



Annual GNWT Financial Highlights

Background

Annual financial planning, management, and accountability within the Government of the Northwest Territories (GNWT) involves the following two main processes:

- The government prepares the Main Estimates and Capital Estimates before the start of each year which forms the basis for annual operating and infrastructure spending including expected revenues. Other public agencies and corporations are required to prepare annual operating plans that are tabled in the Legislative Assembly.
- After the end of each fiscal year, the Public Accounts, which are the financial statements that report on actual expenditures and revenues, are audited by the Office of the Auditor General of Canada.

The Public Accounts are the annual financial statements of the GNWT and are guided by accounting standards for the public sector. These financial statements disclose the financial position of the GNWT as at March 31st each year as well as the results of operations for the fiscal year. Notes to the financial statements provide further details of certain items. The financial position provides information on the assets, liabilities, net debt and accumulated surplus (deficit) at a point in time.

The Public Accounts are published in a number of sections:

Consolidated Financial Statements (Section I): Comprises the financial position and results of operations for all GNWT departments, revolving funds, public agencies, territorial corporations and other related entities. The Office of the Auditor General of Canada audits the consolidated financial statements annually.

Non-consolidated Financial Statements (Section II): Comprises the financial position and results of operations for GNWT departments and revolving funds only. More detailed results of operations are disclosed in the supplementary schedules of these financial statements. These schedules disclose further details regarding the nature of revenues and expenses by department.

Other Entities and Boards (Section III and Section IV): Comprises the financial position and results of operations for all Education boards, Health Boards, public agencies, territorial corporations and other related entities.

Highlights

The financial highlights presented below should be read in conjunction with the Public Accounts Section I and The Public Accounts: An Overview brochure.

Annual Operating Deficit

- The 2019-20 consolidated financial statements report an actual annual operating deficit of \$77.32 million, which is \$152.65 million lower than budgeted. The annual operating deficit is \$81.45 million lower than the prior year.
- Total consolidated revenue in 2019-20 is \$2.12 billion, which is \$80.45 million or 3.7% lower than the original budget. The total consolidated revenue is \$85.91 million or 4.2% higher than the prior year. The increase in actual revenues is mainly due to a higher grant from Canada as a result of an increase in the Gross Expenditure Base.
- Total consolidated expenses in 2019-20 are \$2.20 billion, an increase of \$72.20 million or 3.4% from the original budget. The total consolidated expenses are \$167.35 million or 8.2% higher than the prior year. The increase in actual expenses is due to collective agreement wage increases for all employees as well as increases to operational expenditures due to including infrastructure investments deemed non capital related to the new Stanton Hospital
- The Government spends approximately 53% of its budget on social programs (education, health, justice and housing), with another 20% allocated to infrastructure programs, and 8% to natural resources and economic development programs. General government activities, including financial support provided to community governments and the Legislative Assembly account for 19% of spending.
- Operating expenditures exclude spending on infrastructure.

Financial Assets and Liabilities

- Financial assets increased to \$539.81 million from \$487.34 million in the previous year primarily as a result of an increase in the amounts due from Canada and an increase in investment in the sinking fund.
- Liabilities increased to \$1.85 billion from \$1.61 billion. The most notable changes were an increase in short term borrowing and an increase in liabilities under public private partnerships (P3) for work completed on the Tłı̄ch̄o All Season Road.
- The most significant GNWT liabilities are for long-term debt (\$390.77 million), short-term loans (\$470.24 million), liabilities under public private partnerships

(\$273.48 million), and accounts payable and accrued liabilities (\$333.16 million).

Non-Financial Assets

- Non-financial assets are primarily made up of tangible capital assets of \$3.57 billion that are used to provide services to the public. Schedule A of the Public Accounts Section I provides a summary of tangible capital assets.
- A total of \$269.63 million was spent on the acquisition of tangible capital assets during 2019-20.

Net Debt

- The Government is in a net debt position of \$1.31 billion.
- Net debt increased by \$186.38 million during the 2019-20 fiscal year primarily due to an increase in short term borrowing and P3 debt.

Change Over the Past Five Years

- Comparing key financial indicators for the GNWT from five years ago show increased investment in capital assets which include the Inuvik-Tuktoyaktuk Highway, Stanton Territorial Hospital, Mackenzie Valley Fibre Line, and the Tłı̨chǫ All Season Road during this period. Debt has also increased.

Key Financial Indicators (\$000)

	2014-15	2019-20	Change
Revenue	\$2,032,248	\$2,125,464	4.59%
Operating Expenses	\$1,927,816	\$2,200,817	14.16%
Acquisition of Tangible Capital Assets	\$256,473	\$269,627	5.13%
Financial Assets	\$490,353	\$539,808	10.09%
Liabilities	\$1,267,812	\$1,850,768	45.98%
Net Debt	(\$777,459)	(\$1,310,960)	68.62%
Tangible Capital Assets	\$2,645,528	\$3,565,348	34.77%