Government of
Northwest Territories

PUBLIC ACCOUNTS 2020-2021

Financial Highlights

What are the Public Accounts?

The Public Accounts refer to the annual financial statements of the GNWT. The fiscal year of the GNWT is April 1st to March 31st of the following year. The 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 and any necessary notes to provide further details of certain items in the statements.

This Financial Highlights document provides a brief overview of the Public Accounts.

Annual Operating Surplus

The 2020-21 consolidated financial statements report an actual annual operating surplus of $90.2 million, which is $138.0 million or 60.5% lower than budgeted. The annual operating surplus is $167.6 million or 216.7% higher than the prior year. The change in the surplus is based on changes in revenue and expenses which is explained in the next two points.

Total consolidated revenue in 2020-21 is $2.4 billion, which is $43.2 million or 1.7% lower than the original budget. The total consolidated revenue is $314.6 million or 14.8% higher than the prior year. The increase in actual revenues is mainly due to a higher grant from Canada because of the Gross Expenditure Base increase as well as increased transfer payments from Canada related to COVID-19 expenditures and programs.

*An **operating surplus** means that **revenues** were higher than **expenses** in the year*

Total consolidated expenses in 2020-21 are $2.4 billion, an increase of $94.8 million or 4.2% from the original budget. The total consolidated expenses are $147.0 million or 6.7% higher than the prior year. The increase in actual expenses is due primarily to the impact of COVID-19 expenditures related to financial support programs for economic relief and the implementation of health and safety measures including the newly formed COVID-19 Secretariat enforcement and compliance programs.

The Government spends approximately 53.5% of its budget on social programs (education, health, justice and housing), with another 20.0% allocated to infrastructure programs, not including capital infrastructure, and 8.0% to natural resources and economic development programs. General government activities, including financial support provided to community governments and the Legislative Assembly account for 18.8% of spending.

	Original Budget 2021	Supplemental Appropriations	Revised Budget 2021	Actual 2021	Actual 2020
Total Revenue	2, 481,321	(7,987)	2,473,334	2,438,098	2,123,501
Total Expenses	2,253,084	229,681	2,482,765	2,347,858	2,200,817
Annual Surplus	228,237	(237,668)	(9,431)	90,240	(77,316)

When we factor in approved budget adjustments done through supplementary appropriations, the 2020-21 consolidated financial statements report an actual annual operating surplus of $90.2 million. This is $99. 7 million more than the revised budget. The change in the surplus is based on changes in as described below.*

Total consolidated revenue in 2020-21 is $2.4 billion, which is $35.2 million lower than the revised budget. There were increases of $113.5 million in the revised budget for cost shared transfer payment. These increases were partially offset by budget decreases of $44.8 million taxation revenue, $26.2 million general revenues and $89.2 million in infrastructure federal transfers.

Total consolidated expenses in 2020-21 are $2.4 billion. This is $134.9 million lower than the revised budget. The revised budget was increased to address the impact of COVID-19 expenditures related to financial support programs for economic relief and the implementation of health and safety measures including the newly formed COVID-19 Secretariat enforcement and compliance programs.

*If public agencies had a revised budget that did not require tabling in the Legislative Assembly, it is not included in these notes.

Assets and Liabilities

Financial assets increased by $117.1 million to $656.9 million, primarily due to increases in cash and cash equivalents, amounts due from Canada and investment in the sinking fund that has been created for a future payment required on the Tłı̨chǫ All Season Road.

Liabilities increased by $144.2 million to $2.0 billion. The most notable changes were an increase in liabilities under public private partnerships (P3) for work completed on the Tłı̨chǫ All Season Road.

Non-Financial Assets

Non-financial assets are primarily made up of tangible capital assets, such as schools, hospitals, roads, of $3. 7 billion that are used to provide services to the public. Schedule A of the Public Accounts Section I provides a summary of consolidated tangible capital assets by major category.

A total of $270.4 million was incurred on the acquisition of assets; $90.9 million was added to the work in progress on the Tłı̨chǫ All Season Road; $7.2 million was added as refurbishment of Stanton Legacy Building. The residual was for various roads and bridges, community health centres and equipment.

Financial Assets *include things like cash, bank balances, stocks, and bonds. They are the most liquid, meaning they are easier to use or convert into cash.*

Financial assets are used to pay for expenses.

Non-financial assets *are primarily made up of buildings, roads, bridges, equipment etc. Non-financial assets are more difficult to sell or convert to cash.*

Liabilities *are amounts we owe to others, like debts or accounts payable.*

Net Debt

The Government is in a net debt position of $1.3 billion.

Net debt *means that the government's* ***liabilities*** *are greater than its* ***financial assets*** *at the end of the year*

During the year, the Government issued $180.0 million in bonds, incurred $85.3 million in P3 obligations, and incurred $23.6 million in deferred revenues which increased net debt. The Government used $140.0 million of the bond proceed to retire short term loans and invested $48.4 million into a sinking fund which reduced net debt. Combined with other changes in financial assets and liabilities, net debt increased by $27.1 million during the 2020-21 fiscal year.

Change Over the Past Five Years

Comparing key financial indicators for the GNWT from five years ago show increased Net Debt attributable to the continued investment in infrastructure and higher operating expenses.

Key Financial Indicators ($000)

	2016-17	2017-18	2019-19	2019-20	2020-21
Revenue	2,075,559	2,059,075	2,037,595	2,123,501	$2,438,098
Operating Expenses	1,900,825	1,898,133	2,033,465	2,200,817	$2,347,857
Acquisition of Tangible Capital Assets	368,375	305,915	280,365	269,627	$270,420
Financial Assets	495,614	524,998	487,341	539,808	$656,890
Liabilities	1,443,448	1,490,780	1,611,923	1,850,768	$1,994,948
Net Debt	(947,834)	(965,782)	(1,124,582)	(1,310,960)	(1,338,058)
Tangible Capital Assets	3,117,522	3,290,882	3,452,889	3,565,348	$3,672,777

Background on GNWT Financial Reporting

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

1. The government prepares the Capital Estimates and Main 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.

2. The Public Accounts are audited by the Office of the Auditor General of Canada for each fiscal year and their report is included at the beginning of Section 1 of the Public Accounts.

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 made up of several 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 individual financial position and results of operations for all Education boards, Health Boards, Public Agencies, territorial corporations and other related entities.

To learn more

To learn more about the public accounts, or to access the full Financial Statements, visit the Department of Finance Website.