francophone TNO a terminé l'année fiscale avec un déficit annuel de (733\$). Par conséquent, le surplus accumulé est diminué à 576 831\$ comparativement à 577 564\$ au 30 juin 2015. Ce déficit annuel s'explique majoritairement par des revenus excédentaires non budgétés d'environ 55K\$ et des dépenses légaux moins grande qu'anticipés.

En 2016-17, nous sommes heureux d'offrir un nouveau Programme préscolaire pour les enfants de 4 ans – Les Renardeaux.

Finalement, les fonds budgétés pour l'année fiscale 2016-2017 s'enlignent avec notre 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 les 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, 2016

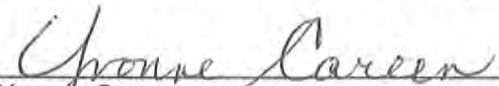
The Management Discussion and Analysis, Consolidated Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of Commission scolaire francophone Territoire du Nord-Ouest ("the 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, CGA _____ Contrôleur financier

September 20, 2016

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, 2016 and the consolidated statements of operations, changes in net financial asset (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 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, 2016 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.

Yellowknife, Northwest Territories
September 20, 2016

A handwritten signature in cursive script that reads "Crowe MacKay LLP".

Chartered Accountants

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Statement of Financial Position

As at June 30, 2016 2015

Financial Assets

Cash (Note 4)	\$ 1,149,689	\$ 1,372,140
Restricted assets (Note 6)	-	45,000
Accounts receivable (Note 8)	329,992	215,575
	1,479,681	1,632,715

Liabilities

Accounts payable and accrued liabilities (Note 10)	151,477	173,065
Payroll liabilities (Note 34)	576,672	666,574
Contributions repayable (Note 12)	-	17,410
Deferred revenue (Note 11)	-	45,000
Post-employment benefits (Note 17)	191,547	168,285

919,696 **1,070,334**

Net financial assets **559,985** **562,381**

Non-financial assets

Prepaid expenses and deposits (Note 20) **16,846** 15,183

Accumulated surplus **\$ 576,831** **\$ 577,564**

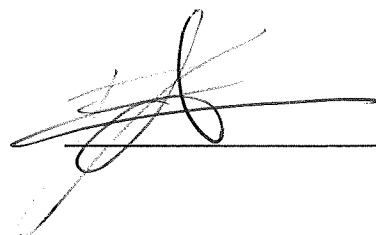
Represented By:

Operating surplus **\$ 576,831** **\$ 577,564**

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,	2016 Budget	2016 Actual	2015 Actual
Revenue			
Government of the NWT Education, Culture, & Employment			
ECE Regular contributions	\$ 4,455,809	\$ 4,333,304	\$ 4,210,418
French language instruction	1,152,850	1,152,850	1,152,850
ECE Other contributions (Note 33)	10,000	172,130	115,836
Total GNWT ECE	5,618,659	5,658,284	5,479,104
GNWT Other contributions (Note 34)	-	23,027	-
Total GNWT	5,618,659	5,681,311	5,479,104
Government of Canada			
Other contributions	44,400	47,553	39,264
Education body generated funds			
Northwest Territories Teachers' Association			
Contributions	-	9,039	9,438
Interest	-	19,298	-
School fees	5,000	12,492	4,475
Other revenue	70,000	23,732	83,854
	75,000	64,561	97,767
	5,738,059	5,793,425	5,616,135
Expenses (Schedule 1)			
Administration	718,649	598,861	724,440
School programs	3,998,029	4,083,652	3,728,314
Inclusive schooling	852,786	855,388	846,870
Operations and maintenance	103,065	110,999	131,699
Aboriginal languages	168,932	145,258	111,725
	5,841,461	5,794,158	5,543,048
Operating surplus (deficit) before other items	(103,402)	(733)	73,087
Other items			
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)
Operating surplus (deficit)	(103,402)	(733)	73,087
Opening accumulated surplus (deficit)	577,564	577,564	504,477
Closing accumulated surplus	\$ 474,162	\$ 576,831	\$ 577,564

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Statement of Changes in Net Financial Assets (Debt)

For the year ended June 30,	2016	2015
Operating surplus	\$ (733)	\$ 73,087
Use (acquisition) of prepaid expenses and deposits	(1,663)	10,931
Increase in net financial assets	(2,396)	84,018
Net financial assets (debt), beginning of year	562,381	478,363
Net financial assets, end of year	\$ 559,985	\$ 562,381

Commission scolaire francophone Territoires du Nord-Ouest

Consolidated Statement of Cash Flows

For the year ended June 30, 2016 2015

Cash provided by (used in):

Operating transactions

Operating surplus \$ (733) \$ 73,087

Changes in non-cash assets and liabilities

Increase (decrease) in accounts receivable (114,417) 69,622
Increase (decrease) in accounts payable (21,587) (99,258)
Increase (decrease) in payroll liabilities (89,902) 96,381
Increase (decrease) in contributions repayable (17,410) (43,366)
Increase (decrease) in deferred revenue (45,000) 10,000
Increase (decrease) in post-employment benefits 23,262 11,638
Increase (decrease) in prepaid expenses and deposits (1,664) 10,932

Increase in cash and cash equivalents (267,451) 129,036

Cash and cash equivalents at beginning of year 1,417,140 1,288,104

Cash and cash equivalents at end of year \$ 1,149,689 \$ 1,417,140

Cash and cash equivalents consist of:

Cash \$ 1,149,689 \$ 1,372,140
Restricted cash (note 6) - 45,000

\$ 1,149,689 **\$ 1,417,140**

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 2016	Budget 2016	Total 2015
Salaries								
Teacher salaries	\$ 2,879,052	\$ 444,500	\$ -	\$ -	\$ 57,844	\$ 3,381,396	\$ 3,348,111	\$ 3,106,506
Instruction assistants	209,095	217,474	-	-	-	426,569	420,158	384,603
Non-instruction staff	391,726	49,797	-	373,492	-	815,015	817,460	869,838
Board/trustee honoraria	-	-	-	38,884	-	38,884	43,417	35,579
	3,479,873	711,771	-	412,376	57,844	4,661,864	4,629,146	4,396,526
Employee Benefits								
Employee benefit	-	-	36,823	-	-	36,823	26,000	27,959
Leave and termination	-	-	22,884	-	-	22,884	20,765	55,103
	-	-	59,707	-	-	59,707	46,765	83,062
Services Purchased/Contracted								
Advertising/Publishing	-	-	6,653	14,436	-	21,089	37,000	22,617
Communication	14,639	-	-	9,510	-	24,149	30,500	27,400
Contracted services	77,864	43,086	-	48,753	-	169,703	259,000	251,990
Maintenance & repairs	15,724	-	44,639	-	-	60,363	61,300	54,925
Other	60,865	60,675	-	40,945	36,819	199,304	206,300	150,413
Rental/leases	112,885	-	-	11,573	-	124,458	105,000	111,765
Student travel	61,738	-	-	-	-	61,738	64,000	55,527
Travel	20,688	11,118	-	34,840	14,665	81,311	57,500	37,046
	364,403	114,879	51,292	160,057	51,484	742,115	820,600	711,683
Supplies and Materials								
Freight	153	4,726	-	535	-	5,414	4,550	1,872
Materials	239,223	24,012	-	25,893	35,930	325,058	340,400	349,905
	239,376	28,738	-	26,428	35,930	330,472	344,950	351,777
Total	\$ 4,083,652	\$ 855,388	\$ 110,999	\$ 598,861	\$ 145,258	\$ 5,794,158	\$ 5,841,461	\$ 5,543,048

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 2

Details of Aboriginal Language and Culture Expenses

For the year ended June 30, 2016

	Student Instructions	School Activities & Integrated Community Programs	Total
Function Salaries			
ALCBE teachers	\$ 57,844	\$ -	\$ 57,844
Honoraria	-	26,819	26,819
Elders in the schools	-	10,000	10,000
	57,844	36,819	94,663
Services Purchased/Contracted			
Travel	-	14,665	14,665
	-	14,665	14,665
Materials/Supplies/Freight			
Materials	-	35,930	35,930
	\$ 57,844	\$ 87,414	\$ 145,258

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 3
Details of Inclusive Schooling Expenses

For the year ended June 30, 2016

	Staff Development	Student Resources	General Inclusive Schooling	Total
Function Salaries				
Consultants	\$ -	\$ -	\$ 49,797	\$ 49,797
Program support teachers	-	-	444,500	444,500
Supportive assistants	-	-	217,474	217,474
	-	-	711,771	711,771
Services Purchased/Contracted				
Contracted services	-	-	43,086	43,086
Other	60,675	-	-	60,675
Travel	-	-	11,118	11,118
	60,675	-	54,204	114,879
Materials/Supplies/Freight				
Freight	-	-	4,726	4,726
Materials	-	24,012	-	24,012
	-	24,012	4,726	28,738
	\$ 60,675	\$ 24,012	\$ 770,701	\$ 855,388

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 4
French Language Funding

For the year ended June 30, 2016

	Contributions from GNWT	Commitments from Commission	Expenditures	(Under) Over Funding
STUDENT PARTICIPATION				
School administration (salary)	\$ 231,500	\$ 20,000	\$ 250,715	\$ 785
Retention bursaries	12,000	-	25,000	(13,000)
2 grade level per class (salary)	250,350	1,700,000	2,366,897	(416,547)
2 secretaries / librarian (salary)	117,500	48,000	181,732	(16,232)
SCHOOL PROGRAMS				
Cyber pedagogy (salary)	105,000	10,000	115,339	(339)
Technology resources	60,000	-	60,054	(54)
PROGRAM ENRICHMENT				
Partnership early childhood	30,000	-	107,144	(77,144)
Teacher assistants for francisation (salary)	120,000	20,000	136,951	3,049
Art Program	75,000	-	86,495	(11,495)
Cultural activities	40,000	-	48,287	(8,287)
French resource purchase	30,000	5,000	46,857	(11,857)
EDUCATIONAL SUPPORT FOR PERSONNEL				
Mentors in literacy and numeracy	35,000	15,000	69,810	(19,810)
Mentors in literacy and numeracy (O&M)	25,500	-	50,464	(24,964)
Professional development	21,000	20,000	56,199	(15,199)
Total	\$ 1,152,850	\$ 1,838,000	\$ 3,601,944	\$ (611,094)
Regular GNWT Funding				
Total	\$ 4,333,304			

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 5
Infrastructure

For the year ended June 30, 2016

	Total
GNWT ECE - Personnel Infrastructure	
Contributions	\$ 58,765
Expenditures	
Staffing:	
Advertising	6,653
Removal in/transfer	11,391
Termination and leave	11,493
WCB casual	467
WCB permanent	36,355
	66,359
Personnel infrastructure net	(7,594)
Utilities and Leases Infrastructure	
Contributions	\$ 44,300
Expenditures	
Other	18,025
Maintenance	26,614
	44,639
Utilities and leases infrastructure net	(339)
Surplus repayable (receivable)	\$ (7,933)

Commission scolaire francophone Territoires du Nord-Ouest

Schedule 6
Student Success Initiative

For the year ended June 30, 2016

	Total
Revenue - GNWT	\$ 23,647
Expenditures	
Salaries/Wages	
Facilitator fees	16,014
Substitute teacher	3,049
	19,063
Travel	4,477
Workshop expenditures	
Materials	330
Total expenditures	23,870
Deficit	\$ (223)

June 30, 2016

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, 2016

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, contributions repayable 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. 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.

June 30, 2016

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, 2016

2. Significant Accounting Policies (continued)

(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 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.

(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 consolidated 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

Materials and supplies are considered a cost of operations and are expensed to the applicable program when received.

June 30, 2016

2. Significant Accounting Policies (continued)

(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 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.

(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 Commission and other criteria as outlined in the negotiated collective agreements and management handbook guidelines of the GNWT.

(m) 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.

(n) 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 can not be readily determined and, accordingly, has not been reported in the consolidated financial statements.

June 30, 2016

2. Significant Accounting Policies (continued)

(o) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organize 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, 2016.

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, 2016

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

	2016	2015
Cash	\$ 1,149,689	\$ 1,372,140

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, 2016

6. Restricted Assets

Restricted Cash represents funds held in trust for the purpose of covering legal costs related to legal action against the GNWT for the provision of additional classroom space in Hay River (Note 25) received from Programme d'appui aux droits linguistiques (PADL) / Language Rights Support Program of Canada.

7. Portfolio Investments

The Commission does not have any portfolio investments.

8. Accounts Receivable

	Accounts Receivable 2016	Allowance for doubtful accounts 2016	Net 2016	Net 2015
GNWT - Department of Education, Culture and Employment	\$ 146,697	\$ -	\$ 146,697	\$ 113,891
GNWT - Department of Health and Social Services	-	-	-	2,000
Trade Receivable	183,625	330	183,295	99,684
	\$ 330,322	\$ 330	\$ 329,992	\$ 215,575

9. Inventory

The Commission does not have inventory.

10. Accounts Payable and Accrued Liabilities

	2016	2014
GNWT - Department of Education, Culture and Employment	\$ 17,410	\$ 15,792
Trade payables	134,067	157,273
	\$ 151,477	\$ 173,065

11. Deferred Revenue

Deferred revenue consists of funding received from the Programme d'appui aux droits linguistiques (PADL) / Language Rights Support Program of Canada for expenditures not yet incurred at year end.

	2016	2015
PADL funding	\$ -	\$ 45,000

Commission scolaire francophone Territoires du Nord-Ouest**Notes to Consolidated Financial Statements**

June 30, 2016

12. Contributions Repayable

Contributions repayable consists of revenues in excess of expenditures for contribution agreements in which surpluses are repayable.

	2016	2015
Government of the Northwest Territories		
Department of Education, Culture and Employment - Infrastructure funding	\$ -	\$ 17,410

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.

	2016	2015
Termination and severance benefits	\$ 32,913	\$ 72,488
Removal liability benefits	158,634	95,797
	\$ 191,547	\$ 168,285

Commission scolaire francophone Territoires du Nord-Ouest**Notes to Consolidated Financial Statements**

June 30, 2016

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

	2016	2014
Other prepaids	\$ 16,846	\$ 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.

23. GNWT Assets Provided At No Cost

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Ecole Allain St-Cyr	\$ 3,392,305	\$ 1,463,094	\$ 1,929,211	\$ 2,014,011
Ecole Boreale	3,638,058	929,710	2,708,348	2,799,131
Ecole Allain St-Cyr Phase 1	4,490,598	941,403	3,549,195	3,679,044
Final deficiencies	320,909	50,368	270,541	278,577
Ecole Boreale Modular Units	1,189,060	203,912	985,148	1,017,715
Ecole Boreale Pellet Boiler	86,115	26,911	59,204	63,510
	13,117,045	3,615,398	9,501,647	9,851,988
Deferred Capital Contribution				
Ecole Allain St-Cyr	(3,230,000)	(1,296,250)	(1,933,750)	(2,018,750)
Ecole Boreale	(2,600,000)	(686,851)	(1,913,149)	(1,977,277)
Ecole Allain St-Cyr Phase 1	(1,300,000)	(287,208)	(1,012,792)	(1,049,845)
	\$ 5,987,045	\$ 1,345,089	\$ 4,641,956	\$ 4,806,116

Rent expense of \$164,160 (2015 - \$164,160) was offset by a grant in-kind.

Commission scolaire francophone Territoires du Nord-Ouest**Notes to Consolidated Financial Statements**

June 30, 2016

24. Contractual Obligations

The Commission has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2016.

The future minimum payments are as follows:

	Expires in fiscal year	2017	2018-2021	Total
Equipment leases				
Workcenter 5955	2021	\$ 3,227	\$ 14,521	17,748
Printer/Mono Scanner				
Xerox WC7845i	2020	4,000	12,001	16,001
Canon 1R3200	2017	7,940	-	7,940
		15,167	26,522	41,689
Operational Contracts				
First Canada ULC	2018	34,000	34,000	68,000
		\$ 49,167	\$ 60,522	\$ 109,689

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.

Commission scolaire francophone Territoires du Nord-Ouest**Notes to Consolidated Financial Statements**

June 30, 2016

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.

	2016	2015
Accounts Receivable		
GNWT - Department of Education, Cultural and Employment	\$ 146,697	\$ 124,149
GNWT - Department of Health and Social Services	-	2,000
	\$ 146,697	\$ 126,149

Accounts Payable

GNWT - Department of Education, Cultural and Employment	\$ 17,410	\$ 4,802
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Salaries and wages payable

GNWT - Department of Finance (salaries and wages payable)	\$ 570,684	\$ 569,117
GNWT - Department of Finance (employee deductions payable)	5,988	1,075
	\$ 576,672	\$ 570,192

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 18, 2015 and have not been audited.

June 30, 2016

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 \$1,479,681 (2015 - \$1,632,715).

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, 2016, receivables from the GNWT comprised approximately 44% 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.

Notes to Consolidated Financial Statements

June 30, 2016

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 \$728,149 (2015 - \$857,049).

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

	2016 Budget	2016 Actual	2015 Actual
Compensation	\$ 4,675,912	\$ 4,710,079	\$ 4,433,711
Materials/freight	354,950	350,471	361,779
Services purchased/contracted	810,600	733,608	747,561
	\$ 5,841,462	\$ 5,794,158	\$ 5,543,051

31. Subsequent Events

There were no subsequent events that have taken place between June 30, 2016 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.

Commission scolaire francophone Territoires du Nord-Ouest

Notes to Consolidated Financial Statements

June 30, 2016

33. ECE Other Contributions

	2016		2015
Government of the Northwest Territories - Department of Education, Culture and Employment			
Bussing	\$ 62,349	\$	56,650
Other	59,245		17,686
Rental	50,536		41,500
	<u>\$ 172,130</u>	<u>\$</u>	<u>115,836</u>

34. GNWT Other Contributions

	2016		2015
Government of the Northwest Territories			
Department of Health and Social Services	\$ 5,070	\$	-
Department of Municipal and Community Affairs	17,957		-
	<u>\$ 23,027</u>	<u>\$</u>	<u>-</u>

35. Payroll Liabilities

	2016		2015
NWTTA	\$ 409,158	\$	468,270
UNW School Year	75,895		99,616
Other June 30	91,619		98,688
	<u>\$ 576,672</u>	<u>\$</u>	<u>666,574</u>

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, 2016



DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Financial Statements

June 30, 2016

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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).

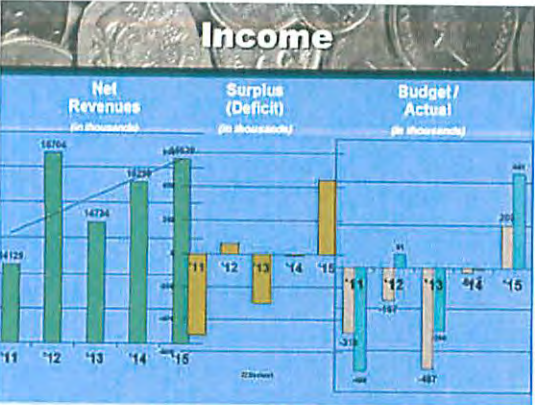
Governance, Trustees and Key Management

Presently, the Council is represented by trustees from eight communities in the Dehcho region. The Council Members are as follows:

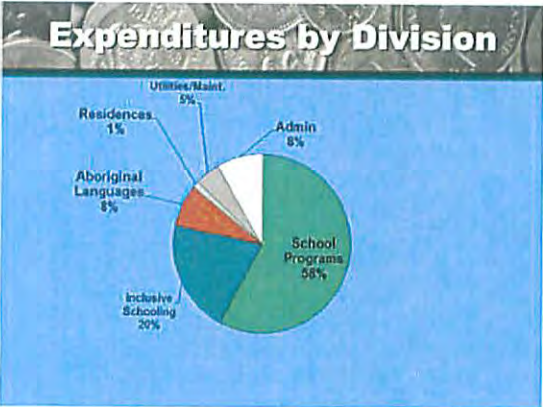
- Fort Providence- Peter Canadien
- Fort Liard- Sylvia Bertrand
- Fort Simpson- Ashley Menicoche- Vice Chairperson
- Jean Marie River- Yvonne Norwegian
- Kakisa Lake- Anita Chicot
- Trout Lake- Rebecca Murdoch- Chairperson
- Wrigley- Lisa Moses
- Nahanni Butte- Roxanne Konisenta

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 in four of 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 current 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.



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 SCHOOL	<u>FORT SIMPSON</u> Thomas Simpson School	<u>FORT PROVIDENCE</u> Bompas Deh Gah School	<u>JEAN MARIE RIVER</u> Louie Norwegian School	<u>KAKISA LAKE</u> KAKISA LAKE School	<u>TROUT LAKE</u> Charles Tetcha School	<u>WRIGLEY</u> Chief Julian Echo Yendo School	<u>FORT LIARD</u> Echo Dene School	<u>NAHANNI BUTTE</u> Charles Yohin School	TOTAL	
<u>STUDENTS</u>										
Beginning of Year Enrollment	122.5	106.5	149.5	8	7	21	25	124.5	6	570
End of Year Enrollment	<u>122</u>	<u>111</u>	<u>149.5</u>	<u>8</u>	<u>9</u>	<u>21</u>	<u>25</u>	<u>126</u>	<u>6</u>	577.5
TOTAL BY DISTRICT EDUCATION AUTHORITY (DEA) END OF YEAR		<u>233</u>	<u>149.5</u>	<u>8</u>	<u>9</u>	<u>21</u>	<u>25</u>	<u>126</u>	<u>6</u>	<u>577.5</u>
<u>TEACHING STAFF</u>										
Beginning of Year Teachers	10	7.5	11	1	1	2	1.5	8	1	43
End of Year Teachers	<u>10</u>	<u>7.5</u>	<u>11</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>1.5</u>	<u>8</u>	<u>1</u>	<u>43</u>
TOTAL BY DISTRICT EDUCATION AUTHORITY (DEA) END OF YEAR		<u>17.5</u>	<u>11</u>	<u>1</u>	<u>1</u>	<u>2</u>	<u>1.5</u>	<u>8</u>	<u>1</u>	<u>43</u>

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, 2016, 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 \$ 366,912. However, during the year, the Council experienced a claw back in Small Schools Senior Secondary funding due to declining enrollment, several larger personnel, leave and termination costs to record a deficit of \$918,668. It is expected that a large portion of this deficit amount will be recovered in the 2016-17 fiscal year when retirement and infrastructure amounts are reimbursed by Department of Education Culture and Employment. This deficit brought the overall accumulated deficit to \$738,178 after several years of declining enrollment and unexpected costs. The recovery in 2016-17 of some of these costs as well as the current cash balance of \$2,088,588 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 \$469,774 for the 2016-17 fiscal year in order to restore the financial stability of the Council.

Summary and Outlook

During the past year, the Council was 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. It was able to be successful in 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.



DEHCHO DIVISIONAL EDUCATION COUNCIL

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

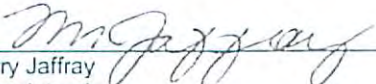
The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public 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.

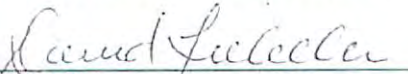
Management hereby asserts that auditors have been provided with all relevant records and documentation as well as unrestricted access to the same. Management is not aware of any undisclosed irregularities involving management or employees with either current or potential impact on financial results, 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


Terry Jaffray
Superintendent
Dehcho Divisional Education Council

01-09-16
Date


David Fiebelkorn
Comptroller
Dehcho Divisional Education Council

01-09-16
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, 2016, 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

The Government of the Northwest Territories is responsible for the calculation and distribution of the Education Body's wages and benefits expenditure that appear on the statement of operation and the corresponding post employment benefits accrual on the statement of financial position; 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.

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, 2016 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 10, 2016

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Statement of Financial Position

June 30, 2016

	2016	*2015
FINANCIAL ASSETS		
Cash and cash equivalents, Note 4	\$ 2,088,588	\$ 3,040,150
Special purpose funds, Note 5	207,895	267,937
Due from Government of Canada, Note 13	-	-
Accounts receivable, Note 8	304,315	97,056
	<u>\$ 2,600,798</u>	<u>\$ 3,405,143</u>

LIABILITIES

Accounts payable and accrued liabilities, Note 10	\$ 732,485	\$ 644,337
Payroll liabilities, Note 35	996,557	1,122,018
Contributions repayable, Note 12	-	57,238
Due to the Government of Canada, Note 10 and 13	4,897	1,455
Deferred revenue, Note 11	96,450	145,560
Post-employment benefits, Note 17	1,494,968	1,237,835
Trust Liabilities, Note 18	33,619	36,210
	<u>3,358,976</u>	<u>3,244,653</u>
Net Assets (Deficit)	<u>\$ (758,178)</u>	<u>\$ 160,490</u>

NON-FINANCIAL ASSETS

Prepaid expenses, Note 20	\$ 20,000	\$ 20,000
ACCUMULATED SURPLUS (DEFICIT)	\$ (738,178)	\$ 180,490

* Reclassified for comparative purposes

Represented by:

Operating surplus (deficit)		
Divisional Education Council	\$ (957,089)	\$ (114,151)
District Education Authorities	218,911	294,641
	<u>\$ (738,178)</u>	<u>\$ 180,490</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, 2016

	Budget 2016	Actual 2016	Actual *2015
Revenue			
Government of the NWT			
ECE regular contribution	\$ 14,472,018	\$ 14,533,006	\$ 14,616,233
Less: infrastructure repayable	-	-	(57,238)
Teaching and learning centers	73,000	73,000	73,000
French language instructions	55,000	50,000	50,000
ECE other contributions, Note 33	-	10,000	-
Total ECE contributions	14,600,018	14,666,006	14,681,995
GNWT other contributions, Note 34	-	358,220	209,560
Total GNWT	14,600,018	15,024,226	14,891,555
Government of Canada contributions	-	214,870	-
	14,600,018	15,239,096	14,891,555
Self-Generated Funds			
Rentals	36,000	29,000	30,150
Investment income	15,000	18,737	22,919
Contract and other	197,000	285,119	285,979
	248,000	332,856	339,048
Education authority self-generated funds, Schedule B-1	-	203,290	270,678
GNWT contributions to Education Authorities, Schedule B-1	-	111,426	138,109
	-	314,716	408,787
	14,848,018	15,886,668	15,639,390
Expenses			
Administration	1,141,864	1,394,595	1,315,038
School programs	8,670,428	9,711,976	8,606,617
Inclusive schooling	2,656,724	3,433,420	2,798,947
Student accommodation	-	200,847	315,971
Operations and maintenance	761,656	788,332	784,159
Aboriginal language/cultural programs	1,250,434	1,276,166	1,377,937
Amortization	-	-	-
	14,481,106	16,805,336	15,198,669
Operating surplus (deficit)	\$ 366,912	\$ (918,668)	\$ 440,721
Accumulated surplus (deficit), beginning of year		180,490	(260,231)
Accumulated surplus (deficit), end of year		\$ (738,178)	\$ 180,490

* Reclassified for comparative purposes

DEHCHO DIVISIONAL EDUCATION COUNCIL

Consolidated Statement of Change in Net Assets (Debt)

For the year ended June 30, 2016

	2016	2015
Operating Surplus (Deficit)	(918,668)	440,721
Amortization of tangible assets	-	-
Net change in prepaids	-	-
(Increase) Decrease in net debt	(918,668)	440,721
Net assets (debt) beginning of the year	160,490	(280,231)
Net assets (debt) end of year	\$ (758,178)	\$ 160,490

Dettah District Education Authority
Consolidated Financial Statements
June 30, 2016

Dettah District Education Authority

Consolidated Financial Statements

June 30, 2016

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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 Board 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 Williideh 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 2015-2016, the FTE enrolment of Kaw Tay Whee School was 37.0 students from junior kindergarten to grade 8.

The school was split into four 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 4.0 full time teachers, 1.0 language teacher/EA, 2.0 education assistants, 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. Additionally, 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.

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 Willilideh 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

- Over the past eight 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:

- 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 decreased from \$604,792 to \$444,509. This year the net financial assets (financial assets less liabilities) were \$193,657 compared to \$353,922 in the prior year.

The Authority had an operating deficit of \$160,265 for the year. This deficit is attributed to the decrease in core funding revenue for the year. The Authority managed to decrease its expenditures from the prior year by more than the revenue decrease, resulting in a lesser deficit in 2016 than in 2015. The accumulated surplus at year end is \$193,657.

Accounts payable and accrued liabilities have increased from \$31,664 to 42,592 due to increased amounts owing on VISA at year end.

The Yellowknife Education District #1 Payable decreased from \$219,206 to \$208,260. The decrease is a result of the Authority having less staff on payroll in 2016 compared to 2015.

Dettah DEA received 97% (2015 - 95%) of its funding from the GNWT. The core funding decreased from \$1,606,601 to \$1,501,126 in the current year. Other revenue in the current year mainly consists of donations from Diavik Diamond Corporation of \$25,000.

Summary and Outlook

Achievements and Successes:

- Year end school enrollment was at a 12 year high
- Students in need of speech support was also at a 12 year high; 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
- Attendance of community members and family members at school events continued to increase

Top Priority Challenges for the Coming Year:

- Due to a high number of families moving out of Dettah, and several students beginning grade 9, student enrollment is projected to decrease greatly for the 2016-2017 school year; thus having a large financial impact on the funding allocations for the 2017-2018 school year, and causing a need to cut back in many areas; including staffing for the 2016-2017 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 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

October 14, 2016



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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, 2016 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 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, 2016, 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
October 14, 2016

Crowe Mackay LLP

Chartered Professional Accountants

Dettah District Education Authority

Consolidated Statement of Financial Position

As at June 30, **2016** **2015**

Financial Assets

Cash (Note 4)	\$ 444,509	\$ 579,429
Accounts receivable (Note 8)	-	25,363
	444,509	604,792

Liabilities

Accounts payable and accrued liabilities (Note 10)	42,592	31,664
Due to Yellowknife Education District #1 (Note 26)	208,260	219,206
	250,852	250,870

Net Financial Assets and Accumulated Surplus	\$ 193,657	\$ 353,922
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Contractual obligations and contingencies (Note 24 and 25)

Approved on behalf of the Authority

 _____ **Chairperson**

 _____ **Principal**

Detah District Education Authority**Consolidated Statement of Operations**

For the year ended June 30,	2016	2016	2015
	Budget (unaudited)	Actual	Actual
Revenues			
Government of the NWT			
ECE Regular Contributions	\$ 1,511,826	\$ 1,501,126	\$ 1,606,601
ECE Other Contributions (Note 33)		1,464	15,921
Total ECE	1,511,826	1,502,590	1,622,522
Total GNWT	1,511,826	1,502,590	1,622,522
Education Body Generated Funds			
Donations	-	32,780	89,072
Investment Income	-	619	2,570
Yellowknife Education District #1	-	17,300	3,300
Total Generated Funds	-	50,699	94,942
Total Revenues	\$ 1,511,826	\$ 1,553,289	\$ 1,717,464
Expenditures - Schedule 1			
Administration	279,430	102,380	175,597
School Programs	771,831	1,198,587	1,245,708
Inclusive Schooling	321,736	254,389	337,306
Operations and Maintenance	63,580	39,307	79,033
Aboriginal Languages	158,000	118,891	158,489
	\$ 1,594,577	\$ 1,713,554	\$ 1,996,133
Operating Deficit before other items	(82,751)	(160,265)	(278,669)
Other Items			
Grant in-kind - Assets provided at no cost (Note 23)	-	42,111	12,238
Rent expense - Assets provided at no cost (Note 23)	-	(42,111)	(12,238)
Operating Deficit	(82,751)	(160,265)	(278,669)
Opening Accumulated Surplus	353,922	353,922	632,591
Closing Accumulated Surplus	\$ 271,171	\$ 193,657	\$ 353,922

Dettah District Education Authority

Consolidated Statement of Changes in Net Financial Assets

For the year ended June 30,	2015	2015
Operating deficit	\$ (160,265)	\$ (278,669)
Net financial asset, beginning of year	353,922	632,591
Net financial asset, end of year	\$ 193,657	\$ 353,922

Dettah District Education Authority**Consolidated Statement of Cash Flows**

For the year ended June 30,	2016	2015
<i>Cash provided by (used in):</i>		
Operating transactions		
Operating surplus (deficit)	\$ (160,265)	\$ (278,669)
Changes in non-cash assets and liabilities		
Decrease (increase) accounts receivable	25,363	832
Increase (decrease) accounts payable and accrued liabilities	10,928	(12,686)
Increase (decrease) due to Yellowknife District Education #1	(10,946)	54,129
Increase (decrease) deferred revenue	-	(50,000)
	25,345	(7,725)
Cash used for operating transactions	(134,920)	(286,394)
Decrease in cash and cash equivalents	(134,920)	(286,394)
Cash and cash equivalents at beginning of year	579,429	865,823
Cash and cash equivalents at end of year (Note 4)	\$ 444,509	\$ 579,429

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2016

1. Nature of Operations

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 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.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2016

2. Significant Accounting Policies (continued)

(c) 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, accounts payable and accrued liabilities, and amounts due to Yellowknife Education District #1. 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 Authority unless they are sold.

(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, 2016

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 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. Funds received that are not expended at year-end are either deferred revenue or contributions repayable depending upon the terms of the contribution agreement.

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 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.

Investment income

Investment income is recognized when received or receivable, if the amount can be reasonably estimated.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2016

2. Significant Accounting Policies (continued)

(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 Trustees of the Authority 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 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 reflect the amended budget for the fiscal year, and therefore, include any amendments that may have been made during the year. The budget has not been audited.

(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 consolidated 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

Materials and supplies are considered a cost of operations and are expensed to the applicable program when received.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2016

2. Significant Accounting Policies (continued)

(k) Payroll Liabilities

Teacher payrolls for July and August are accrued.

(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 collective agreements and management handbook guidelines of the GNWT.

(m) Special Purpose Funds

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.

(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 Authority 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, 2016.

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 Authority has concluded that there is no contamination that exceeds environmental standards and as a result there are no liabilities for contaminated sites.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2016

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.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2016

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

	2016	2015
Cash	\$ 444,509	\$ 579,429

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

	2016	2015
Government of the Northwest Territories - Department of Education, Culture and Employment	\$ -	\$ 25,363

The Authority does not have an allowance for doubtful accounts in the current year (2015 - nil).

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2016

9. Inventory

The Authority does not record inventory as per note 2(j).

10. Accounts Payable

	2015	2015
Trades payable	\$ 41,649	\$ 31,154
Government remittances payable	943	510
	\$ 42,592	\$ 31,664

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's indeterminate staff have the option to participate in a voluntary Defined Contribution (DC) pension plan (the Plan).

All DC assets of the Plan are held by a Trustee in favour of individual employees. The only obligation to the Authority is to match employee contributions. The Authority fully funds its DC obligation under the Plan each month. The Authority does not have any liability under the DC provision of the Plan as of June 30, 2016.

During the year, the Authority expensed \$49,384 (2015 - \$49,403) related to the Plan.

No assets or liabilities related to the DC provision are recorded in the financial statements of the Authority.

16. Long-Term Debt

The Authority does not have long-term debt.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2016

17. Post-Employment Benefits

The Authority does not have a post-employment benefit liability recorded on its financial statements because they are paid by Yellowknife District Education #1.

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

	2016	2015
Operating surplus	\$ 193,657	\$ 353,922

22. Capital Advances

The Authority does not have capital advances.

23. GNWT Assets Provided At No Cost

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Kaw Tay Whee	\$ 895,327	\$ 400,532	\$ 474,796	\$ 536,906

Rent expense of \$42,111 (2015 - \$12,328) 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, 2016

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 disclosed in the financial statements are summarized in this note.

Accounts Receivable

	2016	2015
GNWT - Department of Education, Cultural and Employment	\$ -	\$ 25,363

Due to Related Party

	2016	2015
Yellowknife Education District #1	\$ 208,260	\$ 219,206

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.

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 September 10, 2015 and have not been audited.

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.

Dettah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2016

29. Risk Management

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, short-term investments, and accounts receivable. The Authority 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 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 \$444,509 (2015 - \$604,792).

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.

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 due to Yellowknife Education District #1 for a total \$250,852 (2015 - \$250,870).

The financial assets including cash, short-term investments and accounts receivable, mature within 6 months. The financial liabilities including accounts payable and accrued liabilities 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.

Detah District Education Authority

Notes to Consolidated Financial Statements

June 30, 2016

30. Expenditures By Object

	2016 Budget	2016 Actual	2015 Actual
Compensation	\$ 1,130,967	\$ 956,641	\$ 1,035,285
Materials/freight	45,380	155,659	244,440
Services purchased/contracted	418,230	601,254	716,408
	<u>\$ 1,594,577</u>	<u>\$ 1,713,554</u>	<u>\$ 1,996,133</u>

31. Subsequent Events

There were no material subsequent events that have taken place between June 30, 2016 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

	2016	2015
Government of the Northwest Territories - Department of Education, Culture and Employment		
Healthy Children Initiative	\$ -	\$ 15,921
Other	1,464	-
	<u>\$ 1,464</u>	<u>\$ 15,921</u>

34. GNWT Other Contributions

There were no contributions from other departments of the GNWT.

35. Payroll Liabilities

The Authority does not have payroll liabilities because they are paid through Yellowknife District Education #1.

36. Statement of Remeasurement Gains and Losses

The Authority does not have remeasurement gains and losses.

Deftan District Education Authority

Schedule 1 - Consolidated Details of Expenditures

For the year ended June 30,

	School Programs	Operations & Maintenance	Administration	Aboriginal Languages	Inclusive Schooling	Other	Total 2016	Budget 2016	Total 2015
Salaries									
Teachers	\$ 387,239	\$ -	\$ -	\$ -	\$ 212,413	\$ -	\$ 599,652	\$ 880,667	\$ 599,363
Instructional assistant	-	-	-	-	-	-	-	25,800	32,252
YK1 superintendent	-	-	29,750	-	-	-	29,750	27,500	25,000
Non-instructional staff	-	39,307	-	97,622	-	-	136,929	164,000	194,147
Board/Trustee honoraria	-	-	15,180	-	-	-	15,180	18,000	20,150
School secretary	22,826	-	-	-	-	-	22,826	15,000	23,123
Total Salaries	410,065	39,307	44,930	97,622	212,413	-	804,337	1,130,967	894,035
Employee Benefits									
Employee benefits and allowances	96,402	-	2,127	13,014	40,761	-	152,304	-	141,250
Services Purchased or Contracted									
Advertising	26,627	-	-	-	-	-	26,627	31,700	39,430
Contracted services	368,271	-	35,228	-	-	-	403,499	202,100	381,538
Maintenance and upgrades	8,814	-	243	-	-	-	9,057	25,000	108,738
Other	41,816	-	18,307	785	-	-	60,908	64,400	67,841
Professional and technical services	28,310	-	-	-	1,215	-	29,525	31,350	48,643
Student transportation (bussing)	71,638	-	-	-	-	-	71,638	63,680	70,218
Total Services Purchased or Contracted	545,476	-	53,778	785	1,215	-	601,254	418,230	716,408
Materials and Freight									
Freight	150	-	-	-	-	-	150	-	1,498
Materials	146,494	-	1,545	7,470	-	-	155,509	45,380	242,942
Total Materials and Freight	146,644	-	1,545	7,470	-	-	155,659	45,380	244,440
Total Expenditures	\$ 1,198,587	\$ 39,307	\$ 102,380	\$ 118,891	\$ 254,389	\$ -	\$ 1,713,554	\$ 1,594,577	\$ 1,996,133

Dettah District Education Authority**Schedule 2
Aboriginal Language and Culture Program Expenditures**

For the year ended June 30, 2016

Function	Student Instruction	Teaching/Learning Resources	Professional Development	School Activities and Integrated Community Programs	Total
Salaries					
Non-instructional staff	\$ 97,622	\$ -	\$ -	\$ -	\$ 97,622
Employee Benefits					
Employee benefits/allowances	13,014	-	-	-	13,014
Services Purchased/Contracted					
Other	785	-	-	-	785
Materials/Supplies/Freight					
Materials	7,470	-	-	-	7,470
Total	\$ 118,891	\$ -	\$ -	\$ -	\$ 118,891

Deftah District Education Authority

**Schedule 3
Details of Inclusive Schooling Expenses**

For the year ended June 30,

2016

Function	Staff Development	Intervention Strategies	Assistive Technology	Student Resources	Southern Placements	Magnet Facilities	General Inclusive Schooling	Total
Salaries								
Program support teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,413	\$ 212,413
Consultants	-	-	-	-	-	-	-	-
Support assistants	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	212,413	212,413
Employee Benefits								
Employee benefits/allowances	-	-	-	-	-	-	40,761	40,761
Services Purchased/Contracted								
Professional/technical services	-	-	-	-	-	-	1,215	1,215
Maintenance/repair	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	1,215	1,215
Materials/Supplies/Freight								
Materials	-	-	-	-	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 254,389	\$ 254,389

**K'alemi Dene School
(Ndilo District Education Authority)
Consolidated Financial Statements
June 30, 2016**

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Financial Statements

June 30, 2016

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**Management Discussion & Analysis
K'alemi Dene School
2015-16 School Year**

Introduction:

This Management Discussion & Analysis is prepared for the Ndilo District Education Authority (NDEA) to promote transparency and accountability.

The NDEA Board Members from May 2013 – May 2016 were:

Margaret Erasmus	Chairperson
Leroy Betsina	Vice-Chairperson
Cecilia Beaulieu	Trustee
Rose Black	Trustee
Philip John (PJ) Goulet	Trustee
Monica Godard	Trustee
Karen Martin	Trustee

The current NDEA Board Members are (May 2016 – May 2019):

Lila Erasmus	Chairperson
Rose Black	Vice-Chairperson
Cecilia Beaulieu	Trustee
Muriel Betsina	Trustee
George Goulet	Trustee
Monica Godard	Trustee
Nyra Mackenzie	Trustee

The NDEA as a whole will sit as the financial committee. The finances of the NDEA are completed by the Yellowknives Dene First Nation (YKDFN) finance department.

The NDEA has hired Metro Huculak to provide superintendent services for K'alemi Dene School (KDS). All of the teaching staff, including teachers and educational assistants are employees of YK School District 1. The NDEA currently has a contract with Superintendent Huculak until the end of the 2016/17 school year.

Other support staff are employees of the Yellowknives Dene First Nation.

During the 2015-16 school year, KDS was funded for 116.5 Full Time Enrollments (FTE) from Junior Kindergarten through grade 12.

Operating Environment:

Strengths – We are a small community school that serves students from Junior Kindergarten – grade 12. We have a comprehensive culture program that includes an Elder, Indigenous Language & Culture Coordinator as well as a language assistant. Language classes and culture camps are planned for using the seasonal calendar.

Weaknesses- As identified by the EDI assessment tool, many of our students are entering school with vulnerability in their developmental.

Opportunities – A number of opportunities are available including the possibility of providing day care services, trades opportunities and dual credit arrangements.

Threats – Lack of sufficient space hinders our opportunity for growth.

There are also a number of poverty, addictions and mental health issues 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 will be used for a number of initiatives to enhance the literacy support provided at KDS.

The NDEA will sign a contract with the YKDFN for providing financial and personnel support.

The NDEA Chairperson, Auditor and KDS principal will be meeting with the YKDFN to ensure that the recommendations of our Auditor are being met.

Summary and Outlook:

Achievements & Successes –

Using our surplus funds, we hired a Literacy Coach for the 2015/16 and 2016/17 school year. This position provides job-embedded, professional development for our teachers from Junior Kindergarten through grade 4. Our Literacy Coach also provides one-on-one reading support to our struggling readers.

We also hired a part-time gym teacher for students from JK–grade 12. This position made for enhanced athletic skill development as well as participation in a wide variety of extra curricular sporting events.

In 2015/16, our computer teacher provided twice weekly job embedded professional development in the area of technology to all of our classroom teachers.

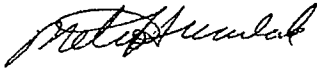
Challenges –

Our school remains full. We lack space to meet with students and provide additional services. For example, there is barely space to hold monthly assemblies with the whole school. As well, we struggle to offer counseling and health services because we lack the room.

The community gymnasium that we use for physical education classes is not always available. It is often booked for funerals, meetings and other community events. As we had to turn our activity room into a classroom, the only alternative is to use a classroom or play outside for physical education classes. As well, the community gymnasium is a small gym not meant for older students. This often hinders skill development because our students do not have the space especially when an entire high school class is present.

The NDEA would like to look into the requirements for the formation of a District Education Council. We would be pleased to have representatives from Education Culture & Employment deliver a presentation in this regard to the NDEA.

Sincerely,

A handwritten signature in black ink, appearing to read "Metro Huculak".

Metro Huculak
Superintendent/CEO

cc: Eileen Erasmus, Principal, K'alemi Dene School

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, 2016

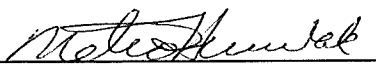
The Management Discussion and Analysis, Consolidated Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of K'alemi Dene School ("the Authority") in all material respects 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



Metro Huculak Superintendent

September 28, 2016

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, 2016, 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 qualified opinion.

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.



Independent Auditors' Report (continued)

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Authority as at June 30, 2016, 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.

Crowe MacKay LLP

Chartered Accountants

Yellowknife, Northwest Territories
September 28, 2016

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Financial Position

As at June 30, 2016 2015

Financial Assets

Cash and cash equivalents (Note 4)	\$ 1,520,523	\$ 365,963
Due from Government of Canada (Note 13)	33,366	19,324
Accounts receivable (Note 8)	110,653	1,284,037
	1,664,542	1,669,324

Liabilities

Accounts payable and accrued liabilities (Note 10)	2,753	34,894
Payroll Liabilities (Note 35)	984,402	529,629
	987,155	564,523

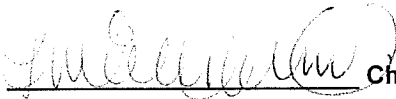
Net Financial Assets and Accumulated Surplus **\$ 677,387 \$ 1,104,801**

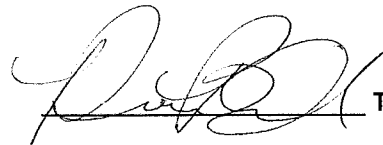
Represented By:

Operating Surplus **\$ 677,387 \$ 1,104,801**

Contractual obligations and contingencies (Notes 24 and 25)

Approved on behalf of the Authority

 Chairperson

 Trustee

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Operations

For the year ended June 30,	2016	2016	2015
	Budget (unaudited)	Actual	Actual
Revenues			
Government of the Northwest Territories (GNWT)			
ECE Regular contributions	\$2,354,424	\$2,404,423	\$2,357,934
ECE Other contributions (Note 33)	-	3,125	-
Other educational bodies	-	36,298	-
Education body generated funds			
Donations - other	-	52,614	4,501
Contributed services	-	65,020	45,960
	2,354,424	2,561,480	2,408,395
Expenditures - Schedule 1			
School programs	1,893,433	2,106,935	1,521,126
Inclusive schooling	574,504	493,114	637,148
Administration	55,000	158,314	168,502
Aboriginal languages	210,860	230,531	205,485
Operations and maintenance	15,000	-	-
	2,748,797	2,988,894	2,532,261
Operating deficit before other items	(394,373)	(427,414)	(123,866)
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 deficit	(394,373)	(427,414)	(123,866)
Opening accumulated surplus	1,104,801	1,104,801	-
Transfer to accumulated surplus (Note 37)	-	-	1,228,667
Closing accumulated surplus	\$ 710,428	\$ 677,387	\$ 1,104,801

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Changes in Net Financial Assets

For the year ended June 30,	2016	2015
Operating deficit	\$ (427,414)	\$ (123,866)
Transfer to accumulated surplus	-	1,228,667
Increase (decrease) in net financial assets	(427,414)	1,104,801
Net financial assets, beginning of year	1,104,801	-
Net financial assets, end of year	\$ 677,387	\$ 1,104,801

K'alemi Dene School
(Ndilo District Education Authority)

Consolidated Statement of Cash Flows

For the year ended June 30,	2016	2015
Cash provided by (used in):		
Operating Activities		
Operating deficit	\$ (427,414)	\$ (123,866)
Items not affecting cash		
Change in non-cash assets and liabilities		
Decrease (increase) in accounts receivable	1,173,384	225,909
Increase (decrease) in accounts payable and accrued liabilities	(32,141)	28,237
Increase in payroll liabilities	454,773	246,217
Decrease in amounts due from the Government of Canada	(14,042)	(19,324)
	1,581,974	481,039
Change in cash position	1,154,560	357,173
Cash and cash equivalents, beginning of year (Note 4)	365,963	8,790
Cash and cash equivalents, end of year (Note 4)	\$ 1,520,523	\$ 365,963

K'alemi Dene School

Schedule 1 Consolidated Details of Expenditures

For the year ended June 30,

	2016		2016		2015
	School Programs	Inclusive Schooling (Schedule 3)	Administration (Schedule 2)	Aboriginal Languages (Schedule 2)	Total (unaudited)
					Total
Salaries					
Teachers	\$ 967,730	\$ 238,368	-	\$ 125,678	\$ 1,331,776
Instruction assistants	92,273	147,216	-	34,481	273,970
Non-instructional staff	236,125	-	-	-	236,125
Board/Trustee honoraria	-	-	13,148	-	13,148
Total Salaries	1,296,128	385,584	13,148	160,159	1,855,019
Employee Benefits					
Employee benefits and allowances	207,533	92,032	-	26,563	326,128
Services Purchased or Contracted					
Advertising	339	-	-	-	339
Electricity	2,470	-	-	-	2,470
Insurance and permits	5,844	-	-	-	5,844
Interest and Bank Charges	-	-	148	-	148
Maintenance and repairs	6,940	-	-	-	6,940
Other contracted services	12,802	-	-	800	13,602
Postage and communication	9,123	-	-	-	9,123
Professional/technical services	156,231	11,281	144,221	19,952	331,685
Rentals and lease	23,587	-	-	-	23,587
Student transportation and bussing	36,700	-	-	-	36,700
Travel	102,074	-	-	2,703	104,777
Water and sewage	2,961	-	-	-	2,961
Total Services Purchased or Contracted	359,071	11,281	144,369	23,455	538,176
Total Materials	244,203	4,217	797	20,354	269,571
Total Expenditures	\$ 2,106,935	\$ 493,114	\$ 158,314	\$ 230,531	\$ 2,988,894
					\$ 2,748,797

K'alemi Dene School**Schedule 2
Details of Aboriginal Language and Culture Program Expenditures**

For the year ended June 30,**2016**

Function	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	Total
Salaries					
Teachers	\$ 125,678	\$ -	\$ -	\$ -	\$ 125,678
Language consultants	34,481	-	-	-	34,481
Instruction assistants	-	-	-	-	-
Non-instructional staff	-	-	-	-	-
Honoraria	-	-	-	-	-
School secretary	-	-	-	-	-
	160,159	-	-	-	160,159
Employee Benefits					
Employee benefits/allowances	26,563	-	-	-	26,563
Services Purchased/Contracted					
Advertising/printing/publishing	-	-	-	-	-
Maintenance/repair	-	-	-	-	-
Other contracted services	800	-	-	-	800
Professional/technical services	19,952	-	-	-	19,952
Rentals/leases	-	-	-	-	-
Student transportation (bussing)	-	-	-	-	-
Travel	2,703	-	-	-	2,703
	23,455	-	-	-	23,455
Materials/Supplies/Freight					
Materials	20,354	-	-	-	20,354
Total	\$ 253,986	\$ -	\$ -	\$ -	\$ 253,986

K'alemi Dene School

**Schedule 3
Details of Inclusive Schooling Expenditures**

For the year ended June 30, 2016

Function	Staff Development	Intervention Strategies	Assistive Technology	Student Resources	Southern Placements	Magnet Facilities	General Inclusive Schooling	Total
Salaries								
Program support teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,368	\$ 238,368
Consultants	-	-	-	-	-	-	-	-
Support assistants	-	-	-	-	-	-	147,216	147,216
Non-instructional staff	-	-	-	-	-	-	-	-
School secretary	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	385,584	385,584
Employee Benefits								
Employee benefits/allowances	-	-	-	-	-	-	92,032	92,032
Services Purchased/Contracted								
Professional/technical services	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-
Student transportation (bussing)	-	-	-	-	-	-	-	-
Advertising/printing/publishing	-	-	-	-	-	-	-	-
Maintenance/repair	-	-	-	-	-	-	-	-
Rentals/leases	-	-	-	-	-	-	-	-
Other contracted services	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Materials/Supplies/Freight								
Materials	-	-	-	-	-	-	4,217	4,217
Total	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 481,833	\$ 481,833

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

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 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 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

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, 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.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

2. Significant Accounting Policies (continued)

(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 Authority unless they are sold.

(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. Tangible 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.

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.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

2. Significant Accounting Policies (continued)

(f) Revenue Recognition (continued)

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 are recognized as an expense and a corresponding revenue is recorded.

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.

(g) Infrastructure Funding

The Authority does not have any infrastructure funding.

(h) 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.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

2. 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 consolidated 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

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 collective agreements and management handbook guidelines of the GNWT.

(m) Special Purpose Funds

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.

(n) 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.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

2. Significant Accounting Policies (continued)

(o) 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.

(p) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organize 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, 2016.

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.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

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 Financial Statements

June 30, 2016

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 does not have portfolio investments.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

8. Accounts Receivable

	Accounts Receivable 2016	Allowance 2016	Net 2016	Net 2015
Accounts receivable	\$ (23,068)	\$ -	\$ (23,068)	\$ 49,236
Surplus due from Yellowknives Dene First Nation	133,721	-	133,721	1,234,801
	\$ 110,653	\$ -	\$ 110,653	\$ 1,284,037

9. Inventories

The Authority does not have inventories.

10. Accounts Payable

	2016	2015
Trades payable	\$ 2,753	\$ 34,894

11. Deferred Revenue

The Authority does not have deferred revenue.

12. Contribution Repayable

The Authority does not have contribution repayable.

13. Due from and to the Government of Canada

	2016	2015
Goods and Services Tax	\$ 33,366	\$ 19,324

14. Capital Lease Obligations

The Authority does not have capital lease obligations.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

15. Pensions

The Authority does not have pensions.

16. Long Term Debt

The Authority does not have long term debt.

17. Post Employment Benefits

The Authority does not have post employment benefits.

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

The Authority does not have prepaid expenses.

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.

23. GNWT Tangible Capital Assets Provided At No Cost

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
Buildings	\$ 9,066,125	\$ 1,473,245	\$ 7,592,880	\$ 7,819,533

Rent expense of \$226,653 (2015 - \$226,653) equal to current year amortization of the tangible capital assets was offset by a grant in-kind.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

24. Contractual Obligations

The Authority has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to June 30, 2016.

	Expires in Fiscal Year	2017	2018-2020	Total
Equipment leases	2019	\$ 9,056	\$ 15,848	\$ 24,904
Operation leases	2016	30,000	-	30,000
		\$ 39,056	\$ 15,848	\$ 54,904

25. Contingencies

As of the audit report date, the Authority does not have 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. 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.

	2016	2015
Trades payable and payroll liabilities Yellowknife District Education #1	\$ 984,402	\$ 529,629
Revenue - other contributions Yellowknife District Education #1	\$ 36,298	\$ -
Expenses - wages and salaries Yellowknife District Education #1	\$ 1,946,622	\$ 1,546,329

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

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 August 26, 2015 and have not been audited.

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. Risk Management

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 \$1,664,542 (2015 - \$1,669,324).

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 the total balance is from the Yellowknives Dene First Nation. The amounts represent a low credit risk as the debtor is a reputable government with a good credit score.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

29. Risk Management (continued)

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 \$987,155 (2015 - \$564,523).

All of the Authority's financial assets and financial liabilities at June 30, 2016 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.

30. Expense by Object

	Budget 2015 (Unaudited)	Actual 2016	Actual 2015
Compensation	\$ 2,508,797	\$ 2,181,147	\$ 1,751,430
Materials and freight	165,000	269,571	391,887
Services purchased/contracted	75,000	538,176	388,944
	\$ 2,748,797	\$ 2,988,894	\$ 2,532,261

31. Subsequent Events

There were no material subsequent events that have taken place between June 30, 2016 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.

K'alemi Dene School
(Ndilo District Education Authority)

Notes to Financial Statements

June 30, 2016

33. ECE Other Contributions

	2016	2015
Government of the Northwest Territories, Department of Education, Culture and Employment		
K-12 Fundraising	\$ 3,125	\$ -
	\$ 3,125	\$ -

34. GNWT Other Contributions

There were no other contributions from the GNWT other than the regular funding from ECE.

35. Payroll Liabilities

	2016	2015
Teachers - Northwest Territories Teachers' Association	\$ 984,402	\$ 529,629

36. Statement of Remeasurement Gains and Losses

The Authority does not have any remeasurement gains or losses.

37. Transfer to Accumulated Surplus

In the 2014 fiscal year, unexpended government transfers received from the Government of the Northwest Territories, Department of Education, Culture, and Employment for school operations was allocated to accumulated surplus. The corresponding amount \$133,721 (2015 - \$1,234,801) is receivable from the Yellowknives Dene First Nation.

Consolidated Financial Statements of

Sahtu Divisional Education Council

June 30, 2016

Sahtu Divisional Education Council

Consolidated Financial Statements

June 30, 2016

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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 2016. 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

Deb Hofgartner – Norman Wells

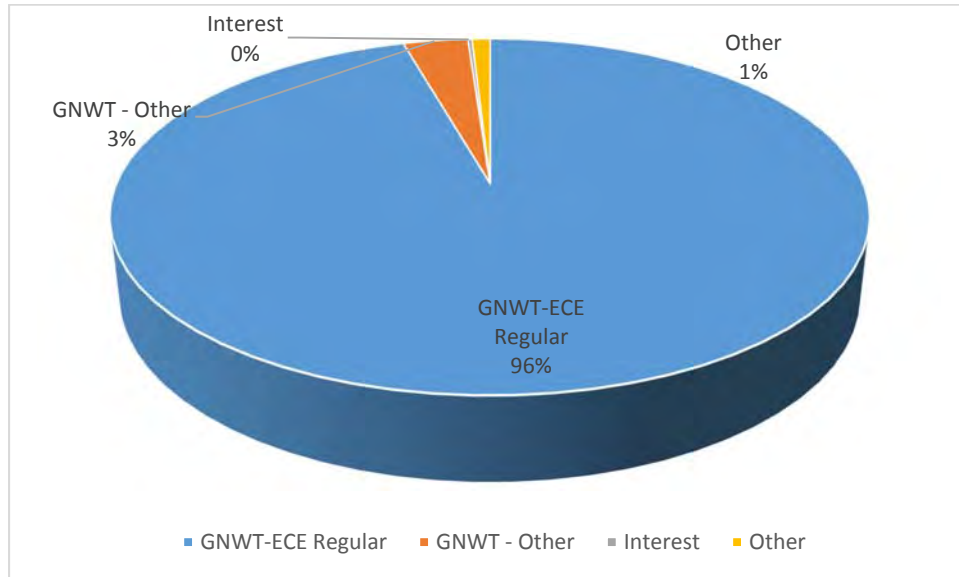
The management team of the SDEC comprised of the following;

Superintendent – Seamus Quigg

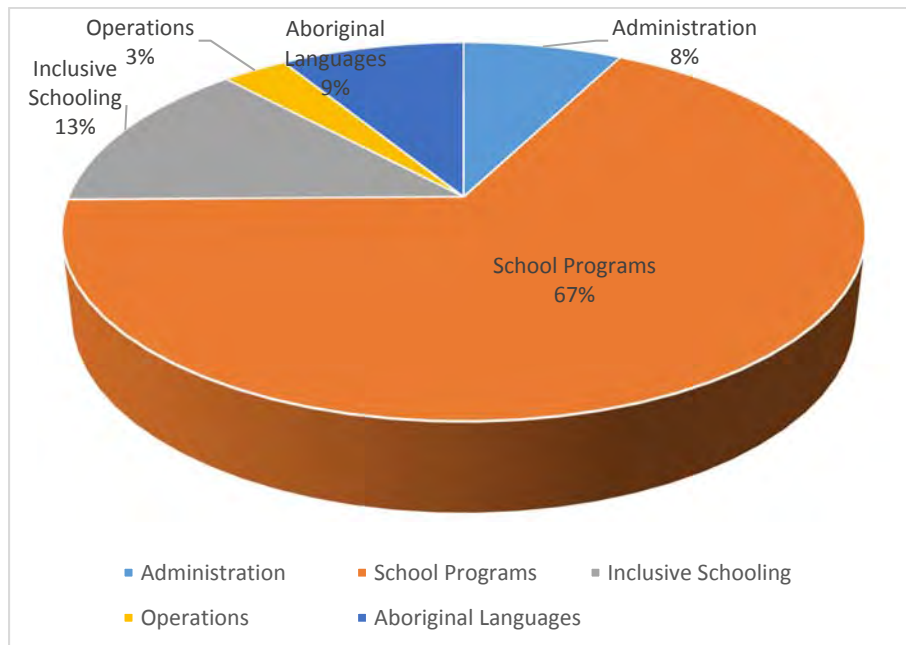
Assistant Superintendent – Renee Closs

Comptroller – Harry Cassie

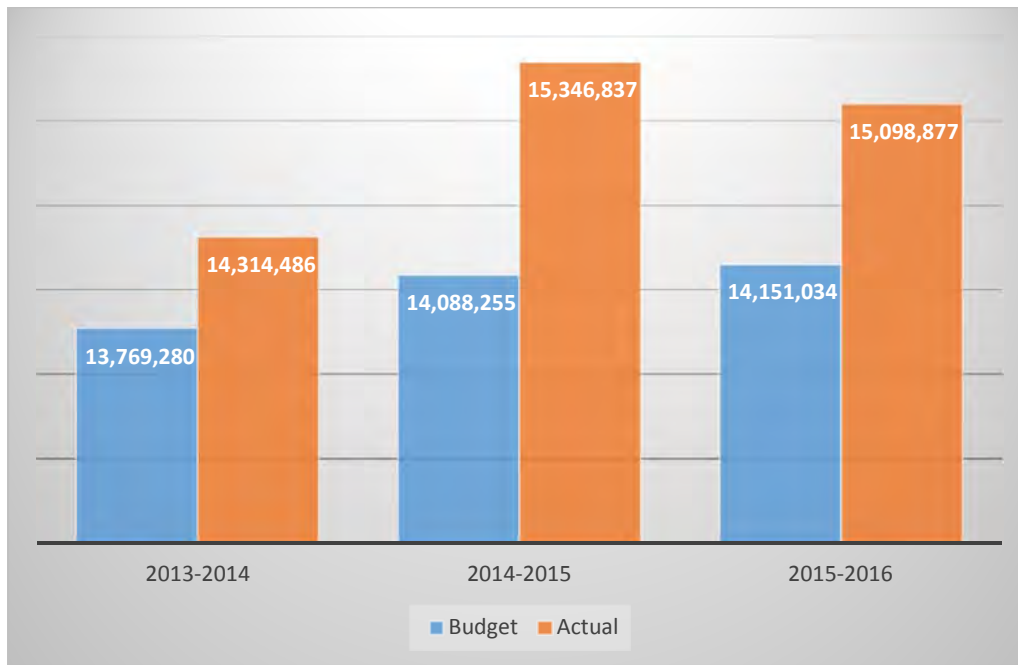
Revenues



Expenditures by Program



Operating Trends Actual to Budget



Revenues exceeded expenditures by \$91k (2015-\$55k), compared to budget (\$184k). This resulted in a surplus fund balance \$615k (2015-\$524k) as at June 30th 2016. Additional revenues of \$945k 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	159.00	11.00
Chief Albert Wright - Tulita	91.00	8.50
Chief T' Selehye – Fort Good Hope	135.50	10.00
Ehtseo Ayha – Deline	105.00	9.00
Coville Lake, Coville Lake	44.50	3.00
Totals	535.00	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 eight and nine years.

Our schools have also had relatively low staff turnover. 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

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 lower than normal water levels. The alternative when this happens is to fly in supplies or wait for the winter roads. This is rather challenging for teachers when you have to wait for program materials that is sitting in a warehouse.

Opportunities

There is always the need for additional funding and this is an area that can remain the status quo or the situation change with the territorial elections due late fall. There is also the opportunity to explore other program funding.

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 happened and at this time it is too soon to forecast an outcome.

There is nothing more we can do regarding shipping as we have no control hence there is no repair on our end, this is something that has become the norm in the Sahtu region, lobbying for government intervention may be a solution but is not like this problem is not known at the government level. Applying for additional program funding might be an area to explore. To manage risk, it basically comes down to reviewing statements more regularly to ensure Principals are staying on budget to avoid having to request the DEC to approve use of Accumulated Surplus.

Financial Condition

The Sahtu DEC health is stable with an addition of \$91k to the cumulative surplus this fiscal year. The closing surplus for the end of the fiscal year June 30, 2016 is \$615k. 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, this year was not an issue. Improvement in budgeting and tighter controls throughout the year may lead to staying on budget but there is no guarantees due to increase cost of school supplies.

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 2016 is 1.19.

Summary and Outlook

Student attendance continues to be a challenge for us in delivering our programs. We are hoping to address this issue in multiple ways ranging from incentive programs, to community meetings etc.

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.



Seamus Quigg
Superintendent
Sahtu Divisional Education Council

09/29/2016

Date



Harry Cassie, CPA, CGA, CFE, CMgr FCMI, BBA (Hons.)
Comptroller
Sahtu Divisional Education Council

09/29/2016

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, 2016, 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, 2016, 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
October 7, 2016

Sahtu Divisional Education Council

Consolidated Statement of Financial Position

June 30, 2016

	2016	2015
FINANCIAL ASSETS		
Cash, Note 4	\$ 3,148,944	\$ 3,608,702
Special purpose funds, Note 5	267,434	206,731
Accounts receivable, Note 8	334,517	162,612
	<u>\$ 3,750,895</u>	<u>\$ 3,978,045</u>

LIABILITIES

Accounts payable and accrued liabilities, Note 10	\$ 171,176	\$ 150,535
Payroll liabilities, Note 35	1,452,928	1,783,333
Deferred revenue, Note 11	267,435	206,731
Post-employment benefits, Note 17	1,259,373	1,337,046
	<u>3,150,912</u>	<u>3,477,645</u>
Net Financial Assets (Deficit)	<u>\$ 599,983</u>	<u>\$ 500,400</u>

NON-FINANCIAL ASSETS

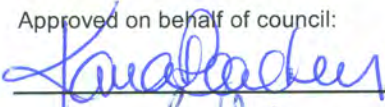
Prepaid expenses, Note 20	\$ 14,830	\$ 23,404
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ACCUMULATED SURPLUS (DEFICIT)

	\$ 614,813	\$ 523,804
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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, 2016

	Budget 2016	Actual 2016	Actual 2015
Revenue			
Government of the Northwest Territories			
ECE Regular Contributions	\$ 13,503,034	\$ 14,146,828	\$ 14,585,748
Teaching and Learning Centres	58,000	58,000	58,000
French Language Instruction	50,000	55,000	55,000
ECE Other Contributions, Note 33	-	171,769	240,998
Total ECE	13,611,034	14,431,597	14,939,746
GNWT Other Contributions, Note 34	450,000	495,893	307,751
Total GNWT	\$ 14,061,034	\$ 14,927,490	\$ 15,247,497
Education council generated funds			
Interest income	30,000	31,034	40,320
Other	60,000	140,353	113,821
	90,000	171,387	154,141
	14,151,034	15,098,877	15,401,638
Expenses			
Administration	1,159,027	1,145,095	1,113,722
School programs	9,431,595	10,074,650	10,462,692
Inclusive schooling	2,034,806	1,994,500	1,906,760
Operations and maintenance	439,484	469,893	521,319
Aboriginal languages	1,269,843	1,323,730	1,342,344
	14,334,755	15,007,868	15,346,837
Operating Surplus (Deficit)	\$ (183,721)	\$ 91,009	\$ 54,801
Accumulated surplus (Deficit), beginning of year		\$ 523,804	\$ 469,003
Accumulated surplus (deficit), end of year		\$ 614,813	\$ 523,804

Sahtu Divisional Education Council

Consolidated Statement of Changes in Net Assets (Debt)

For the year ended June 30, 2016

	2016	2015
Annual surplus (deficit)	\$ 91,009	\$ 54,801
Change in prepaid expenses	8,574	6,589
Increase (decrease) in net financial resources	99,583	61,390
Net financial resources, beginning of year	500,400	439,010
Net financial resources, end of year	\$ 599,983	\$ 500,400

Sahtu Divisional Education Council

Consolidated Statement of Cash Flow

For the year ended June 30, 2016

	2016	2015
Cash provided by (used in):		
Operating Transactions		
Operating Surplus (Deficit)	\$ 91,009	\$ 54,801
	91,009	54,801
Change in non-cash assets and liabilities:		
Accounts receivable	(171,905)	230,329
Accounts payable and accrued liabilities	20,641	(20,296)
Payroll liabilities	(330,405)	302,731
Deferred revenue	60,704	(120,372)
Post-employment benefits	(77,673)	(72,802)
Prepaid expenses	8,574	6,589
	(490,064)	326,179
Increase (Decrease) in cash and cash equivalents	(399,055)	380,980
Cash and cash equivalents, beginning of year	3,815,433	3,434,453
Cash and cash equivalents, end of year	\$ 3,416,378	\$ 3,815,433
Consists of:		
Cash	\$ 3,148,944	\$ 3,608,702
Special purpose funds	267,434	206,731
	\$ 3,416,378	\$ 3,815,433

Sahtu Divisional Education Council

Consolidated Detail of Expenses

For the year ended June 30, 2016

Function	School Programs	Inclusive Schooling	Student Accom.	Operations & Maintenance	Administration	Aboriginal Languages	Transfers & Other	2016 Total	2016 Budget	2015 Total
Salaries										
Teachers' salaries	\$ 7,315,487	\$ 877,975	\$ -	\$ -	\$ -	\$ 1,073,496	\$ -	\$ 9,266,958	\$ 9,154,312	\$ 9,169,614
Instruction assistants	2,455	762,266	-	-	-	124,766	-	889,487	781,978	872,186
Non-instructional staff	1,098,723	194,524	-	-	862,561	13,664	-	2,169,472	2,004,874	2,689,744
Board/Trustee honorarium	-	-	-	-	37,714	45,478	-	83,192	76,000	55,255
	8,416,665	1,834,765	-	-	900,275	1,257,404	-	12,409,109	12,017,164	12,786,799
Employee Benefits										
Employee benefits and allowances	114,764	-	-	-	-	-	-	114,764	36,000	700
Leave and termination benefits	(67,586)	-	-	325,426	25,279	-	-	283,119	296,332	343,039
	47,178	-	-	325,426	25,279	-	-	397,883	332,332	343,739
Services Purchased/Contracted										
Professional services	599,442	70,927	-	-	200	-	-	670,569	531,737	322,287
Postage and communication	45,249	-	-	-	28,192	243	-	73,684	79,800	71,624
Utilities										
Heating	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-	-	-	-
Travel	110,332	53,158	-	-	80,282	3,206	-	246,978	288,000	382,454
Student transportation (busing)	149,000	-	-	-	-	-	-	149,000	152,000	149,000
Advertising/printing/publishing	5,725	-	-	1,895	-	945	-	8,565	7,500	6,508
Maintenance and repair	21,366	-	-	5,150	-	-	-	26,516	33,900	35,901
Rentals and leases	-	-	-	137,422	-	-	-	137,422	141,752	132,679
Other contracted services	-	15,469	-	-	-	-	-	15,469	59,000	23,591
Other	53,107	-	-	-	75,417	26,133	-	154,657	82,200	127,574
	984,221	139,554	-	144,467	184,091	30,527	-	1,482,860	1,375,889	1,251,618
Materials, Supplies and Freight										
Materials	595,408	18,743	-	-	31,643	34,266	-	680,060	441,170	916,060
Freight	31,178	1,438	-	-	3,807	1,533	-	37,956	47,200	45,330
	626,586	20,181	-	-	35,450	35,799	-	718,016	488,370	961,390
Contributions/Transfers										
Transfers	-	-	-	-	-	-	-	-	121,000	-
Debt Services										
Other	-	-	-	-	-	-	-	-	-	3,291
Total	\$ 10,074,650	\$ 1,994,500	\$ -	\$ 469,893	\$ 1,145,095	\$ 1,323,730	\$ -	\$ 15,007,868	\$ 14,334,755	\$ 15,346,837

SAHTU DIVISIONAL EDUCATION COUNCIL

Aboriginal Language and Cultural-based Education Expenses

For the year ended June 30, 2016

	Student Instruction	Teaching/ Learning Resources	Professional Development	School Activities and Integrated Community Programs	2016 Total
Salaries					
ALCBE teachers	\$ 1,073,496	\$ -	\$ -	\$ -	\$ 1,073,496
Language consultants	-	-	-	-	-
Instruction assistants	124,766	-	-	-	124,766
Non-instructional staff	-	-	-	-	-
Honoraria	-	-	-	-	-
Elders in schools	-	-	-	45,245	45,245
	1,198,262	-	-	45,245	1,243,507
Employee Benefits					
Employee benefits and allowances	-	-	-	-	-
Services Purchased/Contracted					
Professional services	-	-	-	-	-
Postage and communication	-	-	-	-	-
Travel	-	-	-	-	-
Student transportation (busing)	-	-	-	-	-
Advertising, printing and publishing	945	-	-	-	945
Maintenance and repairs	-	-	-	-	-
Rentals and leases	-	-	-	-	-
Other contracted services	4,864	-	21,269	-	26,133
	5,809	-	21,269	-	27,078
Materials, Supplies and Freight					
Materials	-	6,871	-	3,028	9,899
Freight	-	905	-	-	905
	-	7,776	-	3,028	10,804
Total	\$ 1,204,071	\$ 7,776	\$ 21,269	\$ 48,273	\$ 1,281,389

Sahtu Divisional Education Council

Inclusive Schooling Expenses

For the year ended June 30, 2016

Function	Staff Development	Intervention Strategies	Assistive Technology	Student Resources	Southern Placements	Magnet Facilities	General Inclusive Schooling	Total
Salaries								
Program support teachers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 877,975	\$ 877,975
Consultants	-	-	-	-	-	-	194,524	194,524
Support assistants	-	-	-	-	-	-	762,266	762,266
Non-instructional staff	-	-	-	-	-	-	-	-
Honoraria	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	1,834,765	1,834,765
Employee Benefits								
Employee benefits/allowances	-	-	-	-	-	-	-	-
Services Purchased/Contracted								
Professional/Technical services	-	20,927	-	-	-	-	50,000	70,927
Travel	8,532	-	-	-	-	-	44,626	53,158
Student transportation (busing)	-	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-	-
Maintenance/Repairs	-	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-	-
Other contracted services	-	-	-	-	-	-	15,469	15,469
	8,532	20,927	-	-	-	-	110,095	139,554
Materials, Supplies and Freight								
Materials	-	-	-	12,015	-	-	6,728	18,743
Freight	-	-	-	-	-	-	1,438	1,438
	-	-	-	12,015	-	-	8,166	20,181
Total	\$ 8,532	\$ 20,927	\$ -	\$ 12,015	\$ -	\$ -	\$ 1,953,026	\$ 1,994,500

Sahtu Divisional Education Council

French Language Programs

For the year ended June 30, 2016

	Contributions July 1 to June 30	Total Expenses July 1 to June 30	Variance
Bilateral Agreement Funding			
Special projects:	\$ -	\$ -	\$ -
Regular GNWT Funding			
Immersion Program		\$ -	
Core French Instruction		55,000	
Total		\$ 55,000	

Sahtu Divisional Education Council

Aboriginal Languages

For the year ended June 30, 2016

	July 1, 2015 to March 31, 2016	April 1, 2016 to June 30, 2016	Total Fiscal Year 2015/2016
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)	\$ -	\$ -	\$ -

Sahtu Divisional Education Council

Infrastructure

For the year ended June 30, 2016

	2016	2015
Personnel Infrastructure		
Revenue		
Contributions	\$ 289,877	\$ 217,152
Expenses		
Applicant travel	-	12,599
Staff advertising	1,895	1,895
Removal In/Transfer	290,580	249,057
Ultimate removal	(29,184)	43,952
WCB premiums	64,029	75,970
	327,320	383,473
Net Surplus (Deficit)	\$ (37,443)	\$ (166,321)
Leases Infrastructure		
Revenue		
Contributions	\$ 145,505	\$ 170,330
Expenses		
Leases	106,752	160,752
Other - repairs and maintenance	35,821	31,095
	142,573	191,847
Net Surplus (Deficit)	\$ 2,932	\$ (21,517)

Sahtu Divisional Education Council

Student Success Initiative Projects

For the year ended June 30, 2016

	School Year
Revenue	
Education, Culture and Employment	\$ 55,000
NWTTA	33,392
Total Revenue	88,392
Expenses	
Salaries and wages	
Facilitator fees (including per diems)	-
Substitute teacher wages	-
Staff (p/y)	-
Travel	
Facilitator travel	-
Air charter	-
Staff travel	-
Accommodations	-
Daily per diems	-
Workshop expenses	
Room rental	-
Refreshments	-
Resources	51,420
Miscellaneous (stationary/printing)	16,000
Total Expenses	67,420
Net Surplus (Deficit)	\$ 20,972

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2016

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, K'asho Gotine, 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, 2016

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, 2016

(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, 2016

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, 2016

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, 2016. 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, 2016

Note 4. Cash and Cash Equivalents

	2016		2015	
Cash	\$	3,148,944	\$	3,608,702
Short term investments		-		-
	\$	3,148,944	\$	3,608,702

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.

	2016		2015	
Colville Lake	\$	11,714	\$	12,000
Deline		50,356		57,954
Fort Good Hope		65,172		50,065
Norman Wells		87,611		43,281
Tulita		52,581		43,431
	\$	267,434	\$	206,731

Note 6. Restricted Assets - Not Applicable

Note 7. Portfolio Investments - Not Applicable

Note 8. Accounts Receivable

	Receivables 2016		AFDA 2016		Net 2016		Net 2015	
GNWT - ECE	\$	66,776	\$	-	\$	66,776	\$	61,482
GNWT - MACA		130,000		-		130,000		-
GNWT - Justice		27,925		-		27,925		-
GNWT - HSS		11,140		-		11,140		10,520
Total Due from GNWT		235,841		-		235,841		72,002
WSCC		-		-		-		-
Other		191,668		92,992		98,676		90,610
	\$	427,509	\$	92,992	\$	334,517	\$	162,612

Note 9. Inventories - Not Applicable

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2016

Note 10. Accounts Payable and Accrued Liabilities

	2016	2015
GNWT	\$ 2,799	\$ 4,794
WSCC	19,006	18,585
Trade payables	149,371	127,156
	<u>\$ 171,176</u>	<u>\$ 150,535</u>

Note 11. Deferred Revenue

	2016	2015
MACA		
Active After School	\$ 76,500	\$ 39,000
Youth Contribution	1,966	4,000
Regional Youth Sports	43,500	48,000
On the land	-	-
Drama	5,000	-
Justice		
Community Justice	51,350	14,280
ITI		
Seed	-	15,000
Other		
Food First	3,857	308
Library	84,547	86,143
Breakfast Program	715	-
	<u>\$ 267,435</u>	<u>\$ 206,731</u>

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, 2016

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, 2015 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 includes the liabilities as at June 30, 2016. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2016. The values presented below are for all the benefits under the compensated absences and termination benefits for the Education Body.

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2016

Note 17. Post-employment Benefits (continued)

	Severance and removal	Compensated Absences	2016
Changes in Obligation			
Accrued benefits obligation at the beginning of the year	\$ 1,120,929	\$ -	\$ 1,120,929
Change in estimates	243,465	227,851	471,316
Adjusted accrued benefits obligation at the beginning of the year	\$ 1,364,394	\$ 227,851	\$ 1,592,245
Benefits earned	185,839	124,977	310,816
Interest costs	35,141	6,068	41,209
Benefits paid	(152,326)	(71,771)	(224,097)
Plan amendment	-	-	-
Actuarial gain/loss	(700,052)	(214,909)	(914,961)
Net future obligation	\$ 732,996	\$ 72,216	\$ 805,212
Leave *	-	223,161	223,161
Sahtu DEC employment contracts	231,000	-	231,000
Total employee future benefits and compensated absences	\$ 963,996	\$ 295,377	\$ 1,259,373

* Leave

- includes annual and lieu (UNW, Excluded, Senior Management, Contract).
- is considered to be a short-term liability for the purposes of distinguishing employee leave and termination benefits not short-term and long-term categories.

	Severance and removal	Compensated Absences	2016
Benefits Expense			
Benefits Earned	\$ 185,839	\$ 124,977	\$ 310,816
Interest	35,141	6,068	41,209
Plan amendments	-	-	-
Amortization of actuarial gain/loss	-	-	-
	\$ 220,980	\$ 131,045	\$ 352,025

The expected cash flow payments during the next five fiscal years are:

	Severance and removal	Compensated Absences	2016
2017	\$ 112,114	\$ 9,730	\$ 121,844
2018	106,658	8,244	114,902
2019	98,181	8,687	106,868
2020	69,490	8,999	78,489
2021	82,658	8,637	91,295
	\$ 469,101	\$ 44,297	\$ 513,398

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2016

Note 18. **Trust Assets and Liabilities under Administration - Not Applicable**

Note 19. **Tangible Capital Asset - Not Applicable**

Note 20. **Prepaid Expenses**

	2016	2015
Prepaid expenses	\$ 14,830	\$ 23,404

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	
			2016	2015
Buildings				
Schools and colleges	\$ 64,991,525	\$ 17,489,443	\$ 47,502,082	\$ 49,984,315
Staff Housing	275,800	76,274	199,526	211,868
	\$ 65,267,325	\$ 17,565,717	\$ 47,701,608	\$ 50,196,183

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, 2016.

	Expires in Fiscal Year *	2016	2016 and thereafter	Total
Commercial and residential leases	2023	\$ 106,752	\$ 747,264	\$ 854,016

* 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, 2016

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 Sept 2, 2015 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, 2016.

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, 2016

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

	2016 Budget	2016 Actual	2015 Actual
Salaries	\$ 12,017,164	\$ 12,409,109	\$ 12,786,799
Employee Benefits	332,332	397,883	343,739
Services Purchased/Contracted	1,375,889	1,482,860	1,251,618
Materials, Supplies and Freight	488,370	718,016	961,390
Debt Services	-	-	3,291
	\$ 14,213,755	\$ 15,007,868	\$ 15,346,837

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

	2016	2015
Infrastructure funding	\$ 133,838	\$ 25,534
Self regulation	7,578	-
Junior Kindergarten	-	72,077
Library	114,900	229,800
Less: Deferred revenue & contributions repaid	(84,547)	(86,413)
	\$ 171,769	\$ 240,998

Sahtu Divisional Education Council

Notes to the Consolidated Financial Statements

June 30, 2016

Note 34. GNWT - Other Contributions

	2016	2015
MACA		
Active After School	91,800	98,962
Girl's Leadership	-	4,000
Youth Contribution	5,000	34,000
Regional Youth Sports	43,500	108,000
On the land	5,000	40,000
TAKT	39,000	-
Drama	5,000	-
HSS		
Drop The Pop	11,300	10,159
Nutrition North	29,332	28,928
ITI		
Seed	-	15,000
Justice		
Community Justice	55,800	60,850
Not Us	5,000	
Other		
Aurora College ACLIP	155,000	-
Safe and caring	5,900	-
Resiliency Workshop	-	9,205
Northern Grad Teacher Funding	-	15,625
Self regulation & action research	-	12,000
Less: Deferred revenue & contributions repaid	44,261	(128,978)
	\$ 495,893	\$ 307,751

Note 35. Payroll Liabilities

	2016	2015
UNW School Year & NWTTA	\$ 1,452,928	\$ 1,783,333
	\$ 1,452,928	\$ 1,783,333

Note 36. 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, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue			
Government of the Northwest Territories	\$ 14,061,034	\$ 14,927,490	\$ 15,247,497
Other education body generated funds	90,000	171,387	154,141
	<u>14,151,034</u>	<u>15,098,877</u>	<u>15,401,638</u>
Expenditure			
Administration	1,159,027	1,150,425	1,044,079
School programs	9,431,595	9,732,957	10,149,447
Inclusive schooling	2,034,806	1,994,500	1,906,760
Operations and maintenance	439,484	469,893	521,319
Aboriginal languages	1,269,843	1,281,389	1,303,603
	<u>14,334,755</u>	<u>14,629,164</u>	<u>14,925,208</u>
Excess (Deficiency) of Revenue over Expenditure	\$ (183,721)	\$ 469,713	\$ 476,430
Accumulated surplus (deficit), beginning of year		1,480,179	1,003,749
Accumulated surplus (deficit), end of year		\$ 1,949,892	\$ 1,480,179

SATHU DIVISIONAL EDUCATION COUNCIL

Schedule A-2 - Details of Council Expenses (Non-Consolidated)

For the year ended June 30, 2016

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Council Administration	Aboriginal Languages	Fiscal & Transfers	2016 Total
Salaries								
Teachers' salaries	\$ 7,315,487	\$ 877,975	\$ -	\$ -	\$ -	\$ 1,073,496	\$ -	\$ 9,266,958
Instruction Assistant	2,455	762,266	-	-	-	124,766	-	889,487
Non Instructional Staff	990,726	194,524	-	-	818,274	-	-	2,003,524
Board/Trustee Honoraria	-	-	-	-	23,297	45,245	-	68,542
	8,308,668	1,834,765	-	-	841,571	1,243,507	-	12,228,511
Employee Benefits								
Employee benefits and allowances	114,764	-	-	-	-	-	-	114,764
Leave and termination benefits	(67,586)	-	-	325,426	25,279	-	-	283,119
	47,178	-	-	325,426	25,279	-	-	397,883
Services Purchased/Contracted								
Professional/Technical Services	599,442	70,927	-	-	-	-	-	670,369
Postage/Communication	45,249	-	-	-	28,192	-	-	73,441
Utilities	-	-	-	-	-	-	-	-
Heating	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-	-
Travel	80,245	53,158	-	-	80,282	-	-	213,685
Student Travel (busing)	149,000	-	-	-	-	-	-	149,000
Advertising/Printing/Publishing	5,725	-	-	1,895	-	945	-	8,565
Maintenance/Repair	21,366	-	-	5,150	-	-	-	26,516
Rentals/Leases	-	-	-	137,422	-	-	-	137,422
Other - Contracted Services	-	15,469	-	-	-	-	-	15,469
Other - Miscellaneous	45,278	-	-	-	23,851	26,133	-	95,262
	946,305	139,554	-	144,467	132,325	27,078	-	1,389,729
Materials, Supplies and Freight								
Materials	402,587	18,743	-	-	26,443	9,899	-	457,672
Freight	28,219	1,438	-	-	3,807	905	-	34,369
	430,806	20,181	-	-	30,250	10,804	-	492,041
Contributions and Transfers								
Transfers to DEAs	-	-	-	-	121,000	-	-	121,000
Transfers to Capital	-	-	-	-	-	-	-	-
Amortization								
	-	-	-	-	-	-	-	-
Debt Services								
	-	-	-	-	-	-	-	-
Total	\$ 9,732,957	\$ 1,994,500	\$ -	\$ 469,893	\$ 1,150,425	\$ 1,281,389	\$ -	\$ 14,629,164

SAHTU DIVISIONAL EDUCATION COUNCIL

Schedule B-1 District Education Authorities
Statement of Operations - Non-Consolidated

For the year ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue			
Contributions from Divisional Council	\$ 29,000	121,000	130,000
GNWT	-	438,081	629,699
Other	-	12,115	26,050
Deferred Revenue	-	(61,010)	(206,732)
Contributions Repaid	-	(7,483)	(8,659)
	-	381,703	440,358
Total revenue	29,000	502,703	570,358
Expenditure			
Administration	29,000	115,670	69,643
School programs	-	340,364	443,245
Inclusive schooling	-	-	-
Student accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	42,341	38,741
	\$ 29,000	498,375	551,629
Surplus (Deficit)	-	4,328	18,729
Opening equity		43,772	25,043
Closing equity		\$ 48,100	\$ 43,772
Composition of Ending Accumulated Surplus			
Cash	\$	-	\$ -
Accounts receivable		48,516	43,772
Accounts payable		(416)	-
	\$	48,100	\$ 43,772

SAHTU DIVISIONAL EDUCATION COUNCIL

Schedule B-2 - Details of DEA Expenses

Non-Consolidated

For the year ended June 30, 2016

Function	School Programs	Inclusive Schooling	Student Accom.	Operations and Maintenance	Council Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non-instructional Staff	107,997	-	-	-	44,287	13,664	165,948
Board/Trustee Honorarium	-	-	-	-	14,417	233	14,650
	107,997	-	-	-	58,704	13,897	180,598
Employee Benefits							
Employee Benefits and Allowances	-	-	-	-	-	-	-
Leave and Termination	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	200	-	200
Postage/Communication	-	-	-	-	-	243	243
Utilities							
Heating	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-
Water/Sewage	-	-	-	-	-	-	-
Travel	30,087	-	-	-	-	3,206	33,293
Student Transportation (busing)	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other Contracted Services	-	-	-	-	-	-	-
Other	6,500	-	-	-	51,566	-	58,066
	36,587	-	-	-	51,766	3,449	91,802
Materials/Supplies/Freight							
Materials	192,821	-	-	-	5,200	24,367	222,388
Freight	2,959	-	-	-	-	628	3,587
	195,780	-	-	-	5,200	24,995	225,975
Total	\$ 340,364	\$ -	\$ -	\$ -	115,670	\$ 42,341	498,375

COLVILE LAKE

District Education Authority
Statement of Operations

For the year ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 16,000	\$ 17,000
GNWT	-	20,878	59,134
Other	-	3,900	5,300
Deferred Revenue	-	(11,714)	(12,000)
Contributions Repaid	-	-	(4,707)
	-	29,064	64,727
Expenses			
Administration	-	13,574	1,776
School programs	-	5,064	42,227
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	8,000	10,000
	-	26,638	54,003
Surplus (Deficit)	-	2,426	10,724
Opening equity		10,964	240
Closing equity	\$	13,390	\$ 10,964
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		13,390	10,964
Accounts Payable		-	-
	\$	13,390	\$ 10,964

COLVILLE LAKE

District Education Authority
Details of Expenses

For the year ended June 30, 2016

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	-	-	-	-	-	-	-
Board/Trustee Honoraria	-	-	-	-	806	233	1,039
	-	-	-	-	806	233	1,039
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	243	243
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	822	822
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other	-	-	-	-	12,768	-	12,768
	-	-	-	-	12,768	1,065	13,833
Materials/Supplies/Freight							
Materials	5,064	-	-	-	-	6,702	11,766
Freight	-	-	-	-	-	-	-
	5,064	-	-	-	-	6,702	11,766
Total	\$ 5,064	\$ -	\$ -	\$ -	\$ 13,574	\$ 8,000	\$ 26,638

DELINE

District Education Authority Statement of Operations

For the year ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 25,000	\$ 27,000
GNWT	-	70,924	152,234
Other	-	-	5,550
Deferred Revenue	-	7,290	(57,955)
Contributions Repaid	-	(2)	(146)
	-	103,212	126,683
Expenses			
Administration	-	22,229	19,562
School programs	-	74,896	86,877
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	7,317	20,000
	-	104,442	126,439
Surplus (Deficit)	-	(1,230)	244
Opening equity		3,620	3,376
Closing equity		\$ 2,390	\$ 3,620
Composition of Closing Equity			
Cash	\$ -	\$ -	-
Accounts Receivable		2,390	3,620
Accounts Payable		-	-
	\$	2,390	\$ 3,620

DELINE

District Education Authority
Details of Expenses

For the year ended June 30, 2016

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	29,948	-	-	-	11,121	2,135	43,204
Board/Trustee Honoraria	-	-	-	-	6,258	-	6,258
	29,948	-	-	-	17,379	2,135	49,462
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	9,596	-	-	-	-	774	10,370
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other	4,000	-	-	-	-	-	4,000
	13,596	-	-	-	-	774	14,370
Materials/Supplies/Freight							
Materials	31,352	-	-	-	4,850	4,408	40,610
Freight	-	-	-	-	-	-	-
	31,352	-	-	-	4,850	4,408	40,610
Total	\$ 74,896	\$ -	\$ -	\$ -	\$ 22,229	\$ 7,317	\$ 104,442

FORT GOOD HOPE

District Education Authority
Statement of Operations

For the year ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 25,000	\$ 27,000
GNWT	-	82,562	132,234
Other	-	1,358	4,400
Deferred Revenue	-	(9,106)	(50,065)
Contributions Repaid	-	(15)	-
	-	99,799	113,569
Expenses			
Administration	-	30,413	16,932
School programs	-	67,235	97,052
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	7,563	-
	-	105,211	113,984
Surplus (Deficit)	-	(5,412)	(415)
Opening equity		4,996	5,411
Closing equity		\$ (416)	\$ 4,996
Composition of Closing Equity			
Cash	\$ -	\$ -	-
Accounts Receivable		-	4,996
Accounts Payable		(416)	-
	\$	(416)	\$ 4,996

FORT GOOD HOPE

District Education Authority
Details of Expenses

For the year ended June 30, 2016

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	24,812	-	-	-	11,027	5,269	41,108
Board/Trustee Honoraria	-	-	-	-	6,517	-	6,517
	24,812	-	-	-	17,544	5,269	47,625
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	-	-	-	-	-	1,610	1,610
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other	-	-	-	-	12,869	-	12,869
	-	-	-	-	12,869	1,610	14,479
Materials/Supplies/Freight							
Materials	42,423	-	-	-	-	684	43,107
Freight	-	-	-	-	-	-	-
	42,423	-	-	-	-	684	43,107
Total	\$ 67,235	\$ -	\$ -	\$ -	\$ 30,413	\$ 7,563	\$ 105,211

NORMAN WELLS

District Education Authority
Statement of Operations

For the year ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue			
Contributions from Divisional Council	\$ 29,000	\$ 29,000	\$ 31,000
GNWT	-	171,117	154,747
Other	-	1,295	1,700
Deferred Revenue	-	(38,330)	(43,281)
Contributions Repaid	-	(844)	(3,806)
	29,000	162,238	140,360
Expenses			
Administration	29,000	27,112	16,413
School programs	-	121,779	113,731
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	11,459	8,741
	29,000	160,350	138,885
Surplus (Deficit)	-	1,888	1,475
Opening equity		17,877	16,402
Closing equity		\$ 19,765	\$ 17,877
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		19,765	17,877
Accounts Payable		-	-
	\$	19,765	\$ 17,877

NORMAN WELLS

District Education Authority
Details of Expenses

For the year ended June 30, 2016

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	22,685	-	-	-	10,837	-	33,522
Board/Trustee Honoraria	-	-	-	-	-	-	-
	22,685	-	-	-	10,837	-	33,522
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	-	-	-
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	4,331	-	-	-	-	-	4,331
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Community Justice	2,500	-	-	-	16,275	-	18,775
	6,831	-	-	-	16,275	-	23,106
Materials/Supplies/Freight							
Materials	89,304	-	-	-	-	10,831	100,135
Freight	2,959	-	-	-	-	628	3,587
	92,263	-	-	-	-	11,459	103,722
Total	\$ 121,779	\$ -	\$ -	\$ -	\$ 27,112	\$ 11,459	\$ 160,350

TULITA

District Education Authority Statement of Operations

For the year ended June 30, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue			
Contributions from Divisional Council	\$ -	\$ 26,000	\$ 28,000
GNWT	-	92,600	131,350
Other	-	5,562	9,100
Deferred Revenue	-	(9,150)	(43,431)
Contribution Repayable	-	(6,622)	-
	-	108,390	125,019
Expenses			
Administration	-	22,342	14,960
School programs	-	71,390	103,358
Inclusive schooling	-	-	-
School accommodations	-	-	-
Operations and maintenance	-	-	-
Aboriginal language/cultural programs	-	8,002	-
	-	101,734	118,318
Surplus (Deficit)	-	6,656	6,701
Opening equity		6,315	(386)
Closing equity	\$	12,971	\$ 6,315
Composition of Closing Equity			
Cash	\$	-	\$ -
Accounts Receivable		12,971	6,315
Accounts Payable		-	-
	\$	12,971	\$ 6,315

TULITA

District Education Authority
Details of Expenses

For the year ended June 30, 2016

Function	School Programs	Inclusive Schooling	Student Accommodation	Operations & Maintenance	Administration	Aboriginal Languages	Total
Salaries							
Teachers' Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Instruction Assistant	-	-	-	-	-	-	-
Non Instructional Staff	30,552	-	-	-	11,302	6,260	48,114
Board/Trustee Honoraria	-	-	-	-	836	-	836
	30,552	-	-	-	12,138	6,260	48,950
Employee Benefits							
Employee Benefits/Allowances	-	-	-	-	-	-	-
Leave and Termination Benefits	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Services Purchased/Contracted							
Professional/Technical Services	-	-	-	-	200	-	200
Postage/Communication	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-
Travel	16,160	-	-	-	-	-	16,160
Student Transportation	-	-	-	-	-	-	-
Advertising/Printing/Publishing	-	-	-	-	-	-	-
Maintenance/Repair	-	-	-	-	-	-	-
Rentals/Leases	-	-	-	-	-	-	-
Other - Contracted Services	-	-	-	-	-	-	-
Other - Special Requests	-	-	-	-	9,654	-	9,654
	16,160	-	-	-	9,854	-	26,014
Materials/Supplies/Freight							
Materials	24,678	-	-	-	350	1,742	26,770
Freight	-	-	-	-	-	-	-
	24,678	-	-	-	350	1,742	26,770
Total	\$ 71,390	\$ -	\$ -	\$ -	\$ 22,342	\$ 8,002	\$ 101,734

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL

**FORT SMITH, NT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

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**Management Discussion and Analysis
For the year ended June 30, 2016**

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 2015-16 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 are as follows:

Superintendent – Dr. Curtis Brown
Assistant Superintendent – Brent Kaulback
Comptroller – James Watts, 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.

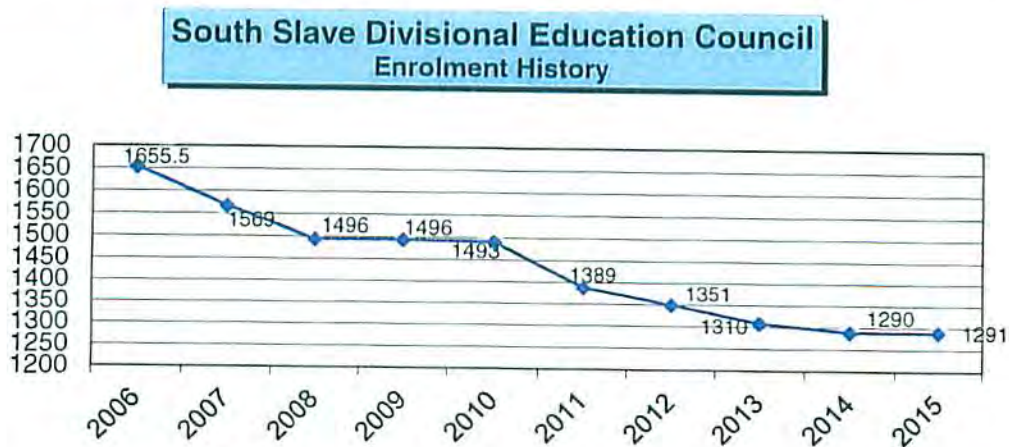
Operating Environment

The SSDEC receives the financial resources for the entire division on an annual basis, largely through 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)
- the formula is in the process of being updated and for the 2016-17 budget year the Council was provided with no details on how our allocation was calculated. It is hoped that this is temporary until the revised formula is formally finalized. If not, it will represent a difficult situation for the Council going forward as we depend on the formula for allocating funds to schools and DEA's. It would also be contrary to the government's stated objective of being open and transparent if the detailed formula were not shared with school boards.

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.



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 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. Aside from the recognition of the Council and the impressive recipients of the *SSDEC Excellence in Education Awards*, three 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* (aka National Aboriginal Achievement 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 2015-16:

- 93% of parents (77% 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%)
- 91% of parents (77% response rate) have discussed with their teacher and understand their child's *math* strengths and stretches (target 90% of parents with 60% response rate)
- 90% of parents say they are satisfied with their child's growth as a *mathematician* (target 90%)

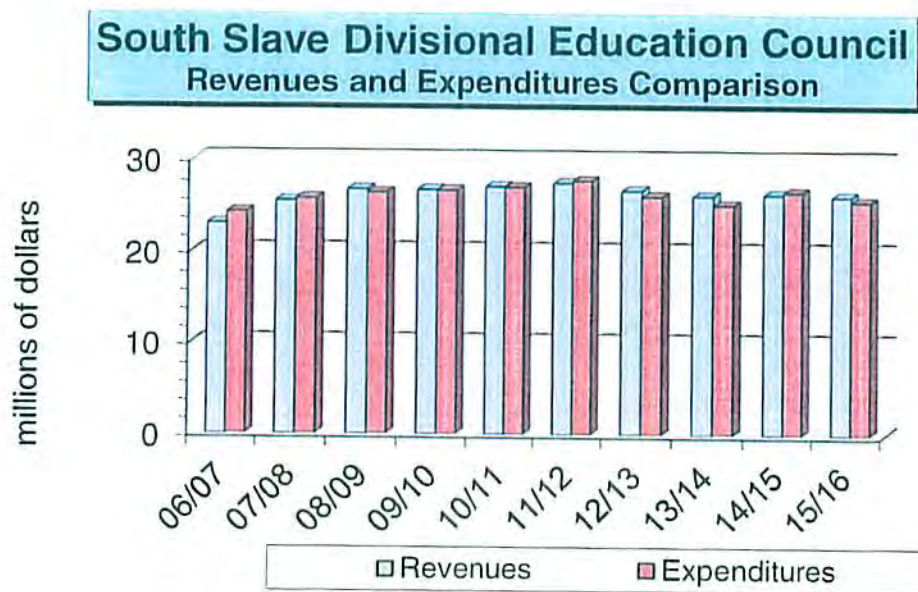
Still, only about half of South Slave students attend at least 90% of the time, meaning that half of our students have missed a full year of schooling by the time they reach grade 10. There has also

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.



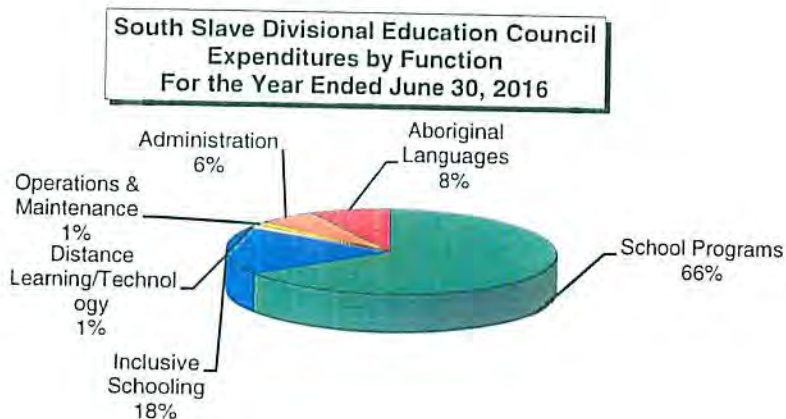
For the year ended June 30, 2016 the Council had an operating surplus of \$594,644 inclusive of DEA surpluses and deficits. This was better than the projected deficit of \$228,455 due to a difference in pay accruals. In 2014/15 there were 27 pay periods which necessitated an accrual of three pay periods at the end of the year rather than the normal two. The reversal of that accrual and the normal accrual of two pay periods at the end of the 2015/16 year resulted in reduced expenditures of approx. \$778,000. This difference in accruals should have been included in the projections throughout the year but it was not.

The accumulated uncommitted fund balance for the Council now sits at \$1,109,603 which is \$609,603 above the Council's minimum fund balance of \$500,000 spelled out in policy DFAA – Financial Surplus. The Council's budget for 2016-17 is a deficit budget of \$386,996 that projects to bring the uncommitted fund balance down to \$722,607. We are also anticipating

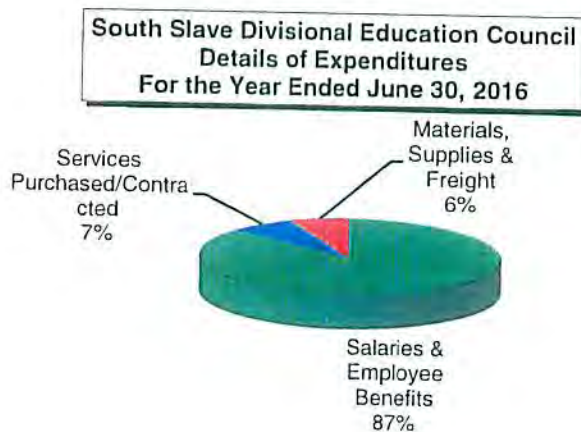
having to pay out approx. \$135,000 for a pension buyback in 2016-17 that will further reduce the Council's surplus.

Currently the Council's liquidity position is good but there is still the concern that funds could be short around the end of March. Given that about 87% (see second chart below) of the SSDEC's expenditures are for staffing payroll and benefits, any unanticipated reductions in allocations from ECE 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 2015-16. Funding spent on Aboriginal Languages is also above what was funded by the department. A standard range of 5-7% is generally accepted as reasonable for administration expenses. As indicated below the Council's percentage for 2015-16 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.



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.

The anticipation of a new School Funding Framework brings with it an indication from ECE that allocations have been reduced and concern that new territorial initiatives may inadvertently creating more difficult challenges that undermine the SSDEC, DEAs' and schools' ability to maintain and further improve student outcomes.

Council fears the significant progress that has been made in the South Slave in the past several years could be undone with reduced allocations, compounded by existing unfunded and underfunded expenses (salary increments, casual costs, technology PYs, 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.

The lack of detail in ECE's allocations to school boards for the 2016-17 year also causes concern. The SSDEC is concerned about the lack of timely information and transparency that has an adverse impact on the ability of school boards to provide sound fiscal management and a quality education. The SSDEC, however, remains eager to work with the Minister and ECE to help provide the best possible education for the students of the South Slave.



Creating
Future

RESPONSIBILITY FOR FINANCIAL REPORTING

The Minister of Education, Culture and Employment
Government of the Northwest Territories

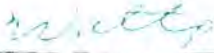
Management Responsibility for Financial Reporting with respect to the fiscal year
ended June 30, 2016.

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 Council 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, and appropriately authorized and include only valid transactions of the entity; that duties related to processes are appropriately segregated (where possible), 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 South Slave Divisional Education Council (SSDEC) have been conducted within the statutory powers of the Council. The operations and administration of the Council as well as the supporting internal controls of the SSDEC 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 SSDEC policies. Any non-compliance has been specifically identified and has been previously communicated to the Minister and Deputy Minister.

Management hereby asserts that our 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 contaminations or of any other undisclosed environmental or safety hazards within our 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.



James Watts, CMA
Comptroller
Fort Smith, NT.
September 17, 2016.



Dr. Curtis Brown
Superintendent
Fort Smith, NT
September 17, 2016.



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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, 2016 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, 2015, and June 30, 2016.

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, 2016 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 28 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.

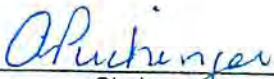
Avery Cooper & Co. Ltd.
Certified General Accountants
Yellowknife, NT

September 17, 2016

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 as at June 30, 2016

	<u>2016</u>	<u>2015</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents (Note 4)	\$7,667,063	\$6,886,886
Trust Assets (Note 18)	80,251	79,972
Due from the GNWT (Note 8)	7,072	26,849
Due from the Government of Canada (Note 8)	0	0
Other Accounts Receivable (Note 8)	219,177	168,614
	<u> </u>	<u> </u>
Total Financial Assets	\$7,973,563	\$7,162,322
<u>Liabilities</u>		
Bank Indebtedness	\$18,098	\$14,268
Accounts Payable and Accrued Liabilities (Note 10)	204,970	150,988
Trust Liabilities (Note 18)	80,251	79,972
Due to the GNWT (Note 10)	52,626	38,653
Payroll Liabilities (Note 35)	1,902,715	1,990,643
Deferred Revenue (Note 11)	127,199	86,258
Post-Employment Benefits (Note 17)	2,763,430	2,571,909
	<u> </u>	<u> </u>
Total Liabilities	\$5,149,289	\$4,932,691
Net Financial Resources	\$2,824,274	\$2,229,630
<u>Non-Financial Assets</u>		
Prepaid Expenses (Note 20)	\$0	\$0
	<u> </u>	<u> </u>
Accumulated Fund Balance	\$2,824,274	\$2,229,630
	<u> </u>	<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, 2016

	<u>Unaudited 2016 Budget</u>	<u>2016</u>	<u>2015</u>
Operating Surplus/(Deficit) (Statement III)	(\$468,473)	\$594,644	(\$236,936)
Prior Year Adjustments	<u>0</u>	<u>0</u>	<u>0</u>
Increase/(Decrease) in Net Financial Resources	(\$468,473)	\$594,644	(\$236,936)
Opening Net Financial Resources	<u>2,229,630</u>	<u>2,229,630</u>	<u>2,466,566</u>
Closing Net Financial Resources	<u><u>\$1,761,157</u></u>	<u><u>\$2,824,274</u></u>	<u><u>\$2,229,630</u></u>

See attached notes and schedules.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended June 30, 2016**

	(Note 27) (unaudited) <u>2016 Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
ECE Regular Contributions	\$23,747,503	\$23,975,720	\$24,379,170
Other ECE Contributions (Note 33)	477,700	1,022,817	847,222
Total ECE Contributions	<u>\$24,225,203</u>	<u>\$24,998,537</u>	<u>\$25,226,392</u>
Other GNWT Contributions (Note 34)	\$0	\$304,653	\$272,439
Total GNWT Contributions	<u>\$24,208,105</u>	<u>\$25,303,190</u>	<u>\$25,498,831</u>
Other Education Bodies	\$0	\$68,361	\$136,283
Government of Canada Contributions	\$0	\$0	(\$25,877)
Generated Funds			
Investment Income	\$350	\$53,443	\$57,173
Non-GNWT Contributions	0	238,728	238,947
Donations	0	112,608	32,000
Other	59,500	309,256	35,992
Total Generated Funds	<u>\$59,850</u>	<u>\$714,035</u>	<u>\$688,041</u>
Total Revenues	<u>\$24,285,053</u>	<u>\$26,085,586</u>	<u>\$26,297,278</u>
<u>EXPENSES (Schedule 1)</u>			
Administration	\$1,521,680	\$1,515,303	\$1,573,167
School Programs	15,904,911	16,723,478	17,260,748
Inclusive Schooling	4,850,039	4,556,887	4,941,645
Distance Learning/Technology	336,000	326,180	320,330
Operations and Maintenance	391,794	285,636	263,007
Aboriginal Language/Cultural Programs	1,749,102	2,083,458	2,175,318
Total Expenses (Note 30)	<u>\$24,753,526</u>	<u>\$25,490,942</u>	<u>\$26,534,214</u>
OPERATING SURPLUS/(DEFICIT)	(\$468,473)	\$594,644	(\$236,936)
Accumulated Opening Fund Balance	<u>2,229,630</u>	<u>2,229,630</u>	<u>2,466,566</u>
Accumulated Closing Fund Balance	<u><u>\$1,761,157</u></u>	<u><u>\$2,824,274</u></u>	<u><u>\$2,229,630</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, 2016**

	<u>2016</u>	<u>2015</u>
Cash Provided By (Used In):		
Operating Surplus/(Deficit) (Statement III)	\$594,644	(\$236,936)
Changes in Non-cash Assets and Liabilities		
Decrease (increase) due from Government of Canada	\$0	\$258,436
Decrease (increase) in accounts receivable	(30,786)	32,811
Increase (decrease) in acc. payroll/emp.deductions	(87,928)	639,449
Increase (decrease) in accounts payable	67,955	(811,335)
Increase (decrease) in trust liability	279	279
Increase (decrease) in deferred revenue	40,941	82,786
Increase (decrease) in post-employment benefits	191,521	272,627
Decrease (increase) in prepaid expenses	<u>0</u>	<u>0</u>
Cash Provided by (Used In) Operating Transactions	<u>\$776,626</u>	<u>\$238,117</u>
Increase/(Decrease) in Cash and Cash Equivalents	<u>\$776,626</u>	<u>\$238,117</u>
Cash and Cash Equivalents at Beginning of Year	\$6,952,590	\$6,714,473
Cash and Cash Equivalents at End of Year (Note 4)	<u><u>\$7,729,216</u></u>	<u><u>\$6,952,590</u></u>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2016

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.

The reporting entity consists of the accounts of the South Slave Education Council and those of Hay River DEA, Fort Smith DEA, Fort Resolution DEA, Lutsel K'e DEA and K'atlodeeche First Nations DEA. All inter-entity balances and transactions have been eliminated.

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, 2016

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, 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 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

Non-Yellowknife:

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.

Yellowknife – YK1 & YK2:

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 over the remaining useful life of the asset.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2016

Capital facilities planning and construction with certain exceptions, 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

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 impractical. 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 Education 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.

Other Contributions:

The Education Authority 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.

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.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2016

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 is recognized when received or receivable, if the amount can be reasonably estimated.

g) Infrastructure Funding

Any personnel 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 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*.

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 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.

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 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. Accounts subject to measurement uncertainty are post-employment benefits.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2016

j) 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.

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 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.

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 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 benefits is dependent on employees leaving the Council and other criteria as outlined in the negotiated collective agreements and management handbook guidelines of the GNWT.

m) 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, 2016

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 Part Transactions: inter-equity transfer valuations (PS3420 April 2018)
- b) Student Activity / Fiduciary funds policy under review for possible inclusion in Special Purpose Funds

Note 4. Cash and Cash Equivalents

	<u>2016</u>	<u>2015</u>
Cash	\$7,667,063	\$6,886,886
Trust Assets	80,251	79,972
Bank Indebtedness	<u>(18,098)</u>	<u>(14,268)</u>
Total	<u>\$7,729,216</u>	<u>\$6,952,590</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>2016 Net</u>	<u>2015 Net</u>
Commission Scolaire de Francophone	\$ 0	\$ 17,124
Princess Alexandra School	0	203
GNWT – HSS	0	0
GNWT – ECE	<u>7,072</u>	<u>9,522</u>
Total due from GNWT	<u>\$ 7,072</u>	<u>\$ 26,849</u>
Due from Government of Canada	0	0
Other	<u>219,177</u>	<u>168,614</u>
Total Receivables	<u>\$226,249</u>	<u>\$195,463</u>

Note 9. Inventories

Not applicable.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

Note 10. Accounts Payable and Accrued Liabilities

	<u>2016</u>	<u>2015</u>
WSSC	\$ 52,538	\$ 31,500
GNWT – Dept. of Finance	88	7,153
Deh Cho H&SS	0	0
GNWT – Dept. of Education, Culture & Employment	<u>0</u>	<u>0</u>
Total Due to GNWT	\$ 52,626	\$ 38,653
Other	<u>204,970</u>	<u>150,988</u>
Total Accounts Payable	<u>\$257,596</u>	<u>\$ 189,641</u>

Note 11. Deferred Revenue

	<u>2016</u>	<u>2015</u>
Self-Regulation resources (from ECE)	\$ 3,794	\$ 5,116
Not Us – Hay River (Justice)	0	5,000
Deninu Youth Contribution (MACA)	5,000	0
Regional Youth Sports – DJSS (MACA)	9,500	0
Three Feathers (MACA)	5,000	0
Regional Youth Sports – Deninu (MACA)	2,500	0
TLC Funding (ECE)	<u>0</u>	<u>61,000</u>
Total GNWT	\$ 25,794	\$ 71,116
Three Feathers donations	89,291	0
My First Hunt Book	5,200	0
Autism Speaks	<u>6,914</u>	<u>15,142</u>
Total Deferred Revenue	<u>\$ 127,199</u>	<u>\$ 86,258</u>

Note 12. Contribution Repayable

Nothing to report.

Note 13. Due To/From the Government of Canada

Nothing to report.

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, 2016

17. Post-Employment Benefits, Compensated Absences and Termination Benefits

In addition to the pension benefits, The 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 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 employee category and length of service. The benefits under these two categories were valued using the projected unit credit methodology for June 30, 2016 and management estimates for June 30, 2015.

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. Under PSAB 3255, accumulating vesting and non-vesting (sick leave paid only upon illness-related absence) are required to be accrued.

Change in estimate

During the year ended June 30, 2016, the method for calculating other employee future benefits and compensated absence was refined to better reflect the probability that these benefits would be used in the future based on past experience. The GNWT has contracted an actuarial company to place a value on the expected cost of sick leave usage in the future based on employee data. Compensated absences are the total value of vested and non-vested future sick leave costs that were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation includes the liabilities as at June 30, 2016. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2016. The balances for June 30, 2015 were not actuarially valued, they were management estimates based on employee data at June 30, 2015 and does not include non-vested future sick leave costs. The values presented for June 30, 2016 below are for all of the benefits under the Compensated Absences and Termination Benefits for The Council.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

These liabilities are to be funded in the year they become due through regular annual budget allocations.

	<u>2016</u>	<u>2015</u>
Removal Assistance	\$ 693,262	\$ 666,924
Termination, Severance, Resignation & Retirement	1,932,238	1,780,841
Leave *	<u>137,930</u>	<u>124,144</u>
	<u>\$2,763,430</u>	<u>\$2,571,909</u>

* Leave includes annual and lieu time for UNW, Excluded, Senior Management and Contract employees.

18. Trust Assets Under Administration

	<u>2016</u>	<u>2015</u>
Andrew John Piche Scholarship Fund	\$80,251	\$79,972

19. Tangible Capital Assets

.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.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

23. GNWT Assets Provided at no Cost

	<u>Cost</u>	<u>Acc. Amort.</u>	<u>2016 NBV</u>	<u>2015 NBV</u>
Joseph Burr Tyrrell School	\$9,413,957	\$4,622,180	\$4,791,777	\$5,031,617
Paul William Kaeser School	7,635,685	4,694,201	2,941,484	3,155,936
Deninu School	4,934,553	4,934,553	0	0
Lutsel K'e Dene School	2,117,192	1,619,527	497,665	554,541
Princess Alexandra School	7,672,236	4,678,449	2,993,787	3,271,077
Diamond Jenness School	34,212,209	8,981,145	25,231,064	25,965,057
Harry Camsell School	6,429,919	3,768,389	2,661,530	2,854,798
Chief Sunrise Education Ctr.	2,180,110	853,990	1,326,120	1,398,906
DJSS Trades Building	2,423,804	345,280	2,078,524	2,139,064
Hay River Central Seacan	832,998	291,549	541,449	596,982
PWK High School Seacan	687,229	240,530	446,699	492,514
PWK Welding Shop	389,368	16,224	373,144	382,879
	<u>\$79,015,376</u>	<u>\$35,075,916</u>	<u>\$43,939,460</u>	<u>\$45,843,372</u>

24. Commitments

	<u>Expired in 2016</u>	<u>2017</u>	<u>2018 Onward</u>	<u>Total</u>
Commercial/Residential Leases	\$158,650	\$158,650	\$211,534	\$528,834
Equipment Leases	<u>30,234</u>	<u>15,669</u>	<u>10,268</u>	<u>56,171</u>
Totals	<u>\$188,884</u>	<u>\$174,319</u>	<u>\$221,802</u>	<u>\$585,005</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 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, 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.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

Accounts Payable and Accrued Liabilities

	<u>2016</u>	<u>2015</u>
Dept. of Finance	\$ 88	\$ 7,153
Dept. of Education, Culture and Employment	<u>0</u>	<u>0</u>
	\$ <u>88</u>	\$ <u>7,153</u>

Accounts Receivable

Commission Scolaire de Francophone	\$ 0	\$ 17,124
Princess Alexandra School	0	203
Dept. of Health and Social Services	0	0
Dept. of Education, Culture and Employment	<u>7,072</u>	<u>9,522</u>
	\$ <u>7,072</u>	\$ <u>26,849</u>

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 Council.

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 11, 2015 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, 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 due to the information readily available in the NWTTA, UNW and Senior Manager's Handbook.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

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>2016 Budget</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
Compensation	\$21,460,478	\$22,035,910	\$23,094,654
Other	3,293,048	3,455,032	3,439,650
Total	<u>\$24,753,526</u>	<u>\$25,490,942</u>	<u>\$26,534,214</u>

31. Subsequent Events

Nothing to report.

32. Comparative Figures

Nothing to report.

33. Other ECE Contributions

French as a Second Language	\$ 416,700
Aboriginal Languages	61,000
Trades Awareness	45,587
Career Coordinators	147,018
Self-Regulation Resources	11,322
French PD Travel Assistance	1,750
Library Program	15,320
First Nations Storybook App	9,600
2014/15 Infrastructure Reimb.	90,922
Aboriginal Language Trainee	144,598
Safe and Caring Schools	6,500
Four Pillars of Resilience	72,500
Total	<u>\$1,022,817</u>

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2016

34. Other GNWT Contributions

Not Us – Hay River (Justice)	\$ 5,000
Not Us – Fort Smith (Justice)	5,000
Drop the Pop (HSS)	19,284
Spirit Novel Publication (HSS)	16,193
Take a Kid Trapping – Fort Resolution (ITI)	8,000
Regional Youth Sports (MACA)	12,500
Youth Corps (MACA)	20,000
Child & Youth Resilience (MACA)	45,336
Trapping Program – K'atlodeeche (ITI)	9,100
Forestry Program (ENR)	23,265
Active After School (MACA)	119,975
Take A Kid Trapping – Lutsel K'e (ITI)	8,000
Three Feathers movie (MACA)	5,000
PWK Drumming (MACA)	5,000
Healthy Choices (MACA)	<u>3,000</u>
Total	<u>\$304,653</u>

35. Payroll liabilities

NWTTA	\$1,896,248
Other	<u>6,467</u>
Total	<u>\$1,902,715</u>

36. Statement of Measurement Gains/Losses

Nothing to report.

37. Commitments Against Surplus

The Council currently has approved commitments against its surplus of \$2,235,470 consisting mainly of school staffing surpluses as detailed in Schedule 28 to the financial statements.

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
CONSOLIDATED SCHEDULE OF EXPENSES
For the Year Ended June 30, 2016

	School Programs	Inclusive Schooling	Distance Learning/Tech	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers	\$12,370,691	\$1,824,239	\$0	\$0	\$0	\$1,043,245	\$0	\$15,238,175
Instruction Assistants	\$177,816	\$1,703,418	\$0	\$0	\$0	\$488,616	\$0	\$2,369,850
Non-Instructional Staff	\$1,897,164	\$455,538	\$268,773	\$0	\$1,170,678	\$2,470	\$0	\$3,794,623
Board/Trustee Honoraria	\$425	\$4,842	\$0	\$0	\$40,604	\$13,867	\$0	\$59,738
Employee Benefits								
Employee Benefits/Allowances	\$172,045	\$69,112	\$2,941	\$0	\$8,823	\$23,528	\$0	\$276,449
Leave & Termination Benefits	\$197,563	\$79,363	\$3,377	\$0	-\$10,245	\$27,017	\$0	\$297,075
Services Purchased/Contracted								
Professional/Technical Services	\$127,806	\$32,694	\$0	\$20,000	\$40,012	\$17,804	\$0	\$238,315
Postage/Communication	\$54,481	\$0	\$0	\$0	\$54,581	\$0	\$0	\$109,062
Utilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Travel	\$178,108	\$197,714	\$17,086	\$0	\$74,404	\$50,080	\$0	\$517,392
Student Travel	\$109,633	\$1,800	\$0	\$0	\$0	\$3,700	\$0	\$115,133
Advertising/Printing/Publishing	\$9,944	\$2,787	\$0	\$2,961	\$19,694	\$34,613	\$0	\$69,999
Maintenance/Repair	\$4,432	\$0	\$0	\$15,066	\$14,919	\$785	\$0	\$35,202
Rentals/Leases	\$79,943	\$5,106	\$0	\$158,655	\$22,902	\$4,572	\$0	\$271,178
Contracted Services	\$311,847	\$24,840	\$0	\$5,995	\$2,340	\$116,104	\$0	\$461,126
Materials/Supplies/Freight								
Materials	\$1,021,758	\$153,839	\$33,878	\$66,350	\$73,308	\$255,911	\$0	\$1,605,044
Freight	\$9,823	\$1,595	\$124	\$16,609	\$3,282	\$1,146	\$0	\$32,579
Total (Statement 1)	\$16,723,478	\$4,556,887	\$326,180	\$285,636	\$1,515,303	\$2,083,458	\$0	\$25,490,942

**FORT SMITH DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2016**

	<u>2016</u>	<u>2015</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$175,230	\$118,137
Cash Held in Trust	80,251	79,972
Other Accounts Receivable (net)	<u>1,033</u>	<u>2,133</u>
Total Financial Assets	<u>\$256,514</u>	<u>\$200,242</u>
<u>Liabilities</u>		
Accounts Payable & Accrued Liabilities	(\$3)	(\$845)
Trust Liability	<u>80,251</u>	<u>79,972</u>
Total Liabilities	<u>\$80,248</u>	<u>\$79,127</u>
Net Financial Resources	<u>\$176,266</u>	<u>\$121,115</u>
Fund Balance	<u><u>\$176,266</u></u>	<u><u>\$121,115</u></u>

**FORT SMITH DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2016**

	<u>2016 Budget (unaudited)</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
ECE Regular Contributions	\$505,991	\$505,991	\$568,788
Other ECE Contributions	0	93,601	102,180
Total ECE Contributions	<u>\$505,991</u>	<u>\$599,592</u>	<u>\$670,968</u>
Other GNWT Contributions	\$0	\$0	\$10,000
Total GNWT Contributions	<u>\$505,991</u>	<u>\$599,592</u>	<u>\$680,968</u>
Generated Funds			
Investment Income	\$350	\$648	\$798
Other	32,000	69,849	52,334
Total Generated Funds	<u>\$32,350</u>	<u>\$70,497</u>	<u>\$53,131</u>
Total Revenues	<u>\$538,341</u>	<u>\$670,089</u>	<u>\$734,099</u>
<u>EXPENSES (Schedule 4)</u>			
Administration	\$61,550	\$71,912	\$68,889
School Programs	348,326	398,358	415,866
Inclusive Schooling	52,029	14,007	22,358
Student Accommodations	0	0	0
Operations and Maintenance	0	27,034	25,019
Aboriginal Language/Cultural Programs	103,701	103,627	140,364
Total Expenses	<u>\$565,606</u>	<u>\$614,938</u>	<u>\$672,495</u>
Operating Surplu/(Deficit)	(\$27,265)	\$55,151	\$61,605
Fund Balance at beginning of year	121,115	121,115	59,510
Prior Period Adjustment	<u>\$0</u>	<u>\$0</u>	<u>0</u>
Fund Balance at end of year	<u>\$93,850</u>	<u>\$176,266</u>	<u>\$121,115</u>

FORT SMITH DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2016

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers	\$912							\$912
Instruction Assistants								\$0
Non-Instructional Staff					\$64,449			\$64,449
Board/Trustee Honoraria								\$0
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services								\$0
Postage/Communication	\$27,404				\$3,045			\$30,449
Utilities								\$0
Travel								\$0
Student Travel								\$0
Advertising/Printing/Publishing	\$669							\$669
Maintenance/Repair	\$2,703							\$2,703
Rentals/Leases	\$13,384				\$1,487			\$14,871
Contracted Services	\$71,987							\$71,987
Materials/Supplies/Freight								
Materials	\$281,299	\$14,007		\$27,034	\$2,931	\$103,627		\$428,898
Freight								\$0
Total	\$398,358	\$14,007	\$0	\$27,034	\$71,912	\$103,627	\$0	\$614,938

**HAY RIVER DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2016**

	<u>2016</u>	<u>2015</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$259,471	\$354,812
Due from the GNWT	0	17,326
Other Accounts Receivable (net)	<u>19,899</u>	<u>0</u>
Total Financial Assets	<u>\$279,370</u>	<u>\$372,138</u>
<u>Liabilities</u>		
Accounts Payable & Accrued Liabilities	<u>\$115,379</u>	<u>\$1,240</u>
Total Liabilities	<u>\$115,379</u>	<u>\$1,240</u>
Net Financial Resources	<u>\$163,991</u>	<u>\$370,898</u>
Fund Balance	<u><u>\$163,991</u></u>	<u><u>\$370,898</u></u>

**HAY RIVER DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2016**

	<u>2016 Budget (unaudited)</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
ECE Regular Contributions	\$557,141	\$557,141	\$577,253
Other ECE Contributions	0	80,506	202,592
Total ECE Contributions	<u>\$557,141</u>	<u>\$637,647</u>	<u>\$779,845</u>
Other GNWT Contributions	\$0	\$23,265	\$111,326
Total GNWT Contributions	<u>\$557,141</u>	<u>\$660,912</u>	<u>\$111,326</u>
Generated Funds			
Investment Income	\$0	\$792	\$786
Other	27,500	108,491	105,745
Total Generated Funds	<u>\$27,500</u>	<u>\$109,283</u>	<u>\$106,531</u>
Total Revenues	<u>\$584,641</u>	<u>\$770,195</u>	<u>\$997,702</u>
<u>EXPENSES (Schedule 7)</u>			
Administration	\$119,502	\$120,057	\$118,721
School Programs	465,140	776,444	676,576
Inclusive Schooling	0	0	0
Student Accommodations	0	0	0
Operations and Maintenance	0	37,023	34,114
Aboriginal Language/Cultural Programs	0	43,578	61,411
Total Expenses	<u>\$584,642</u>	<u>\$977,102</u>	<u>\$890,822</u>
Operating Surplus/(Deficit)	(\$1)	(\$206,907)	\$106,880
Fund Balance at beginning of year	<u>370,898</u>	<u>370,898</u>	<u>264,018</u>
Fund Balance at end of year	<u>\$370,897</u>	<u>\$163,991</u>	<u>\$370,898</u>

HAY RIVER DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2016

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers								\$0
Instruction Assistants	\$148,438					\$19,903		\$168,341
Non-Instructional Staff					\$105,865			\$105,865
Board/Trustee Honoraria					\$9,068			\$9,068
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services	\$91,455							\$91,455
Postage/Communication	\$26,062				\$2,789			\$28,851
Utilities								\$0
Travel								\$0
Student Travel	\$3,214							\$3,214
Advertising/Printing/Publishing								\$0
Maintenance/Repair								\$0
Rentals/Leases	\$39,659							\$39,659
Contracted Services	\$151,255							\$151,255
Materials/Supplies/Freight								
Materials	\$316,361			\$21,702	\$2,335	\$23,675		\$364,073
Freight				\$15,321				\$15,321
Total	\$776,444	\$0	\$0	\$37,023	\$120,057	\$43,578	\$0	\$977,102

K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2016

	<u>2016</u>	<u>2015</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$6,879	\$21,678
Other Accounts Receivable (net)	<u>1,710</u>	<u>13,600</u>
Total Financial Assets	<u>\$8,589</u>	<u>\$35,278</u>
<u>Liabilities</u>		
Accounts Payable & Accrued Liabilities	<u>\$14,665</u>	<u>\$27,920</u>
Total Liabilities	<u>\$14,665</u>	<u>\$27,920</u>
Net Financial Resources	<u>(\$6,076)</u>	<u>\$7,358</u>
Fund Balance	<u>(\$6,076)</u>	<u>\$7,358</u>

K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2016

	<u>2016 Budget</u> <u>(unaudited)</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$44,204	\$44,204	\$68,076
Other ECE Contributions	0	43,665	71,934
Total ECE Contributions	<u>\$44,204</u>	<u>\$87,869</u>	<u>\$140,010</u>
Other GNWT Contributions	\$0	\$45,950	\$17,371
Total GNWT Contributions	<u>\$44,204</u>	<u>\$133,819</u>	<u>\$157,381</u>
Generated Funds			
Investment Income	\$0	\$3	\$12
Other	0	26,395	50,958
Total Generated Funds	<u>\$0</u>	<u>\$26,398</u>	<u>\$50,970</u>
Total Revenues	<u>\$44,204</u>	<u>\$160,217</u>	<u>\$208,351</u>
<u>EXPENSES (Schedule 10)</u>			
Administration	\$24,878	\$21,000	\$19,323
School Programs	14,626	85,733	161,258
Inclusive Schooling	0	43,327	29,027
Student Accommodations	0	0	0
Operations and Maintenance	3,200	5,492	4,636
Aboriginal Language/Cultural Programs	1,500	18,100	13,713
Total Expenses	<u>\$44,204</u>	<u>\$173,651</u>	<u>\$227,957</u>
Operating Surplus/(Deficit)	<u>\$0</u>	<u>(\$13,434)</u>	<u>(\$19,606)</u>
Fund Balance at beginning of year	<u>7,358</u>	<u>7,358</u>	<u>26,964</u>
Fund Balance at end of year	<u><u>\$7,358</u></u>	<u><u>(\$6,076)</u></u>	<u><u>\$7,358</u></u>

K'ATLODEECHE FIRST NATIONS DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2016

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers								\$0
Instruction Assistants	\$29,378							\$29,378
Non-Instructional Staff	\$5,181	\$11,897				\$2,470		\$19,548
Board/Trustee Honoraria	\$425	\$4,842			\$10,750	\$8,167		\$24,184
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services	\$2,329				\$5,646			\$7,974
Postage/Communication					\$3,333			\$3,333
Utilities								\$0
Travel	\$4,682	\$18,437				\$1,630		\$24,749
Student Travel								\$0
Advertising/Printing/Publishing								\$0
Maintenance/Repair	\$1,615					\$785		\$2,399
Rentals/Leases	\$3,868							\$3,868
Contracted Services	\$850	\$3,600				\$950		\$5,400
Materials/Supplies/Freight								
Materials	\$37,405	\$4,552		\$5,492	\$1,271	\$4,098		\$52,818
Freight								\$0
Total	\$85,733	\$43,327	\$0	\$5,492	\$21,000	\$18,100	\$0	\$173,651

**FORT RESOLUTION DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2016**

	<u>2016</u>	<u>2015</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$181,906	\$186,950
Due from GNWT	0	0
Other Accounts Receivable (net)	<u>0</u>	<u>0</u>
Total Financial Assets	<u>\$181,906</u>	<u>\$186,950</u>
<u>Liabilities</u>		
Payroll Liabilities	<u>(\$333)</u>	<u>(\$46)</u>
Total Liabilities	<u>(\$333)</u>	<u>(\$46)</u>
Net Financial Resources	<u>\$182,239</u>	<u>\$186,996</u>
Fund Balance	<u><u>\$182,239</u></u>	<u><u>\$186,996</u></u>

FORT RESOLUTION DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2016

	<u>2016 Budget</u> <u>(unaudited)</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$83,724	\$83,724	\$81,784
Other ECE Contributions	0	104,355	72,270
Total ECE Contributions	<u>\$83,724</u>	<u>\$188,079</u>	<u>\$154,054</u>
Other GNWT Contributions	\$0	\$63,611	\$46,004
Total GNWT Contributions	<u>\$83,724</u>	<u>\$251,690</u>	<u>\$200,058</u>
Generated Funds			
Investment Income	\$0	\$196	\$0
Other	0	47,016	45,605
Total Generated Funds	<u>\$0</u>	<u>\$47,212</u>	<u>\$45,605</u>
Total Revenues	<u>\$83,724</u>	<u>\$298,902</u>	<u>\$245,663</u>
<u>EXPENSES (Schedule 13)</u>			
Administration	\$22,250	\$44,370	\$47,388
School Programs	24,750	178,347	94,654
Inclusive Schooling	4,974	36,380	33,624
Student Accommodations	0	0	0
Operations and Maintenance	4,500	11,817	3,048
Aboriginal Language/Cultural Programs	27,250	32,745	44,203
Total Expenses	<u>\$83,724</u>	<u>\$303,659</u>	<u>\$222,917</u>
Operating Surplus/(Deficit)	\$0	(\$4,757)	\$22,746
Fund Balance at beginning of year	<u>186,996</u>	<u>186,996</u>	<u>164,250</u>
Fund Balance at end of year	<u>\$186,996</u>	<u>\$182,239</u>	<u>\$186,996</u>

FORT RESOLUTION DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2016

School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
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Salaries

Teachers							\$0
Instruction Assistants							\$0
Non-Instructional Staff	\$15,596			\$3,289			\$18,885
Board/Trustee Honoraria				\$11,200			\$11,200

Employee Benefits

Employee Benefits/Allowances							\$0
Leave & Termination Benefits							\$0

Services Purchased/Contracted

Professional/Technical Services							\$0
Postage/Communication				\$5,428			\$5,428
Utilities							\$0
Travel				\$2,851	\$400		\$3,251
Student Travel	\$6,078	\$212			\$3,700		\$9,989
Advertising/Printing/Publishing	\$1,785			\$6,731	\$171		\$8,687
Maintenance/Repair							\$0
Rentals/Leases	\$19,355			\$2,352	\$1,100		\$22,806
Contracted Services	\$53,963	\$1,240		\$4,875	\$13,350		\$73,428

Materials/Supplies/Freight

Materials	\$97,167	\$18,673		\$6,942	\$10,816	\$13,924	\$147,521
Freight		\$660			\$1,704	\$100	\$2,464

Total	\$178,347	\$36,380	\$0	\$11,817	\$44,370	\$32,745	\$0	\$303,659
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**LUTSEL K'E DISTRICT EDUCATION AUTHORITY
STATEMENT OF FINANCIAL POSITION
as at June 30, 2016**

	<u>2016</u>	<u>2015</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$0	\$0
Other Accounts Receivable (net)	<u>0</u>	<u>7,900</u>
Total Financial Assets	<u>\$0</u>	<u>\$7,900</u>
<u>Liabilities</u>		
Bank Indebtedness	\$18,098	\$14,268
Accounts Payable & Accrued Liabilities	<u>88</u>	<u>43</u>
Total Liabilities	<u>\$18,186</u>	<u>\$14,310</u>
Net Financial Resources	<u>(\$18,186)</u>	<u>(\$6,410)</u>
Fund Balance	<u>(\$18,186)</u>	<u>(\$6,410)</u>

**LUTSEL K'E DISTRICT EDUCATION AUTHORITY
STATEMENT OF OPERATIONS
For the Year Ended June 30, 2016**

	<u>2016 Budget</u> <u>(unaudited)</u>	<u>2016 Actual</u>	<u>2015 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$60,102	\$60,102	\$73,307
Other ECE Contributions	0	19,914	27,900
Total ECE Contributions	<u>\$60,102</u>	<u>\$80,016</u>	<u>\$101,207</u>
Other GNWT Contributions	\$0	\$25,300	\$31,005
Total GNWT Contributions	<u>\$60,102</u>	<u>\$105,316</u>	<u>\$132,212</u>
Generated Funds			
Investment Income	\$0	\$0	\$0
Donations	0	106,400	32,000
Other	0	11,615	55,983
Total Generated Funds	<u>\$0</u>	<u>\$118,015</u>	<u>\$87,983</u>
Total Revenues	<u>\$60,102</u>	<u>\$223,331</u>	<u>\$220,195</u>
<u>EXPENSES (Schedule 16)</u>			
Administration	\$30,000	\$16,241	\$14,851
School Programs	17,300	165,123	119,929
Inclusive Schooling	0	2,020	4,193
Student Accommodations	0	0	0
Operations and Maintenance	4,500	7,588	10,713
Aboriginal Language/Cultural Programs	7,870	44,134	76,878
Total Expenses	<u>\$59,670</u>	<u>\$235,107</u>	<u>\$226,564</u>
Operating Surplus/(Deficit)	<u>\$432</u>	<u>(\$11,776)</u>	<u>(\$6,369)</u>
Fund Balance at beginning of year	<u>(6,410)</u>	<u>(6,410)</u>	<u>(41)</u>
Fund Balance at end of year	<u><u>(\$5,978)</u></u>	<u><u>(\$18,186)</u></u>	<u><u>(\$6,410)</u></u>

LUTSEL K'E DISTRICT EDUCATION AUTHORITY
SCHEDULE OF EXPENSES
For the Year Ended June 30, 2016

	School Programs	Inclusive Schooling	Student Accom.	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers								\$0
Instruction Assistants								\$0
Non-Instructional Staff					\$25			\$25
Board/Trustee Honoraria					\$5,711			\$5,711
Employee Benefits								
Employee Benefits/Allowances								\$0
Leave & Termination Benefits								\$0
Services Purchased/Contracted								
Professional/Technical Services								\$0
Postage/Communication	\$1,015				\$2,342			\$3,357
Utilities								\$0
Travel	\$1,378					\$430		\$1,808
Student Travel	\$21,342							\$21,342
Advertising/Printing/Publishing	\$2,000							\$2,000
Maintenance/Repair	\$115							\$115
Rentals/Leases	\$2,719	\$1,706			\$1,819	\$1,706		\$7,951
Contracted Services	\$17,959			\$1,120	\$2,340	\$24,820		\$46,239
Materials/Supplies/Freight								
Materials	\$110,791	\$281		\$5,180	\$3,336	\$17,068		\$136,656
Freight	\$7,806	\$33		\$1,288	\$667	\$110		\$9,904
Total	\$165,123	\$2,020	\$0	\$7,588	\$16,241	\$44,134	\$0	\$235,107

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at June 30, 2016**

	<u>2016</u>	<u>2015</u>
<u>Financial Assets</u>		
Cash and Cash Equivalents	\$7,042,256	\$6,203,663
Due from the GNWT	7,072	9,522
Other Accounts Receivable	200,296	155,927
	<u> </u>	<u> </u>
Total Financial Assets	<u>\$7,249,624</u>	<u>\$6,369,112</u>
<u>Liabilities</u>		
Current		
Accounts Payable and Accrued Liabilities	\$77,369	\$131,973
Due to the GNWT	52,538	38,610
Payroll Liabilities	1,903,048	1,990,689
Deferred Revenue	127,199	86,258
Post-Employment Benefits	2,763,430	2,571,909
	<u> </u>	<u> </u>
Total Liabilities	<u>\$4,923,584</u>	<u>\$4,819,439</u>
Net Financial Resources	<u>\$2,326,040</u>	<u>\$1,549,673</u>
<u>Non-Financial Assets</u>		
Prepaid Expenses (Note 20)	\$0	\$0
Accumulated Fund Balance	<u>\$2,326,040</u>	<u>\$1,549,673</u>

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL RESOURCES
For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>
Annual Surplus/(Deficit) (Schedule 19)	\$776,367	(\$402,192)
Prior Year Adjustments	<u>0</u>	<u>0</u>
Increase/(Decrease) in Net Financial Resources	\$776,367	(\$402,192)
Opening net Financial Resources	<u>1,549,673</u>	<u>1,951,865</u>
Closing Net Financial Resources	<u><u>\$2,326,040</u></u>	<u><u>\$1,549,673</u></u>

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
NON-CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended June 30, 2016**

	2016 Budget (unaudited)	<u>2016 Actual</u>	<u>2015 Actual</u>
<u>REVENUES</u>			
ECE Contributions			
Regular ECE Contributions	\$23,747,503	\$23,975,720	\$24,379,169
Other ECE Contributions	477,700	1,007,497	658,219
Total ECE Contributions	<u>\$24,225,203</u>	<u>\$24,983,217</u>	<u>\$25,037,388</u>
Other GNWT Contributions	\$0	\$233,588	\$56,733
Total GNWT Contributions	<u>\$24,225,203</u>	<u>\$25,216,805</u>	<u>\$25,094,121</u>
Federal Government	\$0	\$0	(\$25,877)
Other Education Bodies	\$0	\$63,361	\$136,283
Generated Funds			
Investment Income	\$0	\$51,804	\$55,577
Non-GNWT Contributions	0	238,728	238,947
Donations	0	6,208	0
Other	0	45,890	49,296
Total Generated Funds	<u>\$0</u>	<u>\$342,630</u>	<u>\$343,820</u>
Total Revenues	<u>\$24,225,203</u>	<u>\$25,622,796</u>	<u>\$25,548,347</u>
<u>EXPENSES</u>			
Administration	\$1,263,500	\$1,241,724	\$1,303,995
School Programs	15,034,769	15,400,492	16,020,781
Inclusive Schooling	4,793,036	4,461,152	4,852,443
Distance Learning/Technology	336,000	326,180	320,330
Operations and Maintenance	379,594	196,682	185,477
Aboriginal Language/Cultural Programs	1,608,781	1,884,048	1,841,106
Transfers to DEAs	1,251,162	1,336,151	1,426,407
Total Expenses (Schedule 20)	<u>\$24,666,842</u>	<u>\$24,846,429</u>	<u>\$25,950,539</u>
Operating Surplus/(Deficit)	(\$441,639)	\$776,367	(\$402,192)
Fund Balance at beginning of year	<u>1,549,673</u>	<u>1,549,673</u>	<u>1,951,865</u>
Fund Balance at end of year	<u><u>\$1,108,034</u></u>	<u><u>\$2,326,040</u></u>	<u><u>\$1,549,673</u></u>

SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF EXPENDITURES
(Non-Consolidated)
For the Year Ended June 30, 2016

	School Programs	Inclusive Schooling	Distance Learning/Tech	Operations & Maint.	Admin.	Aboriginal Languages	Fiscal & Transfers	Total
Salaries								
Teachers	\$12,369,779	\$1,824,239				\$1,043,245		\$15,237,263
Instruction Assistants		\$1,703,418				\$468,713		\$2,172,130
Non-Instructional Staff	\$1,891,983	\$428,045	\$268,773		\$997,050	\$0		\$3,585,850
Board/Trustee Honoraria		\$0			\$3,875	\$5,700		\$9,575
Employee Benefits								
Employee Benefits/Allowances	\$172,045	\$69,112	\$2,941		\$8,823	\$23,528		\$276,449
Leave & Termination Benefits	\$197,563	\$79,363	\$3,377		-\$10,245	\$27,017		\$297,076
Services Purchased/Contracted								
Professional/Technical Services	\$34,022	\$32,694		\$20,000	\$34,366	\$17,804		\$138,886
Postage/Communication		\$0			\$37,645			\$37,645
Utilities								\$0
Travel	\$172,048	\$179,277	\$17,086		\$71,553	\$47,620		\$487,583
Student Travel	\$79,000	\$1,588						\$80,588
Advertising/Printing/Publishing	\$5,490	\$2,787		\$2,961	\$12,963	\$34,442		\$58,642
Maintenance/Repair				\$15,066	\$14,919			\$29,985
Rentals/Leases	\$958	\$3,400		\$158,655	\$17,244	\$1,766		\$182,022
Contracted Services	\$15,833	\$20,000				\$76,984		\$112,817
Materials/Supplies/Freight								
Materials	\$211,078	\$116,327	\$33,878		\$52,619	\$72,131		\$486,034
Freight	\$2,017	\$902	\$124		\$911	\$936		\$4,890
Transfers to DEA's								
	\$248,675					\$64,164	\$1,336,151	\$1,648,990
Total (Schedule 19)	\$15,400,492	\$4,461,152	\$326,180	\$196,682	\$1,241,724	\$1,884,048	\$1,336,151	\$24,846,429

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
ABORIGINAL LANGUAGES**

For the Year Ended June 30, 2016

	July 1, 2015 to March 31, 2016	April 1, 2016 to June 30, 2016	Total 2015/16
Revenues			
Funding Received	\$61,000		\$61,000
Total Funding	\$61,000	\$0	\$61,000
Expenditures			
Materials & Supplies	\$47,551	\$13,252	\$60,803
Wages & Benefit	\$0	\$0	\$0
Total Expenditures	\$47,551	\$13,252	\$60,803
Surplus/(Deficit)	\$13,449	(\$13,252)	\$197

Revenue was actually received in June 2015 but deferred until the 2015/16 year.

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
FRENCH LANGUAGE**

For the Year Ended June 30, 2016

	Contributions July 1, 2015 to June 30, 2016	SSDEC Commitment July 1, 2015 to June 30, 2016	Total Expenses July 1, 2015 to June 30, 2016	Under/(Over) Funding
Bilateral Agreement Funding				
Core French 1-12 (salary)	\$193,000	\$234,000	\$477,645	(\$50,645)
Immersion Pioneer Class (salary)	70,000	\$50,000	\$355,095	(\$235,095)
Resources	10,000	\$5,000	\$14,284	\$716
Partnership with YK1	15,000			\$15,000
French Monitor		\$6,000	\$54,610	(\$48,610)
Professional Development		\$5,000	\$24,305	(\$19,305)
Intensive French: Salary	112,500	\$75,000	\$120,006	\$67,494
Intensive French: Camp	2,400	\$1,600	\$272	\$3,728
Intensive French: Resources	4,800	\$3,200	\$13,226	(\$5,226)
Intensive French: Training/Visits	9,000	\$6,000	\$6,884	\$8,116
Totals	\$416,700	\$385,800	\$1,066,327	(\$263,827)

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
INFRASTRUCTURE**

For the Year Ended June 30, 2016

Personnel Infrastructure

Funding Received	\$219,393
Expenditures	
Applicant Travel	
Advertising	\$2,961
Legal Fees	\$20,000
Removal In/Transfer	\$122,146
Ultimate Removal	\$49,817
Worker's Compensation	\$132,625
Medical Travel Assistance	
Total Expenditures	\$327,549
Net Surplus/(Deficit)	(\$108,156)

Leases Infrastructure

Funding received	\$160,201
Expenditures	
Leases	\$158,655
Leasehold improvements	\$15,066
Total Expenditures	\$173,721
Net Surplus/(Deficit)	(\$13,520)

Overall Surplus/(Deficit)	(\$121,676)
----------------------------------	--------------------

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
NWT STUDENT SUCCESS INITIATIVE - PROFESSIONAL DEVELOPMENT**

For the Period July 1, 2015 to June 30, 2016

Funding Received	
<u>Expenditures</u>	
<u>Salaries/Wages</u>	
Facilitator's Fees	\$326,914
Substitute Teachers Wages	\$10,616
<u>Travel</u>	
Facilitator Travel	\$58,111
Staff Travel	\$17,312
Accommodation	\$15,427
Per Diems	\$12,200
<u>Workshop Expenses</u>	
Room Rental	
Tuition	\$3,975
Refreshments	\$3,317
Resources	\$8,940
Miscellaneous	\$6,547
Total Expenses	\$463,359
Net Surplus/(Deficit)	-\$463,359

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENDITURES
NWT STUDENT SUCCESS INITIATIVE**

For the Period July 1, 2015 to June 30, 2016

Funding Received	\$55,000
<u>Expenditures</u>	
<u>Salaries/Wages</u>	
Salaries	\$971,697
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	\$20,559
Miscellaneous	
Total Expenses	\$992,256
Net Surplus/(Deficit)	-\$937,256

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENSES
INCLUSIVE SCHOOLING**

For the Year Ended June 30, 2016

	Staff Development	Intervention Strategies	Assistive Technology	Student Resources	Southern Placements	Magnet Facilities	General	Total
Salaries								
Program Support Teachers						\$156,379	\$1,802,695	\$1,959,074
Consultants		\$325,547						\$325,547
Instruction Assistants							\$1,671,080	\$1,671,080
Non-Instructional Staff							\$27,493	\$27,493
Honoraria							\$4,842	\$4,842
Employee Benefits								
Employee Benefits/Allowances							\$148,475	\$148,475
Services Purchased/Contracted								
Professional/Technical Services		\$32,694						\$32,694
Travel	\$179,277						\$18,437	\$197,714
Student Travel (Bussing)							\$1,800	\$1,800
Advertising/Printing/Publishing							\$2,787	\$2,787
Maintenance/Repair								\$0
Rentals/Leases	\$3,400						\$1,706	\$5,106
Contracted Services							\$24,840	\$24,840
Materials/Supplies/Freight								
Materials	\$4,871		\$8,859				\$140,108	\$153,838
Freight			\$902				\$693	\$1,595
Total	\$187,548	\$358,242	\$9,761	\$0	\$0	\$156,379	\$3,844,957	\$4,556,886

**SOUTH SLAVE DIVISIONAL EDUCATION COUNCIL
SCHEDULE OF SPECIFIC PROGRAM EXPENSES
ABORIGINAL LANGUAGE AND CULTURE-BASED EDUCATION**

For the Year Ended June 30, 2016

	Student Instruction	Teaching Resources	Professional Development	School ** Activities	Total
Salaries					
ALCBE Teachers	\$1,043,245				\$1,043,245
Language Consultants					\$0
Instruction Assistants	\$468,713			\$19,903	\$488,616
Non-Instructional Staff				\$2,470	\$2,470
Honoraria	\$69,864			\$8,167	\$78,031
Employee Benefits					
Employee Benefits/Allowances	\$50,545				\$50,545
Services Purchased/Contracted					
Professional/Technical Services		\$17,804			\$17,804
Travel			\$47,620	\$2,460	\$50,080
Student Transportation (Bussing)				\$3,700	\$3,700
Advertising/Printing/Publishing		\$34,442		\$171	\$34,613
Maintenance/Repair				\$785	\$785
Rentals/Leases		\$1,766		\$2,806	\$4,572
Contracted Services		\$76,984		\$39,120	\$116,104
Materials/Supplies/Freight					
Materials		\$67,583	\$4,548	\$119,618	\$191,749
Freight		\$936		\$210	\$1,146
Total	\$1,632,366	\$199,514	\$52,168	\$199,410	\$2,083,458

** from respective DEA schedules

Schedule 28

**South Slave Divisional Education Council
2015/16 Fund Balances**

	<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	\$2,326,040	\$176,266	\$163,991	(\$6,076)	\$182,239	(\$18,186)
less: Staffing Surpluses						
- Lutsel K'e Dene School	\$45,210					
- Paul William Kaeser	\$173,960					
- Harry Camsell	\$79,695					
- Joseph Burr Tyrrell	\$78,588					
- Chief Sunrise	\$113,625					
- Princess Alexandra	\$117,960					
- Diamond Jenness Secondary School	\$359,979					
- Deninu School	\$247,420					
	(\$1,216,437)					
Commitments against surpluses						
- Council Office	(\$609,603)					
- Fort Resolution DEA plan					(\$174,010)	
- Hay River DEA plan			(\$108,705)			
- Fort Smith plan		(\$126,715)				
Uncommitted Fund Balance	\$500,000	\$49,551	\$55,286	(\$6,076)	\$8,229	(\$18,186)
2015/16 contributions from SSDEC		\$495,506	\$552,864	\$56,091	\$82,286	\$74,830
Fund Balance percentage *		10.00%	10.00%	-10.83%	10.00%	-24.30%

* Calculated as per SSDEC policy DFAA - Financial Surplus

**Yellowknife Catholic Schools
(Yellowknife Public Denominational
District Education Authority)**

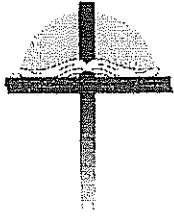
Annual Financial Report

June 30, 2016

Yellowknife Catholic Schools
(Yellowknife Public Denominational District
Education Authority)

Annual Financial Report

June 30, 2016



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, 2016 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.

In the next year, the staff at Yellowknife Catholic Schools will continue to provide all students with the opportunities to achieve their potential with limited resources. We will continue to focus on the theme of Mercy That Welcomes and will continue to provide students the support they need to be successful. Our strategic plan will focus on spirituality, student achievement in literacy and numeracy and increasing Aboriginal student achievement.

As our educational landscape moves us towards ensuring our students have the skills needed to be successful in the workplace, we will focus on 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

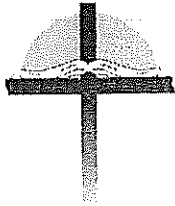
Yellowknife Catholic Schools is a family of learners: developing faith, celebrating culture, supporting diversity, teaching critical thinking and inspiring service to others.

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 Acting Chair. Other trustees are Erin Currie, John Dalton, Revi Lau-a, Tina Schauerte and Steven Voytilla. There is one vacant position due to the resignation of the chair, Simon Taylor. 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 of 1951. Yellowknife Catholic Schools' primary operation is the education of students from pre-Kindergarten to Grade 12.

YCS programs operate out of: Ecole St. Patrick High School (ESPHS), Weledeh Catholic School (WCS), Ecole 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; John Bowden – Assistant Superintendent – Learning, Janet Toner – Assistant Superintendent – Business and Simone Gessler – Associate Assistant Superintendent.

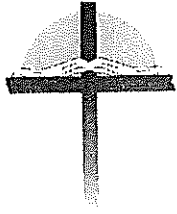
The principal at Ecole St. Patrick High School is Coleen McDonald. The principal at Weledeh Catholic School was Liz Baile for the 2015/2016 school year. The principal at Ecole St. Joseph School is Pat Sullivan.

Student and Teacher Population

The following is the student enrolment as of September 30th and the teachers that were employed as of September 30, 2015.

	Enrolment	Teachers	Pupil/Teacher Ratio
Ecole St Patrick High School	489	32	15
Weledeh Catholic School	350	24	14
Ecole St Joseph School	461	31	15
KCTC	0	5	0
TTC	0	1	0
	<u>1,300</u>	<u>93</u>	<u>14</u>

There was a total of 165 staff at YCS as of September 2015.



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:

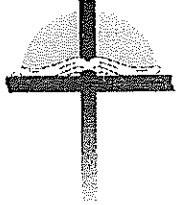
- Foster inquiry and collaboration throughout the integration of technology and the development of 21st century classrooms.
- Provide rich literacy and numeracy instruction through collaborative and supporting programming.
- Develop spiritually and culturally-rich global citizens with a sense of social 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 Government of the Northwest Territories department of Education, Culture and Employment, 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

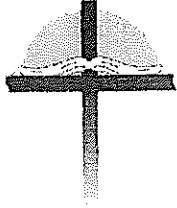
Financial Assets

The cash balance is approximately \$4,521,653 indicating good cash flow. This year, the cash position is lower than the prior year. This is due to a large deposit at the end of the prior year for the insurance claim for the fire at Ecole St. Joseph School in August 2006. The insurance proceed was owing to the GNWT and was paid during the year.

Liabilities

Liabilities mainly consist of payroll liabilities, accounts payable and long term debt. The payroll liabilities consist of payroll liabilities to staff for July and August. The accounts payable is lower this year. In the prior year, a payable to the GNWT – Department of ECE was recorded for the insurance proceeds and was paid during the year. The other significant liability is the long term debt. 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. During 2015/2016 YCS made \$820,498 in principal repayments on our debentures.

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. The net debt is consistent with the prior year.



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.

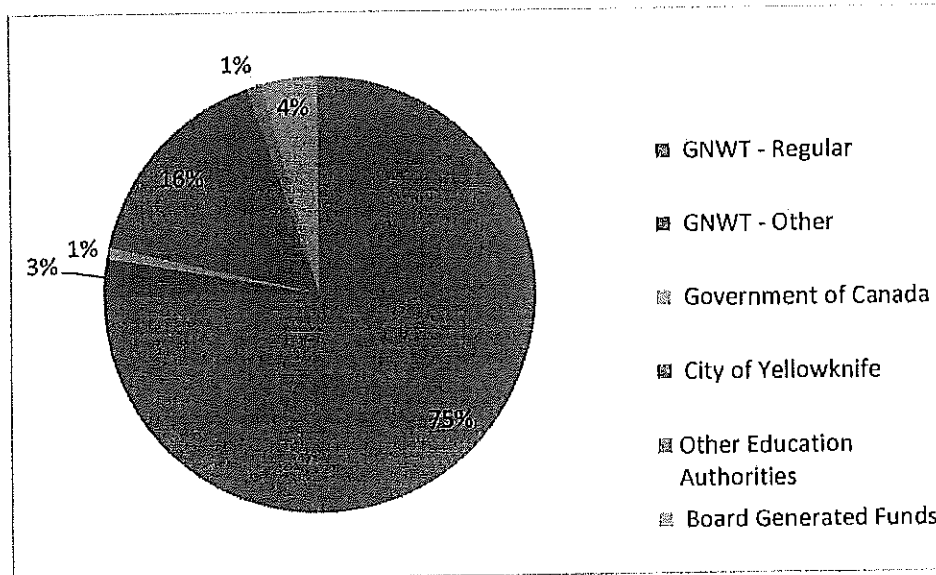
The \$1,431,878 decrease in tangible capital assets relates to depreciation of tangible capital assets for this fiscal year partially offset by the capital purchases of phone system upgrade, LED light system, and an IT improvement.

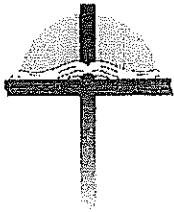
Accumulated Surplus

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 65 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 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 generates revenue from property taxes. The City of Yellowknife collects property tax revenue on our behalf.

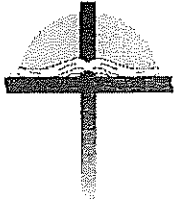
Yellowknife Catholic Schools has a contract with the Government of Canada for the Yellowknife Family Centre.

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.

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 a 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.

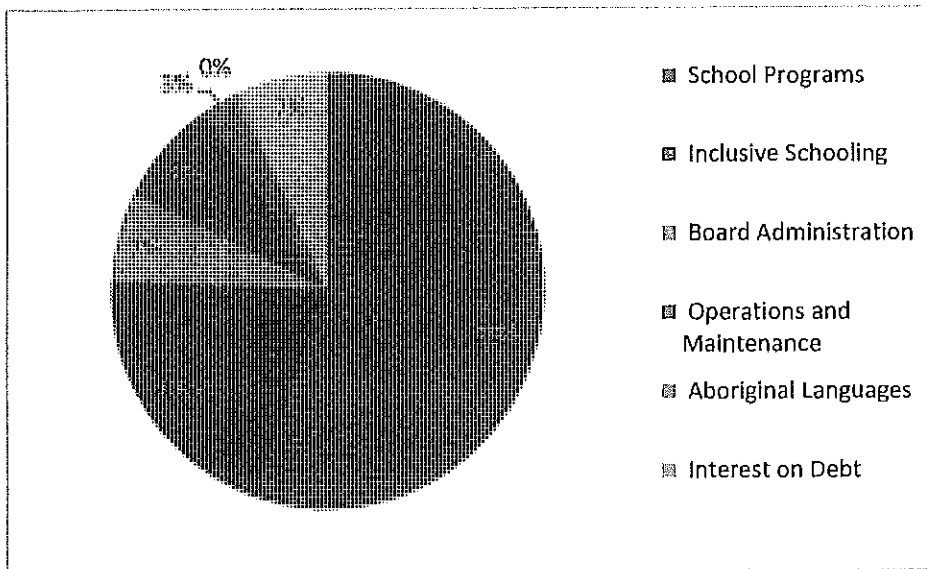


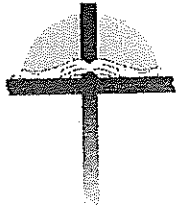
Yellowknife Catholic Schools

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



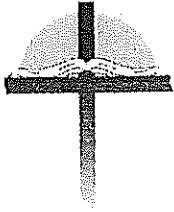


Yellowknife Catholic Schools

Expenditures – By Program

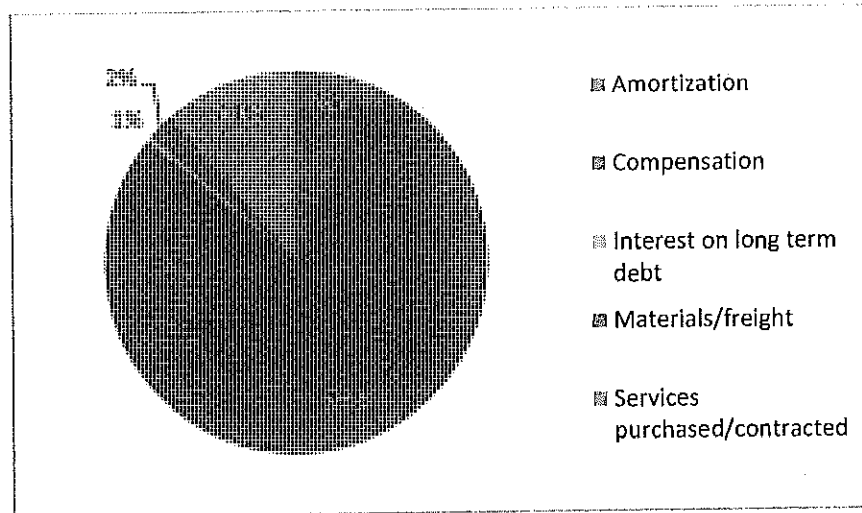
Program categories for YCS are:

- **Aboriginal Language and Culture:** 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:** Includes salary and benefits for central services administrative 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 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:** 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, advanced placement teachers, and Do Edaezhe program staff are included in this category.
- **Operations and maintenance:** 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:** 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, technology staff and curriculum coordinators, the cost for school textbooks and supplies and the cost of busing services. The cost of ever-greening computers is also included in this category.
- **Amortization:** 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.



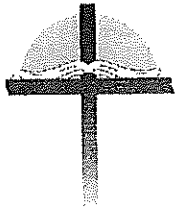
Yellowknife Catholic Schools

Expenditures by Object



Expenditures by Object

- **Salaries:** Includes salary for teachers, coordinators, classroom assistants, maintenance staff, administration assistants, library technicians, counselors, technology staff, administrative staff and trustee honoraria. The majority of YCS staff are unionized and collective agreements with the unions specify pay and benefits for these staff. Collective agreements with the Northwest Territories Teachers' Association (NWTTA) and the Union of North Workers (UNW) were ratified during the 2012/2013 fiscal year. The contracts have expired and no new agreements have been ratified.
- **Employee benefits:** Consist 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:** Include busing, janitorial services, insurance services, security services and snow removal.
- **Materials/freight:** Include expenses for material and freight of goods.
- **Amortization:** 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 Weledah and Tallah building debentures.



Yellowknife Catholic Schools

Summary of Accumulated Surplus

	Opening	Increase (Decrease)	Closing
Operating Fund Surplus	\$ 1,183,276	-\$ 844,023	\$ 339,253
Investment in Tangible Capital Assets	42,466,068	-611,380	41,854,688
Decentralized Budget Accumulated Surplus	214,302	55,884	270,186
	<u>\$ 43,863,646</u>	<u>-\$ 1,399,519</u>	<u>\$ 42,464,127</u>

At the end of the year, there was a surplus of \$372,897 before the amortization expense. After the amortization expense, there was an operating deficit of \$1,399,519. The operating surplus equity decreased by \$844,023. This decrease was planned as part of the budget process for the 2015/2016 school year. The trustees decided to support the continuation of the Do Edaezhe program and avoid lay-offs.

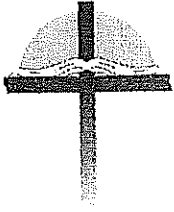
Investment in tangible capital assets represents the amount of funds received and recognized as revenue that allow us to purchase our tangible capital assets less accumulated amortization. The decrease in this account this year is due to amortization of our tangible capital assets offset by the principal portion of the repayment of debentures on WCS and the Tallah Building.

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.

The bottom line:

We will continue to provide all students with the opportunities to achieve their full potential with limited resources. Moving forward, there will be a balanced approach ensuring that today's dollars are spent to educate today's students with a focus on 21st century learning initiatives and student centered learning.

YCS had 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.



Yellowknife Catholic Schools

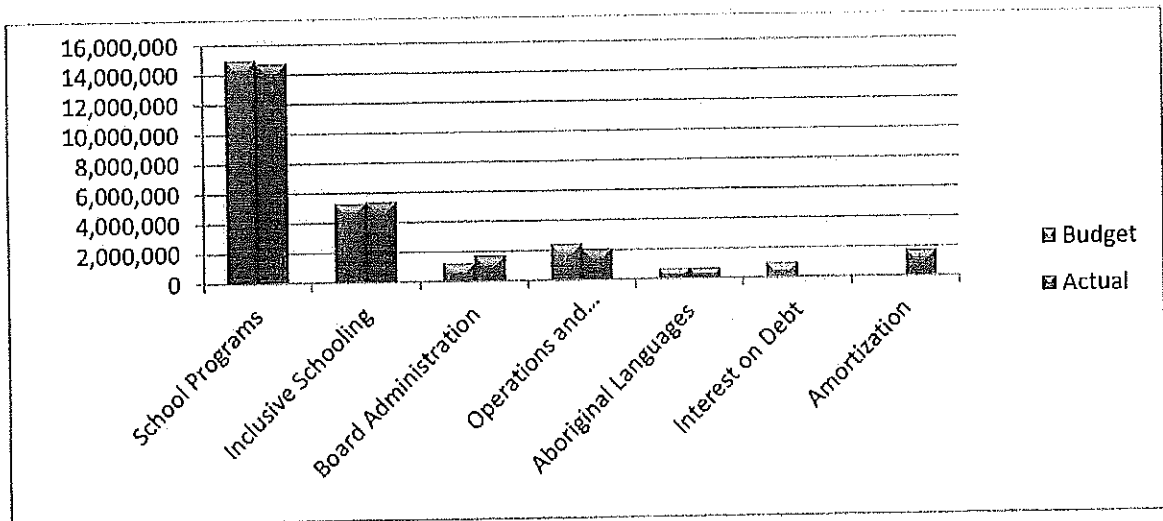
Budget Variance

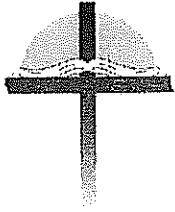
In 2015/2016, an annual deficit of \$843,427 was budgeted and the actual deficit was \$1,399,519.

The budgeted revenue for 2015/2016 was \$24,748,930 and the actual revenue was \$25,180,112. The increase in revenue is due to increased core and other contributions of approximately \$326,000 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.

The budgeted expenditures for 2015/2016 were \$25,592,357 and the actual expenditures were \$26,579,631. The difference was due to increased payroll costs from additional costs for the pension and sick benefits.

Expenditures – Budget vs. Actual





Yellowknife Catholic Schools

Summary and Outlook

The 2016/2017 school year will be an exciting year at all three schools. We will continue to focus on 21st century learning skills.

As our population is growing, we are challenged by our space needs. As a temporary solution we have moved our grade 8 students from Ecole St. Joseph School and Weledeh Catholic School to our high school. Our grade 8 students are excited to join the students at the high school and become part of the Irish team at Ecole St. Patrick High 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 2016/2017, 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 2016/2017, we will welcome one new principal. Mr. Todd Stewart will become the new principal at Weledeh Catholic School. Mr. Stewart was the Assistant Principal at Ecole St. Patrick High School. Ms. Alicia Baldwin-Larade will become the Assistant Principal at Ecole St. Patrick High School. Ms. Liz Baille will join the District office staff as the Student Services Coordinator.

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, 2016

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,
2016**


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.

 **Superintendent**

 **Assistant Superintendent - Business**

September 14, 2016



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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, 2016, 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, 2016 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 Accountants

Yellowknife, Northwest Territories
September 14, 2016

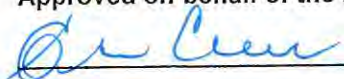
Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Financial Position

As at June 30,	2016	2015
Financial Assets		
Cash and cash equivalents (Note 4)	\$ 4,521,653	\$ 6,198,619
Due from the Government of Canada (Note 13)	118,976	142,583
Accounts receivable (Note 8)	275,827	105,744
	4,916,456	6,446,946
Liabilities		
Accounts payable and accrued liabilities (Note 10)	418,415	1,401,749
Payroll benefits payable	322,928	564,965
Due to the Government of Canada (Note 13)	33,058	5,860
Pensions (Note 15)	59,900	26,400
Long term debt (Note 16)	2,369,017	3,189,515
Deferred revenue (Note 11)	66,480	126,383
Post-employment benefits (Note 17)	753,217	640,074
Accrued payroll liabilities (Note 35)	2,707,128	2,347,959
	6,730,143	8,302,905
Net debt	(1,813,687)	(1,855,959)
Non-financial Assets		
Tangible capital assets (Note 19)	44,223,705	45,655,583
Prepaid expenses and deposits (Note 20)	54,109	64,022
	44,277,814	45,719,605
Accumulated Surplus	\$ 42,464,127	\$ 43,863,646
Represented By:		
Operating fund surplus	\$ 339,253	\$ 1,183,276
Investment in tangible capital assets	41,854,688	42,466,068
Decentralized budget accumulated surplus	270,186	214,302
	\$ 42,464,127	\$ 43,863,646

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,	2016	2015
Annual deficit	\$ (1,399,519)	\$ (735,161)
Change in prepaid expenses and deposits	9,913	59,592
Change in tangible capital assets	1,431,878	1,547,495
Decrease in net debt	42,272	871,926
Net debt, beginning of year	(1,855,959)	(2,727,885)
Net debt, end of year	\$ (1,813,687)	\$ (1,855,959)

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Operations

For the period ended June 30,	2016 Budget	2016 Actual	2015 Actual
Revenue			
Government of the Northwest Territories			
Operating grant	\$ 18,652,338	\$ 18,885,920	\$ 18,278,896
ECE - Other contributions (Note 33)	611,593	631,592	1,555,421
GNWT - Other contributions (Note 34)	-	72,968	117,556
	19,263,931	19,590,480	19,951,873
Government of Canada - grants and contributions	182,000	208,242	189,909
City of Yellowknife - property tax requisitioned	4,046,000	4,058,319	4,013,000
Other Education Authorities			
Extra-jurisdictional tuition	360,000	271,189	346,976
	360,000	271,189	346,976
Education authority generated funds (Note 37)	896,999	1,051,882	1,144,212
	24,748,930	25,180,112	25,645,970
Expenditures			
Aboriginal language and culture	706,674	706,050	682,232
Board administration (Schedule 1)	1,196,234	1,693,519	1,228,297
Debt service (Schedule 1)	980,000	115,695	156,552
Inclusive schooling (Schedule 2)	5,286,549	5,399,981	5,777,016
Operations and maintenance (Schedule 1)	2,443,647	2,117,151	2,201,821
School programs (Schedule 1)	14,979,253	14,774,819	14,611,566
Amortization (Schedule 1)	-	1,772,416	1,723,647
	25,592,357	26,579,631	26,381,131
Annual deficit	\$ (843,427)	\$ (1,399,519)	\$ (735,161)

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Cash Flows

For the period ended June 30,	2016	2015
Cash provided by (used in):		
Operating transactions		
Operating deficit	\$ (1,399,519)	\$ (735,161)
Items not affecting cash:		
Amortization	1,772,416	1,723,647
	372,897	988,486
Changes in non-cash working capital items		
Due from the Government of Canada	23,607	455,660
Accounts receivable	(170,083)	468,960
Accounts payable	(983,334)	705,334
Payroll benefits payable	(242,037)	77,700
Due to the Government of Canada	27,198	(1,862)
Pensions	33,500	12,300
Deferred revenue	(59,903)	(820,082)
Post employment benefits	113,143	(6,237)
Accrued payroll liabilities	359,169	82,499
Prepaid expenses	9,913	59,592
	(888,827)	1,033,864
Cash flow from financing activities		
Repayment of long term debt	(820,498)	(779,641)
Cash flow from capital activity		
Purchase of tangible capital asset	(340,538)	(176,152)
Increase (decrease) in cash	(1,676,966)	1,066,557
Cash, beginning of year	6,198,619	5,132,062
Cash, end of year	\$ 4,521,653	\$ 6,198,619

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Consolidated Statement of Accumulated Surplus

For the period ended June 30,	2016	2015
Operating Fund Surplus		
Operating fund surplus, beginning of year	\$ 1,183,276	\$ 981,349
Annual deficit	(1,399,519)	(735,161)
Transfer from investment in tangible capital assets	611,380	767,854
Transfer from (to) decentralized budget accumulated surplus	(55,884)	169,234
Operating fund surplus, end of year	\$ 339,253	\$ 1,183,276
Transfer from Investment in Tangible Capital Assets consists of:		
Amortization	\$ 1,772,416	\$ 1,723,647
Capital acquisitions	(340,538)	(176,152)
Debenture principal repayment	(820,498)	(779,641)
	\$ 611,380	\$ 767,854
Investment in Tangible Capital Assets		
Investment in tangible capital assets, beginning of year	\$ 42,466,068	\$ 43,233,922
Amortization	(1,772,416)	(1,723,647)
Capital acquisitions	340,538	176,152
Debenture principal repayment	820,498	779,641
Investment in tangible capital assets, end of year	\$ 41,854,688	\$ 42,466,068
Decentralized Budget Accumulated Surplus		
Decentralized budget accumulated surplus, beginning of year	\$ 214,302	\$ 383,536
Transferred from (to) operating fund surplus	55,884	(169,234)
Decentralized budget accumulated surplus, end of year	\$ 270,186	\$ 214,302
Total Accumulated Surplus	\$ 42,464,127	\$ 43,863,646

Yellowknife Catholic Schools

(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2016

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, 2016

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

YCS classifies its financial instruments at cost or amortized cost. YCS's accounting policy for this financial instrument category is as follows:

This category includes cash and cash equivalents, accounts receivable, due to/from the Government of Canada, accounts payable and accrued liabilities, long term debt, payroll benefits payable and accrued 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.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2016

2. Significant Accounting Policies (continued)

(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 YCS unless they are sold.

(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, 2016

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, 2016

2. Accounting Policies (continued)

(g) Infrastructure Funding

YCS does not have any infrastructure funding.

(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(2) 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.

(i) 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.

(j) 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, 2016

2. Accounting Policies (continued)

(k) 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.

(l) 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, 2016.

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)

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2. Accounting Policies (continued)

(m) 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.

(n) 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.

(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; 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, 2016.

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.

(p) 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.

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Notes to Consolidated Financial Statements

June 30, 2016

3. Future Accounting Changes

Related Party Disclosures, Section PS 2200

In December of 2014, PSAB approved Section PS 2200, Related Party Disclosures. The new 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 effective date for Section PS 2200 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management.

Inter-entity Transactions, Section PS 3420

In December of 2014, 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. This section may be applied in conjunction with Related Party Disclosures, Section 2200. The effective date for Section PS 3420 is April 1, 2017. Earlier adoption is permitted. The impact of the transition to these accounting standards has been reviewed by management.

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 Yellowknife Catholic Schools in the future.

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2016

4. Cash and Cash Equivalents

	2016	2015
Cash	\$ 4,521,653	\$ 6,198,619

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
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Notes to Consolidated Financial Statements

June 30, 2016

8. Accounts Receivable

	Accounts Receivable		AFDA	Net 2016		Net 2015
Government of the Northwest Territories - Departments/Agencies						
Aurora College	\$	-	\$	-	\$	2,985
Education, Culture and Employment		125,410		-		72,000
Health and Social Services		11,554		-		-
Yellowknife Health and Social Services		-		-		15,332
		136,964		-		90,317
Other						
Other		138,863		-		15,427
Total	\$	275,827	\$	-	\$	105,744

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

	2016	2015
Accrued interest	\$ 68,015	\$ 68,016
Damage deposits	3,262	5,426
GNWT - Department of Education, Culture and Employment	-	1,166,199
Trades payable	347,026	157,370
Workers' Safety and Compensation Commission	112	4,738
	\$ 418,415	\$ 1,401,749

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2016

11. Deferred Revenue

	2016	2015
Government of the Northwest Territories Aboriginal Language	\$ -	\$ 59,000
Government of Canada - Public Health Agency Canada	66,480	67,383
	\$ 66,480	\$ 126,383

12. Contribution Repayable

YCS does not have any contribution repayable.

13. Due from and to the Government of Canada

	Accounts Receivable		AFDA		Net 2016		Net 2015	
Receivable								
Indigenous and Northern Affairs Canada	\$ -	\$ -	-	-	-	-	-	19,000
GST receivable	118,976	-	-	-	118,976	-	-	123,583
	\$ 118,976	\$ -	\$ -	\$ -	\$ 118,976	\$ -	\$ -	142,583
Payable								
Public Health Agency Canada	\$ 33,058	\$ -	-	-	33,058	-	-	-
GST payable	5,860	-	-	-	-	-	-	5,860
	\$ 38,918	\$ -	\$ -	\$ -	\$ 33,058	\$ -	\$ -	5,860

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, 2016

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, 2016.

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 2016 calendar year is \$54,900 (2015 - \$53,600).

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2016

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 2015/2016 Yellowknife Catholic Schools contributed **\$1,591,275** (\$1,585,297 in fiscal 2014/2015) in respect of DB accruals.

The date of the most recent actuarial valuation of the Plan is June 30, 2015. 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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Notes to Consolidated Financial Statements

June 30, 2016

15. Pensions (continued)

Information about the Defined Benefit Plan and Supplementary Defined Benefit Pension Plan as at June 30, 2016 is as follows:

(d) 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	-	-
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

(e) 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, 2016

15. Pensions (continued)

(f) 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 of limit on assets	(662,300)	-	(662,300)
Accrued benefit asset (liability) after limit on assets	\$ -	\$ (59,900)	\$ (59,900)

(g) 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

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2016

15. Pensions (continued)

Information about the Defined Benefit Plan and Supplementary Defined Benefit Pension Plan as at June 30, 2015 is as follows:

(h) Plan assets

	Pension Plan	Supplementary Plan	2015
Fair value, beginning of year	\$ 3,450,600	\$ -	\$ 3,450,600
Expected return on plan assets	258,500	-	258,500
Employer contributions	1,593,300	-	1,593,300
Employee contributions	1,437,500	-	1,437,500
Employee prior service contributions	3,574,300	-	3,574,300
Benefit payments and expenses	(229,100)	-	(229,100)
Experience (loss) gain	152,200	-	152,200
Fair value, end of year	\$ 10,237,300	\$ -	\$ 10,237,300

(i) Accrued benefit obligations

	Pension Plan	Supplementary Plan	2015
Balance, beginning of year	\$ 3,216,100	\$ 14,200	\$ 3,230,300
Current service cost	2,774,200	12,000	2,786,200
Interest cost on accrued benefit obligation	305,200	300	305,500
Employer prior service cost	50,700	-	50,700
Employee prior service cost	3,574,300	-	3,574,300
Benefit payments and expenses	(229,100)	-	(229,100)
(Gains) / losses on accrued benefit obligation	203,900	(1,700)	202,200
Balance, end of year	\$ 9,895,300	\$ 24,800	\$ 9,920,100

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2016

15. Pensions (continued)

(j) Funded status

	Pension Plan	Supplementary Plan	2015
Plan surplus (deficit)	\$ 342,000	\$ (24,800)	\$ 317,200
Unrecognized (gains) losses	3,300	(1,600)	1,700
Accrued benefit asset (liability) before limit on assets	345,300	(26,400)	318,900
Impact on limit of assets	(345,300)	-	(345,300)
Accrued benefit asset (liability)	\$ -	\$ (26,400)	\$ (26,400)

(k) Determination of pension cost

	Pension Plan	Supplementary Plan	2015
Current service cost	\$ 1,336,700	\$ 12,000	\$ 1,348,700
Interest on accrued benefit obligation	46,700	300	47,000
Amortization of losses/ (gains)	(3,500)	-	(3,500)
Extraordinary items	50,700	-	50,700
Change in valuation allowance	162,700	-	162,700
Pension expense	\$ 1,593,300	\$ 12,300	\$ 1,605,600

(l) Actuarial assumptions

	2016	2015
Discount rate - pension plan	4.50%	4.50%
Discount rate - supplementary plan	1.20%	1.20%
Expected return on plan assets - pension plan	4.50%	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	13.9 Years	14.2 Years
Expected average remaining services lifetime (EARSL) - supplementary plan	11.5 Years	7.5 Years

* 120% of the 2014 Canadian Pensioners' Private Sector Mortality Table with projection scale CPM-B.

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2016

15. Pensions (continued)

(m) Plan assets consist of:

	2016	2015
Fixed income securities	60%	60%
Equity securities	40%	40%

16. Long Term Debt

	2016	2015
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.	\$ 1,417,219	\$ 2,129,876
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.	951,798	1,059,639
	\$ 2,369,017	\$ 3,189,515

The debenture are repayable annually as follows:

2017	\$ 863,763
2018	773,123
2019	111,828
2020	113,156
2021 and thereafter	507,147
	\$ 2,369,017

The debentures are registered.

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2016

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 and parental leave. Benefits that accrue under compensated absence were actuarially valued using the expected utilization methodology.

Change in estimate

During the year the method for calculating post employment benefits and compensated absences was refined to better reflect the probability that these benefits would be used in the future based on past experience.

Valuation results

The values presented below reflect the liability of the YCS' post employment benefits and compensated absences, actuarially determined as the present value of the accrued benefit obligation at June 30, 2016.

	2016	2015
Compensated absences	\$ 23,683	\$ -
Severance and removal	729,534	640,074
	\$ 753,217	\$ 640,074

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2016

17. Post Employment Benefits and Compensated Absences (continued)

The discount rate used to determine the accrued benefit obligation was an average of 2.5%. The expected payments during the next five fiscal years are:

	Severance and removal	Compensated absences	Total
2017	\$ 183,009	\$ 3,066	\$ 186,075
2018	126,304	2,144	128,448
2019	121,322	2,125	123,447
2020	82,497	1,779	84,276
2021	58,778	1,585	60,363
	<u>\$ 571,910</u>	<u>\$ 10,699</u>	<u>\$ 582,609</u>

18. Trust Assets Under Administration

YCS does not have any trust assets under administration.

Yellowknife Catholic Schools
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Notes to Financial Statements

June 30, 2016

19. Tangible Capital Assets

	Cost	Additions	Disposals	Amortization	Accumulated Amortization	Net Book Value, June 30, 2016	Net Book Value, June 30, 2015
Land and Improvements	\$ 1,838,825	\$ -	\$ -	\$ -	\$ -	\$ 1,838,825	\$ 1,838,825
Equipment	169,701	293,413	-	63,508	134,693	328,421	98,516
Buildings and Portables							
Career and Technical Centre	2,878,913	-	-	73,888	883,938	1,994,975	2,068,863
Central Services offices	953,899	-	-	34,426	542,541	411,358	445,784
Ecole St. Joseph School	37,333,024	47,125	-	958,888	11,496,852	25,883,297	26,795,059
Ecole St. Patrick High School	11,723,901	-	-	295,787	6,152,402	5,571,499	5,867,287
Tallah Building	621,027	-	-	15,758	57,591	563,436	579,193
Weledeh Catholic School	12,557,840	-	-	330,161	4,925,946	7,631,894	7,962,056
	66,068,604	47,125	-	1,708,908	24,059,270	42,056,459	43,718,242
	\$ 68,077,130	\$ 340,538	\$ -	\$ 1,772,416	\$ 24,193,963	\$ 44,223,705	\$ 45,655,583

Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2016

20. Prepaid Expenses and Deposits

	2016	2015
Deposits	\$ 1,105	\$ 6,087
Other prepaids	53,004	57,935
	\$ 54,109	\$ 64,022

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, 2016. YCS is committed to five janitorial contracts for various schools and buildings. All of the contracts expire in June 2017. 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

June 30, 2016

24. Contractual Obligations (continued)

The future minimum payments are as follows.

	Expires in fiscal year	2017	2018 - 2021	Total
Equipment leases	2017 - 2019			
Photocopier leases	2017	\$ 4,768	\$ -	\$ 4,768
Photocopier leases	2019	12,585	30,019	42,604
		17,353	30,019	47,372
Operation contracts	2017 - 2021			
Employee assistance program	2019	10,243	17,925	28,168
Mail services	2017	6,353	-	6,353
Janitorial services	2017	572,057	-	572,057
Bussing services	2018	360,547	360,547	721,094
Elevator maintenance	2021	27,005	160,677	187,682
		976,205	539,149	1,515,354
		\$ 993,558	\$ 569,168	\$ 1,562,726

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 expired in June 2016. Subsequent to year end, negotiation packages have been exchanged between parties and dates for negotiation sessions have not been determined.

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Notes to Consolidated Financial Statements

June 30, 2016

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:

	2016	2015
Revenue		
Aurora College (Tallah Building rent)	\$ 117,654	\$ 116,083
Beaufort Delta Divisional Educational Council	-	15,000
Fort Smith Health and Social Services	-	1,736
GNWT - Department of Education, Cultural and Employment	19,517,512	19,834,317
GNWT - Other Government Departments (Note 35)	72,968	117,556
South Slave Divisional Education Council	-	15,000
Yellowknife Health and Social Services	30,791	60,413
	\$ 19,738,925	\$ 20,160,105

Accounts Receivable

Aurora College (Tallah Building rent)	\$ -	\$ 2,985
GNWT - Department of Education, Cultural and Employment	125,409	72,000
Yellowknife Health and Social Services	11,553	15,332
	\$ 136,962	\$ 90,317

Accounts Payable

GNWT - Department of Education, Culture and Employment	\$ -	\$ 1,166,199
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Yellowknife Catholic Schools
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Notes to Consolidated Financial Statements

June 30, 2016

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 20, 2015 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

(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2016

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 \$4,916,452 (2015 - \$6,446,946).

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.

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2016

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	\$ 4,521,653	\$ -	\$ -	\$ -
Due from the government of Canada	118,976	-	-	-
Accounts receivable	275,827	-	-	-
Total assets	\$ 4,916,456	\$ -	\$ -	\$ -
Total assets - prior year	\$ 6,446,946	\$ -	\$ -	\$ -
Financial liabilities	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years
Accounts payable and accrued liabilities	\$ 418,415	\$ -	\$ -	\$ -
Payroll benefits payable	322,928	-	-	-
Due to the Government of Canada	33,058	-	-	-
Long term debt	-	863,763	1,112,305	392,949
Accrued payroll liabilities	2,707,128	-	-	-
Total liabilities	\$ 3,481,529	\$ 863,763	\$ 1,112,305	\$ 392,949
Total liabilities - prior year	\$ 4,320,533	\$ 779,641	\$ 2,568,874	\$ 620,641
Net total	\$ 1,434,927	\$ (863,763)	\$ (1,112,305)	\$ (392,949)
Net total - prior year	\$ 2,126,413	\$ (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
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2016

30.Expenditures By Object

	2016 Budget	2016 Actual	2015 Actual
Amortization	\$ -	\$ 1,772,416	\$ 1,723,647
Compensation	20,914,718	21,079,290	20,704,652
Interest on long term debt	980,000	115,695	156,552
Materials/freight	568,472	586,809	722,705
Services purchased/contracted	3,129,167	3,025,421	3,073,575
	\$ 25,592,357	\$ 26,579,631	\$ 26,381,131

31.Subsequent Events

There were no subsequent events that have taken place between June 30, 2016 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.

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2016

33.ECE Other Contributions

	2016	2015
Government of the Northwest Territories - Department of Education, Culture and Employment		
Aboriginal language	\$ 59,000	\$ 59,000
Do Edaezhe	-	923,000
Four Plus	100,000	100,000
French language - mentorship and other funding	68,875	47,000
French language	280,500	309,390
Other	46,217	55,031
Safe and caring schools	10,000	-
Yellowknife Family Center	67,000	62,000
	\$ 631,592	\$ 1,555,421

34.GNWT Other Contributions

	2016	2015
Government of the Northwest Territories		
Department of Industry, Tourism and Investment	\$ 8,000	\$ 13,500
Department of Health and Social Services	12,545	33,870
Department of Municipal and Community Affairs	52,423	70,186
	\$ 72,968	\$ 117,556

35.Payroll Liabilities

	2016	2015
Teachers - Northwest Territories Teachers' Association	\$ 2,137,079	\$ 1,791,394
Non-Teacher - Union of Northern Workers	570,049	556,565
	\$ 2,707,128	\$ 2,347,959

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Notes to Consolidated Financial Statements

June 30, 2016

36. Statement of Remeasurement Gains and Losses

YCS does not have any remeasurement gains or losses.

37. Education Authority Generated Funds

	2016 Budget	2016 Actual	2015 Actual
Donations	\$ 36,000	\$ 53,897	\$ 118,969
Fees and sales	464,000	405,992	466,222
Investments	60,000	54,378	65,744
Other	161,000	371,463	316,019
Rentals	175,999	166,152	177,258
	\$ 896,999	\$ 1,051,882	\$ 1,144,212

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Schedule 1
Operating Fund - Detail of Expenditures

For the period ended June 30, 2016

	School Programs	Inclusive Schooling (Schedule 2)	Operations & Maintenance	Administration	Board Administration	Aboriginal Languages (Schedule 3)	Transfers & Others	Total 2016	Budget 2016	Total 2015
Salaries										
Teachers	\$8,928,447	\$1,807,109	\$ -	\$ -	\$ -	\$ 490,530	\$ -	\$11,226,086	\$10,986,743	\$11,450,740
Instruction assistants	28,550	1,582,540	-	-	-	-	-	1,611,090	2,036,763	1,493,377
Non-instructional	1,281,953	459,896	336,297	649,264	68,474	-	-	2,727,410	2,952,965	2,771,131
Board honoraria	-	-	-	68,474	68,474	-	-	68,474	63,745	65,335
	10,238,950	3,849,545	336,297	717,738	490,530	-	-	15,633,060	16,040,216	15,780,583
Employee Benefits										
Employee benefits	3,459,771	1,324,013	104,156	189,008	-	149,836	-	5,226,784	4,857,502	4,914,716
Leave and termination benefits	10,257	-	-	209,189	-	-	-	219,446	17,000	9,353
	3,470,028	1,324,013	104,156	398,197	149,836	-	-	5,446,230	4,874,502	4,924,069
Services Purchased/Contracted										
Advertising/publishing	12,004	-	-	43,191	-	12,504	-	67,699	89,750	89,658
Communication	49,282	3,554	6,604	21,406	-	-	-	80,846	85,238	88,406
Contracted services	542,717	12,964	619,322	2,430	-	8,235	-	1,185,668	1,225,387	1,190,923
Maintenance & repairs	2,114	1,596	294,887	155	-	3,627	-	302,379	487,556	305,798
Other	7,489	12,637	12,976	288,693	-	-	-	321,775	60,600	132,815
Professional/technical	12,420	22,650	-	101,011	-	10,655	-	146,736	141,658	245,585
Rental/leases	37,317	71,689	-	1,520	-	775	-	111,301	121,870	122,635
Student transportation	265	11,398	-	-	-	-	-	11,663	9,750	15,194
Travel	5,755	-	-	48,690	-	-	-	54,445	57,183	53,150
Utilities: Electricity	-	-	426,019	-	-	-	-	426,019	428,675	427,715
Heating	-	-	219,418	-	-	-	-	219,418	327,000	306,457
Water/sewage	-	-	97,472	-	-	-	-	97,472	94,500	95,239
	669,343	136,488	1,676,698	507,096	35,796	-	-	3,025,421	3,129,167	3,073,575
Materials/Freight										
Materials	392,132	89,935	-	70,488	-	29,888	-	582,443	556,472	714,591
Freight	4,366	-	-	-	-	-	-	4,366	12,000	8,114
	396,498	89,935	-	70,488	29,888	-	-	586,809	568,472	722,705

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, 2016

	School Programs	Inclusive Schooling (Schedule 2)	Operations & Maintenance	Administration	Aboriginal Languages (Schedule 3)	Transfers & Others	Total 2016	Budget 2016	Total 2015
Amortization	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,772,416	\$ 1,772,416	\$ -	\$ 1,723,647
Debt Interest	-	-	-	-	-	115,695	115,695	980,000	156,552
	-	-	-	-	-	1,888,111	1,888,111	980,000	1,880,199
Total	\$14,774,819	\$ 5,399,981	\$ 2,117,151	\$ 1,693,519	\$ 706,050	\$ 1,888,111	\$26,579,631	\$25,592,357	\$26,381,131

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Schedule 2
Detail of Inclusive Schooling Expenditures

For the period ended June 30, 2016

	Staff Development	Intervention Strategies	Assistive Technology	Early Childhood	Magnet Facilities	Do Edaeze	General Inclusive Schooling	Total
Salaries								
Consultants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 123,318	\$ 123,318
Non-instructional	-	205,249	-	254,647	-	-	-	459,896
Support assistants	-	1,525,574	-	-	56,966	-	-	1,582,540
Teachers	37,097	1,166,934	-	-	107,127	372,633	-	1,683,791
	37,097	2,897,757	-	254,647	164,093	372,633	123,318	3,849,545
Employee Benefits	90,710	979,488	-	86,452	49,837	85,442	32,084	1,324,013
Services Purchased/Contracted								
Contracted services	-	-	-	12,964	-	-	-	12,964
Communication	-	-	-	3,554	-	-	-	3,554
Maintenance & repairs	-	-	1,596	-	-	-	-	1,596
Professional/technical	-	7,216	-	15,434	-	-	-	22,650
Rental/leases	-	149	-	71,541	-	-	-	71,690
Student transportation	-	9,249	-	37	-	2,111	-	11,397
Other	-	12,637	-	-	-	-	-	12,637
	-	29,251	1,596	103,530	-	2,111	-	136,488
Materials/Freight	12,145	26,792	10,832	24,596	1,682	13,888	-	89,935
Total	\$ 139,952	\$ 3,933,288	\$ 12,428	\$ 469,225	\$ 215,612	\$ 474,074	\$ 155,402	\$ 5,399,981

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Schedule 3
Aboriginal Language and Culture Program Expenditures

For the period ended June 30, 2016

	Student Instruction	Teaching/ Learning Resources	Total
Salaries			
Elders honorarium	\$ 52,150	\$ -	\$ 52,150
Teachers	414,962	23,418	438,380
	467,112	23,418	490,530
Employee Benefits	143,187	6,650	149,836
Services Purchased/Contracted			
Contracted services	8,235	-	8,235
Maintenance and repairs	3,627	-	3,627
Printing and publishing	-	12,504	12,504
Professional/technical	10,655	-	10,655
Rentals	775	-	775
	23,292	12,504	35,796
Materials/Freight	25,474	4,414	29,888
Total	\$ 659,065	\$ 46,986	\$ 706,050

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 4
Aboriginal Language Materials

For the period ended June 30, 2016

	July 1, 2015 to March 31, 2016	April 1, 2016 to June 30, 2016	Total
Revenue			
Secretary of State Funding Aboriginal Languages	\$ 44,250	\$ 14,750	\$ 59,000
Expenditures			
Salary and benefits	17,511	12,556	30,067
Supplies and materials	12,165	4,753	16,918
	29,676	17,309	46,985
Surplus (Deficit)	\$ 14,574	\$ (2,559)	\$ 12,015

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 5
Four Plus

For the period ended June 30, 2016

	July 1, 2015 to March 31, 2016	April 1, 2016 to June 30, 2016	Total
Revenue			
Contract	\$ 75,000	\$ 25,000	\$ 100,000
Usage	29,951	12,447	42,398
	104,951	37,447	142,398
Expenditures			
Operations and maintenance	5,063	1,087	6,150
Salary and benefits	102,892	74,308	177,200
	107,955	75,395	183,350
Surplus (deficit)	\$ (3,004)	\$ (37,948)	\$ (40,952)

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 6
Yellowknife Family Centre

For the period ended June 30, 2016

	July 1, 2015 to March 31, 2016	April 1, 2016 to June 30, 2016	Total
Revenue			
Health Canada	\$ 184,800	\$ 23,442	\$ 208,242
Government of the Northwest Territories	50,250	16,750	67,000
Other	2,272	758	3,030
	237,322	40,950	278,272
Expenditures			
Operations and maintenance	101,686	31,604	133,290
Salary and benefits	96,071	67,827	163,898
	197,757	99,431	297,188
Surplus (deficit)	\$ 39,565	\$ (58,481)	\$ (18,916)

Yellowknife Catholic Schools
 (Yellowknife Public Denominational District Education Authority)

Schedule 7
French Language Programs

For the period ended June 30, 2016

	Contribution from GNWT	Commitment from YCS	Actual Expenditures	Over (under) Expenditures
Bilateral Agreement Funding				
Special Projects				
Consultant - Immersion/Core French	\$ 60,000	\$ 87,000	\$ 151,282	\$ (4,282)
Core French (salary and benefits)	100,000	182,000	411,536	(129,536)
Early Immersion/Literacy (salary and benefits)	56,000	65,000	155,451	(34,451)
French cultural activities	4,000	5,000	7,040	1,960
French monitor	-	14,000	28,550	(14,550)
French resources	11,000	8,000	18,732	268
Professional development	4,000	8,000	17,144	(5,144)
Teacher assistant (salary and benefits)	45,500	30,000	82,347	(6,847)
Total	\$ 280,500	\$ 399,000	\$ 872,082	\$ (192,582)
Regular GNWT Funding				
Core French			\$ 445,203	
Immersion Program			1,511,070	
Total			\$ 1,956,273	

Yellowknife Catholic Schools
(Yellowknife Public Denominational District Education Authority)

Schedule 8
Student Success Initiative Projects

For the period ended June 30, 2016

	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	-	7,444	7,444
Staff salary and benefits	48,135	31,649	79,784
Substitute teacher wages	7,865	29,229	37,094
	56,000	68,322	124,322
Deficit	\$ (1,000)	\$ (20,322)	\$ (21,322)

Yellowknife District No.1 Education Authority

(Yellowknife Education District No. 1)

Financial Statements

June 30, 2016





Yellowknife District No. 1 Education Authority

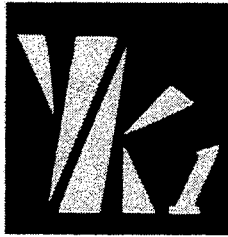
(the Authority)

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EDUCATING FOR LIFE.

YELLOWKNIFE EDUCATION DISTRICT NO. 1 OF THE NORTHWEST TERRITORIES

BOX 788
YELLOWKNIFE, NT X1A 2N6
TEL: (867) 766-5050 FAX: (867) 873-5051

Management Discussion and Analysis

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
Duff Spence, Vice- Chairperson

Trustees:

Allan Shortt
Tina Drew
Jay Butler
Terry Brookes
Rajiv Rawat

Active Committees include:

- Healthy Schools Steering Committee
- Policy Committee
- Aboriginal Language and Culture Committee
- Public Relations Committee
- Finance Committee

The YK1 Board of Trustees vision ensures all students:

- Reach their highest level of learning
- Receive programming which responds to their diverse learning needs in a respectful and inclusive manner
- Engage in Indigenous Languages, perspectives, and culture-based education
- Engage in healthy lifestyles and respectful, caring relationships.

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.

- 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 are the key programming highlights in each of our schools:

Mildred Hall School:

- Mildred Hall School (MHS) offers grades from Pre-Kindergarten to Grade 8.
- Mildred Hall is an English school that offers Core French, Aboriginal Language and culture based education is available to all grade levels.
- Special programs include Choir, Band, Aboriginal Education and Hockey Academy.
- There are a wide variety of extracurricular sports and clubs available.
- Exploratory programs include outdoor education, wood working, technology, foods, mountain bike riding, snowshoeing and skiing
- 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.
- This past year Mildred Hall School won the Staples "Superpower your School Contest". The schools had to demonstrate initiatives they had implemented to help save the planet. Mildred Hall was selected because of their ongoing sustainability efforts, and as a result the school was awarded \$25,000 to be spent on new technology.
- Mildred Hall also has a large garden, where the students grow vegetables that are used in the foods program.

N.J Macpherson School:

- N.J. Macpherson School (NJM) offers grades from Kindergarten to Grade 5 (the Pre- Kindergarten program is run by the Montessori Society)
- N.J.M is an English school that offers Core French.
- Special programs include Montessori, Visual Arts, Music, Drama and Gymnastics
- Extracurricular sports and clubs are offered.
- Aboriginal Language and Culture is integrated into classroom sessions, and students get to attend a culture camp.

École J.H. Sissons:

- École J.H. Sissons offers French Immersion grades from Pre-Kindergarten to Grade 5.
- Students get to participate in French culture camps, Camp de Neige, and Grade 8 French student travel to Quebec
- Special programs include Choir, Musical Theatre, Afterschool Athletic Program, and Speedskating Academy
- Aboriginal Language and Culture is integrated into classroom sessions, and students get to attend a culture camp.

École William McDonald Middle School:

- École William McDonald Middle School (WMS) offers grades 6 to 8 in both English and French Immersion.
- Other French options include Intensive French is offered in Grade 6, Post-Intensive French in Grade 7 & 8, and Core French is offered from Grade 6 to 8.
- Exploratory programs including Industrial Arts, Home Economics, Outdoor Education
- Multi-Sport "Sports Academy" program which includes: hockey, soccer, dance, fitness and cross training
- A new fitness room was constructed which will allow 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
- Legislative Assembly Page program

Range Lake North School:

- Range Lake North School (RLN) offers grades from Pre-Kindergarten to Grade 8
- Intensive French is offered in Grade 6, Post-Intensive French in Grade 7 & 8, and Core French is offered in Grade 6 to 8
- Aboriginal Language and Culture is integrated into classroom sessions, and students get to attend a culture camps
- Special programs include music, band, choir and drama
- Advanced technology program and technology classes offered
- Athletic Excellence program and extracurricular sports

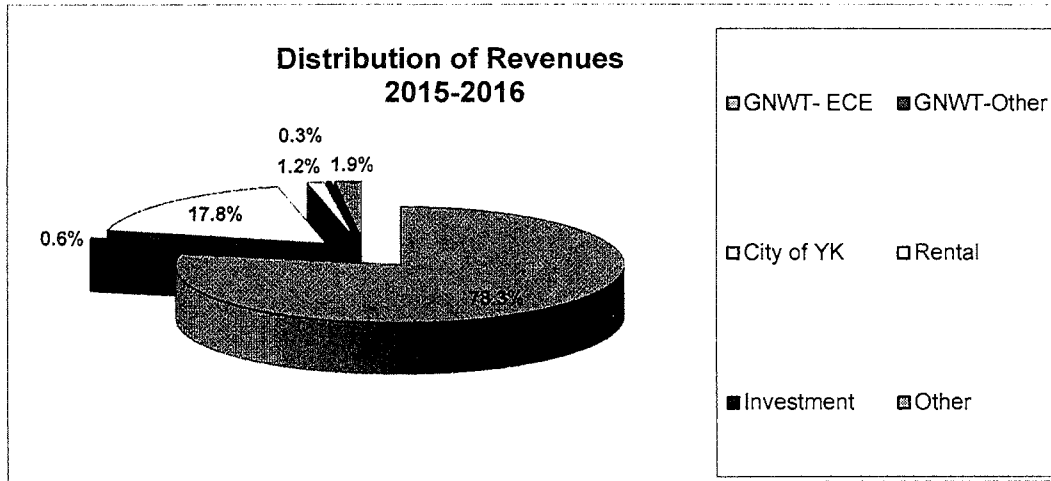
École Sir John Franklin High School:

- École Sir John Franklin High School (SJF) offers grades 9 to 12 in both English and French Immersion
- Dynamic Fine Arts program that includes music, band, choir, drama and visual arts
- Extensive trades curriculum and work experience, that includes Industrial Arts, automotives and esthetics
- Aboriginal culture programming and camps, including language instruction
- Extra-curricular sports and clubs offered
- At Risk Student program that 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 counseling or suffer from addictions, weekly visits from Yellowknife Health & Social Services are arranged.
- Opportunities for students to travel abroad for volunteering, scuba club and a French Immersion trip
- Night classes are available

Route 51 Learning:

- Route 51 Learning Institute is an alternate high school program
- Offers a flexible schedule designed to accommodate students
- Offers credits for work experience
- Smaller student to teacher ratio, and students can focus on one course at a time

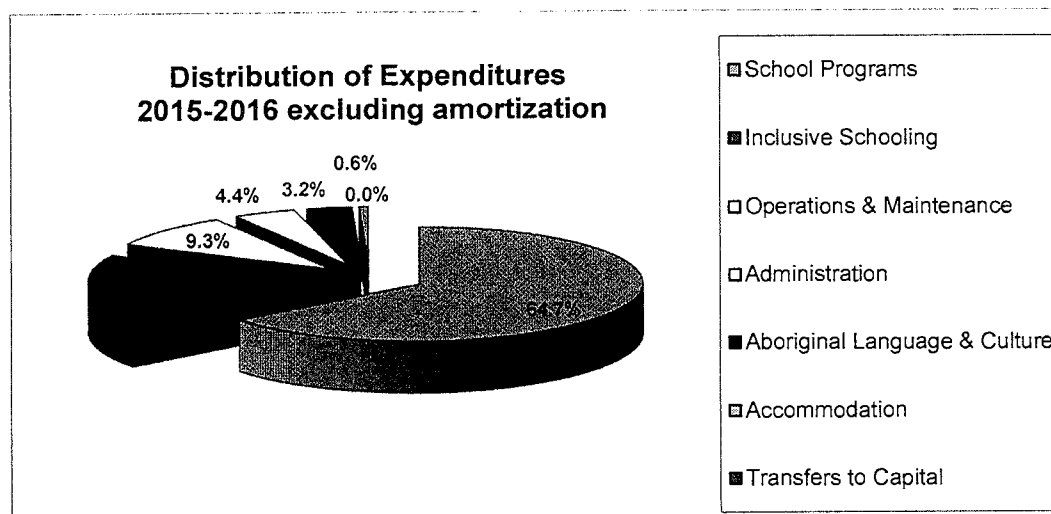
Financial Condition



Revenues

	<u>2015/2016</u>	<u>2014/2015</u>
GNWT- ECE	25,914,913	25,033,093
GNWT-Other	304,393	46,875
City of YK	5,879,078	5,737,836
Rental	398,626	382,722
Investment	103,222	129,279
Other	508,997	564,869
Total Revenues	33,109,229	31,894,674

Funding from the Department of Education, Culture and Employment (ECE) make up 78.3% of the revenues. The City of Yellowknife funds 17.8% and the remainder is generated from investment income, Nordic Arms apartment rentals, preschool fees, superintendent services, and parking lot rentals.



Expenses (excludes amortization)

	<u>2015/2016</u>	<u>2014/2015</u>
School Programs	21,594,279	20,725,075
Inclusive Schooling	5,971,619	5,455,847
Operations & Maintenance	3,164,669	3,193,088
Administration	1,506,972	1,250,306
Aboriginal Language & Culture	1,068,510	939,196
Accommodation	201,858	177,930
Transfer to Capital		103,774
Total Expenses	<u>33,507,907</u>	<u>31,845,216</u>

Expenditure allocations are based on the Department of Education, Culture and Employment (ECE) funding formula. Eighty five percent (85%) of expenditures consists of School Programs, Inclusive Schooling, and Aboriginal Language and Culture which are directly related to schools. There is a decrease in Operations and Maintenance when compared to the budgeted amount due to decrease in utilities costs.

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.

	<u>2015/2016</u>	<u>2014/2015</u>	<u>Change</u>
Operating	729,781	1,352,510	(622,729)
Capital	904,165	904,165	
Decentralized (schools)	<u>130,049</u>	<u>242,448</u>	<u>(112,399)</u>
Total	<u>1,763,995</u>	<u>2,499,123</u>	<u>(735,128)</u>

The accumulated operating surplus decreased by (\$622,729) and the decentralized surplus decreased by (\$112,399), the total change is an overall decrease of (\$735,128). The overall unrestricted surpluses is 5% of total expenditures.

The accumulated unrestricted surplus has enabled YK1 to maintain quality programming for its students which has been a key strength of the district. Programming in schools was not affected this year, despite overall funding cuts from the Department of Education Culture & Employment (ECE) to fund JK in the communities.

YK1 has older schools that require replacement or renovation. YK1 has been lobbying ECE to have École J.H. Sissons' renovated or replaced, and for Mildred Hall School renovations to be completed.

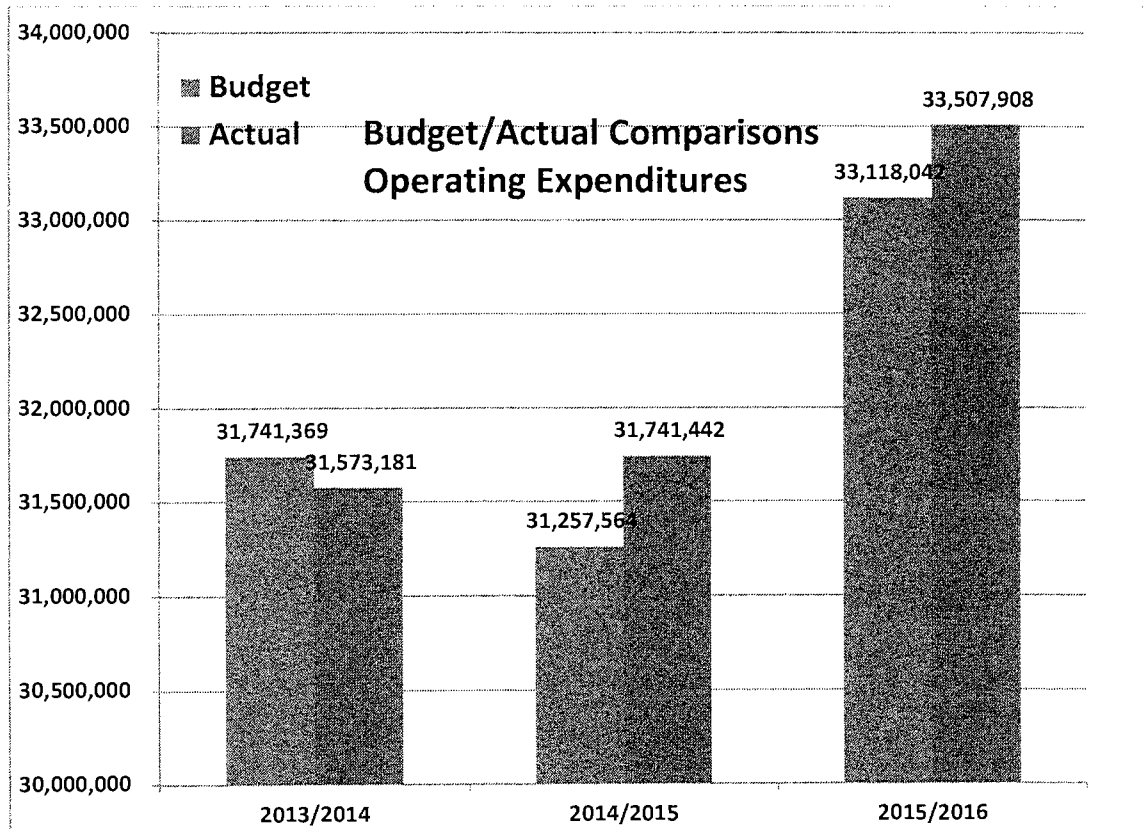
Some of the District's schools are underutilized due to declining enrolment. YK1 participates in space sharing with Commission Scolaire Francophone Territories Du Nord-Ouest and various other groups to fill some of these spaces.

Restricted Reserves

LED Lights Conversion Reserve:

Unspent ECE utility funding 2014/2015	\$90,778
Unspent ECE utility funding 2015/2016	<u>245,672</u>
Total Reserve	<u>336,450</u>

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. LED lights can save 30% or more of energy cost. This is a direct savings to ECE as the energy costs decrease the funding for energy would decrease accordingly.



YK1 revenues are higher than budget by \$901,145 due to:

- ECE, \$90,000 Playground equipment funding for MHS and JHS
- ECE, \$256,897 termination funding which is a year after it is paid
- ECE, \$ 115,000 pupil teacher ratio (PTR) top-up funding
- ECE \$62,400 for mentorship(\$35,000), self- regulation (\$13,000), safe and caring schools (\$14,400)
- Urban Partnerships program \$60,000 (\$120,000 in total) funding for ALC from Alberta Native Friendships Centres Association
- MACA, \$100,800 for Active after school and take a kid trapping funding
- District generated revenue and miscellaneous contributions \$112,466
- Rental revenue higher by \$18,626

YK1 expenses are higher than budget by 1,413,978 due to:

- amortization of fixed assets of \$1,024,113 was not considered when the budget was prepared
- schools spending their surpluses by \$112,399
- school programs O&M increase overall of \$226,000 due to bussing, recruitment, resources.

<u>School</u>	Enrolment K-12		Teachers/ Admin/ PST		Pupil/Teacher ratio	
	Sep-15	Jun-16	Sep-15	Jun-16	Sep-15	Jun-16
Mildred Hall School	228.5	240.0	15.00	15.00	15.23	16.00
JH Sissons	249.5	245.0	17.60	17.60	14.18	13.92
William McDonald School	177.0	167.0	12.25	12.25	14.45	13.63
NJ Macpherson School	272.5	278.0	17.50	17.50	15.57	15.89
Range Lake North School	301.0	305.0	21.35	21.35	14.10	14.29
Sir John Franklin High School	616.5	599.0	33.00	33.00	18.68	18.15
Total District	1,845.0	1,834.0	116.70	116.70	15.81	15.72

Overall enrolment decrease by 9 students by the end of the year.

Summary and Outlook

In 2015-2016, YK1 faced many challenges including important decisions about the use of its facilities, the potential 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
 - Workshops and field trips to various Yellowknife establishments
- The Board has approved that going forward in the 2016-17 school year the District will start 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.
- Outdoor beautification initiatives and gardening at the District’s schools continues to be a priority of the Board. This past spring several garden beds were installed at William MacDonald School. There was also a new mural unveiled at Mildred Hall School that represents the school’s community philosophy of modern and traditional learning.
- 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. Students were also able to take home food kits for the weekend.
- Parent conversation nights held at YK1 schools encouraged parents to speak about what programming they wanted to see at their schools. Several parent survey and feedback opportunities were conducted, allowing guardians to provide input on the 2016-17 programming.
- 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 2016-2017:

- 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.
- Repairs needed to YK1 schools will occur throughout the year and will occur outside of school hours when possible.
- 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 implementation within our schools.



Yellowknife District No. 1 Education Authority

(the Authority)

Management Responsibility for Financial Reporting

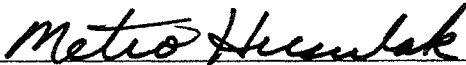
To the Minister of Education, Culture and Employment Government of the Northwest Territories

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, 2016, 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, 2016, 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.

Crowe MacKay LLP

**Yellowknife, Northwest Territories
September 13, 2016**

Chartered Accountants



Yellowknife District No. 1 Education Authority

(the Authority)

Consolidated Statement of Financial Position

Statement 1

As at June 30,	2016	2015
	\$	\$
FINANCIAL ASSETS		
Cash (Note 4)	668,843	-
Portfolio Investments (Note 7)	5,193,662	6,183,106
Due from Government of Canada (Note 13)	89,104	96,833
Accounts Receivable (Note 8)	1,569,312	1,504,072
	7,520,921	7,784,011
LIABILITIES		
Bank Indebtedness (Note 4)	-	45,244
Accounts Payable and Accrued Liabilities (Note 10)	292,534	432,182
Payroll Liabilities (Note 35)	3,363,405	3,079,425
Leave and Termination Benefits (Note 17)	1,645,992	1,576,617
Vacation payable	267,122	276,648
Deferred revenue (Note 11)	26,000	72,000
	5,595,053	5,482,116
NET FINANCIAL ASSETS	1,925,868	2,301,895
NON-FINANCIAL ASSETS		
Prepaid Expenses (Note 20)	147,714	170,421
Tangible Capital Assets (Note 19)	14,521,180	15,545,293
Inventories (Note 9)	26,865	26,807
	14,695,759	15,742,521
ACCUMULATED SURPLUS	16,621,627	18,044,416
Represented by:		
Operating Fund	729,783	1,352,510
Investment in Tangible Capital Assets	14,521,180	15,545,293
Decentralized Surplus	130,049	242,448
Capital Fund Reserve	904,165	904,165
LED Reserve	336,450	-
	16,621,627	18,044,416

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,	2016 Budget \$	2016 Actual \$	2015 Actual \$
REVENUE			
Government of the Northwest Territories			
Regular contributions	24,730,708	25,143,756	24,275,943
Other contributions (Note 33)	123,000	213,000	216,750
Aboriginal languages	60,000	120,000	73,900
French revenue	472,000	438,157	466,500
Total ECE	25,385,708	25,914,913	25,033,093
GNWT other contributions (Note 34)	-	304,393	46,875
Property tax requisitioned	5,865,800	5,879,078	5,737,836
Education authority generated funds			
Rental income	380,000	398,626	382,722
Portfolio investment income	102,000	103,222	129,279
Other (Note 37)	474,576	508,997	564,869
	956,576	1,010,845	1,076,870
Total revenue	32,208,084	33,109,229	31,894,674
EXPENDITURES			
School programs	21,555,593	21,594,278	20,725,074
Inclusive schooling	5,717,655	5,963,079	5,455,847
Staff accommodations	197,500	201,858	177,930
Operations and maintenance	3,243,824	3,164,669	3,193,088
Administration	1,446,019	1,506,971	1,250,306
Aboriginal language/cultural programs	957,451	1,077,050	939,196
Amortization	-	1,024,113	1,041,938
Total operating expenditures	33,118,042	34,532,018	32,783,379
Operating deficit before other items	(909,958)	(1,422,789)	(888,705)
Other items			
Grant in-kind - GNWT Assets provided at no cost (Note 23)	-	1,799,767	1,799,767
Rent expense - GNWT Assets provided at no cost (Note 23)	-	(1,799,767)	(1,799,767)
Operating deficit	(909,958)	(1,422,789)	(888,705)
Opening accumulated surplus	-	18,044,416	18,933,121
Closing accumulated surplus	(909,958)	16,621,627	18,044,416



Yellowknife District No. 1 Education Authority

(the Authority)

Consolidated Statement of Changes in Net Financial Assets

Statement 3

For the ended June 30,	2016	2015
	\$	\$
Operating deficit	(1,422,789)	(888,705)
Acquisition of tangible capital assets	-	(103,774)
Amortization of tangible capital assets	1,024,113	1,041,939
	(398,676)	49,460
Change in inventory	(60)	(26,807)
Change in prepaid expenses	22,707	(3,101)
	22,647	(29,908)
Increase (decrease) in net assets	(376,029)	19,552
Net asset at beginning of year	2,301,895	2,282,343
Net asset at end of year	1,925,866	2,301,895



Yellowknife District No. 1 Education Authority

(the Authority)

Consolidated Statement of Cash Flows

Statement 4

For the year ended June 30,	2016 \$	2015 \$
<i>Cash provided by (used in)</i>		
OPERATING TRANSACTIONS		
Operating deficit	(1,422,793)	(888,706)
Item not affecting cash:		
Amortization	1,024,113	1,041,938
Changes in non-cash assets and liabilities		
Decrease (increase) Due from (to) Government of Canada	7,729	4,192
Decrease (increase) accounts receivable	(65,240)	(752,170)
Increase (decrease) accounts payable	(149,174)	353,402
Increase (decrease) payroll liabilities	283,980	53,976
Increase (decrease) deferred revenue	(46,000)	(1,361,087)
Increase (decrease) post-employment benefits	69,375	(336,065)
Decrease (increase) inventory	(58)	(26,807)
Decrease (increase) prepaid expenses	22,707	(3,101)
CASH USED FOR OPERATING TRANSACTIONS	(275,361)	(1,914,428)
INVESTING TRANSACTIONS		
Disposition of portfolio investments	989,448	-
Acquisition of portfolio investments	-	(17,696)
CASH PROVIDED BY (USED FOR) INVESTING TRANSACTIONS	989,448	(17,696)
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	-	(103,774)
Proceeds of disposition of tangible capital assets	-	-
CASH USED FOR CAPITAL TRANSACTIONS	-	(103,774)
FINANCING TRANSACTIONS		
Repayment of capital lease obligation	-	-
Proceeds from capital lease obligation	-	-
CASH PROVIDED BY (USED FOR) FINANCING TRANSACTIONS	-	-
DECREASE IN CASH AND CASH EQUIVALENTS	714,087	(2,035,898)
CASH (BANK INDEBTEDNESS) AT BEGINNING OF YEAR	(45,244)	1,990,654
CASH (BANK INDEBTEDNESS) AT END OF YEAR	668,843	(45,244)
Total interest paid during the year	-	-



Yellowknife District No. 1 Education Authority

(the Authority)

Consolidated Details of Expenses

Statement 5

For the year ended June 30,	School Programs \$	Inclusive Schooling \$	Staff Accommodation \$	Operations and Maintenance \$	Administration \$	Aboriginal Languages \$	Total 2016 \$	Budget 2016 \$	Total 2015 \$
SALARIES									
Honoraria	-	-	-	-	62,145	-	62,145	70,784	68,115
Instructional assistants	731,435	2,272,441	-	-	-	96,833	3,100,709	3,278,265	3,052,690
Non-instructional staff	1,995,611	-	20,431	496,372	926,592	295,591	3,734,597	3,297,584	3,485,550
Teachers	13,483,777	2,351,226	-	-	28,240	252,874	16,116,117	14,856,480	15,132,557
	16,210,823	4,623,667	20,431	496,372	1,016,977	645,298	23,013,568	21,503,113	21,738,912
EMPLOYEE BENEFITS									
Employee benefits/allowances	2,819,660	882,527	1,376	119,494	168,619	106,151	4,097,827	5,712,556	4,215,057
Leave and termination benefits	(296,107)	273,606	-	27,722	37,619	27,481	70,321	-	(59,416)
	2,523,553	1,156,133	1,376	147,216	206,238	133,632	4,168,148	5,712,556	4,155,641
SERVICES PURCHASED									
Advertising and printing	-	-	-	-	30,744	-	30,744	30,800	25,321
Communication	63,500	-	-	8,353	60,120	-	131,973	88,300	100,109
Contracted services	228,351	96,145	-	278,372	-	167,462	770,330	721,773	803,013
Maintenance and repairs	87,017	34,298	79,480	479,726	914	20,992	702,427	631,077	576,756
Other	96,805	-	-	-	102,234	-	199,039	200,500	226,013
Professional and technical	710,905	17,598	-	68,099	34,981	29,270	860,853	436,500	411,129
Rentals and leases	141,305	-	-	-	7,317	-	148,622	164,670	157,644
Student transportation	421,124	16,094	-	-	-	12,326	449,544	405,000	393,137
Travel	103,405	-	-	-	-	-	103,405	5,000	6,824
Utilities	-	-	-	-	-	-	-	1,897,000	-
Heating	-	-	28,237	539,828	-	-	568,065	-	754,317
Electricity	-	-	48,379	917,075	-	-	965,454	-	974,393
Water/Sewage	-	-	22,148	160,779	-	-	182,927	-	173,837
	1,852,412	164,135	178,244	2,452,232	236,310	230,050	5,113,383	4,580,620	4,602,493
MATERIALS									
Awards and student events	16,492	-	-	-	24,654	-	41,146	45,963	25,125
Freight	18,669	-	-	411	2,095	-	21,175	29,000	13,332
Materials and supplies	972,329	19,144	1,807	68,438	20,697	68,070	1,150,485	1,246,790	1,205,938
	1,007,490	19,144	1,807	68,849	47,446	68,070	1,212,806	1,321,753	1,244,395
AMORTIZATION									
	-	-	-	-	1,024,113	-	1,024,113	-	1,041,938
Total operating expenditures	21,594,278	5,963,079	201,858	3,164,669	2,531,084	1,077,050	34,532,018	33,118,042	32,783,379



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 2016 \$
SALARIES				
ALCBE Teachers	252,874	-	-	252,874
Instructional Assistants	96,833	-	-	96,833
Non Instructional Staff	-	-	295,591	295,591
	349,707	-	295,591	645,298
EMPLOYEE BENEFITS	133,632	-	-	133,632
SERVICES PURCHASED				
Professional and technical	-	29,270	-	29,270
Maintenance and repairs	-	-	20,992	20,992
Student travel	-	-	12,326	12,326
Contracted services	-	-	167,462	167,462
	-	29,270	200,780	230,050
MATERIALS				
Materials and supplies	-	-	68,070	68,070
Total operating expenditures	483,339	29,270	564,441	1,077,050



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 2016 \$
SALARIES			
Program support teachers	-	2,351,226	2,351,226
Support assistants	20,431	2,252,010	2,272,441
	20,431	4,603,236	4,623,667
EMPLOYEE BENEFITS			
	-	1,156,133	1,156,133
SERVICES PURCHASED			
Professional and technical	17,598	-	17,598
Student transportation	16,094	-	16,094
Maintenance and repairs	34,298	-	34,298
Contracted services	96,145	-	96,145
	164,135	-	164,135
MATERIALS			
Materials and supplies	19,144	-	19,144
Total operating expenditures	203,710	5,759,369	5,963,079



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, 2016

	Contribution from the Department \$	Commitment from the Authority \$	Expenses \$	Over(under) funding \$
Literacy Coach (Salary)	70,000	50,000	139,355	(19,355)
Teacher Assistants (Salary)	35,000	35,000	146,381	(76,381)
Intensive & Enhance French (Salary)	70,000	230,000	538,645	(238,645)
PIF (Elective courses at SJF)	50,000	10,000	52,466	7,534
Special Projects				
French Camps	13,000	2,000	17,662	(2,662)
French Resources	46,000	10,000	52,093	3,907
Assessment, Intensive French	15,000	5,000	33,793	(13,793)
Cultural Activities	12,000	3,000	16,161	(1,161)
Professional Development	31,000	9,000	50,911	(10,911)
Consultant	80,000	140,000	208,267	11,733
Total	422,000	494,000	1,255,734	(339,734)



Yellowknife District No. 1 Education Authority

(the Authority)

Report on Activities of Specific Programs

Statement 9

Aboriginal Languages

For the year ended June 30,

**2016
\$**

Secretary of State (Heritage Canada)

Revenue

Contribution from federal government

60,000

Expenses

Salaries and benefits

113,259

Other operating and maintenance

1,364

114,623

Deficit

(54,623)



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,

2016
\$

Revenue

Government of the Northwest Territories
Deficit from Prior Years

123,000
(30,976)

Total revenue

92,024

Expenses

Salaries/Wages

Facilitator fees (including per diems)
Substitute teacher wages

39,607
47,525

Travel

Other expenses

5,500

Workshop expenses

Staff PD and miscellaneous

5,541

Total expenses

98,173

Deficit

(6,149)



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,

2016
\$

Revenue

Alberta Native Friendship Centres Association

120,000

Expenses

Salaries and benefits

121,185

Materials and supplies

14,588

Total expenses

135,773

Deficit

(15,773)



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2016

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, 2016

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, 2016

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, other accounts receivable, and due from Government of Canada.

Financial liabilities measured at amortized cost include bank indebtedness, accounts payable and accrued liabilities, and payroll liabilities.

Financial assets measured at fair value include portfolio investments.

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.



June 30, 2016

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, 2016

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.



June 30, 2016

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 reasonably estimated.



June 30, 2016

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, 2016

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, 2016

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.



June 30, 2016

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.

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.

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)

	2016	2015
	\$	\$
Cash (Bank indebtedness)	668,843	(45,244)

The cash is held in a bank account with RBC and is invested with the GNWT's investment pool. Bank indebtedness consists of cheques written in excess of the bank balance.



Yellowknife District No. 1 Education Authority

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Notes to Consolidated Financial Statements

June 30, 2016

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

	2016 \$	2015 \$
GIC Investment with CIBC (interest rate range from 1.7% to 1.77% and maturity range from November 18, 2016 to April 17, 2017)	3,169,590	4,158,886
GIC Investment with RBC Dominion Securities (interest rate range from 1.83% to 1.95% and maturity range from November 17, 2016 to November 6, 2017)	2,024,072	2,024,220
	5,193,662	6,183,106

The investments are recorded at fair market value plus any interest earned to June 30, 2016. The fair market value at June 30, 2016 is equal to the cost.



Yellowknife District No. 1 Education Authority

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Notes to Consolidated Financial Statements

June 30, 2016

8. Accounts Receivable

	2016 \$Net	2015 \$Net
Aurora College	5,184	-
South Slave DEC	-	15,271
Yellowknives Dene First Nation (Kalemi Dene School)	1,140,715	807,002
Dettah District Education Authority (Kaw Tay Whee School)	211,268	397,082
Commission Scolaire Francophone Territoires Du Nord Ouest	16,250	14,895
Department of Education, Culture and Employment	10,105	92,326
Department of Health and Social Services	-	8,741
Yellowknife Catholic Schools	1,070	-
Trade Receivables	184,720	168,755
Total	1,569,312	1,504,072

Allowance for doubtful accounts at year end was \$nil.

9. Inventories

Inventory consists of computer equipment held for use for the next school year.

10. Accounts Payable and Accrued Liabilities

	2016 \$	2015 \$
Aurora College	1,050	-
Dettah DEA (Kaw Tay Whee School)	-	1,000
Accrued interest	17	12
Damage deposits	25,602	28,798
Trade payable	265,865	401,512
WSSC	-	860
	292,534	432,182



Yellowknife District No. 1 Education Authority

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Notes to Consolidated Financial Statements

June 30, 2016

11. Deferred Revenue

Deferred revenue consists of contributions or revenue received from contributors for expenditures not yet incurred.

	2016	2015
	\$	\$
GNWT HSS - Drop the Pop	3,000	-
GNWT MACA - Take a Kid Trapping	8,000	-
GNWT ECE - Preschool	-	12,000
GNWT ECE - TLC	-	60,000
GNWT MACA - Youth Corps	15,000	-
	26,000	72,000

12. Contribution Repayable

The Authority does not have any contribution repayable.

13. Due from the Government of Canada

Receivables	2016	2015
	\$	\$
GST Receivable	89,104	96,833
Projects on behalf of the Gov't of Canada	-	-
Miscellaneous Receivables	-	-
	89,104	96,833

14. Capital Lease Obligations

The Authority does not have any Capital Lease Obligations.



June 30, 2016

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 \$1,267,516. 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 \$163,715 for January 2016, and \$159,705 for January 2015. The maximum monthly contributions is \$2,183 for January 2016, and \$2,129 for January 2015.

NEBS is an employer owned program and as such the Authority will be liable for its portion of any shortfall. The Plan serves 2,481 Employee Members and 93 Employer Members (total active, disabled and on leave 1430).

As of January 1, 2016, the excess (deficiency) of actuarial value of net assets over actuarial present value of defined benefits is estimated to be \$12,500,000 - funded ratio 109% (2015 - \$2,600,000 and 102%) on a going concern valuation basis. The Plan had a solvency ratio deficiency of \$90,903,100 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, 2015, the NEBS Pension plan had an accumulated surplus of \$24,872,610.

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, 2016

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 for June 30, 2016 and management estimates for June 30, 2015.

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. Under PSAB 3255, accumulating vesting and non-vesting (sick leave paid only upon illness-related absence) are required to be accrued.

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. The GNWT has contracted an actuarial company to place a value on the expected cost of sick leave usage in the future based on employee data. Compensated absences are the total value of vested and non-vested future sick leave costs, that were actuarially valued using the expected utilization methodology.

Valuation results

The actuarial valuation includes the liabilities as at June 30, 2016. The liabilities are actuarially determined as the present value of the accrued benefits at June 30, 2016. The balances for June 30, 2015 were not actuarially valued, they were management estimates based on employee data at June 30, 2015 and does not include non-vested future sick leave costs. The values presented for June 30, 2016 below are for all of the benefits under the Compensated Absences and Termination Benefits for the Authority.



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Notes to Consolidated Financial Statements

June 30, 2016

17. Other Employee Future Benefits and Compensated Absences (Continued)

	2016	2015
	\$	\$
Resignation, retirement, and compensated absences	893,976	608,008
Removal	752,016	968,609
	1,645,992	1,576,617

The discount rate used in the 2016 fiscal year to determine the accrued benefit obligation was an average of 2.5%. The expected payments during the next fiscal year is \$55,035.

18. Trust Assets Under Administration

The Authority does not have any trust assets under administration.



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Notes to Consolidated Financial Statements

June 30, 2016

19. Tangible Capital Assets

	Cost \$	Accumulated Amortization \$	2016 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	(1,007,241)	1,246,194	1,310,468
William McDonald	7,078,328	(6,016,579)	1,061,749	1,238,707
Mildred Hall	11,009,651	(5,751,432)	5,258,219	5,533,460
Range Lake North	8,215,859	(4,724,119)	3,491,740	3,697,136
N. J. Macpherson	5,329,162	(3,816,374)	1,512,788	1,649,246
Ecole J. H. Sissons	2,436,769	(2,436,769)	-	-
	36,323,205	(23,752,514)	12,570,690	13,429,017
Other buildings				
Administration office	1,070,827	(615,725)	455,102	481,872
Nordic Arms residence	595,205	(595,205)	-	-
Total land and buildings	39,288,713	(24,963,444)	14,325,268	15,210,365
Equipment and furnishings				
Schools	4,427,048	(4,267,157)	159,891	293,759
Playgrounds	149,972	(149,972)	-	-
Residences	64,045	(64,045)	-	-
Administration office	322,132	(322,132)	-	-
Vehicles	246,532	(210,509)	36,021	41,169
	5,209,729	(5,013,815)	195,912	334,928
	44,498,442	(29,977,259)	14,521,180	15,545,293



Yellowknife District No. 1 Education Authority

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Notes to Consolidated Financial Statements

June 30, 2016

20. Prepaid Expenses

	2016	2015
	\$	\$
Insurance	27,813	32,450
Professional Development	27,341	9,250
Materials and Supplies	8,382	108,783
Licenses	12,965	19,938
Workers' Safety Compensation Commission	71,213	-
	147,714	170,421



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Notes to Consolidated Financial Statements

June 30, 2016

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,	2016	2015
	\$	\$
OPERATING FUND		
Balance, beginning of year	1,352,510	1,174,553
Operating deficit (Statement 2)	(1,422,789)	(888,705)
Transfer (to) from Capital Fund (budget \$70,000)	-	(103,774)
Transfer (to) from Investment in Tangible Capital Assets	1,024,113	1,041,938
Transfer (to) from Decentralized Surplus	112,399	128,498
Transfer (to) from LED reserve	(336,450)	-
Balance, end of year	729,783	1,352,510
INVESTMENT IN TANGIBLE CAPITAL ASSETS		
Balance, beginning of year	15,545,293	16,483,457
Acquisition of tangible capital assets	-	103,774
Amortization	(1,024,113)	(1,041,938)
Balance, end of year	14,521,180	15,545,293



Yellowknife District No. 1 Education Authority

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Notes to Consolidated Financial Statements

June 30, 2016

21. Accumulated Surplus/ Deficit (Continued)

Details of Surplus and Reserves

For the year ended June 30,	2016	2015
	\$	\$
DECENTRALIZED SURPLUS		
Balance, beginning of year	242,448	370,946
Transfer (to) from Operating Fund	(112,399)	(128,498)
Balance, end of year	130,049	242,448
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	-	-
Transfer (to) from Operating Fund	336,450	-
Balance, end of year	336,450	-

22. Capital Advances

The Authority does not have any Capital Advances.



Yellowknife District No. 1 Education Authority

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Notes to Consolidated Financial Statements

June 30, 2016

23. GNWT Assets Provided at no Cost

The following assets were provided to the Authority by the GNWT at no cost.

	Cost	Accumulated Amortization	2016 Net Book Value	2015 Net Book Value
	\$	\$	\$	\$
Ecole Sir John Franklin	25,965,232	24,550,616	1,414,616	3,300,770
Ecole Sir John Franklin portable classrooms	419,724	296,467	123,257	133,747
N.J. Macpherson	1,413,831	309,051	1,104,780	1,140,133
	<u>27,798,787</u>	<u>25,156,134</u>	<u>2,642,653</u>	<u>4,574,650</u>
Deferred capital contributions				
Ecole Sir John Franklin	(1,442,500)	(1,343,328)	(99,172)	(231,402)
	<u>26,356,287</u>	<u>23,812,806</u>	<u>2,543,481</u>	<u>4,343,248</u>

Rent expense of \$1,799,767 (2015 - \$1,799,767) was offset by a grant in-kind.



June 30, 2016

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 2017.

The Authority has a collective bargaining agreement with the NWT Teachers Association for teachers, specialists and education assistance which expired August 31, 2016. The Authority will commence negotiations with the NWT Teachers Association in the fall of 2016.

The Authority has a collective bargaining agreement with the United Steelworkers for support staff which expired on June 30, 2016. The Authority will commence negotiations with the United Steelworkers union in the fall of 2016.

The Authority has a Xerox equipment lease with annual payments of \$40,946.09 plus maintenance expiring in September 24, 2016.

The Authority also leases from Lenovo computers with annual lease payments of \$82,236. The last lease expires April 1, 2020.

	Expires in Fiscal Year	2017 \$	2018- 2020 \$	Total \$
Commitments:				
Commercial and Residential Leases	2017	37,800	-	37,800
Equipment Leases	2019	89,060	71,800	160,860
Operational Leases (Bussing)	2018	420,000	420,000	840,000
Total		546,860	491,800	1,038,660

25. Contingencies

The Authority does not have contingencies.



Yellowknife District No. 1 Education Authority

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Notes to Consolidated Financial Statements

June 30, 2016

26. Related Parties

Transactions with Related Parties and balances at year-end not disclosed elsewhere in the financial statements are disclosed in this note.

	2016 \$Net	2015 \$Net
Accounts Payable:		
Dettah District Education Authority	1,000	1,000
Aurora College	1,050	-
Accounts Receivable:		
South Slave DEC	-	15,271
Yellowknives Dene First Nation (Kalemi Dene School)	1,140,715	807,002
Dettah District Education Authority	211,268	396,182
Commission Scolaire Francophone Territoires Du Nord Ouest	16,250	14,895
Department of Education, Culture and Employment	10,105	92,326
Department of Health and Social Services	8,741	8,741
Yellowknife Catholic Schools	1,070	-

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 9, 2015 and have not been audited.



June 30, 2016

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.

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, 2016, receivables from two organizations comprised approximately 92% (2015 - 90%) 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 Yellowknives Dene First Nation who administer 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, 2016, 48% (2015 - 22%) of other account receivable was non-current which represents \$1,474,773 (2015 - \$300,215) 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.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2016

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 March 31, 2015 mature within the next six months. Total financial assets \$7,520,921 (2015 - \$7,784,011) of which \$3,055,043 (2015 - \$4,145,862) are not expected to mature within one year. Total financial liabilities are \$5,569,053 (2015 - \$5,410,116). The authority has disclosed future financial liabilities and commitments in Note 13.

30. Expenditures By Object

	2016 Budget \$	2016 Actual \$	2015 Actual \$
Amortization	-	1,024,113	1,041,938
Compensation	27,215,669	27,181,716	25,894,553
Other	5,902,373	6,326,189	5,846,888
	33,118,042	34,532,018	32,783,379

31. Subsequent Events

There were no material subsequent events that have taken place between June 30, 2016 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.



Yellowknife District No. 1 Education Authority

(the Authority)

Notes to Consolidated Financial Statements

June 30, 2016

33. ECE Other Contributions

	2016	2015
	\$	\$
Student Success Initiatives	123,000	123,000
TLC Vote 4	-	60,000
Playground Equipment JHS	50,000	-
Playground Equipment MHS	40,000	-
Self Regulation Project	-	20,000
Resource Travel and PD	-	13,750
	213,000	216,750

34. GNWT Other Contributions

	2016	2015
	\$	\$
Government of the Northwest Territories:		
Department of Human Resources	35,000	46,875
Department of Health and Social Services	17,960	-
Department of Education, Culture and Employment (preschool)	150,633	-
Department of Municipal and Community Affairs	100,800	-
	304,393	46,875

35. Payroll Liabilities

Teachers' salaries and benefits (NWTTA) earned prior to the end of the fiscal year that are payable during the months of July and August, following the school term, are accrued as follows:

	2016	2015
	\$	\$
NWTTA Payable at end of July	1,680,030	1,535,964
NWTTA Payable at end of August	1,683,375	1,543,461
	3,363,405	3,079,425



June 30, 2016

36. Statement of Remeasurement Gains and Losses

The Authority does not have remeasurement gains or losses.

37. Other Revenue

Other revenue consists of contributions or revenue received from contributors for school programs and preschool services.

	2016	2015
	\$	\$
Pancake Donation	2,551	
Superintendent Services	55,000	133,593
Range Lake North preschool	124,062	113,483
Mildred Hall preschool	22,678	78,368
J.H.Sissons preschool	192,240	188,223
Tree of Peace ALC	60,000	-
Other funding and donations	52,466	51,202
	508,997	564,869

38. Liability for Contaminated Sites

The Authority has adopted PSAS Section PS 3260 - Liability for contaminated sites.

An obligation for remediation is recognized as a liability when all criteria below are satisfied:

- a) and environment standard exists;
- b) contamination exceeds the environment standard
- c) the Authority:
 - i) is directly responsible; or
 - ii) accepts responsibility;
- d) it is expected that the future economic benefits will be given up; and
- e) a reasonable estimate of the amount can be made.

The Authority has identified possible environmental liabilities at William MacDonald School and Range Lake North School that have underground fuel tanks. The Authority is working towards an environmental assessment to determine if an environmental liability exists.

Financial Report

**Tlicho Community Services Agency
Behchoko, NT**

For the year ended March 31, 2017

Tlicho Community Services Agency

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Tłıchǫ Community Services Agency

Management Discussion Analysis March 31, 2017

The Tłıchǫ 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 Tłıchǫ 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, 4 health centres in the region and Long Term Care Facility located in Behchoko.

The Agency had an annual budget in fiscal 2016-2017 of \$ 32.354 million, a dedicated workforce of approximately 220 employees with a total payroll budget of \$ 27.560 million.

For the 2016-2017 fiscal year, the TCSA Health and Social Services Activities incurred an operating deficit of \$ 889,081, thereby arriving at an accumulated operating deficit of \$2.326 million. The 2016-2017 operating deficit represents approx. 5.8% of the total health budget.



Tłıchǫ Community Services Agency

The operating deficit in health for 2016-2017 can be attributed to a number of factors:

- (1) The Agency was underfunded for the delivery of Child and Family Services. Spending for Foster care exceeded the budgeted amount by \$578,000. This spending was required due to the number of children in Care. This operating deficit was partially offset by a surplus of \$160,000 in the Social Programs support program. The department recognized the requirements of the TCSA for Foster Care and has increased funding in this area for 2017-2018.
- (2) The costs to operate the health centres in our three main communities continue to increase. Overtime / standby costs continue to run over budgeted amounts by \$715,000. The overtime is largely unavoidable 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 but the operating deficit has been reduced to \$91,600 (2015-2016 \$242,000).

For its 2016-2017 Education activities the TCSA incurred an annual deficit of \$845,705. As a result of this the TCSA Education activities now have a closing deficit of \$127,797.

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.

Summary and Outlook

- The fiscal outlook for the TCSA remains challenging 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.



Tłı̨chǫ́ Community Services Agency

- 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 this issue and has approved the 2017-2018 budget of the TCSA with a deficit of \$383,424.
- For the Department of Health the cumulative surplus has now been absorbed by the 2016-2017 operating deficit. Focus for 2017-2018 will be:
 - Implementation of Junior Kindergarten
 - Re-evaluation as to how School Bus Services are delivered in Behchokǫ́. The fact students have to be bussed from Behchokǫ́ to Edzo for the high school and from Edzo to Behchokǫ́ for elementary makes the school bus service an essential component of the Education program.

Chief Executive Officer

June 29, 2017



Tłı̨chǫ 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, 2017

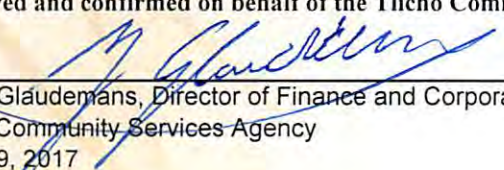
The Management Discussion & Analysis, Financial Statements, Schedules and Notes herein submitted have been reviewed by management. They provide full disclosure and accurately reflect the financial and non-financial condition of the authority in all material respects and in accordance with Canadian Public 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 Tłı̨chǫ 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 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 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 Tłı̨chǫ Community Services Agency


Johan Glaudemans, Director of Finance and Corporate Services
Tłı̨chǫ Community Services Agency
June 29, 2017



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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, 2017, 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, 2017 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 in \$250,000 or more in Schedule A for the year ended March 31, 2017 in accordance with the provisions established by the individual contribution agreements.



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, 2017

Tlcho Community Services Agency
Statement of Financial Position
As at March 31, 2017

	March 31, 2017	March 31, 2016
Financial Assets		
Cash and Cash Equivalents (Note 4)	\$ 741,795	\$ 2,467,472
Accounts Receivable (Note 8)	604,393	349,987
	1,346,188	2,817,459
Liabilities		
Accounts Payable (Note 10)	694,991	659,943
Wages and Benefits Payable - GNWT (Note 10)	1,481,023	1,433,423
Employee Future Benefits (Note 16)	1,557,142	1,409,970
Deferred Revenue (Note 11)	172,978	219,823
	3,906,134	3,723,159
Contingent Liabilities (Note 23)		
Net Financial Assets (Debt)	(2,559,946)	(905,700)
Non Financial Assets		
Inventory held for use (Note 9)	\$ 56,864	61,000
Prepaid Expenses (Note 19)	-	3,373
Tangible Capital Assets (Note 18)	120,852	169,389
	177,716	233,762
Accumulated Surplus (Deficit)- per page 8	\$ (2,382,230)	\$ (671,938)



Chief Executive Officer



Chairman of the Board

**Tlicho Community Services Agency
Consolidated Operations
Statement of Operations
For the year ended March 31, 2017**

	Budget (Unaudited)	Actual 2017	Actual 2016
Revenue			
Health & Social Services - per page 5	\$ 15,292,000	\$ 16,031,647	\$ 15,776,050
Education - per page 6	16,762,000	17,419,754	17,440,156
Other Operations - per page 7	300,000	250,089	322,008
	32,354,000	33,701,490	33,538,214
Expenditure			
Health & Social Services - Compensation	11,198,979	12,771,413	12,457,450
Health & Social Services - Other	4,093,021	4,149,315	3,833,299
Total Health and Social Services - per page 5	15,292,000	16,920,727	16,290,749
Education - Compensation	15,435,194	15,119,663	15,414,741
Education - Other	2,373,291	3,140,796	3,204,991
Total Education - per page 6	17,808,485	18,260,459	18,619,732
Other Operations - Compensation	-	-	-
Other Operations - Other	300,000	230,596	273,272
Total Other Operations - per page 7	300,000	230,596	273,272
	33,400,485	35,411,782	35,183,753
Operating Surplus / (Deficit)	\$ (1,046,485)	\$ (1,710,292)	\$ (1,645,539)
Rent Expense - GNWT Assets provided at no cost (note 21)		275,357	155,177
Grant-In-Kind - GNWT Assets Provided at no cost (note 21)		(275,357)	(155,177)
Annual Surplus / (Deficit)	\$ (1,046,485)	\$ (1,710,292)	\$ (1,645,539)

**Tlicho Community Services Agency
Health and Social Services
Statement of Operations
For the year ended March 31, 2017**

	Budget (Unaudited)	Actual 2017	Actual 2016
Revenue			
Contributions from GNWT (Schedule A)	\$ 14,881,000	\$ 15,314,760	\$ 15,125,077
Interest Income	30,000	24,168	33,970
Other Income	70,000	163,495	116,464
Recoveries	311,000	529,223	482,123
Recoveries of prior years' expenses	-	-	18,416
	15,292,000	16,031,647	15,776,050
Expenses			
Administrative and Support Services	1,132,944	1,324,880	1,328,922
Ambulatory Care Services	795,086	1,010,602	1,027,429
Community Health Programs	7,172,381	7,537,395	7,427,227
Community Social Programs	6,191,589	7,047,851	6,507,169
	15,292,000	16,920,727	16,290,748
Operating Surplus / (Deficit)	0	(889,081)	(514,697)
Rent Expense - GNWT Assets provided at no cost (note 21)		275,357	155,117
Grant-In-Kind - GNWT Assets Provided at no cost (note 21)		(275,357)	(155,117)
Annual Surplus / (Deficit)		\$ (889,081)	\$ (514,697)
Opening accumulated (deficit)		\$ (1,437,149)	\$ (922,452)
Closing accumulated (deficit)		\$ (2,326,230)	\$ (1,437,149)

**Tlicho Community Services Agency
Education
Statement of Operations
For the year ended March 31, 2017**

	Budget (Unaudited)	Actual 2017	Actual 2016
OPERATING FUND - REVENUE			
Government of the Northwest Territories			
Regular Contribution	\$ 16,762,000	16,719,739	\$ 16,623,289
Other ECE	-	-	-
	<u>16,762,000</u>	<u>16,719,739</u>	<u>16,623,289</u>
BOARD GENERATED FUNDS			
Other contributions and miscellaneous	-	54,645	52,154
Investment income	-	24,168	33,970
Projects Revenue (Schedule C.1)	-	621,201	730,742
	<u>-</u>	<u>700,015</u>	<u>816,867</u>
TOTAL OPERATING REVENUE	<u>16,762,000</u>	<u>17,419,754</u>	<u>17,440,156</u>
OPERATING FUND EXPENSES - per schedule			
School Programs	11,542,618	11,577,571	11,649,147
Inclusive Schooling	2,829,079	2,713,993	3,158,777
Operations and Maintenance	200,000	156,334	151,360
Administration	1,165,398	1,174,208	1,255,049
Aboriginal Language/Cultural Programs	2,071,390	1,985,425	1,659,132
Projects Expenditures (Schedule C.1)	-	652,928	746,267
TOTAL EXPENSE	<u>17,808,485</u>	<u>18,260,459</u>	<u>18,619,732</u>
EXCESS REVENUE	<u>\$ (1,046,485)</u>	<u>\$ (840,705)</u>	<u>\$ (1,179,576)</u>

**Tlich Community Services Agency
Other Operations
Statement of Operations
For the year ended March 31, 2017**

Revenue	Budget (Unaudited)	Actual 2017	Actual 2016
Other Revenue	\$ -	\$ -	\$ -
Recoveries Housing	300,000	250,089	322,008
	300,000	250,089	322,008
Expenses			
General Administrative Expenditures		12,268	4,472
Leased Property - Housing	300,000	218,328	268,800
	300,000	230,596	273,272
Operating Surplus / (Deficit)	\$ -	\$ 19,494	\$ 48,735

**Tlcho Community Services Agency
Statement of Changes in Net Debt
For the year ended March 31, 2017**

	2017	2016
Annual Surplus (Deficit)	\$ (1,710,292)	\$ (1,645,539)
Decrease/(Increase) in Inventories held for use	4,136	-
Decrease (Increase) in Prepaid Expenses	3,373	(3,373)
Amortization of tangible capital assets	48,537	48,537
Increase (Decrease) in Net Financial Resources	<u>(1,654,246)</u>	<u>(1,600,375)</u>
Opening Net Financial Resources	<u>(905,700)</u>	694,675
Closing Net Debt	<u><u>(2,559,946)</u></u>	<u><u>(905,700)</u></u>
 Accumulated Surplus (Deficit)		
<u>Health and Social Services</u>		
Opening Surplus - Health and Social Services	(1,437,149)	(922,452)
Current years' surplus (deficit) per page 5	<u>(889,081)</u>	<u>(514,697)</u>
Closing Surplus (Deficit)	<u><u>(2,326,230)</u></u>	<u><u>(1,437,149)</u></u>
 <u>Education</u>		
Opening Surplus - Education	712,908	1,892,484
Current years' (deficit) per page 6	<u>(840,705)</u>	<u>(1,179,576)</u>
Closing Surplus (Deficit)	<u><u>(127,797)</u></u>	<u><u>712,908</u></u>
 <u>General</u>		
Opening Surplus - Other	52,298	3,564
Current years' surplus (deficit) per page 7	19,494	48,735
Closing surplus	<u><u>71,791</u></u>	<u><u>52,298</u></u>
Total Closing Accumulated Surplus (Deficit)	<u><u>\$ (2,382,231)</u></u>	<u><u>\$ (671,938)</u></u>

**Tlich Community Services Agency
Statement of Cash Flow
For the year ended March 31, 2017**

	<u>2017</u>	<u>2016</u>
Cash Provided by (used in) Operating Transactions		
Annual Surplus /(Deficit)	\$ (1,710,292)	\$ (1,645,539)
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	(254,406)	244,000
Increase (Decrease) in Accounts Payable	35,048	(168,205)
Increase (Decrease) in Wages and Benefits Payable	47,600	386,141
Increase (Decrease) in Inventory held for use	4,136	-
Increase in Employee Future benefits	147,172	94,643
Increase (Decrease) in Deferred Revenue	(46,846)	(46,372)
Decrease (Increase) Prepaid Expenses	3,373	(3,373)
Net Cash Provided from Operating Transactions	<u>(1,725,677)</u>	<u>(1,090,168)</u>
Cash Provided by (used in) Investing Transactions		
Disposition (Acquisition) of Portfolio Investments	-	-
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	(1,725,677)	(1,090,168)
Cash and Cash Equivalents at Beginning of Year	<u>2,467,472</u>	<u>3,557,640</u>
Cash and Cash Equivalents at End of Year (Note 4)	<u>\$ 741,795</u>	<u>\$ 2,467,472</u>

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2017

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.

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 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, 2017

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, 2017

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 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.

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2017

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

a) Inter-entity transactions, Section PS 3420

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 a 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.

b) Assets Section PS 3210

This 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 in the consolidated financial statements 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.

c) Contingent Assets, Section PS 3320

This 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.

d) Contractual Rights, Section PS 3380

This section defines and establishes disclosure standards on contractual rights. Disclosure of the nature, extent, and timing of any contractual right 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.

Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2017

3. FUTURE ACCOUNTING CHANGES (Cont'd.)

e) 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.

4. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
Cash	\$ 741,795	\$ 2,467,472

5. SPECICAL PURPOSE FUNDS

Nil Report

6. RESTRICTED ASSETS

Nil Report

7. PORTFOLIO INVESTMENTS

Nil Report

8. ACCOUNTS RECEIVABLE

	Accounts Receivable	Allow. For Doubtful Accounts	Net <u>2017</u>	Net <u>2016</u>
Due from Third Parties	\$ 205,246	\$ -	\$ 205,246	\$ 148,493
Due from GNWT	300,002	-	300,002	167,708
Workers' Safety and Compensation Commission	1,262	-	1,262	1,545
Yellowknife Health and Social Services Authority	-	-	-	6,961
Stanton Territorial Health Authority	50,820	-	50,820	25,280
Due from MEZI School	18,166	-	18,166	0
Due from CJBS School	28,896	-	28,896	0
	<u>\$ 604,393</u>	<u>\$ -</u>	<u>\$ 604,393</u>	<u>\$ 349,987</u>

Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2017

9. INVENTORIES

	<u>2017</u>	<u>2016</u>
Inventory held for use		
Health Centre Supplies	\$ 56,864	\$ 61,000

10 a) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2017</u>	<u>2016</u>
Due to the Government of the Northwest Territories	\$ 66,588	\$ 134,812
Due to NWT Housing Corporation	5,628	
Due to Workers Safety and Compensation Commission	11,620	-
Due to Stanton Territorial Health Authority	11,748	23,308
Due to NWT Health and Social Services Authority	291	
Due to Sahtu Health and Social Services Authority	2,113	0
Due to Hay River Health and Social Services Authority	1,750	0
Payable to Gameti School	63,621	72,551
Payable to Elizabeth Mackenzie Elementary School	27,307	
Payable to Wekweti School	40,186	18,983
Due to Third Parties	464,139	410,289
	\$ 694,991	\$ 659,943

2017 2016

b) Payroll Liabilities

Due to GNWT payroll liabilities	1,018,972	1,006,949
Accrued Vacation and Lieu	462,031	426,474
Government of the Northwest Territories	\$ 1,481,023	\$ 1,433,423

Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2017

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>2017</u>	<u>2016</u>
CJBS Breakfast for Learning	\$ 1,691	\$ 1,700
CJBS Breakfast for Learning- High School	8,628	8,100
CJBS Miscellaneous		37,993
CJBS Food First	1,022	-
CJBS - BHP Culture	25,000	-
MEZI Food first	1,200	-
MEZI Breakfast for Learning	1,240	-
MEZI BHP Culture	25,105	10,277
MEZI Miscellaneous	-	10,500
MEZI Fundraising	-	13,295
EMES Literacy / Book fair	2,491	-
EMES BHP Culture	19,074	18,121
EMES Health Food First	626	219
EMES Breakfast for Learning	10,011	-
EMES Miscellaneous	-	17,687
AAS Miscellaneous	13,213	7,525
AAS Food First	-	1,196
AAS BHP Culture	38,281	70,288
AAS Breakfast for Learning	3,253	1,832
JWGS - Literacy	-	1,368
JWGS - Food First	-	4,018
JWGS Breakfast for Learning	-	3,997
JWGS - Yoga Fitness	3,414	777
JWGS BHP Culture	18,728	-
JWGS Miscellaneous	-	9,471
JWGS Fundraising	-	1,461
	<u>\$ 172,978</u>	<u>\$ 219,823</u>

12. CONTRIBUTIONS REPAYABLE

Nil Report

13. DUE FROM AND TO THE GOVERNMENT OF CANADA

Nil Report

14. CAPITAL LEASE OBLIGATIONS

Nil Report

Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2017

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>2017</u>	<u>2016</u>
HSS activities		
Employee	\$ 1,094,824	\$ 581,781
Employer	\$ 996,708	\$ 764,699
	<u>\$ 2,091,531</u>	<u>\$ 1,346,480</u>
ECE activities		
Employee	\$ 1,590,574	\$ 1,017,503
Employer	1,563,100	1,280,638
	<u>\$ 3,153,674</u>	<u>\$ 2,298,140</u>
	<u>\$ 5,245,205</u>	<u>\$ 3,644,620</u>

Tlichco Community Services Agency
Notes to the Financial Statements
March 31, 2017

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, 2017. 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>2017</u>	<u>2016</u>
Severance and Removal	\$ 896,582	\$ 329,621	\$ 1,226,203	\$ 1,409,970
Compensated Absences	235,606	95,333	330,939	-
	<u>\$ 1,132,188</u>	<u>\$ 424,954</u>	<u>\$ 1,557,142</u>	<u>\$ 1,409,970</u>
Net Change				
Change in Estimate Adj	\$ 26,183	(\$45,203)	(\$19,020)	
Current period Benefit Cost	59,884	24,039	83,923	
Actuarial (Gain) Loss	132,419	23,978	156,397	
Benefits Payments	(65,985)	(48,930)	(114,915)	
Interest accrued	29,043	11,745	40,788	
	<u>181,544</u>	<u>(34,371)</u>	<u>147,173</u>	

The primary actuarial assumptions include a discount rate of 3.3% to determine the accrued benefit obligation and salary scale of 2% per annum. No inflation rate was applied. The expected payments during the next five years are:

Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2017

16. EMPLOYEE FUTURE BENEFITS (cont'd)

	Severance and Removal	Compensated Absences	Total
Year 1	\$ 417,327	\$84,016	\$501,343
Year 2	179,756	54,195	233,951
Year 3	117,049	41,395	158,444
Year 4	96,813	34,713	131,526
Year 5	97,583	33,375	130,958
Next 5 Years	\$ 389,171	\$119,450	\$508,621

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 2017 (unaudited)	Net book Value 2016 (unaudited)
2014 Ford XLT Ambulance	\$ 166,443	(95,110)	71,333	95,110
School Buses	173,318	(123,798)	49,519	74,279
Total	<u>\$ 339,761</u>	<u>\$ (218,909)</u>	<u>\$ 120,852</u>	<u>\$ 169,389</u>

19. PREPAID EXPENSES

	<u>2017</u>	<u>2016</u>
Prepaid course fees	<u>\$ -</u>	<u>\$ 3,373</u>

20. CAPITAL ADVANCE FROM THE GNWT

Nil Report

Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2017

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 (unaudited)	Accumulated Amortization (unaudited)	Net book Value 2017 (unaudited)	Net book Value 2016 (unaudited)
Buildings	\$ 18,273,929	\$ 3,070,767	\$ 15,203,162	\$ 1,015,466
Leasehold	252,800	188,959	63,841	76,400
Mobile Equipment	325,112	134,867	190,245	211,916
Total	\$ 18,851,841	\$ 3,394,593	\$ 15,457,248	\$ 1,303,782

The TCA information was provided by the Government of the Northwest Territories.

Amortization expense 2016 - 2017 \$275,357 (2015 - 2016 \$155,117)

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, 2017.

	Expires in Fiscal Year	2018	2019 and thereafter	Total
Residential Leases	2021-2022	\$ 236,400	\$ 886,800	\$ 1,123,200
Equipment Leases	2018-2022	56,311	151,099	207,410
		\$ 292,711	\$ 1,037,899	\$ 1,330,610

23. CONTINGENT LIABILITIES

In the normal course of business, 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

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2017

25. BUDGET

Budget figures are the opening budgets that were approved 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.

28. RELATED PARTIES

Related Party 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.

	<u>2017</u>	<u>2016</u>
Due from Related Parties		
Government of the Northwest Territories		
Department of Finance	\$0	\$101,037
Department of Human Resources	0	
Department of Health and Social Services	165,740	61,526
Department of Education, Culture and Employment	134,262	5,145
Stanton Territorial Health Authority	50,820	25,280
MEZI School	18,166	-
CJBS School	28,896	-
Yellowknife Health and Social Services Authority	-	6,961
Workers' Safety and Compensation Commission	1,262	1,545
	<u>\$399,147</u>	<u>\$201,494</u>

Tlicho Community Services Agency
Notes to the Financial Statements
March 31, 2017

28. RELATED PARTIES (Cont'd)

Due to Related Parties

Government of the Northwest Territories		
Department of Finance	\$31,962	48,844
Department of Human Resources	3,334	2,048
Department of Health and Social Services	29,556	57,676
Department of Education, Culture and Employment	0	25,498
Department of Public Works	198	746
Department of municipal & Community Affairs	0	-
Petroleum Products Division	1,538	
Gameti School	63,621	72,551
Elizabeth MacKenzie Elementary School	40,186	-
Hay River Health and Social Services	1,750	-
Stanton Territorial Hospital Authority	11,748	23,308
Wekweti School	27,307	18,983
Workers' Safety and Compensation Commission	11,620	
Sahtu Health & Social Services Authority	2,113	
NWT Housing Association	5,628	
NWT Health and Social Services Authority	291	-
	<u>\$230,852</u>	<u>\$249,654</u>
Department of Finance - Payroll Liabilities	<u>1,481,023</u>	<u>\$ 1,433,423</u>

Revenue received from Related Parties not otherwise disclosed in statements or schedules

Stanton Territorial Health Authority	\$ 99,062	\$ 106,334
GNWT - Department of Health and Social Services - NHIB	327,675	272,650

Expenses paid to Related Parties

GNWT - Department of Finance	\$ 167,502	\$ 215,883
GNWT Department of Health and Social Services	82,066	119,588
GNWT Department of Human Resources	6,804	9,836
GNWT - Petroleum products	10,549	13,038
Stanton Territorial Health Authority	89,572	101,242
Yellowknife Health and Social Services	717,996	717,996
NWT Health and Social Services Authority	291	
NWT Housing Corporation	\$ 23,853	\$ 72,000

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, 2017

29. FINANCIAL INSTRUMENTS

The Agency is exposed to credit and liquidity risks from its financial instruments. Qualitative and quantitative analysis of

(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 \$604,393 (2016 - \$349,987).

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 risk. At March 31, 2017, 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 risk 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 \$1,346,188 (2016 \$2,817,459) and financial liabilities are \$3,906,134 (2016 - \$3,723,159). The agency has disclosed future financial liabilities and commitments in Note 22.

Tlcho Community Services Agency
Notes to the Financial Statements
March 31, 2017

30. EXPENSES BY OBJECT

	<u>2017</u>	<u>2016</u>
HEALTH		
<u>Compensation</u>		
Severance and Superannuation	\$ (129,705)	\$ 1,306,404
Removal	0	34,166
Salaries and Wages	12,112,057	10,397,520
Other	789,060	719,359
	12,771,412	12,457,450
 <u>Other</u>		
Grants and contributions	1,139,723	1,107,406
Valuation Allowances	0	0
Medical and Surgical Supplies	356,175	370,448
Amortization	23,778	23,778
Contracted & General Services	1,993,561	1,773,882
Other	636,079	557,786
	4,149,315	3,833,299
	\$ 16,920,727	\$ 16,290,749
 EDUCATION		
Compensation	\$ 15,119,663	\$ 15,414,741
Other	3,140,796	3,204,991
	\$ 18,260,459	\$ 18,619,732
 OTHER		
Compensation	\$ -	\$ -
Other	230,596	273,272
	\$ 230,596	\$ 273,272
 OVERALL		
Compensation	\$ 27,891,075	\$ 27,872,191
Other	7,520,707	7,311,562
	\$ 35,411,782	\$ 35,183,753

**Tlcho Community Services Agency
Health and Social Services
Schedule A
Schedule of Contributions from the GNWT
For the year ended March 31, 2017**

	Budget (Unaudited)	Actual 2017	Actual 2016
Contributions from the GNWT			
Department of Health and Social Services			
Core Contribution Department of Health			
Administration	\$ 700,000	\$ 700,000	\$ 700,000
Finance	173,000	173,000	173,000
System Support	68,000	53,000	88,074
Human Resources	-	-	75,000
Community Clinics & Health Centres	6,207,000	6,231,000	6,243,000
Community Mental Health & Addictions	973,000	973,000	973,000
Health Promotion & Community Wellness	315,000	315,000	312,000
Homecare & Support Services	697,000	697,000	697,000
Residential Care Children & Adults	2,813,000	2,636,000	2,813,000
Child & Family Services	2,016,000	2,549,000	2,016,000
Family Violence	31,000	31,000	31,000
Protective Services	-	-	-
Foster Care	-	-	-
Medical Travel	458,000	458,000	458,000
	<u>14,451,000</u>	<u>14,816,000</u>	<u>14,579,074</u>
Enhanced Home Care - Schedule A -1	430,000	437,961	421,003
Victims of Family Violence - Schedule A-2	-	30,107	-
On the Land - Schedule A -3	-	-	125,000
Mental Health First Aid Training - Schedule A-4	-	12,715	-
Assist - Schedule - A-5	-	17,978	0
	<u>-</u>	<u>17,978</u>	<u>0</u>
Total Contributions from the GNWT	<u>\$14,881,000</u>	<u>\$15,314,760</u>	<u>\$15,125,077</u>

Tlcho Community Services Agency
Schedule A-1
Schedule of Detailed Contribution Funding and Expense
Home and Community Care Enhancement - (HSS01-000002214)
Health & Social Services - GNWT
For the year ended March 31, 2017

Enhanced Home Care	Budget (Unaudited)	Actual 2017	Actual 2016
Funding			
GNWT - Department of Health & Social Services	\$ 430,000	\$ 437,961	\$ 421,003
Contributions Repayable	-	-	-
A/R GNWT	-	-	-
	<u>430,000</u>	<u>437,961</u>	<u>421,003</u>
Regional Home Care			
Salaries	387,453	397,899	391,226
Materials and Supplies	4,000	2,413	6,822
Gasoline	3,000	1,987	1,162
Food	8,000	6,000	6,639
Vehicle Maintenance	3,500	4,000	-
Medical and Surgical Supplies	4,000	4,000	3,250
Delivery and Courier	2,500	855	70
Telephone	1,000	1,080	990
Travel	8,000	11,141	9,745
Equipment Maintenance	1,000	-	500
Minor Equipment	3,000	1,433	-
Contract Services	4,547	600	3,317
PIECES Training	-	-	-
Functional Fitness for Falls Training	-	1,415	-
Continuing Care Manager - Supervisor Travel	-	5,138	-
Total Regional Home Care	<u>430,000</u>	<u>437,961</u>	<u>423,720</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,717)</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, 2017

	Budget (Unaudited)	Actual 2017	Actual 2016
Funding			
GNWT	\$ -	\$ 30,107	\$ -
	<u>-</u>	<u>30,107</u>	<u>-</u>
Expenses			
Materials & Supplies	-	261	-
Travel	-	2,873	-
Rental	-	14,927	-
Contracted Services	-	10,612	-
Administration cost	-	1,434	-
	<u>-</u>	<u>30,107</u>	<u>-</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
On the Land
For the year ended March 31, 2017

	Budget	Actual 2017	Actual 2016
	(Unaudited)		
Funding			
GNWT	\$ -	\$ -	125,000
	<u>-</u>	<u>-</u>	<u>125,000</u>
Expenses			
Salaries & Benefits	-	-	54,536
Materials and Supplies	-	-	15,306
Client Travel	-	-	-
Contracted Services	-	-	64,758
	<u>-</u>	<u>-</u>	<u>134,600</u>
Excess Funding over Expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,600)</u>

Tlicho Community Services Agency
Schedule A-4
Schedule of Detailed Contribution Funding and Expenses
Mental Health First Aid for Northern Peoples Tlicho Region
For the year ended March 31, 2017

	Budget (Unaudited)	Actual 2017	Actual 2016
Funding			
GNWT Contribution	-	12,715	-
	-	12,715	-
Expenses			
Facilitator Cost	-	1,726	-
Materials & Supplies	-	2,841	-
Travel	-	4,543	-
Rental	-	3,000	-
Administration cost	-	606	-
	-	12,715	-
Excess Funding over Expense	\$ -	\$ 0	\$ -

Tlcho Community Services Agency
Schedule A-5
Schedule of Detailed Contribution Funding and Expenses
Applied Suicide Intervention Skills Training (ASIST) Tlcho Region
For the year ended March 31, 2017

	Budget (Unaudited)	Actual 2017	Actual 2016
Funding	-	17,978	-
GNWT Contribution	-	17,978	-
Expenses	-	2,496	-
Facilitator Cost	-	8,336	-
Materials & Supplies	-	3,790	-
Travel	-	2,500	-
Rental	-	856	-
Administration csot	-	17,978	-
	\$	-	\$
Excess Funding over Expense	-	0	-

**Tlich Community Services Agency
Health and Social Services
Schedule B
Health Schedule of Reserves
For the year ended March 31, 2017**

	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.

Tlicho Community Services Agency
Schedule C
Education Division
Schedule of Expenses
For the year ended March 31, 2017

	School Programs	Inclusive Schooling	Infrastructure	Administration	Aboriginal Languages	Other Projects	Totals
Salaries							
Teachers	\$ 7,770,219	570,324			904,188		9,244,731
Inst Asst.		1,267,779			239,109		1,506,889
Non-Inst Staff	2,231,230	492,850		722,046	424,294	138,212	4,008,631
Brd Honoraria				39,102			39,102
Employee Benefits							
Benefits/Allow Leave & Term.	61,908		156,334	102,068	-		320,309
							-
Services Purchased / Contracted							
Prof & Tech Serv							-
Office Supp & Admin							-
Postage/Communication	88,229			58,575	1,241		148,046
Utilities							-
Travel/Training	62,247	106,919		73,043	67,385	1,149	310,744
Student Travel						23,306	23,306
Advert/Prntg/Pubshng	3,384				-		3,384
Main/Repair	77				19		96
Rentals/Leases	87,097			9,126	1,968		98,190
Vehicle Expense	112,628	1,489		3,886	7,083		125,086
Equipment Maintenance				251			251
Other	18,247			71,449	106		89,802
Contributed Services	310,411			47,738	78,000		436,149
Contracted Services	149,353	211,537		21,600	167,315	72,988	622,793
Renovations							-
Home Boarding Allowance	60,980						60,980
Materials / Supplies / Freight							
Materials	581,923	62,775		23,557	92,399	417,273	1,177,926
Furniture and Equipment	2,512				1,990		4,502
Freight	37,127	319		1,769	327		39,542
Total Expense	\$ 11,577,571	\$ 2,713,993	\$ 156,334	\$ 1,174,208	\$ 1,985,425	\$ 652,928	\$ 18,260,459

Tlicho Community Services Agency
Education - Contribution Agreements
Schedule C.1
Other Education Contributions
For the year ended March 31, 2017

		2017		2016
		<u>Actual</u>		<u>Actual</u>
Contribution Agreement Revenue				
Aboriginal Language	Schedule C-1	\$ 60,000	\$	60,000
Take a Kid Trapping CJBS	Schedule C-3	8,000		8,000
Take a Kid Trapping EMES	Schedule C-4	8,000		8,000
Take a Kid Trapping JWGS	Schedule C-5	8,000		8,000
Take a Kid Trapping MEZI	Schedule C-6	8,000		8,000
Food First Foundation JWGS	Schedule C-7	10,186		3,334
Snack Program EMES	Schedule C-8	3,689		6,022
Snack Program MEZI	Schedule C-9	7,660		9,841
Snack Program JWGS	Schedule C-10	6,997		3,303
Snack Program AAS	Schedule C-11	778		4,021
Snack Program CJBS (Elem)	Schedule C-12	1,709		-
Snack Program CJBHS	Schedule C-13	8,472		-
Active After School CJBS	Schedule C-14	12,300		12,300
Active After School MEZI	Schedule C-15	17,300		17,300
Mentorship Program MEZI	Schedule C-16	-		8,562
Miscellaneous	Schedule C-17	233,533		260,556
Public Library Services CJBS	Schedule C-18	38,000		38,000
Public Library Services MEZI	Schedule C-19	38,000		38,000
Public Library Services JWGS	Schedule C-20	38,000		38,000
Food First Foundation EMES	Schedule C-21	5,374		3,115
Youth Contribution JWGS	Schedule C-22	-		15,500
Drop the Pop	Schedule C-23	8,625		9,800
Active After School JWGS	Schedule C-24	17,300		17,300
Active After School EMES	Schedule C-25	12,300		11,000
Youth Contribution CJBS	Schedule C-26	5,000		5,000
Food First Foundation (Kitchen Equip) - MEZI Commu	Schedule C-27	-		-
Youth Contribution (Local Sport) - AAS	Schedule C-28	1,100		-
Active After School Program - AAS	Schedule C-29	17,300		15,948
"Not Us" Drug Strategy JWGS	Schedule C-30	-		4,883
Food First Foundation (NWT Taste Makers)	Schedule C-31	1,316		2,234
Literacy CJBS	Schedule C-32	4,900		19,641
E-Learning MEZI	Schedule C-33	-		7,861
School Playground EMES	Schedule C-34	-		24,000
Youth Contribution-Vancouver CJBS	Schedule C-35	-		4,000
Youth Contribution--Canoe MEZI	Schedule C-36	-		5,000
Youth Contribution-YK Trip MEZI	Schedule C-37	-		5,000
Youth Contribution-China Trip JWGS	Schedule C-38	-		4,000
Yoga Fitness JWGS	Schedule C-39	1,363		2,223
Public Library Services EMES	Schedule C-40	38,000		38,000
Fourth R	Schedule C-41	-		-
Safe & Caring	Schedule C-42	-		5,000
		\$ 621,201	\$	730,742

Contribution Agreement Expenditures

Aboriginal Language	Schedule C-1	\$ 69,327	\$ 60,070
Take a Kid Trapping CJBS	Schedule C-3	8,020	7,967
Take a Kid Trapping EMES	Schedule C-4	8,012	8,008
Take a Kid Trapping JWGS	Schedule C-5	7,998	8,000
Take a Kid Trapping MEZI	Schedule C-6	8,018	8,029
Food First Foundation JWGS	Schedule C-7	12,174	3,334
Snack Program EMES	Schedule C-8	3,689	6,142
Snack Program MEZI	Schedule C-9	7,660	10,175
Snack Program JWGS	Schedule C-10	6,891	3,303
Snack Program AAS	Schedule C-11	778	4,021
Snack Program CJBS (Elem)	Schedule C-12	1,709	-
Snack Program CJBHS	Schedule C-13	8,472	-
Active After School CJBS	Schedule C-14	12,307	12,304
Active After School MEZI	Schedule C-15	17,304	17,304
Mentorship Program MEZI	Schedule C-16	-	8,702
Miscellaneous	Schedule C-17	253,163	261,141
Public Library Services CJBS	Schedule C-18	38,153	39,546
Public Library Services MEZI	Schedule C-19	38,009	37,996
Public Library Services JWGS	Schedule C-20	38,122	38,073
Food First Foundation EMES	Schedule C-21	5,374	3,115
Youth Contribution JWGS	Schedule C-22	-	15,500
Drop the Pop	Schedule C-23	8,618	10,082
Active After School JWGS	Schedule C-24	17,319	17,237
Active After School EMES	Schedule C-25	12,300	10,813
Youth Contribution CJBS	Schedule C-26	5,000	5,000
Youth Contribution MEZI	Schedule C-27	-	-
Take a Kid Harvesting CJBS	Schedule C-28	1,149	-
Take a Kid Harvesting EMES	Schedule C-29	17,304	15,948
"Not Us" Drug Strategy JWGS	Schedule C-30	-	5,009
Food First Foundation (NWT Taste Makers)	Schedule C-31	1,233	2,209
Literacy CJBS	Schedule C-32	5,300	20,085
E-Learning MEZI	Schedule C-33	-	7,861
School Playground EMES	Schedule C-34	-	26,498
Youth Contribution-Vancouver CJBS	Schedule C-35	-	4,000
Youth Contribution--Canoe MEZI	Schedule C-36	-	4,916
Youth Contribution-YK Trip MEZI	Schedule C-37	-	4,992
Youth Contribution-China Trip JWGS	Schedule C-38	-	4,800
Yoga Fitness JWGS	Schedule C-39	1,363	2,223
Public Library Services EMES	Schedule C-40	38,163	38,019
Forth R	Schedule C-41	-	9,003
Safe & Caring	Schedule C-42	-	4,844
		\$ 652,928	\$ 746,267
Excess Funding over Expenses		\$ (31,727)	\$ (15,524)

Tlicho Community Services Agency
Schedule C-1
Schedule of Specific Program - Aboriginal Languages
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT Contributions	-	\$ 60,000	60,000
Expenses			
Materials & Supplies	-	67,031	46,545
Training & Development	-	-	399
Contract Services	-	2,297	13,126
	-	69,327	60,070
Excess Funding over Expense	-	(9,327)	(70)

Tlicho Community Services Agency
C-2
Schedule of Specific Program - Education Infrastructure
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Personnel Infrastructure			
Funding			
GNWT Regular Contribution	200,000	34,401	222,119
Funding Adjustment			
	<u>200,000</u>	<u>34,401</u>	<u>222,119</u>
Expenses			
Staffing:			
Advertising	-	-	-
Hiring Expenses	-	-	-
Employee Benefits:			
Removal In/Transfer	110,000	61,564	50,618
Ultimate Removal	-	-	-
Medical Travel Assistance	-	-	-
Dental Premiums	-	-	-
Family Assistance Program	-	-	-
WCB	90,000	94,770	100,742
Total Expenses	<u>200,000</u>	<u>156,334</u>	<u>151,360</u>
Surplus (Deficit)	-	(121,933)	70,759
Utilities and Leases			
Funding			
GNWT Regular Contribution	-	-	-
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)	-	-	-
Excess Funding over Expense	<u>-</u>	<u>(121,933)</u>	<u>70,759</u>

Tlichho Community Services Agency
Schedule C-3
Schedule of Detailed Contribution Funding and Expenses
Take a Kid Trapping Program - CJBS
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT, ITI	-	8,000	8,000
		8,000	8,000
Expenses			
Materials & Supplies	-	5,420	2,767
Gasoline	-	-	-
Contract Services	-	2,600	5,200
	-	8,020	7,967
Excess Funding over Expenses	-	(20)	33

Tlicho Community Services Agency
Schedule C-4
Schedule of Detailed Contribution Funding and Expenses
Take a Kid Trapping Program - EMES
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT, ITI	-	8,000	8,000
	-	8,000	8,000
Expenses			
Materials & Supplies	-	2,656	5,058
Gasoline	-	506	-
Contract Services	-	4,850	2,950
	-	8,012	8,008
Excess Funding over Expense	-	(12)	(8)

Tlicho Community Services Agency
Schedule C-5
Schedule of Detailed Contribution Funding and Expenses
Take a Kid Trapping Program - JWGS
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT, ITI	-	8,000	8,000
	-	8,000	8,000
Expenses			
Materials & Supplies	-	2,198	3,700
Food	-	-	-
Contract Services	-	5,800	4,300
	-	7,998	8,000
Excess Funding over Expense	-	2	-

Tlicho Community Services Agency
Schedule C-6
Schedule of Detailed Contribution Funding and Expense
Take a Kid Trapping Program - MEZI
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT, ITI	-	8,000	8,000
	-	8,000	8,000
Expenses			
Materials & Supplies	-	4,845	1,946
Gasoline	-	1,003	753
Contract Services	-	2,170	5,330
	-	8,018	8,029
Excess Funding over Expense	-	(18)	(29)

Tlcho Community Services Agency
Schedule C-7
Schedule of Detailed Contribution Funding and Expense
Food First Foundation - JWGS
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Food First Foundation	-	6,168	6,101
Food First Foundation (14/15) Deferred	-		1,251
Food First Foundation (15/16) Deferred		4,018	(4,018)
	-	10,186	3,334
Expenses			
Materials & Supplies	-	12,174	3,334
Minor Equipment	-	-	-
	-	12,174	3,334
Excess Funding over Expense	-	(1,988)	-

Tlichho Community Services Agency
Schedule C-8
Schedule of Detailed Contribution Funding and Expenses
Snack Program - EMES
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Breakfast for Learning	-	3,700	5,500
Breakfast for Learning		10,000	
Breakfast for Learning Deferred	-	(10,011)	522
	-	3,689	6,022
Expenses			
Materials & Supplies	-	3,689	6,142
Contract Services	-	-	-
	-	3,689	6,142
Excess Funding over Expense	-	-	(120)

Tlichho Community Services Agency
Schedule C-9
Schedule of Detailed Contribution Funding and Expenses
Snack Program - MEZI
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Breakfast for Learning	-	-	-
Breakfast for Learning	-	8,900	3,500
Breakfast for Learning Deferred	-	(1,240)	6,341
	-	<u>7,660</u>	<u>9,841</u>
Expense			
Materials & Supplies	-	-	6,385
Contract Services	-	7,660	3,790
	-	<u>7,660</u>	<u>10,175</u>
Excess Funding over Expense	-	-	<u><u>(334)</u></u>

Tlich Community Services Agency
Schedule C-10
Schedule of Detailed Contribution Funding and Expenses
Snack Program - JWGS
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Breakfast for Learning	-	3,000	3,400
Breakfast for Learning Deferred		3,997	(3,997)
Breakfast for Learning Deferred (14/15)	-	-	3,900
	-	6,997	3,303
Expenses			
Materials & Supplies	-	6,891	3,303
Minor Equipment	-	-	-
	-	6,891	3,303
Excess Funding over Expense	-	106	-

Tlcho Community Services Agency
Schedule C-11
Schedule of Detailed Contribution Funding and Expenses
Snack Program - Alexis Arrowmaker School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Breakfast for Learning Deferred	-	1,832	(1,832)
Breakfast for Learning	-	2,200	2,900
Breakfast for Learning Deferred	-	(3,253)	2,953
	-	778	4,021
Expenses			
Materials & Supplies	-	778	4,021
Minor Equipment	-	-	-
	-	778	4,021
Excess Funding over Expense	-	-	-

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, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Breakfast for Learning	-	1,700	-
Breakfast for Learning Deferred	-	1,700	(1,700)
Breakfast for Learning	-	(1,691)	1,700
	<hr/>	1,709	-
 Expense			
Materials & Supplies	-	1,709	-
	<hr/>	1,709	-
 Excess Funding over Expense	<hr/> <hr/>	-	-

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, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Breakfast for Learning	-	9,000	
Breakfast for Learning	-	(8,628)	8,100
Breakfast for Learning Deferred	-	8,100	(8,100)
	-	<u>8,472</u>	-
 Expenses			
Materials & Supplies	-	8,472	
Minor Equipment	-	-	-
	-	<u>8,472</u>	-
 Excess Funding over Expense	-	<u>-</u>	<u>-</u>

Tlicho Community Services Agency
Schedule C-14
Schedule of Detailed Contribution Funding and Expenses
Active After School Program - Chief Jimmy Bruneau High School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT North Slave Region MACA	-	12,300	12,300
	-	12,300	12,300
Expenses			
Materials & Supplies	-	12,307	12,304
Minor Equipment	-	-	-
	-	12,307	12,304
Excess Funding over Expense	-	(7)	(4)

Tlicho Community Services Agency
Schedule C-15
Schedule of Detailed Contribution Funding and Expenses
Active After School Program - MEZI Community School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT North Slave Region MACA	-	17,300	17,300
	-	17,300	17,300
Expenses			
Materials & Supplies	-	14,027	8,110
Minor Equipment	-	3,277	9,194
	-	17,304	17,304
Excess Funding over Expenses	-	(4)	(4)

Tlicho Community Services Agency
Schedule C-16
Schedule of Detailed Contribution Funding and Expenses
Mentorship Program - MEZI Community School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT (Deferred)	-	-	8,562
	-	-	8,562
Expenses			
Materials & Supplies	-	-	478
Travel	-	-	8,224
	-	-	8,702
Excess Funding over Expense	-	-	(140)

Tlicho Community Services Agency
Schedule C-17
Schedule of Detailed Contribution Funding and Expenses
Miscellaneous
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
CJBS Miscellaneous	-	8,896	51,253
CJBS Miscellaneous (Deferred)	-	37,993	(37,993)
CJBS Miscellaneous (Deferred)	-	-	3,807
CJBS Cultural Program (BHP & Ekati)	-	25,000	25,000
CJBS Cultural Program (BHP & Ekati)	-	(25,000)	17,435
MEZI Miscellaneous	-	2,000	10,500
MEZI Miscellaneous (Deferred)	-	10,500	(10,500)
MEZI Fundraising	-	-	16,958
MEZI Fundraising (Deferred)	-	13,295	(13,295)
MEZI Cultural Program (BHP & Ekati)	-	25,000	23,500
MEZI Cultural Program (BHP Billiton) Deferred	-	10,277	(10,277)
MEZI Cultural Program (BHP Billiton) Deferred	-	(25,105)	51,232
JWGS Miscellaneous	-	26	11,125
JWGS Miscellaneous (Deferred)	-	-	1,750
JWGS Miscellaneous (Deferred)	-	9,471	(9,471)
JWGS Fundraising	-	4,080	29,486
JWGS Fundraising (Deferred)	-	-	6,495
JWGS Fundraising (Deferred)	-	1,461	(1,461)
JWGS Literacy	-	-	1,368
JWGS Literacy (Deferred)	-	1,368	(1,368)
JWGS Cultural Program (BHP & Ekati)	-	25,000	25,000
JWGS Cultural Program (BHP & Ekati) (Deferred)	-	(18,728)	-
JWGS Cultural Program (BHP & Ekati)	-	-	4,802
EMES Miscellaneous	-	10,611	21,171
EMES Miscellaneous (Deferred)	-	17,687	(17,687)
EMES Miscellaneous (Deferred)	-	-	5,181
EMES Literacy (Tlicho Government)	-	5,000	-
EMES Literacy (Tlicho Government) Deferred	-	(2,491)	-
EMES Cultural Program (BHP & Ekati)	-	25,000	25,000
EMES Cultural Program (BHP & Ekati) Deferred	-	18,121	(18,121)
EMES Cultural Program (BHP & Ekati) Deferred	-	(19,074)	19,184
AAS Miscellaneous	-	6,826	13,665
AAS Miscellaneous (Deferred)	-	7,525	(7,525)
AAS Miscellaneous (Deferred)	-	(13,213)	1,192
AAS Cultural Program (BHP & Ekati)	-	25,000	25,000
AAS Cultural Program (BHP & Ekati) Deferred	-	70,288	(70,288)
AAS Cultural Program (BHP & Ekati) Deferred	-	(38,281)	68,437
Aboriginal Language (Tlicho Government)	-	15,000	-
	-	233,533	260,556
Expenses			
CJBS Miscellaneous	-	54,005	17,068
CJBS Cultural Program (BHP & Ekati)	-	-	42,511
MEZI Miscellaneous	-	12,311	-
MEZI Fundraising	-	16,228	3,663
MEZI Cultural Program (BHP & Ekati)	-	10,172	64,456
JWGS Miscellaneous	-	9,639	3,404
JWGS Fundraising	-	6,750	34,520
JWGS Literacy	-	1,270	-
JWGS Cultural Program (Ekati)	-	6,272	30,311
EMES Miscellaneous	-	33,985	8,665
EMES Literacy (Tlicho Government)	-	2,509	-
EMES Cultural Program (BHP & Ekati)	-	24,047	26,063
AAS Miscellaneous	-	1,138	7,332
AAS Cultural Program (BHP & Ekati)	-	57,007	23,148
Aboriginal Language (Tlicho Government)	-	17,829	-
	-	253,163	261,141
Excess Funding over Expense	-	(19,630)	(585)

Tlicho Community Services Agency
Schedule C-18
Schedule of Detailed Contribution Funding and Expenses
Public Library Services - Chief Jimmy Bruneau School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT ECE	-	38,000	38,000
	-	38,000	38,000
Expenses			
Salaries & Benefits	-	38,153	39,546
Materials & Supplies	-	-	-
Contract Services	-	-	-
	-	38,153	39,546
Excess Funding over Expense	-	(153)	(1,546)

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, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT ECE	-	38,000	38,000
	-	38,000	38,000
Expenses			
Salaries & Benefits	-	27,589	33,142
Materials & Supplies	-	10,420	4,854
Contract Services	-	-	-
	-	38,009	37,996
Excess Funding over Expense	-	(9)	4

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, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT ECE	-	38,000	38,000
	-	38,000	38,000
Expenses			
Salaries & Benefits	-	35,124	36,002
Materials & Supplies	-	2,998	2,070
Contract Services	-	-	-
	-	38,122	38,073
Excess Funding over Expense	-	(122)	(73)

Tlicho Community Services Agency
Schedule C-21
Schedule of Detailed Contribution Funding and Expense
Food First Foundation - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Food First Foundation	-	5,781	3,334
Food First Foundation - (to) / from deferred (2015/2016)	-	219	(219)
Food First Foundation (16/17 deferred)	-	(626)	-
	-	5,374	3,115
Expenses			
Materials & Supplies	-	5,374	3,115
Minor Equipment	-	-	-
	-	5,374	3,115
Excess Funding over Expense	-	-	-

Tlicho Community Services Agency
Schedule C-22
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Skiing) - Jean Wetrade Gameti School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT North Slave Region MACA	-	-	15,500
GNWT North Slave Region MACA (Payable)	-	-	-
	-	-	15,500
Expenses			
Travel	-	-	15,500
Minor Equipment	-	-	-
	-	-	15,500
Excess Funding over Expense	-	-	-

Tlicho Community Services Agency
Schedule C-23
Schedule of Detailed Contribution Funding and Expenses
Drop the Pop
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT HSS - CJBS	-	1,725	2,400
GNWT HSS - MEZI	-	2,013	2,100
GNWT HSS - JWGS	-	1,438	1,500
GNWT HSS - EMES	-	2,300	2,200
GNWT HSS - Wekweeti	-	1,150	1,600
	<hr/>	8,625	9,800
Expenses			
Materials & Supplies - CJBS	-	1,722	2,400
Materials & Supplies - MEZI	-	1,352	2,058
Contracted Services - MEZI		640	-
Materials & Supplies - JWGS	-	1,437	1,497
Materials & Supplies - EMES	-	1,266	2,261
Contracted Services - EMES		1,050	-
Materials & Supplies - Wekweeti	-	1,150	1,867
	<hr/>	8,618	10,082
Excess Funding over Expense	<hr/> <hr/>	7	(282)

Tlicho Community Services Agency
Schedule C-24
Schedule of Detailed Contribution Funding and Expenses
Active After School Program - Jean Wetrade Gameti School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT North Slave Region MACA	-	17,300	17,300
	-	17,300	17,300
Expenses			
Materials & Supplies	-	17,319	17,237
Minor Equipment	-	-	-
	-	17,319	17,237
Excess Funding over Expense	-	(19)	63

Tlicho Community Services Agency
Schedule C-25
Schedule of Detailed Contribution Funding and Expenses
Active After School Program - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT North Slave Region MACA	-	12,300	11,000
	-	12,300	11,000
Expenses			
Materials & Supplies	-	12,300	10,813
Contract Services	-	-	-
	-	12,300	10,813
Excess Funding over Expense	-	-	187

Tlicho Community Services Agency
Schedule C-26
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Music) - Chief Jimmy Bruneau School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT North Slave Region MACA	-	5,000	5,000
	-	5,000	5,000
Expenses			
Travel	-	1,000	-
Contract Services	-	4,000	5,000
	-	5,000	5,000
Excess Funding over Expense	-	-	-

Tlicho Community Services Agency
Schedule C-27
Schedule of Detailed Contribution Funding and Expenses
Food First Foundation (Kitchen Equip) - MEZI Community School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Food First Foundation	-	1,200	-
Food First Foundation Deferred		(1,200)	
	-	-	-
Expenses			
Materials & Supplies	-	-	-
Travel	-	-	-
Contract Services	-	-	-
	-	-	-
Excess Funding over Expense	-	-	-

Tlicho Community Services Agency
Schedule C-28
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Local Sport) - Alexis Arrowmaker School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT, MACA	-	1,100	-
	-	1,100	-
Expenses			
Materials & Supplies	-	1,149	-
Contract Services	-	-	-
	-	1,149	-
Excess Funding over Expense	-	(49)	-

Tlicho Community Services Agency
Schedule C-29
Schedule of Detailed Contribution Funding and Expenses
Active After School Program - Alexis Arrormaker School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT North Slave Region MACA	-	17,300	17,300
GNWT North Slave Region MACA, Payable	-	-	(1,352)
	-	17,300	15,948
Expenses			
Materials & Supplies	-	16,914	15,948
Minor Equipment	-	390	-
Contract Services	-	-	-
	-	17,304	15,948
Excess Funding over Expense	-	(4)	-

Tlicho Community Services Agency
Schedule C-30
Schedule of Detailed Contribution Funding and Expenses
"Not Us" Drug Strategy - Jean Wetrade Gameti School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT, Justice	-	-	5,000
GNWT, Justice (14/15 repayable)	-	-	(117)
	<hr/>	<hr/>	<hr/> 4,883
Expenses			
Materials & Supplies	-	-	5,009
	<hr/>	<hr/>	<hr/> 5,009
Excess Funding over Expense	<hr/>	<hr/>	<hr/> (126)

Tlicho Community Services Agency
Schedule C-31
Schedule of Detailed Contribution Funding and Expense
NWT Taste Makers - Food First Foundation
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Food First (NWT Taste Makers)	-	1,142	2,226
Food First (NWT Taste Makers) Deferred	-	(1,022)	1,204
Food First (NWT Taste Makers) Deferred	-	1,196	(1,196)
	-	1,316	2,234
Expenses			
Chief Jimmy Bruneau School	-	-	998
MEZI Community School	-	-	-
Jean Wetrade Gameti School	-	-	-
Alexis Arrowmaker School	-	1,233	1,212
	-	1,233	2,209
Excess Funding over Expense	-	83	25

Tlicho Community Services Agency
Schedule C-32
Schedule of Detailed Contribution Funding and Expenses
Literacy - Chief Jimmy Bruneau High School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
NWT Literacy	-	4,900	2,100
Diavik Diamond Mines (Deferred)	-	-	17,541
	-	4,900	19,641
Expenses			
Materials & Supplies	-	5,300	19,885
Contract Services	-	-	200
	-	5,300	20,085
Excess Funding over Expense	-	(400)	(444)

Tlich Community Services Agency
Schedule C-33
Schedule of Detailed Contribution Funding and Expenses
E-Learning - MEZI Community School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Beaufort Delta Education Council	-	-	-
Beaufort Delta Ed. Council, Deferred	-	-	44,408
Beaufort Delta Ed. Council, Payable	-	-	(36,547)
	<hr/>	<hr/>	<hr/>
	-	-	7,861
Expenses			
Salaries & Benefits	-	-	7,221
Contract Services	-	-	640
	<hr/>	<hr/>	<hr/>
	-	-	7,861
Excess Funding over Expense	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	-	-	-

Tlcho Community Services Agency
Schedule C-34
Schedule of Detailed Contribution Funding and Expenses
School Playground - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT, ECE	-	-	24,000
	-	-	24,000
Expenses			
Materials & Supplies	-	-	26,498
Contract Services	-	-	-
	-	-	26,498
Excess Funding over Expense	-	-	(2,498)

Tlicho Community Services Agency
Schedule C-35
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Vancouver Trip) - Chief Jimmy Bruneau School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT North Slave Region MACA	-	-	4,000
	-	-	4,000
Expenses			
Travel	-	-	4,000
Contract Services	-	-	-
	-	-	4,000
Excess Funding over Expense	-	-	-

Tlicho Community Services Agency
Schedule C-36
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (Canoe) - MEZI Community School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT North Slave Region MACA	-	-	5,000
	-	-	5,000
Expenses			
Materials & Supplies	-	-	1,477
Travel	-	-	1,839
Contract Services	-	-	1,600
	-	-	4,916
Excess Funding over Expense	-	-	84

Tlicho Community Services Agency
Schedule C-37
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (YK Trip) - MEZI Community School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT North Slave Region MACA	-	-	5,000
	-	-	5,000
Expenses			
Travel	-	-	4,677
Contract Services	-	-	315
	-	-	4,992
Excess Funding over Expense	-	-	8

Tlicho Community Services Agency
Schedule C-38
Schedule of Detailed Contribution Funding and Expenses
Youth Contribution (China Trip) - Jean Wetrade Gameti School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT North Slave Region MACA	-	-	4,000
	-	-	4,000
Expenses			
Materials & Supplies	-	-	-
Travel	-	-	4,800
	-	-	4,800
Excess Funding over Expense	-	-	(800)

Tlicho Community Services Agency
Schedule C-39
Schedule of Detailed Contribution Funding and Expenses
Yoga Fitness - Jean Wetrade Gaemti School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
NWT, Minister Responsible for Women	-	4,000	3,000
NWT, Minister Responsible for Women (Deferred)		(3,414)	(777)
NWT, Minister Responsible for Women (Deferred)	-	777	
	<hr/>	1,363	2,223
Expenses			
Materials & Supplies	-	1,363	2,223
Contract Services	-	-	-
	<hr/>	1,363	2,223
Excess Funding over Expense	<hr/> <hr/>	-	-

Tlicho Community Services Agency
Schedule C-40
Schedule of Detailed Contribution Funding and Expenses
Public Library Services - Elizabeth Mackenzie Elementary School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT ECE	-	38,000	38,000
	-	38,000	38,000
Expenses			
Salaries & Benefits	-	37,346	38,019
Materials & Supplies	-	817	-
Contract Services	-	-	-
	-	38,163	38,019
Excess Funding over Expense	-	(163)	(19)

Tlicho Community Services Agency
Schedule C-41
Schedule of Detailed Contribution Funding and Expenses
Fourth R - CAMH
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
Centre for Addiction & Mental Health	-	-	-
	-	-	-
Expenses			
Training & Development	-	-	9,003
Materials & Supplies	-	-	-
Contract Services	-	-	-
	-	-	9,003
Excess Funding over Expense	-	-	(9,003)

Tlicho Community Services Agency
Schedule C-42
Schedule of Detailed Contribution Funding and Expenses
Safe & Caring School - Chief Jimmy Bruneau School
For the year ended March 31, 2017

	<u>2017</u> <u>Budget</u>	<u>2017</u> <u>Actual</u>	<u>2016</u> <u>Actual</u>
Funding			
GNWT, ECE	-	-	5,000
	-	-	5,000
Expenses			
Materials & Supplies	-	-	1,731
Training & Development	-	-	3,112
	-	-	4,844
Excess Funding over Expense	-	-	156

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Financial Statements

March 31, 2017

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

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March 31, 2017

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Management Discussion and Analysis

Introduction

In preparation of the 2016-2017 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 NTHSSA management and the Northwest Territories Leadership Council (Leadership Council).

On August 1, 2016, under amendments to the *Hospital Insurance and Health and Social Services Administration Act*, the Government of the Northwest Territories (GNWT) established the NTHSSA by amalgamating six former independent Health and Social Services Authorities (HSSAs) in the Northwest Territories (NWT). The six authorities were:

- Beaufort Delta Health and Social Services Authority
- Dehcho Health and Social Services Authority
- Fort Smith Health and Social Services Authority
- Sahtu Health and Social Services Authority
- Yellowknife Health and Social Services Authority
- Stanton Territorial Health Authority

The staff, management, leadership and operations of the former HSSAs were combined on August 1, 2016, with a goal to promote efficient, effective and consistent healthcare and social services delivery to the people 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. The NTHSSA is also responsible for the operation of the Stanton Territorial Hospital.

As an agency of the GNWT, 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 NTHSSA operates under the vision statement and guiding principles that steered the transformation of the NWT Health and Social Service System:

VISION

Best Health, Best Care, for a Better Future.

GUIDING PRINCIPLES

- ***A focus on the patient/client,***
- ***Safe quality care,***
- ***Supporting individuals and families to stay healthy,***
- ***Building a sustainable system,***
- ***Ensuring regions have a voice at the territorial level,***
- ***Ensuring equitable access to care and services,***
- ***Respects diversity and all cultures.***

The NWT HSS Leadership Council (Leadership Council) is the board of management for the NTHSSA. The Leadership Council provides overall leadership to the NTHSSA and helps facilitate the NTHSSA's legislated 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.

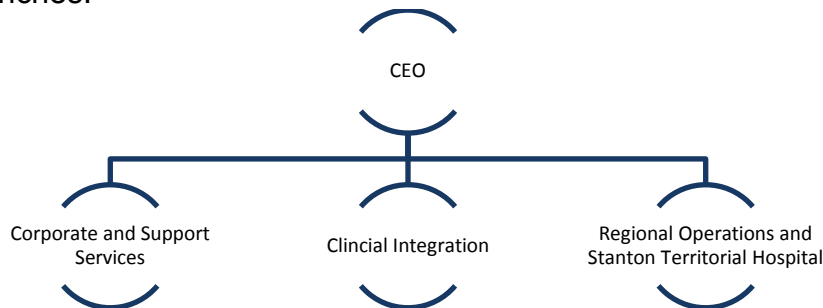
The Leadership Council is made up of nine (9) members; a Chairperson as appointed by the Minister, the chairperson of each Regional Wellness Council (6); the chairperson of the Tłı̄ch̄q Community Services Agency; and the Deputy Minister of the Department of Health and Social Services (ex-officio and non-voting).

Each of the regions comprising the NTHSSA has a Regional Wellness Council that acts in an advisory capacity, promoting activities that support service delivery for the health and well-being of patients, clients, and families.

The 2016-17 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 (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's organizational structure includes the CEO's office (Chief Medical Information Officer, Strategic Human Resources Planning and Physician Services) and three operational branches:

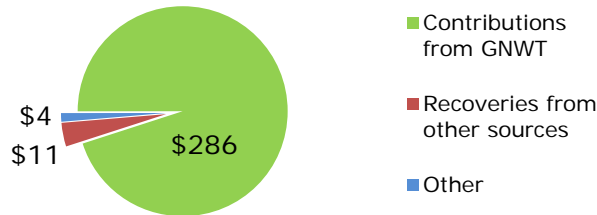


Financial Overview

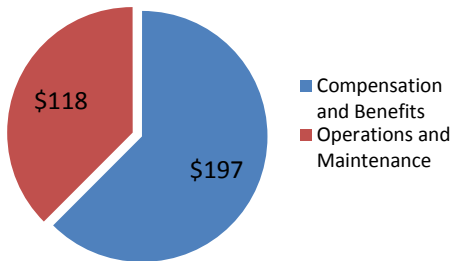
NTHSSA's overall revenue and expenses are summarized in the following 2017 charts:

Revenue (millions)

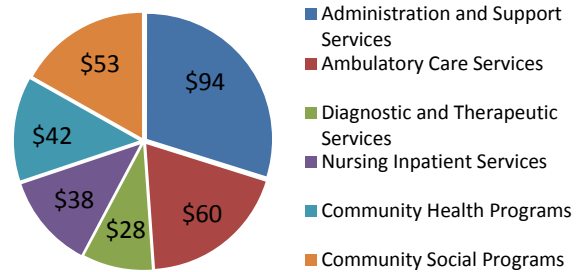
Total revenue = \$301 Million



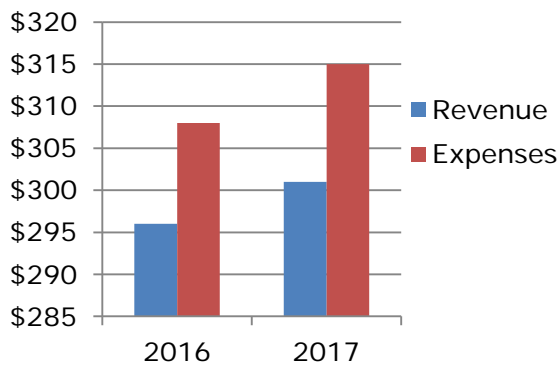
Expense by Object (millions)



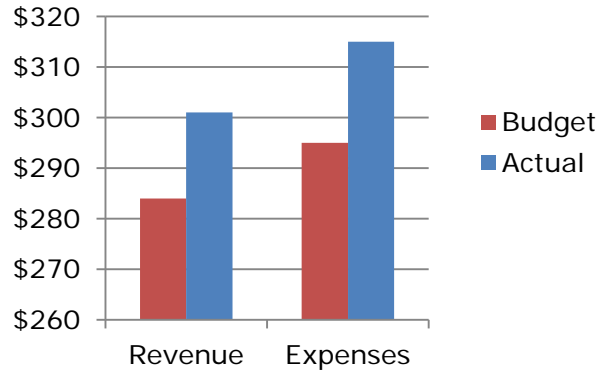
Expense by Program (millions)



Year over Year (millions)



Operating Actual to Budget (millions)



Actual revenue was approximately \$17 million higher than budgeted due predominately to higher than anticipated recoveries from the GNWT and Nunavut. Actual expenses were approximately \$20 million higher than budgeted, stemming largely from an increase in demand for ambulatory care 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 \$14.2 million for 2016-2017.

Operating Environment

The NTHSSA provides health and social services in the 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 NWT Health and Social Services System Transformation initiative 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"> • Ability 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 • Sharing 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

Robust, well-documented systems and processes continue to be formulated and updated to ensure NTHSSA delivers services of consistent quality across all regions. Regions also continue to develop protocols 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 knowledge and work in locations where temporary short-term assistance is required.

Addressing Weaknesses

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.

NTHSSA leadership remains cognizant of the level of overtime required to meet service level demands and the resultant fiscal pressures. NTHSSA leadership is reviewing overtime across all regions with the goal of determining causes and implementing changes that would maintain the level of care and service delivery while effectively managing and minimizing the overtime risk.

Capturing Opportunities

Quality improvement processes have been adopted by the NTHSSA, including the leadership framework for change: 'Quality as a Business Strategy', to guide leadership and senior managers in effectively participating in HSS system transformation and continuous quality improvement activities. Coupled with this, the NTHSSA is pursuing a vision of 'best care', aimed to ensure that care and services are responsive to the needs of children, individuals, families and communities. Providing best care involves focusing not only on quality services, but learning from patient experience.

The NTHSSA is currently working through the accreditation process with Accreditation Canada, including regions not previously accredited. This process will help improve quality, safety and efficiency of programs and services.

Mitigating Risks

NTHSSA is committed to delivering the operational mandate in a manner respectful of the fiscal environment of the GNWT. The recent amalgamation of NWT HSSAs and establishment of the NTHSSA continues to provide opportunities to realign services and care across the six regions that will improve health outcomes for patients, clients and families, improve patient and client experience and improve organizational performance by reducing overall costs.

NTHSSA continues to be a workplace of choice for health care and social services professionals, and pursues the NTHSSA Human Resources Strategic Plan in their effort to attract and retain qualified employees.

Financial Condition

As at March 31, 2017 NTHSSA incurred an operating deficit of \$14.2 million, which was \$3.4 million more than the budgeted operating deficit of \$10.8 million. This increased NTHSSA's accumulated deficit to \$76.1 million. For a detailed review of NTHSSA's financial condition, refer to the Statement of Financial Position and Statement of Operations and Accumulated Deficit.

	2017 Actual	2016 Actual
Accumulated (deficit) closing	(76,122,929)	(61,946,910)
Accumulated (deficit) opening	61,946,910	50,824,348
Annual (deficit)	(14,176,019)	(11,122,562)
Prior year funding received	127,487	757,986
Recovery of prior year expenses	1,603,046	-
Employee future benefits reserve	131,218	131,218
Unfunded items - Employee future benefit liability	13,368,822	13,744,729
Change in Employee future benefit	(375,907)	2,167,511



There are a number of factors that contributed to NTHSSA's accumulated deficit. The most significant being the unfunded increases to provisions within the 2012-2016 Collective Agreement between the Union of Northern Workers (UNW) and the GNWT. These unfunded increases include relocation, ultimate removal, responsibility pay, rest periods, maternity/paternity leave benefits, severance and the buyback of pensionable service. There also remains an increasing requirement to incur overtime in order to adequately provide the requisite health care and social services expected by NWT residents. For 2016-2017, overtime and call-back costs totaled \$1.1 million, an increase of 5% from 2015-2016.

Summary and Outlook

The 2016-2017 fiscal year saw the successful establishment of the NTHSSA, transitioning from six HSSA authorities into one territorial health and social services authority. During the first seven months of operations the focus was on organizational, architectural and core service stabilization; alignment with the Department's strategic plan, and the continued provision of quality care and services. Significant changes were made in how the organization was structured at the leadership level, and attention has now turned to supporting staff through changes that will be made to improve care and service delivery.

NTHSSA's continued focus will be on building an organization that operates using a true client/patient, family and community centered care model that underpins service delivery. Much of the work to support this change is being completed through the implementation of 'Quality as a Business Strategy' which provides a set of activities to guide NTHSSA leadership to effectively participate in ongoing system transformation and continuous improvement activities.

Improving quality within the system is a responsibility held by all NTHSSA staff. Supporting and strengthening the team will enhance the patient/client experience and lead to better health and a better future for all NWT residents.



CEO

10 October 2017

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

Kevin Taylor
Executive Director, Corporate and Support Services

10 October 2017



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 2017, 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 2017, 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 a net loss of \$14.2 million during the year ended 31 March 2017 and, as of that date, the Authority's liabilities exceeded its total assets by \$76.1 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.

Other Matter

Comparative information presented in these financial statements for the year ended 31 March 2016 is unaudited.



David Irving, CPA, CA
Principal
for the Auditor General of Canada

10 October 2017
Edmonton, Canada

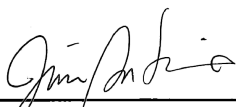
NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Statement of Financial Position


As at March 31,	2017	Unaudited 2016
Financial Assets		
Cash	\$ 4,539,292	\$ 10,012,645
Accounts receivable (note 6)	7,791,480	7,046,484
Due from Government of the Northwest Territories (note 7)	8,888,965	10,507,554
Due from Government of Canada	302,115	335,279
	21,521,852	27,901,962
Liabilities		
Accounts payable and accrued liabilities (note 9)	16,667,253	16,480,089
Due to Government of the Northwest Territories (note 7)	71,635,344	63,598,586
Due to Government of Canada	820	14,277
Other employee future benefits and compensated absences (note 11)	13,368,822	13,744,729
	101,672,239	93,837,681
Net Debt	(80,150,387)	(65,935,719)
Non-Financial Assets		
Inventories held for use (note 8)	2,840,179	2,827,278
Prepaid expenses	1,187,279	1,161,531
	4,027,458	3,988,809
Accumulated Deficit	\$ (76,122,929)	\$ (61,946,910)

Contractual Obligations and Contingencies (note 14 and 15)

Approved on behalf of the Authority



 Jim Antoine
 Leadership Council
 Board Chairperson



 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,	2017		2016
	Budget	Actual	Unaudited Actual
Revenue			
Recoveries from other sources	\$ 7,502,173	\$ 8,477,068	\$ 8,003,613
Recoveries from Nunavut	3,036,900	2,763,536	2,832,371
Recoveries of prior years' expenses	-	1,603,046	-
Contributions from other sources	845,141	899,451	869,541
Other income	815,000	887,683	256,587
Interest income	167,996	138,612	172,015
Total Revenue	12,367,210	14,769,396	12,134,127
Expenses (note 18)			
Administration and support services	86,843,814	94,006,966	88,387,515
Ambulatory care services	60,113,841	60,437,950	58,965,847
Community social programs	52,081,046	53,272,110	52,081,750
Community health programs	37,912,718	41,732,111	41,008,699
Nursing inpatient services	32,966,498	37,729,781	40,063,158
Diagnostic and therapeutic services	24,975,276	27,695,188	27,051,970
Total Expenses	294,893,193	314,874,106	307,558,939
Deficit for the year before Government contributions	(282,525,983)	(300,104,710)	(295,424,812)
Government contributions			
Contributions from Government of the Northwest Territories	\$ 244,959,882	\$ 244,401,527	\$ 244,565,673
Recoveries from Government of the Northwest Territories	17,087,492	20,861,542	20,343,764
Recoveries - non insured health services	9,671,640	12,934,553	11,301,310
Recoveries of prior years' expenses	-	127,487	757,986
Grant-in-kind - Government assets and services provided at no charge (note 13)	-	7,603,582	7,333,517
Total Government contributions	271,719,014	285,928,691	284,302,250
Annual Deficit	(10,806,969)	(14,176,019)	(11,122,562)
Accumulated Deficit, beginning of year	(61,946,910)	(61,946,910)	(50,824,348)
Accumulated Deficit, end of year	\$ (72,753,879)	\$ (76,122,929)	\$ (61,946,910)

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,	2017		Unaudited 2016
	Budget	Actual	Actual
Annual Deficit for the year	\$ (10,806,969)	\$ (14,176,019)	\$ (11,122,562)
Adjustments			
Acquisition of inventories held for use	-	(6,577,536)	(6,395,463)
Consumption of inventories held for use	-	6,564,635	6,151,909
Acquisition of prepaid expenses	-	(1,388,120)	(1,616,922)
Use of prepaid expenses	-	1,362,372	2,066,435
Increase in Net Debt for the year	(10,806,969)	(14,214,668)	(10,916,603)
Net Debt, beginning of year	(65,935,719)	(65,935,719)	(55,019,116)
Net Debt, end of year	\$ (76,742,688)	\$ (80,150,387)	\$ (65,935,719)

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

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Statement of Cash Flow

	2017	Unaudited 2016
For the year ended March 31,		
Cash provided by (used in)		
Operating transactions		
Operating deficit	\$ (14,176,019)	\$ (11,122,562)
Changes in non-cash assets and liabilities:		
(Increase) decrease in accounts receivable	(744,996)	890,685
Increase in accounts payable and accrued liabilities	187,164	(309,500)
Net increase in due to/(from) Government of Northwest Territories	9,655,347	11,481,799
Decrease in other employee future benefits and compensated absences	(375,907)	2,167,511
Net increase in due to/(from) Government of Canada	19,707	50,428
Increase in inventories held for use	(12,901)	(244,554)
Increase (decrease) in prepaid expenses	(25,748)	449,512
Cash provided by (used for) operating transactions	(5,473,353)	3,363,319
Increase / (decrease) in cash	(5,473,353)	3,363,319
Cash, beginning of year	10,012,645	6,649,326
Cash, end of year	\$ 4,539,292	\$ 10,012,645

There were no financing, investing or capital transactions during the year.

* Total interest paid during the year \$62,020 (2016 - \$84,354).

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

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

March 31, 2017

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 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 to the Department of Health and Social Services (DHSS) as described in Note 2, Economic dependence. For the year ended March 31, 2017, the Authority had an annual deficit of \$14.2 million, accumulated deficit of \$76.1 million, liabilities of \$101.7 million (including \$71.6 million liability to the Government of the Northwest Territories (the "Government"), which is due upon demand) and total financial assets of only \$21.5 million. The Government administers payroll for the Authority, and invoices the Authority for payment. The Authority has deferred repaying the Government so that its' other vendors can be paid.

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 Northwest Territories Health and Social Services Authority (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. All assets, rights, titles, interests, agreements, obligations, liabilities and programs were transferred to the Authority. Because the Authority and the former HSSAs are controlled by the Government, continuity of interest accounting has been applied as the Authority is continuing the work of the former HSSAs. The comparative figures represent the combined financial position and statement of operations of the former HSSAs. The former HSSAs have been recorded at their carrying amounts as reported on each HSSAs own financial statements and the results from transactions between the former HSSAs have been eliminated and all accounting policies have been conformed to those of the Authority. There was also an adjustment made on amalgamation to record the additional payroll costs from the actuarial valuation that the Government of Northwest Territories recorded during its consolidation of these entities in the prior years (\$1.6 million in 2016 and \$3.7 million to opening surplus). The results from April 1 – July 31, 2016 represents the operations of the HSSAs, and are combined with the results from August 1, 2016 to March 31, 2017 representing the operations of the Authority for the year ending March 31, 2017.

Hay River Health and Social Services Authority (HRHSSA) and Tlicho Community Services Agency (TCSA) will 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 Tlicho 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 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 Authorities original fiscal plan for the year approved by the former Authorities board of directors or Public Administrator and the Government and do not reflect any subsequent adjustments made during the course of the year.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements**

March 31, 2017

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 estimates relate to the other employee future benefits and compensated absences, contingencies, and allowances for doubtful accounts receivable.

(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 Government is currently constructing a new Territorial Hospital for the Authority to use once it is completed.

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.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements**

March 31, 2017

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 from Government of Canada, accounts payable and accrued liabilities, payroll liabilities, contributions repayable, and due to Government of Canada. 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**

March 31, 2017

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 13.

(m) Services provided without charge

The authority receives services provided by the Government without charge which include rent, building utilities, repairs and maintenance, medical travel, contracted services, legal, human resources and other services. With the exception of rent described in Note 3 (c) the remainder of these services cannot be reasonably estimated and the Authority does not recognize any amounts for these other services in the financial statements.

The Authority is electing to early adopt Inter-entity transactions (PS 3420) and recognize the services using the Government's estimate for rent as revenue and expense. All other services provided do not have a reasonable estimate and are part of the Government's central agency supporting the activities of the Authority and other Government departments. The early adoption of PS 3420 had no significant impact on the financial statements as the Authority previously recognized rent expense and grant-in-kind provided by the Government.

(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) Related party

The Authority is electing to early adopt Related party disclosures (PS 2200) in conjunction with Inter-entity transactions (PS 3420) referenced in Note 3 (m). The early adoption of PS 2200 also had no significant impact on the financial statements of the Authority.

4. Future Accounting Changes

PSAB issued new standards in June 2015 on Assets (PS 3210), Contingent Assets (PS 3320), Contractual Rights (PS 3380) and Restructuring Transactions (PS 3430). All these new standards have an effective date of April 1, 2017, except for PS 3430 that has an effective date of April 1, 2018.

The Authority does not expect these new 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 \$444,196 (2016 - \$468,460). Funds established by the Authority include a special project reserve \$272,706 (2016 - \$273,889) which are donations made to the Authority under non-contractual conditions; a funded employee future benefits reserve \$131,218 (2016 - 131,218) for funds received for the severance liability of employees who were transferred to the Authority from the Government; and an internally restricted fund \$40,272 (2016 - 40,272) 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

March 31, 2017

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 2017	Net 2016
Receivables	\$ 8,631,486	\$ 3,535,730	\$ 5,095,756	\$ 4,410,761
Government of Nunavut	2,233,681	148,978	2,084,703	1,828,601
Due from WSCC	494,582	146,731	347,851	363,920
Due from Related Parties (note 16)	300,805	37,635	263,170	443,202
Total accounts receivable	\$ 11,660,554	\$ 3,869,074	\$ 7,791,480	\$ 7,046,484

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 2017	Net 2016
Health and Social services	\$ 10,069,699	\$ 1,200,015	\$ 8,869,684	\$ 10,110,460
Finance	10,922	75	10,847	386,947
Infrastructure	7,649	-	7,649	-
Education, Culture and Employment	4,794	4,009	785	10,147
Total due from Government of Northwest Territories	\$ 10,093,064	\$ 1,204,099	\$ 8,888,965	\$ 10,507,554

Due to the Government of Northwest Territories

Liability for payroll services provided by the Government	\$ 67,888,358	\$ 59,549,908
Department of Health and Social services	3,508,053	3,833,022
Education, Culture and Employment	-	3,000
Finance	197,267	122,346
Infrastructure	28,060	90,310
Justice	7,420	-
Municipal and Community Affairs	6,186	-
Total due to Government of Northwest Territories	\$ 71,635,344	\$ 63,598,586

The Due to the Government of Northwest Territories is unsecured, without interest and due on demand.

8. Inventories held for use

	2017	2016
General	\$ 1,980,659	\$ 1,825,091
Pharmacy	859,520	1,002,187
Total inventories held for use	\$ 2,840,179	\$ 2,827,278

\$39,313 of inventory was written off in 2017 (2016 - \$37,896).

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements**

March 31, 2017

9. 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.

	2017	2016
Trade payable	\$ 10,245,700	\$ 10,116,289
Annual leave and lieu time	6,397,409	6,029,266
Due to related parties (note 16)	24,144	309,914
Due to WSCC	-	24,620
Total accounts payable and accrued liabilities	\$ 16,667,253	\$ 16,480,089

10. 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 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, contribution rates for 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 1.01 times (2016 – 1.15) the employees' contributions for employees who started prior to January 2013 and 1.0 times (2016 – 1.1) 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 \$9,709,719 (2016 – \$9,981,952) to PSPP and \$2,124,952 (2016 – \$2,135,817) to the Physician's fund. The employee's contributions were \$8,551,840 (2016 – \$7,770,151) and \$1,062,476 (2016 – \$1,067,908) respectively.

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

March 31, 2017

11. 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.

These liabilities are expensed in the year they become due.

	Severance and Removal	Compensated absences	2017	2016
Changes in Obligation				
Accrued benefit obligations, beginning of year	\$ 8,460,289	\$ 1,769,163	\$ 10,229,452	\$ 12,710,870
Current period benefit cost	512,617	148,733	661,350	2,224,926
Past Service Cost	243,394	47,379	290,773	-
Transfer of employees to NTHSSA (net)	(107,042)	(14,321)	(121,363)	-
Interest accrued	251,825	54,749	306,574	318,795
Benefits payments	(832,132)	(413,984)	(1,246,116)	(1,986,698)
Actuarial (gains)/losses	393,615	262,408	656,023	(3,038,438)
Accrued benefit obligations, end of year	8,922,566	1,854,127	10,776,693	10,229,455
Unamortized net actuarial gain	(1,853,740)	(175,369)	(2,029,109)	(3,038,438)
Net future obligation	\$ (10,776,306)	\$ (2,029,496)	\$ (12,805,802)	\$ (13,267,893)
Other compensated absences	-	(563,020)	(563,020)	(476,836)
Total employee future benefits and compensated absences	\$ (10,776,306)	\$ (2,592,516)	\$ (13,368,822)	\$ (13,744,729)
Benefits Expense				
Current period benefit cost	512,617	148,733	661,350	2,224,926
Past Service Cost	243,394	47,379	290,773	-
Transfer of employees to NTHSSA (net)	(107,042)	(14,321)	(121,363)	-
Interest accrued	251,825	54,749	306,574	318,795
Amortization of actuarial gains	(295,705)	(57,602)	(353,307)	-
	\$ 605,089	\$ 178,938	\$ 784,027	\$ 2,543,721

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

March 31, 2017

11. Other Employee Future Benefits and compensated absences (continued)

The discount rate used to determine the accrued benefit obligation is an average of 3.2%. The expected payments during the next five fiscal years are:

		Severance and Removal	Compensated absences	2017 Total	2016 Total
2018	Year 1	\$ 2,471,057	\$ 454,859	\$ 2,925,916	\$ 2,620,681
2019	Year 2	1,539,127	296,102	1,835,229	1,793,394
2020	Year 3	1,206,255	231,386	1,437,641	1,343,623
2021	Year 4	1,014,970	196,016	1,210,986	1,193,227
2022	Year 5	821,756	160,288	982,044	1,067,687
	Next 5 years	3,010,080	685,975	3,696,055	3,779,981

12. Trust assets under administration

The authority administers trust assets, consisting of cash on behalf of patients, which are not included in the reported Authority's assets and liabilities, totaling \$140,590 (2016 - \$152,802).

13. 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 \$7,603,582 (2016 - \$7,333,517) 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 statement.

14. 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, 2017:

	Expires in Fiscal Year	2018	2019	2020	2021 and Thereafter	Total
Equipment leases	2027	\$ 570,804	\$ 317,864	\$ 180,528	\$ 936,968	\$ 2,006,164
Operational leases	2020	8,004,330	904,478	58,877	36,462	9,004,147
Service contracts	2026	27,118,843	26,404,285	19,873,430	52,836,798	126,233,356
		\$ 35,693,977	\$ 27,626,627	\$ 20,112,835	\$ 53,810,228	\$ 137,243,667

15. Contingencies

In the normal course of operations, the Authority is subject to claims and pending and threatened litigation against the Authority and its staff. The Authority 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 Authority's legal experts experience or case law in similar circumstances. At year-end, the Authority estimated the total claimed amount for which the outcome is not determinable at \$800,000 (2016 - \$0).

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY

Notes to Financial Statements

March 31, 2017

16. Related Parties

The Authority is related in terms of common ownership to all Government created departments and public agencies. The Authority enters into transactions with these entities in the normal course of business. Related Party Transactions not disclosed elsewhere are as follows:

Due from related parties	Accounts Receivable	Allow. For Doubtful Accounts	Net 2017	Net 2016
Hay River Health and Social Services Authority	\$ 156,274	\$ 1,028	\$ 155,246	\$ 72,301
Tlicho Community Services Agency	116,517	12,997	103,520	150,598
NWT Housing Corporation	4,404		4,404	2,339
NWT Power Corporation	23,610	23,610		
Stanton Territorial Hospital Foundation	-	-	-	216,411
District Education Authority - Tuktoyaktuk	-	-	-	1,553
	\$ 300,805	\$ 37,635	\$ 263,170	\$ 443,202

Due to related parties:	2017	2016
Hay River Health and Social Services Authority	\$ 15,490	\$ 552
NWT Power Corporation	4,734	2,582
Yellowknife Catholic School Board	1,854	-
Tlicho Community Services Agency	1,566	-
South Slave Divisional Education Council	500	-
Aurora College	-	306,780
	\$ 24,144	\$ 309,914

Revenues from related parties:	2017	2016
Tlicho Community Services Agency	842,455	1,011,047
Hay River Health and Social Services Authority	262,816	273,127
Stanton Foundation	124,890	324,486
NWT Housing Corporation	7,257	3,502
Aurora College	-	230
	\$ 1,237,418	\$ 1,612,392

Expenses paid to related parties:	2017	2016
Government of the Northwest Territories	\$ 1,357,346	\$ 1,103,686
NWT Housing Corporation & LHA(s)	172,554	144,792
Aurora College	69,241	316,972
NWT Power Corporation	34,506	29,170
Yellowknife Catholic School Board	20,341	41,784
Hay River Health and Social Services Authority	16,559	14,701
Tlicho Community Services Agency	1,566	18,028
South Slave Divisional Education Council	500	5,187
Ft MacPherson Tent and Canvas	380	-
Ecole Sir John Franklin High School	240	100
Dehcho Division Education Council	100	300
	\$ 1,673,333	\$ 1,674,720

NORTHWEST TERRITORIES HEALTH AND SOCIAL SERVICES AUTHORITY**Notes to Financial Statements**

March 31, 2017

16. Related Parties (continued)

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.

The Authority has a relation with the Stanton Territorial Hospital Foundation ("Foundation") which is a registered charity whose mission is to support and assist the Stanton Territorial Hospital in achieving its goals and objectives with particular emphasis on providing funds for capital equipment and/or specific training needs related to the same. The Foundation is incorporated under the *Societies Act* of the Northwest Territories, and is not under the control of the Authority.

17. 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 \$100,000.

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 \$16,982,560 (2016 - \$17,889,317).

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, 2017, receivables from the Government comprised 52% of the total outstanding accounts receivables (2016 - 59%). The Authority reduces this risk by monitoring overdue balances.

The Authority also has concentration risk of credit risk as deposits are held in three Canadian chartered banks.

(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, 2017 mature within the next six months.

Total financial assets are \$21,521,852 (2016 - \$27,901,962) and financial liabilities are \$101,672,239 (2016 - \$93,837,681). The Authority has disclosed future financial liabilities and contractual obligations in Note 14.

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**

March 31, 2017

18. Expenses by Object

	2017	2016
Compensation and benefits		
Salaries and wages	\$ 156,613,405	\$ 156,533,430
Severance / superannuation	14,086,696	11,599,823
Other compensation and benefits paid	413,511	378,392
Post employment benefit	83,795	414,941
	<hr/> 171,197,407	<hr/> 168,926,586
Compensable items		
Locums	20,391,459	19,363,855
Other compensable items	5,078,553	5,814,373
	<hr/> 25,470,012	<hr/> 25,178,228
Operations and maintenance		
Contracted and general services	40,692,468	37,480,813
Medical travel and other travel	25,298,035	25,251,550
Contributions	18,443,658	17,180,899
Medical and surgical supplies	10,728,563	11,349,137
Rent expense (Note 13)	7,603,582	7,333,517
Program expenses	3,704,448	3,755,918
General supplies	3,938,367	3,955,588
Administrative expenses	2,881,418	1,899,242
Medical and program equipment	1,747,070	1,576,046
Professional development and training	1,555,675	1,413,724
Communications	1,528,314	1,393,800
Valuation allowances	85,089	863,891
	<hr/> 118,206,687	<hr/> 113,454,125
Total Expenses	<hr/> \$ 314,874,106	<hr/> \$ 307,558,939

Financial Statements of

**HAY RIVER HEALTH &
SOCIAL SERVICES AUTHORITY**

March 31, 2017



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

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 in the transition with the Northwest Territories Health and Social Services Authority. System transformation will provide a better opportunity to improve access to services and quality of care. The Management and staff will continue 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 we are currently recruiting for the Director of Finance.

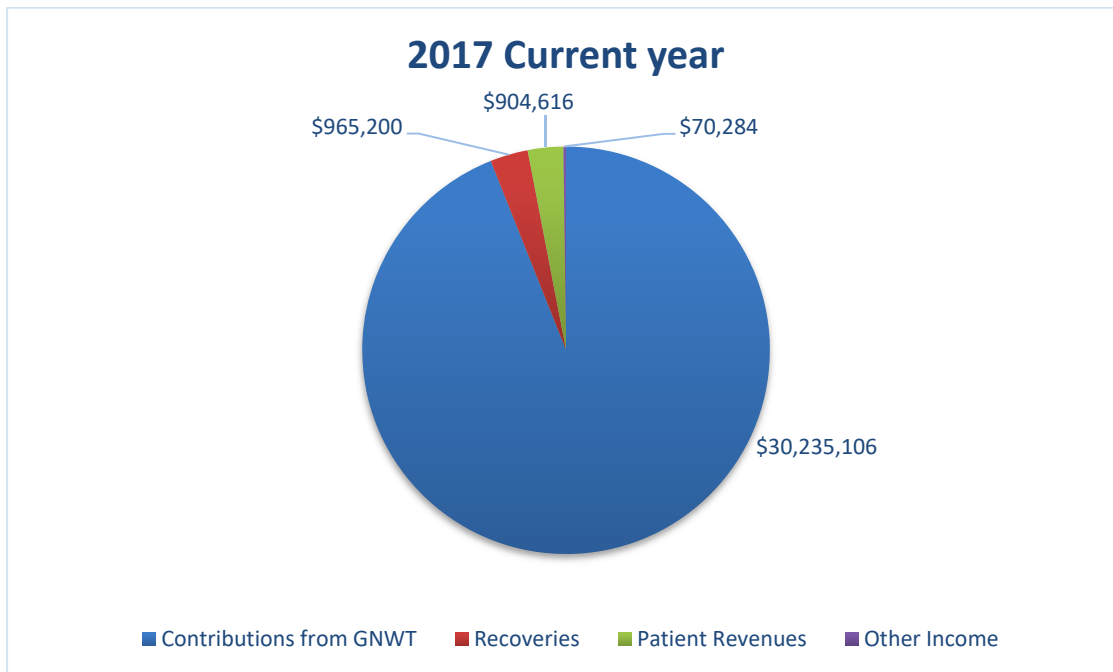
The last two years has shown a decline in the annual deficit due to an increase in the net value of the pension plan asset. The financial statements present an accumulated surplus of \$4,199,068. Including in the deficit is a \$500,000 cash reserve. If we remove the pension plan asset and cash reserve from the effects of the accumulated surplus, there is a resulting adjusted

accumulated deficit of \$5,807,932. This adjusted surplus 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 \$9,507,000 higher than the pension obligation.

The admin expenses do not include special pension payments of \$1.2M in 2013, \$1.7M in 2014, \$1.9M in 2015, \$2.M in 2016 and \$1.5M in 2017. Support services include Human Resources, Finance, Information Services, Material Management, Housekeeping, Laundry services, 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.

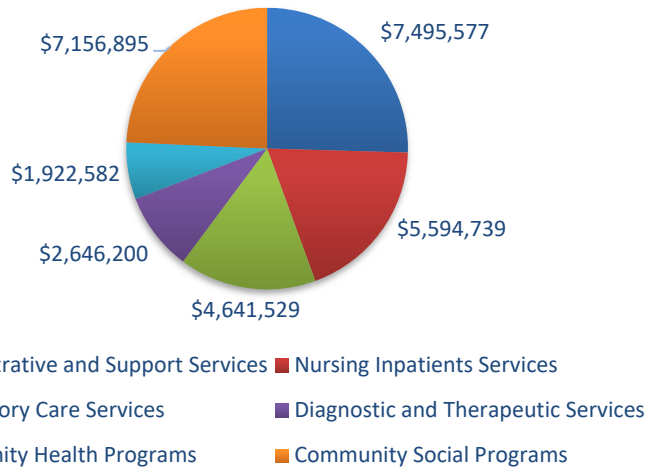
Financial Highlights

The Authority had just over \$32M in revenues for the year of which 94% of the funds received were obtained from the GNWT, which is consistent with prior years



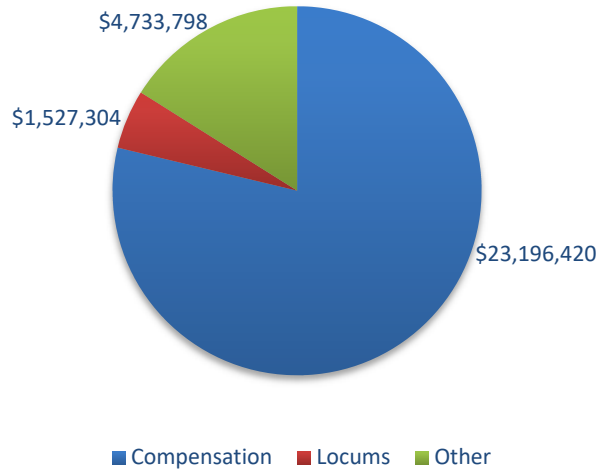
The following 2 charts show the breakdowns of expense by department and by type of expense. Expenses by department show that the largest spending in the Authority exists within the Administration and Support Services, Community Social Programs and Nursing Inpatient Services.

2017 Expenses by Department



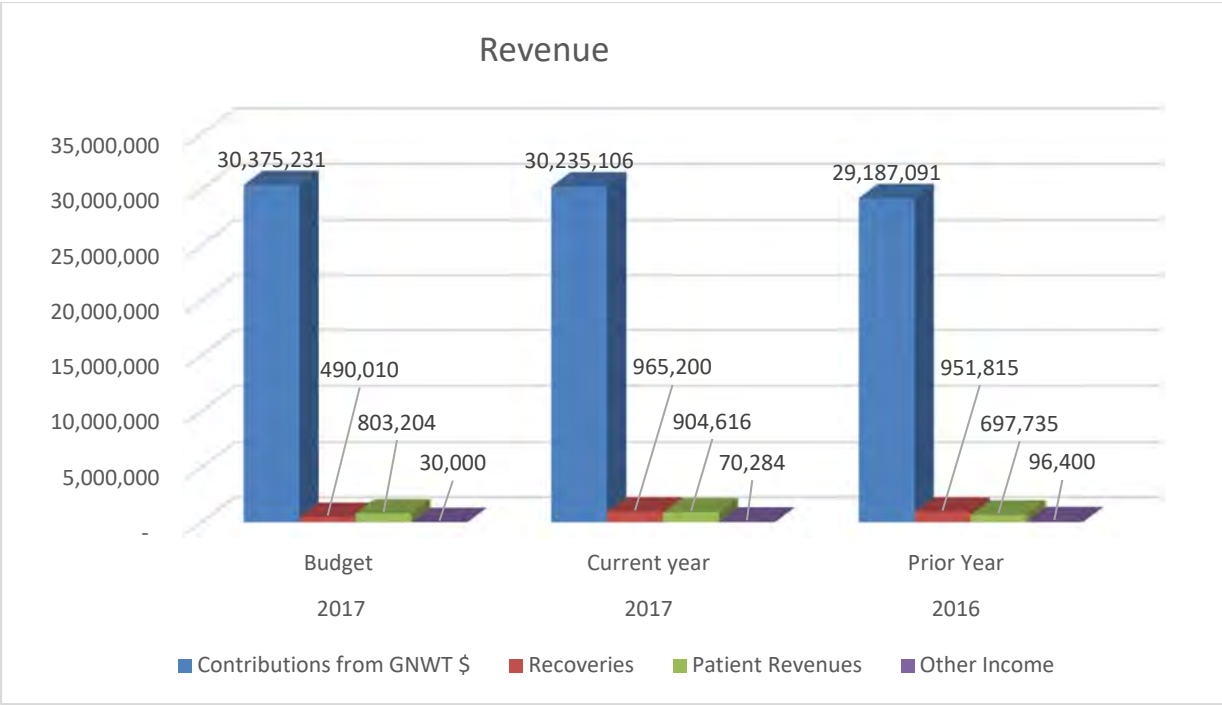
Consistent with prior years, wages account for 79% of total spending. Other costs include items such as supplies, referred out services, purchased services personnel, rent, equipment maintenance and other costs associated with the operation of the Authority.

2017 Expense by Type

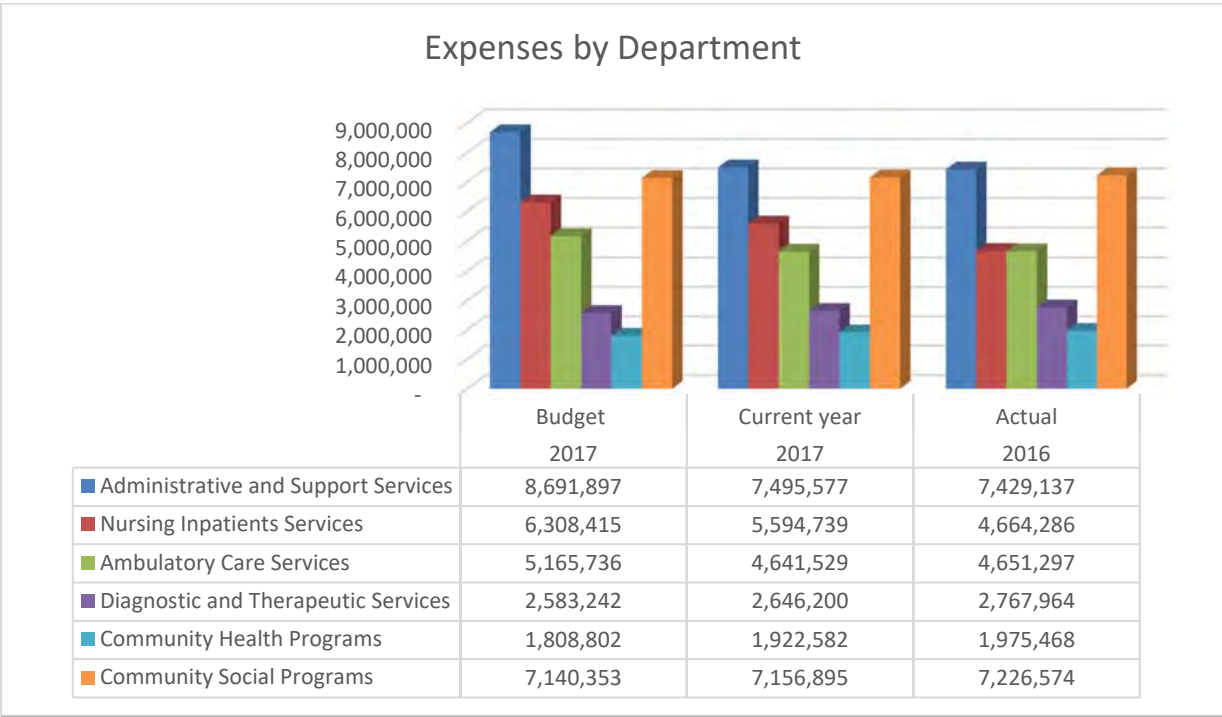


This next group of charts show the current year, prior year and budget numbers for comparative purposes.

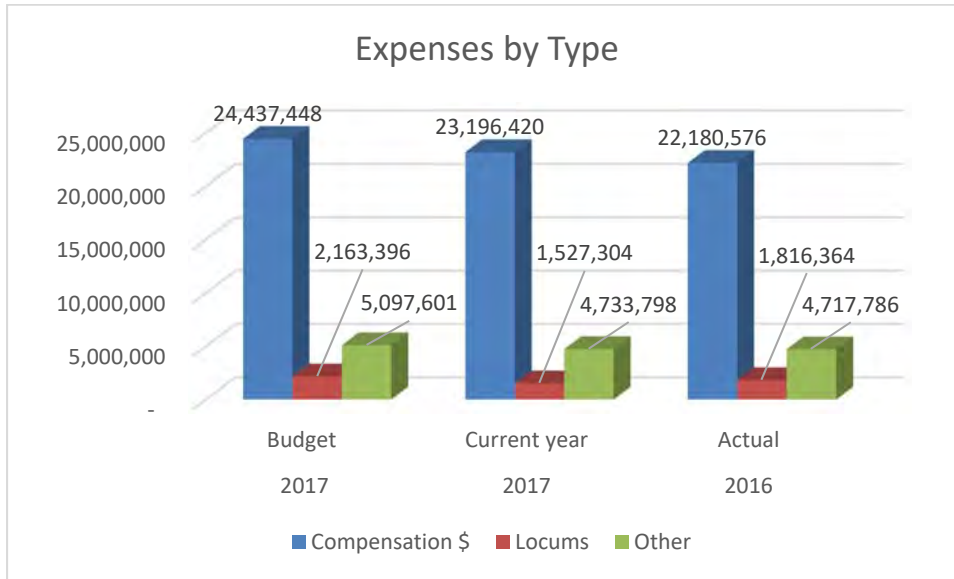
Revenues allocations from year to year and current year to budget are consistent with expectations and no significant variances exist.



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 over \$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 transition to the new hospital facility and the additional staffing requirements of that new facility.



In comparing expenses by type, there were several positions that were budgeted for, but were 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 less than budget and less than the prior year. This is a direct result of having 2 full time doctors on staff for the whole of the 2016/2017 fiscal year.



As expected in the year, the Authority had greater costs associated with wages and compensation as they transitioned 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 16,253 patients seen in the medical clinic and 4,896 emergency visits with 1,860 ER visits being from level 1 to level 3.

Social Programs in the Northwest Territories are seeing transformations in the way we provide services to the public. Child and Family Services have introduced new Standards, tools and an Action Plan designed to improve the quality of services that is consistent throughout the NT. Currently all 7 Authorities have trained an estimated 100 plus, 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.

Amendments to the new Child and Family Services Act will see Social Services providing services to youth ages 19 to 23. An increase in services to this age group will see an increase in expenditures and caseload of Child Protection Workers.

With the introduction of the Structured Decision Making (SDM) tool, the mandatory consultation with a senior staff member after hours will see increased spending.

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 are 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 approximately (32) 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 programs 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. Eventually there will be 33 Healthy Families Programs across the Northwest Territories. 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 some positive community partnerships and is currently receiving approximately 2 to 4 new referrals a week.

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 deficit can mainly be attributed to staffing costs, which include wages, compensation and locum fees, and account for just over 82% 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 \$ 2,136,169 in 2016/17.

With cash of \$908,800 and current liabilities of \$3,222,797 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 \$2,007,434, which have not been repaid due to cashflow.

The financial statements identify a surplus from operations in the year of \$2,717,694. However, this amount included that changes in 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 \$374,060.

	2017	2016
Operating Surplus (Deficit)	\$ 2,717,684	\$ 2,218,315
Unfunded items		
(Increase) Decrease in post-employment benefits, Note 12	(3,161,000)	(2,708,000)
(Increase) Decrease in employee future benefits and compensated absences, Note 13	69,256	(62,170)
Adjusted operating surplus (deficit) before the undermoted	(374,060)	(551,855)
Tangible Capital Assets - Rent Expense, Note 15	(1,984,087)	(502,297)
Grant-In-Kind - GNWT assets provided at no cost, Note 15	1,984,087	502,297
Adjusted operating surplus (deficit) for the year	\$ (374,060)	\$ (551,855)

Summary and Outlook

The opening of our new Hay River Regional Health Centre provides state of the art equipment and the latest in design and technology. The medical clinic opened in the new Centre on March 7, 2016 followed by the Diabetes and Midwifery Programs and the Rehabilitation Department. The remainder of the Departments moved into the new facility in May and early June, 2016, with the grand opening held in June. All departments that relocated to the new health centre are excited to work in the new building with new equipment and have redeveloped their processes and procedures to accommodate the new client work flows. The move to the new facility has provided more room to manoeuvre and the ability to have a devoted ambulatory care program as space and staff have be dedicated.

The physical space is much greater between departments which results in higher costs for staffing, supplies and equipment – including medications. Lack of security for a building that was designed to have a security guard is a threat that needs further consideration. Recruitment of staff will also continue to be a challenge. The separation of services between the new health centre and the old hospital continues to bring many other challenges. It will also provide the opportunity to find new alternative ways to provide our client-focused services.

HRHSSA will continue to work together as a team to ensure that we continue to provide high quality services that are above what the Authority is obligated to deliver.


 Erin Griffiths, CEO
 Hay River Health & Social Services Authority

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Financial Statements

Year ended March 31, 2017

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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 28, 2017

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, 2016

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

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, 2017 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, 2017 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, 2017, in accordance with the provisions established by the individual contribution agreements.



ASHTON
Chartered Accountants
Business Advisors

Hay River, NT
June 30, 2017

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Financial Position

Statement I

March 31, 2017

	2017	*2016
Financial Assets		
Cash and cash equivalents, Note 4	\$ 908,800	\$ 1,436,896
Accounts receivable, Note 7	324,459	333,987
Due from Government of Canada, Note 10	1,660	-
Trust assets, Note 14	100,579	70,881
Pensions asset, Note 12	9,507,000	6,346,000
Total Financial Assets	\$ 10,842,498	\$ 8,187,764
Liabilities		
Accounts payable and accrued liabilities, Note 9	1,616,990	1,124,840
Employee and payroll-related liabilities, Note 9	1,505,228	2,105,110
Contributions repayable, Note 26	2,007,434	1,248,423
Employee future benefits and compensated absences, Note 13	1,785,717	1,716,461
Accountable capital advance, GNWT, Note 28	5,829	5,829
Deferred revenue, Note 25	56,633	845,830
Trust liabilities, Note 14	100,579	70,881
Total Liabilities	7,078,410	7,117,374
Net Financial Assets (Debt)	\$ 3,764,088	\$ 1,070,390
Non-Financial Assets		
Inventory held for use, Note 8	\$ 226,013	\$ 170,588
Prepaid expenses and deposits, Note 27	208,967	240,406
Total Non-Financial Assets	\$ 434,980	\$ 410,994
Accumulated Surplus (Deficit), Note 29	\$ 4,199,068	\$ 1,481,384

* Reclassified for comparative purposes

Contractual obligations, Note 16

Contingent liabilities, Note 17

Approved on behalf of the Authority:





Public Administrator

Chief Executive Officer

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Operations

Statement II

For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Revenue			
Contributions from GNWT, Schedule A	\$ 30,375,231	\$ 30,235,106	\$ 29,187,091
Recoveries	490,010	965,200	951,815
Sales - Patient Revenues	803,204	904,616	697,735
Contributions from Other Sources	-	5,550	32,647
Other Income	-	31,502	33,174
Interest	30,000	33,232	30,579
Total Revenue	31,698,445	32,175,206	30,933,041
Expenses			
Administrative and Support Services	8,691,897	7,495,577	7,429,137
Nursing Inpatients Services	6,308,415	5,594,739	4,664,286
Ambulatory Care Services	5,165,736	4,641,529	4,651,297
Diagnostic and Therapeutic Services	2,583,242	2,646,200	2,767,964
Community Health Programs	1,808,802	1,922,582	1,975,468
Community Social Programs	7,140,353	7,156,895	7,226,574
Supplementary Health Programs	-	-	-
Undistributed	-	-	-
Total Expenses, Note 24	31,698,445	29,457,522	28,714,726
Operating Surplus (Deficit)	-	2,717,684	2,218,315
Unfunded items			
(Increase) Decrease in post-employment benefits, Note 12	-	(3,161,000)	(2,708,000)
(Increase) Decrease in employee future benefits and compensated absences, Note 13	-	69,256	(62,170)
Adjusted operating surplus (deficit) before the undernoted	-	(374,060)	(551,855)
Tangible Capital Assets - Rent Expense, Note 15	-	(1,984,087)	(502,297)
Grant-In-Kind - GNWT assets provided at no cost, Note 15	-	1,984,087	502,297
Adjusted operating surplus (deficit) for the year	\$ -	\$ (374,060)	\$ (551,855)
Opening Accumulated Surplus (Deficit)		\$ 1,481,384	\$ (847,558)
Adjusted for change in estimates, Note 30		-	110,627
Adjusted Opening Accumulates Surplus (Deficit)		1,481,384	(736,931)
Operating Surplus (Deficit)		2,717,684	2,218,315
Closing Accumulated Surplus (Deficit)		\$ 4,199,068	\$ 1,481,384

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Changes in Net Financial Resources

Statement III

For the year ended March 31, 2017

	2017	2016
Annual surplus (deficit)	\$ 2,717,684	\$ 2,218,315
Adjustments		
Prior year funding received	-	-
(Increase) decrease in inventory	(55,425)	17,586
(Increase) decrease in prepaids and deposits	31,439	(152,204)
Increase (Decrease) in net financial assets	2,693,698	2,083,697
Net financial resources, beginning of year	1,070,390	(1,013,307)
Net financial resources, end of year	\$ 3,764,088	\$ 1,070,390

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Statement of Cash Flow

Statement IV

For the year ended March 31, 2017

	2017	2016
Operating Activities		
Annual surplus (deficit)	\$ 2,717,684	\$ 2,218,315
Items not affecting cash:		
(Increase) Decrease in pensions, Note 12	(3,161,000)	(2,708,000)
	(3,161,000)	(2,708,000)
Changes in non-cash assets and liabilities		
Due from the Government of Canada	(1,660)	1,750
Decrease (increase) in accounts receivable	9,528	91,832
Decrease (increase) in inventory	(55,425)	17,586
Decrease (increase) in prepaids	31,439	(152,204)
Increase (decrease) in accounts payable and payroll liabilities	(107,732)	294,053
Increase (decrease) in contributions repayable	759,011	(32,301)
Increase in employee future benefits	69,256	(62,170)
Increase (decrease) in capital advances	-	-
Increase (decrease) in deferred revenues	(789,197)	789,197
Increase (decrease) in trust liability	29,698	10,959
	(55,082)	958,702
Cash from operations	(498,398)	469,017
Financing Activities	-	-
Investing Activities	-	-
Change in cash during the year	(498,398)	469,017
Cash, beginning of year	1,507,777	1,038,760
Cash, end of year	\$ 1,009,379	\$ 1,507,777
Cash consists of :		
Cash and cash equivalents, Note 4	\$ 908,800	\$ 1,436,896
Trust asset, Note 14	100,579	70,881
	\$ 1,009,379	\$ 1,507,777

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2017

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 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, 2017

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 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.

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.

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, 2017

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 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, 2017

Note 2. Significant Accounting Policies (continued)

Pensions (continued)

Pension benefits to the 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 estimated or when actual assumptions change, the adjustments are amortized on a straight line basis over the estimated average remaining services lives of the contributors.

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 practicable 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, 2017

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

	2017	2016
Cash	\$ 908,800	\$ 1,436,896

Note 5. Special Purpose Funds - Nil Report

Note 6. Portfolio Investments - Nil Report

Note 7. Accounts Receivable

	Receivables 2017	AFDA 2017	Net 2017	Net 2016
Due from GNWT	\$ 210,892	\$ -	\$ 210,892	\$ 213,685
Due from Government of Nunavut	-	-	-	-
Due from WSCC	32,033	-	32,033	27,879
Due from NTHSSA	25,116	-	25,116	552
Hay River Hospital & Wellness Foundation	-	-	-	5,309
GST rebate receivable	11,937	-	11,937	10,850
General accounts receivable	117,412	(72,931)	44,481	75,712
	\$ 397,390	\$ (72,931)	\$ 324,459	\$ 333,987

Note 8. Inventories

	2017	2016
General	\$ 19,322	\$ 16,239
Medical and surgical	175,260	124,477
Laboratory	10,750	9,483
Pharmaceutical	20,681	20,389
	\$ 226,013	\$ 170,588

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, 2017

Note 9. Accounts Payable and Accrued Liabilities

	2017	2016
Due to GNWT	\$ 60,856	\$ 198,130
Due to NTHSSA	126,971	66,416
Due to Government of Nunavut	-	-
Due to WSCC	-	-
Accounts payable and accrued liabilities	1,358,389	795,059
Unspent donations	19,225	20,679
Special purpose fund liabilities	51,549	44,556
	1,616,990	1,124,840
Payroll liabilities	1,505,228	2,105,110
	\$ 3,122,218	\$ 3,229,950

Note 10. Due From and To the Government of Canada

	2017	2016
Receivables		
Projects on behalf of the Government of Canada	\$ -	\$ -
Miscellaneous receivable	1,660	-
	\$ 1,660	\$ -
Payables		
Advances for projects on behalf of the Government of Canada	\$ -	\$ -
Miscellaneous payables	-	-
	\$ -	\$ -

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 31 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 1.73 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, 2017

Note 12. Pensions (continued)

	2017	2016
Accrued benefit obligation	\$ 39,051,000	\$ 35,878,000
Market-related value of pension fund assets	52,062,000	45,091,000
	(13,011,000)	(9,213,000)
Unamortized actuarial gains / (losses)	3,504,000	2,867,000
Pension liability (accrued asset)	\$ (9,507,000)	\$ (6,346,000)

The pension liability (asset) includes the following components:

	2017	2016
Pension liability (accrued asset) - beginning of year	\$ (6,346,000)	\$ (3,638,000)
Cash items:		
Member contributions	(1,081,000)	(880,000)
Employer contributions	(3,353,000)	(3,470,000)
Benefit payments	(2,071,000)	(1,791,000)
Drawdown from plan assets	2,071,000	1,791,000
Net change to pension liability from cash items	(4,434,000)	(4,350,000)
Accrual items:		
Current period benefit cost	2,196,000	2,169,000
Amortization of actuarial gains/losses	(355,000)	(171,000)
Interest on average accrued benefit obligation	1,977,000	1,873,000
Expected earnings on average pension fund assets	(2,545,000)	(2,229,000)
	1,273,000	1,642,000
Pension liability (asset) - end of year	\$ (9,507,000)	\$ (6,346,000)

The pension expense is included in the statement of operations as a component of compensation for Corporate HR.

	2017	2016
Pension expense (revenue)	\$ (3,161,000)	\$ (2,708,000)
Expected earnings on plan assets	6.00%	6.25%
Actual earnings on plan assets	6.65%	8.75%
Difference between actual and expected	0.65%	2.50%

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2017

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:

	2017	2016
Date of actuarial valuation	1-Jan-17	1-Jan-16
Date of audited financial statements	31-Mar-17	31-Mar-16
Date of next valuation	1-Jan-18	1-Jan-17
Discount rate	5.50%	5.60%
Interest rate on pension fund assets	5.50%	5.60%
Interest rate on accrued benefit obligation	5.50%	5.60%
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)	7.0	7.6

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 funding 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 \$119,583 per month.

Plan Amendments:

As at the valuation date, the Authority has decided to revise the pension plan provisions as follows:

- a) To increase required employer contributions - Effective January 1, 2017, the employer required contributions increased to 1.73 (previously 1.62). The employee remitted portion as was approved by the HRHSSA pension committee on May 8, 2017 and an accrual has been set up in the financial statements to reflect this change retroactively.
- b) 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, 2017

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, 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 as February 17, 2017 and the results extrapolated to March 31, 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
<u>Change in Obligation</u>				
Accrued benefit obligation, opening	\$ (2,328,047)	\$ (200,131)	\$ (2,528,178)	(1,778,631)
Current period benefit costs	(183,445)	(15,517)	(198,962)	(269,876)
Interest accrued	(74,439)	(6,355)	(80,794)	(45,734)
Benefit payments	270,801	34,087	304,888	377,780
Plan amendments	-	-	-	-
Actuarial (gains)/losses	(176,759)	(196,335)	(373,094)	(811,718)
Accrued benefit obligation, closing	(2,491,889)	(384,251)	(2,876,140)	(2,528,179)
Unamortized net actuarial gain	663,186	427,240	1,090,423	811,718
Net future obligation	(1,828,703)	42,989	(1,785,717)	(1,716,461)
Other employee future benefits	-	-	-	-
Other compensated absences	-	-	-	-
Total employee future benefits and compensated absences	\$ (1,828,703)	\$ 42,989	\$ (1,785,717)	\$ (1,716,461)
<u>Benefits Expense</u>				
Current period benefit cost	183,445	15,517	198,962	269,876
Interest accrued	74,439	6,355	80,794	45,734
Plan amendments	-	-	-	-
Amortization of actuarial gains	64,003	30,382	94,385	315,610
	\$ 321,887	\$ 52,254	\$ 374,141	\$ 631,220

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2017

Note 13. Employee Future Benefits and Compensated Absences (continued)

The discount rate used to determine the accrued benefit obligation is an average of 3.20%, up from the prior years rate of 2.50% . No inflation rate was applied. The expected payments during the next five fiscal years are:

	Severance and Removal	Compensated Absences	Total
2018	\$ 448,913	\$ 69,738	\$ 518,651
2019	351,726	55,137	406,863
2020	402,801	62,958	465,759
2021	329,318	52,879	382,197
2022	304,491	46,838	351,329
	\$ 1,837,249	\$ 287,550	\$ 2,124,799

Contingent Revenue

Revenue of \$121,154 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 2016 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.

	2017	2016
Patient Trust Asset	\$ 100,579	\$ 70,881
Patient Trust Liability	\$ 100,579	\$ 70,881

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 \$1,984,087 (\$502,297 in 2016) 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, 2017

Note 16. Contractual Obligations

The Authority has entered into agreements for, or is contractually committed to, the following expenses payable subsequent to March 31, 2017.

	Expires in Fiscal Year	2018	2019 and thereafter	Total
Residential	2017	\$ 160,200	\$ -	\$ 160,200
Equipment	2020	10,000	6,381	16,381
Operational	2021	9,484	31,380	40,864
		\$ 179,684	\$ 37,761	\$ 217,445

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 - Nil Report

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 Public Works.

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2017

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 2017	Allowance for Doubtful Accounts 2017	Net 2017	Net 2016
<u>Due from related parties</u>				
Accounts Receivable				
GNWT, Note 7				
Department of HSSA	\$ 194,655	\$ -	\$ 194,655	\$ 213,685
Department of Human Resources	16,237	-	16,237	-
	210,892	-	210,892	213,685
NTHSSA, Note 7				
Fort Smith Health Centre	3,827	-	3,827	-
Stanton Territorial Health Authority	816	-	816	-
DehCho HSSA	20,473	-	20,473	-
Yellowknife HSSA	-	-	-	552
	\$ 236,008	\$ -	\$ 236,008	\$ 214,237
			2017	2016
<u>Due to related parties</u>				
Accounts Payable:				
GNWT, Note 9				
Department of Health & Social Services			\$ 53,571	\$ 160,593
Department of Finance			-	29,462
Department of Human Resources			-	5,049
Department of Public Works			7,285	3,026
			60,856	198,130
NTHSSA, Note 9				
Yellowknife HSSA			33,171	17,164
Stanton Territorial Health Authority			93,800	49,251
			\$ 187,827	\$ 264,545
Contributions repayable, GNWT-HSSA, Note 26			2,007,434	1,242,179
Accountable capital advances, GNWT-HSSA, Note 28			5,829	5,829
Deferred revenues, GNWT-HSSA, Note 25			56,633	845,725
			\$ 2,257,723	\$ 2,358,278

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2017

Note 22. Related Party Transactions (continued)

	2017	2016
Revenues		
GNWT		
Department of Health & Social Services	\$ 31,049,716	\$ 29,514,371
Department of Education, Culture & Employment	20,211	-
Department of Finance	-	-
Department of Human Resources	16,237	16,700
Department of Public Works	412	237,066
Department of Justice	-	2,044
	31,086,576	29,770,181
NTHSSA		
DehCho HSSA	32,292	13,865
Fort Smith Health Centre	7,424	1,821
Sahtu HSSA	1,465	-
Beaufort-Delta HSSA	911	-
Stanton Territorial Health Authority	816	648
Yellowknife HSSA	426	-
Tlicho Community Services Agency (Tlicho)	21,044	3,395
NWT Housing Corp	26	125
	\$ 31,150,980	\$ 29,790,035

	2017	2016
Expenses		
GNWT		
Department of Health & Social Services	\$ 6,421	\$ 5,419
Department of Human Resources	1,671	5,049
Department of Public Works	17,122	161,062
Department of Justice	-	5,924
	25,214	177,454
NTHSSA		
Stanton Territorial Health Authority	183,230	236,077
Yellowknife HSSA	33,171	66,274
DehCho HSSA	-	1,706
Aurora College	250	-
Hay River DEA	382	-
	\$ 242,247	\$ 481,511

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, 2017

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 \$1,335,498 (2016 - \$1,841,764)

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, 2017, one customer in accounts receivable accounts for 71% (2016 - 64%) 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 \$10,842,498, including the \$9,507,000 pension asset; financial liabilities are \$7,347,415. 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, 2017

Note 24. Expenses by Object

	2017 Budget	2017 Actual	2016 Actual
Compensation	\$ 24,437,448	\$ 23,196,420	\$ 22,180,576
Locums	2,163,396	1,527,304	1,816,364
Medical supplies	1,176,649	950,475	970,154
Referred out services	672,861	677,624	621,087
Purchases service personnel	571,500	592,223	583,711
Equipment maintenance	362,197	282,325	323,706
Foster care	432,000	289,103	287,397
Rent	245,165	250,976	242,380
Software licensing	129,608	95,577	230,234
Professional fees	178,582	126,002	227,882
Travel assistance	262,000	322,229	221,941
Phone and postage	158,745	225,307	205,747
Locum removal	214,000	179,186	189,512
Office supplies	170,295	164,924	143,237
Travel	91,250	168,818	135,236
Minor equipment	117,500	180,125	131,422
Training	160,881	59,102	58,900
Honorariums	52,500	59,423	56,698
Memberships	32,735	30,607	27,217
Garbage	25,150	24,953	23,781
Advertising	38,650	20,387	17,802
Bad debt	-	27,013	14,474
Bank charges	5,333	7,419	5,268
	\$ 31,698,445	\$ 29,457,522	\$ 28,714,726

Note 25. Deferred Revenue

Deferred revenue represents funds that have been received for specific programs but remain unspent at March 31, 2017 as follows:

	2017	2016
Government of the Northwest Territories		
Department of Health and Social Services		
Professional Development Initiative	\$ 56,633	\$ 56,633
Transitional funding (core contribution)	-	39,092
Core funding 16/17	-	750,000
Third party - respite care	-	105
	\$ 56,633	\$ 845,830

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Notes to the Financial Statements

For the year ended March 31, 2017

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, 2017:

	2017	2016
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 15/16	-	24,923
Living in Balance unspent funding 16/17	697	-
Enhanced Homecare unspent funding 16/17	45,027	-
Hay River Parenting unspent funding 16/17	4,871	-
Renal Dialysis unspent restricted funding 16/17	125,237	-
Foster Care unspent restricted funding 16/17	166,346	-
Transitional unspent funding 16/17	448,000	-
	2,007,434	1,242,179
Hay River Metis Government Council		
Community Wellness	-	6,244
	\$ 2,007,434	\$ 1,248,423

Note 27. Prepaid Expenses and Deposits

	2017	2016
Service and maintenance packages	\$ 169,510	\$ 83,760
Pension special payments	28,251	117,750
Travel	9,206	36,896
Deposit	2,000	2,000
	\$ 208,967	\$ 240,406

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.

	2017	2016
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, 2017

Note 29. Accumulated Surplus (Deficit)

	2017	2016
Operating fund accumulated surplus (deficit)	\$ 5,484,785	\$ 2,697,845
Employee leave and termination liability fund	(1,785,717)	(1,716,461)
Cash Reserve	500,000	500,000
	\$ 4,199,068	\$ 1,481,384

Note 30. Change in Estimate

The Authority's employee future liabilities were valued by an actuarial in the year and will continue to be valued by an actuarial on an annual basis. The value of the employee future benefits and compensated absences will be adjusted to the actuarial valuation amounts. This change has been retrospectively applied and had the following effect on the financial statements as as March 31, 2016:

Increase (Decrease) in Employee future benefits and compensated absences	\$ (243,151)
Increase (Decrease) in Accumulated Surplus (Deficit)	\$ 110,627
Increase (Decrease) administration - severance pay	\$ (132,524)

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY

Schedule of Contributions from the GNWT

Schedule A

For the year ended March 31, 2017

	2017 Budget	2017 Actual	2016 Actual
Contributions from the GNWT			
Department of Health and Social Services			
Core Contribution Department of Health			
Administration	\$ 783,000	\$ 1,740,000	\$ 2,049,000
Finance	278,000	502,000	388,000
Systems Support	462,000	420,000	549,544
Human Resources	1,278,000	1,278,000	1,278,000
Hospital services	-	-	-
Facility Maintenance & Support	3,990,000	3,923,000	3,415,000
Client Support Services	391,000	391,000	391,000
Specialty Clinics	853,000	730,000	448,000
Emergency Services	-	1,368,000	-
Community Clinics & Health Centres	5,031,000	5,140,000	4,984,000
Community Mental Health & Addictions	805,000	805,000	805,000
Health Promotion & Community Wellness	310,000	310,000	310,000
Intervention Services	-	-	-
Social Services Delivery	-	-	-
Homecare & Support Services	625,000	625,000	625,000
Residential Care Children & Adults	4,411,000	4,411,000	4,411,000
Foster Care	-	-	-
Child & Family Services	1,483,000	1,355,000	1,483,000
Family Violence	513,000	533,000	513,000
Diagnostic Services	1,762,000	1,782,000	1,735,000
Pharmacy	191,000	191,000	191,000
Therapeutic Services	870,000	870,000	870,000
Physician Services to NWT Residents	-	-	-
Medical & Surgical Nursing	4,338,000	2,092,000	2,694,000
Operating Room Nurse	-	209,000	-
Long Term Care Nursing	1,146,000	1,146,000	1,146,000
Obstetric and Pediatric Nursing	495,000	500,000	500,000
Medical Equipment under \$50,000	-	-	-
Medical Travel	22,000	22,000	22,000
	30,037,000	30,343,000	28,807,544
Less contributions repayable/deferred	-	(488,583)	(39,092)
	30,037,000	29,854,417	28,768,452
Other Department of Health and Social Services Contributions			
Home and Community Care (Schedule A-1)	325,731	295,704	349,142
Collective Kitchens Food Vouchers	-	16,167	23,003
Prenatal/Postnatal Parenting	-	25,129	17,621
Children Who Witness Abuse	12,500	12,500	12,500
Mental Health First Aid	-	3,709	3,649
Applied Suicide Intervention Skills Training	-	3,139	2,371
Electronic Medical Records - Implementation	-	-	-
Northern Graduate Employment Program	-	-	-
	338,231	356,348	408,286
Total Department of Health	30,375,231	30,210,765	29,176,738
GNWT Department of Human Resources	-	24,341	10,353
Total Contribution from the GNWT	\$ 30,375,231	\$ 30,235,106	\$ 29,187,091

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, 2017

Schedule A-1

	2017	2016
	Actual	Actual
Funding		
Government of the Northwest Territories		
Department of Health and Social Services	\$ 340,731	\$ 374,065
less contributions repayable	(45,027)	(24,923)
	295,704	349,142
Expenditures		
Compensation and benefits	260,764	320,107
Supplies	12,260	11,372
Sundry	5,171	15,513
Equipment expense	3,932	2,150
Training	13,577	-
	295,704	349,142
	\$ -	\$ -

HAY RIVER HEALTH & SOCIAL SERVICES AUTHORITY
 Schedule of Reserves

Schedule B

For the year ended March 31, 2017

	Leave and Termination Benefits Reserve		Cash Reserve		Total Reserves	
	2017	2016	2017	2016	2017	2016
Balance, beginning of the year	\$ (1,716,461)	\$ (1,889,258)	\$ 500,000	\$ 500,000	\$ (1,216,461)	\$ (1,389,258)
Change to opening balances		110,627			-	110,627
(Increase) Decrease in employee leave and termination benefits, Note 16	(69,256)	62,170	-	-	(69,256)	62,170
Transfers between reserves	-	-	-	-	-	-
Balance, end of year	\$ (1,785,717)	\$ (1,716,461)	\$ 500,000	\$ 500,000	\$ (1,285,717)	\$ (1,216,461)