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Report on the Examination of the  
accounts and financial statements of the  
ARCTIC COLLEGE  
for the year ended March 31, 1988

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AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

**AUDITOR'S REPORT**

To the Minister responsible for the Arctic College

I have examined the balance sheet of the Arctic College as at March 31, 1988 and the statements of revenue and expenditures and changes in fund balances, equity in fixed assets, professional development reserve and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the College as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in note 2 to the financial statements.

I further report that, in my opinion, proper books of account have been kept and the financial statements are in agreement therewith, and the transactions of the College that have come to my notice have, in all significant respects, been in accordance with the Financial Administration Act, the Arctic College Act and regulations and by-laws of the College.

A handwritten signature in black ink, appearing to read 'Ray Dubois', written in a cursive style.

Raymond Dubois, F.C.A.  
Deputy Auditor General  
for the Auditor General of Canada

Ottawa, Canada  
August 19, 1988

ARCTIC COLLEGE  
BALANCE SHEET  
as at March 31, 1988  
(thousands of dollars)

**ASSETS**

Cash and short-term investments	\$ 6,869
Accounts receivable (note 3)	334
Fixed assets (note 4)	<u>802</u>
	<u>\$ 8,005</u>

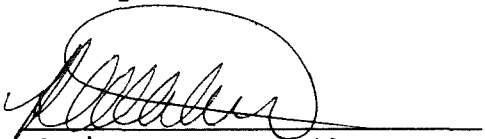
**LIABILITIES, EQUITY AND FUND BALANCES**

Accounts payable and accrued liabilities (note 5)	\$ 1,266
Due to the Government of the Northwest Territories (note 6)	<u>4,784</u>
	<u>6,050</u>
 Equity in fixed assets	 <u>802</u>
 Fund balances:	
Operating - General	743
- Special	223
Capital	<u>41</u>
	<u>1,007</u>
 Professional development reserve	 <u>146</u>
	<u>\$ 8,005</u>

Approved by the Board

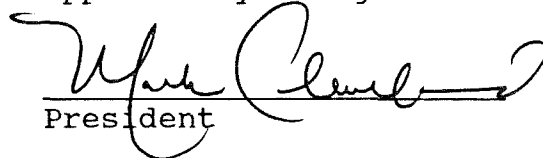


Chairperson of the Board

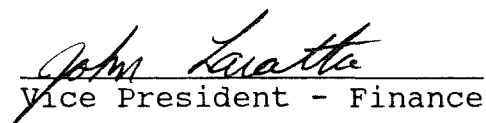


Chairperson of the  
Finance Committee

Approved by management



President



Vice President - Finance

**ARCTIC COLLEGE**  
**STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
for the year ended March 31, 1988  
(thousands of dollars)

	GENERAL OPERATING		CAPITAL		SPECIAL OPERATING	TOTAL
	Budget (note 8)	Actual	Budget (note 8)	Actual	Actual	Actual
<b>REVENUE</b>						
Contributions (note 9)	\$ 18,477	\$ 18,477	\$ 612	\$ 612		\$ 19,089
Contract income					\$ 1,305	1,305
Investment income		830				830
Room and board	357	325				325
Tuition fees	51	80				80
Disposal of fixed assets				23		23
<b>TOTAL REVENUE</b>	<u>18,885</u>	<u>19,712</u>	<u>612</u>	<u>635</u>	<u>1,305</u>	<u>21,652</u>
<b>EXPENDITURES</b>						
Salaries, wages and benefits	9,066	10,146			308	10,454
Contract services	6,853	5,141			77	5,218
Materials and supplies	1,405	1,172			168	1,340
Travel and transportation	1,002	764			253	1,017
Purchase of fixed assets			612	802		802
Purchased services	236	345			4	349
Fees and payments	219	195			64	259
Utilities		63				63
Other	104	98				98
<b>TOTAL EXPENDITURES</b>	<u>18,885</u>	<u>17,924</u>	<u>612</u>	<u>802</u>	<u>874</u>	<u>19,600</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u>\$ -</u>	1,788	<u>\$ -</u>	(167)	431	2,052
<b>INTER-FUND TRANSFER (note 7)</b>				208	(208)	
<b>EMPLOYEE TERMINATION BENEFITS PRIOR TO APRIL 1, 1987 (note 5)</b>		(337)				(337)
<b>NET APPROPRIATION TO PROFESSIONAL DEVELOPMENT RESERVE</b>		(146)				(146)
<b>REFUND TO THE GOVERNMENT OF THE NORTHWEST TERRITORIES</b>		(562)				(562)
<b>BALANCE AT END OF YEAR</b>		<u>\$ 743</u>		<u>\$ 41</u>	<u>\$ 223</u>	<u>\$ 1,007</u>

ARCTIC COLLEGE  
STATEMENT OF EQUITY IN FIXED ASSETS  
for the year ended March 31, 1988  
(thousands of dollars)

Purchase of fixed assets  
from capital funds and  
balance at end of the year

\$ 802

ARCTIC COLLEGE  
STATEMENT OF PROFESSIONAL DEVELOPMENT RESERVE  
for the year ended March 31, 1988  
(thousands of dollars)

Appropriated from general operating fund for services	
Prior to April 1, 1987	\$ 81
For the year ended March 31, 1988	<u>83</u>
	164
Returned to general operating fund for current year's charges	<u>(18)</u>
Balance at end of the year	<u><u>\$ 146</u></u>

ARCTIC COLLEGE  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
for the year ended March 31, 1988  
(thousands of dollars)

Operating activities

Excess of revenue over expenditures	\$ 2,052
Items not requiring an outlay of funds	
Increase in employee leave and termination benefits	537
Provision for employee leave and termination benefits prior to April 1, 1987	(337)
Excess revenue refundable to the Government of the Northwest Territories	<u>(562)</u>
	1,690
Increase in trades accounts payable	729
Increase in amount due to the Government of the Northwest Territories	4,784
Increase in accounts receivable	<u>(334)</u>
Funds provided from operating activities	<u>6,869</u>
Increase in cash and short-term investments and balance at end of the year	<u><u>\$ 6,869</u></u>

**ARCTIC COLLEGE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 1988**

**1. AUTHORITY**

The Arctic College operates under the authority of the Arctic College Act 1986 (2) C.1. The College is a Schedule B Public Agency as listed in the Financial Administration Act.

The Arctic College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories. 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 across the Northwest Territories.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of accounting**

These financial statements have been prepared by management in accordance with generally accepted accounting principles except that capitalization and valuation of fixed assets are in accordance with the accepted practice of most Canadian educational institutions, and with reference to the "Guide to Accounting Principles, Practices and Standards of Disclosure for Universities and Colleges of Canada", published in 1984 by the Canadian Association of University Business Officers (C.A.U.B.O.).

**Fund accounting**

In order to ensure observance of limitations and restrictions on the use of resources available to the College in accordance with objectives specified by sources outside the College, and determination made by the Board of Governors, such resources are classified for accounting and reporting purposes into funds according to the activities or objectives specified. In the financial statements, funds with similar characteristics have been combined into three major funds: General operating fund, Special operating fund, and Capital fund.

The General operating fund accounts for the instructional, student services, administrative and other operational costs financed by contributions, investment income, tuition and room and board revenue.



The Special operating fund accounts for the revenues provided to the College under contract with other organizations and other non budgetary items.

The Capital fund accounts for funds advanced for the acquisition of fixed assets.

#### Fixed assets

Fixed assets are recorded at cost. Furniture and equipment acquired by the Government prior to April 1, 1987 were transferred to the College for \$1. No provision for depreciation is recorded in the financial statements. The cost of fixed assets disposed of and/or traded in is recorded as a reduction to equity in fixed assets.

All College campus land and certain buildings occupied by the College are property of the Government of the Northwest Territories. The College is required to pay the operating costs of the buildings.

#### Books and periodicals

Books and periodicals for the library are charged as an expense in the year acquired.

#### Professional development reserve

The Professional development reserve is for the long term professional development of College instructors. Under the Collective Agreement an amount equal to three per cent of the base salary of all indeterminate instructors on strength as at the commencement of the fiscal year is appropriated to the reserve. All charges for long term professional development reduce the reserve balance.

#### Government contributions

Contributions from the Government of the Northwest Territories are recorded on an accrual basis. Under the contribution agreement with the Government of the Northwest Territories, operating and capital contributions, not expended in the current year, in excess of \$250,000 and \$50,000 respectively, are recoverable by the Government of the Northwest Territories. For the fiscal year end 1987/88 interest income earned on operating and capital contributions is not considered in calculating the surplus refundable to the Government.

### 3. ACCOUNTS RECEIVABLE

(thousands of dollars)

Contracts	\$ 185
Students	58
Other	<u>91</u>
	<u>\$ 334</u>

The accounts receivable are net of allowances for doubtful accounts of \$39,000.

### 4. FIXED ASSETS

(thousands of dollars)

Furniture and equipment	\$ 676
Mobile equipment	100
Leasehold improvements	<u>26</u>
	<u>\$ 802</u>

The insurance on all College fixed assets is the responsibility of the Government of the Northwest Territories. All claims for loss of College furniture and equipment are submitted to the Government of the Northwest Territories.

### 5. ACCOUNTS PAYABLE

(thousands of dollars)

Employee leave and termination benefits	\$ 874
Contract refunds	222
Other	<u>170</u>
	<u>\$ 1,266</u>

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Employees also earn retirement and severance remuneration based on the number of years of service. Annual leave is payable within one fiscal year. The payments of other amounts is based upon employees leaving the Government.

The balance at commencement of operations of \$337,000 has been absorbed by the College and charged to the General operating fund.

The long-term balance as at March 31, 1988 of \$380,000 is included in current liabilities.

#### 6. DUE TO THE GOVERNMENT OF THE NORTHWEST TERRITORIES

(thousands of dollars)

Costs incurred by the Government for payroll and operating expenses	\$ 2,872
Amounts due to service departments (note 9)	1,350
Excess operating contributions	<u>562</u>
	<u>\$ 4,784</u>

#### 7. INTER-FUND TRANSFER

During the year the Board of Governors approved transfers from the special operating fund to the capital fund of \$208,000.

#### 8. BUDGET AMOUNTS

Budget information, while not forming a part of the audited financial statements, is included for information purposes. The budget figures are the amounts approved by the Board of Governors.

#### 9. RELATED PARTY TRANSACTIONS

Under the transfer policy of the Government of the Northwest Territories, certain support services are provided to the College by various government departments.

The College is required to reimburse the Department of Public Works and Highways for the actual utility and operating costs of the facilities that the College uses in its activities. The Department of Personnel is reimbursed for the actual employee benefits and recruitment costs of employees of Arctic College.

The Departments of Finance and Government Services charge a fee based on the estimated cost of services provided, which include the processing of financial transactions, payroll, the provision of insurance and risk management, and the procurement of goods and services.

The transactions with the Government of the Northwest

Territories are as follows:

<u>Department</u>	<u>Costs incurred by or fees charged by service departments during the year</u>	<u>Amount outstanding as at March 31, 1988</u>
(thousands of dollars)		
Public Works and Highways	\$ 2,291	\$ 1,091
Personnel	602	181
Government Services	120	49
Finance	<u>32</u>	<u>29</u>
	<u>\$ 3,045</u>	<u>\$ 1,350</u>

The College receives without any charge legal counsel from the Department of Justice, internal audit services from the Department of the Executive and translation services from the Department of Culture and Communications.

Through the Department of Education the College received contributions of \$18,477,000 for operations and \$612,000 for capital.

Accounts receivable (Note 3) includes \$88,000 due from departments of the Government of the Northwest Territories for the delivery of courses under contract, and \$91,000 for other services.

#### 10. COMMITMENTS

The College leases student accommodation and classroom space under long-term lease agreements and is committed to basic rental payments over the next 2 years as follows:

	(thousands of dollars)
1989	\$ 140
1990	<u>81</u>
	<u>\$ 221</u>

#### 11. COMPARATIVE FIGURES

As this is the first year of operation, there are no comparative figures. Under the contribution agreement with the Government of the Northwest Territories, all accounts receivable and accounts payable arising from the operation of the College prior to April 1, 1987 are the responsibility of the Government of the Northwest Territories.