TD 12-20(1) TABLED ON FEBRUARY 6, 2024

2022-2023

PUBLIC ACCOUNTS

SECTION I: CONSOLIDATED FINANCIAL STATEMENTS

Government of
Northwest Territories

PUBLIC ACCOUNTS

OF THE

GOVERNMENT OF THE NORTHWEST TERRITORIES

FOR THE YEAR ENDED MARCH 31, 2023

SECTION I

CONSOLIDATED FINANCIAL STATEMENTS

HONOURABLE CAROLINE WAWZONEK

Minister of Finance

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THE HONOURABLE MARGARET M. THOM
COMMISSIONER OF THE NORTHWEST TERRITORIES

I have the honour to present the Public Accounts of the Northwest Territories 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, 2023.

Honourable Caroline Wawzonek
Minister of Finance

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FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

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Government of Northwest Territories
Gouvernement des Territoires du Nord-Ouest

December 19, 2023

RESPONSIBILITY FOR FINANCIAL REPORTING

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

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS). Where PSAS permits alternative accounting methods, management has chosen those that are most appropriate. Where required, management's best estimates and judgement 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 Northwest Territories Act and regulations, and the Financial Administration Act of the Northwest Territories and regulations.

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 consolidated financial position of the Government, the consolidated results of its operations, its consolidated remeasurement gains and losses, consolidated changes in its net debt, and its consolidated cash flows for the year in accordance with PSAS. During the course of the audit, she also examines transactions that came to her notice, to ensure they are, in all material respects, within the statutory powers of the Government and those organizations included in the consolidated financial statements.

Julie Mujcin, CPA, CGA
Comptroller General
Government of the Northwest Territories

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Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Legislative Assembly of the Northwest Territories

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Government of the Northwest Territories and its controlled entities (the Group), which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of operations and accumulated operating surplus, consolidated statement of change in net debt, consolidated statement of remeasurement gains and losses and consolidated statement of cash flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and the consolidated results of its operations, its consolidated remeasurement gains and losses, consolidated changes in its net debt, and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in Section I of the Public Accounts 2022-2023, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless an intention exists to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of the Government of the Northwest Territories and its controlled entities coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are 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(a) to the consolidated financial statements.

In our opinion, the transactions of the Government of the Northwest Territories and its controlled entities that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Government of the Northwest Territories and its controlled entities' compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Government of the Northwest Territories and its controlled entities to comply with the specified authorities.

Auditor’s Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

Karen Hogan, FCPA
Auditor General of Canada

Ottawa, Canada
19 December 2023

Government of the Northwest Territories

Consolidated Statement of Financial Position

As at March 31, 2023 (thousands of dollars)

	2023	2022 Restated (Note 2(x))
	$	$
Financial assets		
Cash and cash equivalents *(note 3)*	126,445	216,016
Portfolio investments *(note 5)*	162,393	115,900
Due from the Government of Canada *(note 14)*	189,387	110,494
Accounts receivable *(note 6)*	132,091	119,793
Inventories for resale	49,683	37,358
Loans receivable *(note 7)*	69,759	72,187
Sinking fund *(note 8)*	-	500
Pension assets *(note 17)*	22,951	19,125
	752,709	**691,373**
Liabilities		
Short term loans *(note 9)*	486,806	365,922
Accounts payable and accrued liabilities *(note 10)*	447,174	372,024
Deferred revenue *(note 11)*	199,192	190,178
Environmental liabilities *(note 12)*	69,205	91,126
Liabilities for sewage lagoons and solid waste sites *(note 13)*	21,495	-
Asset retirement obligations *(note 13)*	140,214	146,434
Due to the Government of Canada *(note 14)*	67,101	106,984
Capital lease obligations *(note 15)*	15,545	15,950
Long-term debt *(note 15)*	554,267	553,316
Liabilities under public private partnerships *(note 16)*	262,172	270,510
Pension liabilities *(note 17)*	42,970	41,761
Other employee future benefits and compensated absences *(note 18)*	45,751	47,629
	2,351,892	**2,201,834**
Net debt	**(1,599,183)**	**(1,510,461)**
Non-financial assets		
Tangible capital assets *(schedule A)*	3,961,726	3,771,690
Inventories held for use	27,812	26,437
Prepaid expenses	19,115	14,827
	4,008,653	**3,812,954**
Accumulated surplus	**2,409,470**	**2,302,493**
Accumulated surplus is comprised of:		
Accumulated operating surplus	2,408,567	2,302,493
Accumulated remeasurement gains	903	-
Accumulated surplus	**2,409,470**	**2,302,493**

Contractual obligations, rights, guarantees and contingencies, and subsequent events *(notes 20, 21 and 26)*

Approved by:

Caroline Wawzonek
Minister of Finance

Julie Mujcin, CPA, CGA
Comptroller General

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

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2023 (thousands of dollars)

	2023 Budget (Note 1(b)) $	2023 Actual $	2022 Actual Restated (Note 2(x)) $
Revenues			
Grant from the Government of Canada *(note 2(p))*	1,519,233	1,519,233	1,480,118
Transfer payments *(note 22)*	560,464	573,554	477,881
	2,079,697	**2,092,787**	**1,957,999**
Taxation, non-renewable resource and general revenues			
Corporate and personal income taxes *(note 22)*	135,725	177,038	158,312
Other taxes *(note 22)*	147,430	144,220	137,236
General *(note 22)*	103,725	98,751	96,638
Income from portfolio investments	610	4,794	5,145
Non-renewable resource revenue *(note 22)*	21,615	38,037	42,510
Sales	181,840	193,154	180,422
Recoveries	42,987	46,216	40,574
	633,932	**702,210**	**660,837**
Recoveries of prior years' expenses	3,000	9,473	15,876
	2,716,629	**2,804,470**	**2,634,712**
Expenses (schedule B) *(note 23)*			
Environment and Economic Development	185,271	192,012	191,480
Infrastructure	478,959	498,960	453,973
Education	428,811	445,290	422,947
Health and Social Services	685,232	734,919	708,793
Housing	109,895	109,552	108,098
Justice	137,676	147,007	141,300
General Government	520,369	545,410	524,809
Legislative Assembly and statutory offices	25,435	25,246	24,524
	2,571,648	**2,698,396**	**2,575,924**
Annual operating surplus	**144,981**	**106,074**	**58,788**
Accumulated operating surplus at beginning of year	**2,302,493**	**2,302,493**	**2,243,705**
Accumulated operating surplus at end of year	**2,447,474**	**2,408,567**	**2,302,493**

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

Consolidated Statement of Change in Net Debt

For the year ended March 31, 2023 (thousands of dollars)

	2023 Budget $	2023 Actual $	2022 Actual Restated (Note 2(x)) $
Net debt at beginning of year	**(1,510,461)**	**(1,510,461)**	**(1,474,246)**
Items affecting net debt:			
Annual operating surplus	144,981	106,074	58,788
Acquisition of tangible capital assets *(schedule A)*	(528,926)	(365,888)	(260,666)
Amortization of tangible capital assets *(schedule A)*	174,854	165,599	165,839
Revaluation of asset retirement obligations	-	3,792	-
Loss on disposal of tangible capital assets	-	6,315	4,415
Proceeds on disposal of tangible capital assets	2,500	146	544
	(206,591)	(83,962)	(31,080)
Consumption of inventories held for use	7,700	28,303	25,039
Purchase of inventories held for use	(7,700)	(29,678)	(27,023)
Change in prepaid expenses	-	(4,288)	(3,151)
	-	(5,663)	(5,135)
Increase in net debt excluding net remeasurement gains	**(206,591)**	**(89,625)**	**(36,215)**
Net remeasurement gains	**-**	**903**	**-**
Increase in net debt	**(206,591)**	**(88,722)**	**(36,215)**
Net debt at end of year	**(1,717,052)**	**(1,599,183)**	**(1,510,461)**

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

Consolidated Statement of Remeasurement Gains and Losses

For the year ended March 31, 2023 (thousands of dollars)

	2023 Actual
	$
Accumulated remeasurement gains at beginning of year	-
Adjustments on adoption of the financial instruments related standards (note 2(x)):	
Portfolio investments	
Equity instruments quoted in an active market	3,297
Financial instruments designated at fair value	118
Adjusted accumulated remeasurement gains at beginning of year	**3,415**
Unrealized loss attributable to:	
Portfolio investments	
Equity instruments quoted in an active market	(1,869)
Financial instruments designated at fair value	(525)
Amount reclassified to the Consolidated Statement of Operations and Accumulated Operating Surplus	
Portfolio investments	
Financial instruments designated at fair value	(118)
Net remeasurement gains for the year	**903**
Accumulated remeasurement gains at end of year	**903**

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

Government of the Northwest Territories

Consolidated Statement of Cash Flow

For the year ended March 31, 2023 (thousands of dollars)

	2023 $	2022 Restated (Note 2(x)) $
Cash and cash equivalents provided by (used for)		
Operating transactions		
Annual operating surplus*	106,074	58,788
Items not affecting cash and cash equivalents:		
Change in valuation allowances	3,134	7,698
Loss on disposal of tangible capital assets	6,315	4,415
Amortization of tangible capital assets	165,599	165,839
Revaluation of asset retirement obligations	3,792	-
Inflation adjustment on real return bonds	9,443	10,862
Accretion expense	3,531	3,157
	297,888	250,759
Changes in non-cash assets and liabilities:		
Change in due to/from the Government of Canada	(118,776)	(29,934)
Change in accounts receivable	(11,673)	(11,648)
Change in inventories for resale	(12,325)	2,232
Change in accounts payable and accrued liabilities	36,115	17,108
Change in environmental liabilities	(21,921)	21,544
Change in liabilities for sewage lagoons and solid waste sites	21,495	-
Change in deferred revenue	9,014	95,631
Change in pension assets and liabilities	(2,617)	(650)
Change in other employee future benefits and compensated absences	(1,878)	(4,354)
Change in inventories held for use	(1,375)	(1,984)
Change in prepaid expenses	(4,288)	(3,151)
Cash and cash equivalents provided by operating transactions	**189,659**	**335,553**
Investing transactions		
Disposition of portfolio investments	18,049	27,106
Acquisition of portfolio investments	(63,639)	(36,470)
Loans receivable receipts	8,269	17,024
Loans receivable advanced	(9,600)	(10,874)
Sinking fund installments	-	(34,519)
Sinking fund withdrawals	500	112,118
Cash and cash equivalents provided by (used for) investing transactions	**(46,421)**	**74,385**
Capital transactions		
Acquisition of tangible capital assets	(308,854)	(213,934)
Proceeds of disposition of tangible capital assets	146	544
Cash and cash equivalents used for capital transactions	**(308,708)**	**(213,390)**
Financing transactions		
Net proceeds from short term loans	120,884	41,049
Repayment of capital lease obligations	(405)	(405)
Repayment of long-term debt	(8,492)	(18,522)
Repayment of liabilities under public private partnerships	(36,088)	(118,474)
Cash and cash equivalents provided by (used for) financing activities	**75,899**	**(96,352)**
Increase in cash and cash equivalents	**(89,571)**	**100,196**
Cash and cash equivalents at beginning of year	**216,016**	**115,820**
Cash and cash equivalents at end of year	**126,445**	**216,016**

*Total interest paid during the year $60,365 (2022 - $45,116).
Total interest received during the year $12,494 (2022 - $7,703).

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

1. AUTHORITY AND OPERATIONS

(a) Authority and reporting entity

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

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

Education Act
- Beaufort Delta Divisional Education Council
- Commission scolaire francophone Territoires du Nord-Ouest
- Dehcho Divisional Education Council
- Dettah District Education Authority
- Ndìlo 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

Housing Northwest Territories Act
- Housing Northwest Territories

Human Rights Act
- Northwest Territories Human Rights Commission

Northwest Territories Societies Act
- 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

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, 2023, 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 19)* 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

Canadian public sector accounting standards require a comparison of the results of operations and changes in net financial assets (debt) for the year with those originally planned. The consolidated budget figures presented are the appropriations approved by the Legislative Assembly combined with the approved budgets for the consolidated entities, both 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.

The following table reconciles the Government's consolidated budget for 2022-23 as tabled in the Legislative Assembly on June 3, 2022 to the budget figures presented in the Consolidated Statement of Operations and Accumulated Operating Surplus.

March 31, 2023 (All figures in thousands of dollars)

1. AUTHORITY AND OPERATIONS (continued)

(b) Budget (continued)

	2023 Consolidated Budget as Tabled $	Projects on Behalf of Third Parties Adjustment[1] $	Carbon Tax Adjustment[2] $	2023 Consolidated Budget as Presented $
Revenues				
Grant from the Government of Canada	1,519,233	-	-	1,519,233
Transfer payments	444,116	116,348	-	560,464
	1,963,349	116,348	-	2,079,697
Taxation, non-renewable resource and general revenues				
Corporate and personal income taxes	135,725	-	-	135,725
Other taxes	171,330	-	(23,900)	147,430
General	102,623	1,102	-	103,725
Income from portfolio investments	610	-	-	610
Non-renewable resource revenue	21,615	-	-	21,615
Sales	181,840	-	-	181,840
Recoveries	31,315	11,672	-	42,987
	645,058	12,774	(23,900)	633,932
Recoveries of prior years' expenses	3,000	-	-	3,000
	2,611,407	129,122	(23,900)	2,716,629

[1] The Government undertakes projects for the Government of Canada, the Government of Nunavut and others. These recoveries and expenses were presented separately in the tabled Consolidated Budget Summary of Operations below the annual operating surplus before projects on behalf of third parties. Within the Consolidated Statement of Operations and Accumulated Operating Surplus, the recoveries for projects on behalf of third parties are instead classified as transfer payments revenues, general revenues, or recoveries based on the nature of the project contract. Related expenses have been classified with the appropriate department's expenses.

[2] Gross basis accounting was used to budget revenue and offsetting expenses relating to rebates for heating fuel, diesel for generation and large emitters in the tabled Consolidated Budget. Within the Consolidated Statement of Operations and Accumulated Operating Surplus, these amounts are instead presented on a net basis to better reflect their nature.

March 31, 2023 (All figures in thousands of dollars)

1. AUTHORITY AND OPERATIONS (continued)

(b) Budget (continued)

	2023 Consolidated Budget as Tabled $	Projects on Behalf of Third Parties Adjustment[1] $	Carbon Tax Adjustment[2] $	Housing Northwest Territories Adjustment[3] $	2023 Consolidated Budget as Presented $
Expenses					
Environment and Economic Development	175,662	9,609	-	-	185,271
Infrastructure	468,460	10,499	-	-	478,959
Education	421,420	7,391	-	-	428,811
Health, Social Services and Housing	778,497	-	-	(778,497)	-
Health and Social Services	-	16,630	-	668,602	685,232
Housing	-	-	-	109,895	109,895
Justice	137,033	643	-	-	137,676
General Government	459,919	84,350	(23,900)	-	520,369
Legislative Assembly and statutory offices	25,435	-	-	-	25,435
	2,466,426	129,122	(23,900)	-	2,571,648
Annual operating surplus before projects on behalf of third parties	144,981	-	-	-	144,981
Projects on behalf of third parties					
Expenses	(129,122)	129,122	-	-	-
Recoveries	129,122	(129,122)	-	-	-
Annual operating surplus	144,981	-	-	-	144,981

[1] The Government undertakes projects for the Government of Canada, the Government of Nunavut and others. These recoveries and expenses were presented separately in the tabled Consolidated Budget Summary of Operations below the annual operating surplus before projects on behalf of third parties. Within the Consolidated Statement of Operations and Accumulated Operating Surplus, the recoveries for projects on behalf of third parties are classified as transfer payments revenues, general revenues or recoveries based on the nature of the project contract. Related expenses have been classified with the appropriate department's expenses.

[2] Gross basis accounting was used to budget revenue and offsetting expenses relating to rebates for heating fuel, diesel for generation and large emitters in the tabled Consolidated Budget. Within the Consolidated Statement of Operations and Accumulated Operating Surplus, these amounts are instead presented on a net basis to better reflect their nature.

[3] A single line was used to present Health, Social Services and Housing expenses in the tabled Consolidated Budget. This line item has been disaggregated in order to present Health and Social Services expenses separately from Housing expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated 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 consolidated 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 consolidated financial statements. 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 statements, the Government believes the estimates and assumptions to be reasonable.

The provision for environmental liabilities is subject to a high degree of measurement uncertainty because the existence and extent of contamination, the responsibility for, and the timing and cost of remediation cannot be reliably estimated in all circumstances. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

The provision for asset retirement obligations is subject to a high degree of measurement uncertainty because the responsibility for, the timing and cost of asset retirement cannot be reliably estimated in all circumstances. The degree of measurement uncertainty resulting from the estimation of the provision cannot be reasonably determined.

(b) Cash and cash equivalents

Cash is comprised of cash on hand and bank account balances. Cash equivalents are comprised of 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 in equities quoted in an active market as well as certain other investments whose performance is managed and reported on a fair value basis are recorded at fair value. Other investments are recorded at amortized cost.

(d) Restricted assets

Restricted assets result from external restrictions imposed by an agreement with an external party, or through legislation of another government, that specify the purpose or purposes for which resources are to be used. Externally restricted inflows are recognized as revenue in the Government's consolidated financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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 primarily consist of materials and supplies, lubricants, critical spare parts, and fuel and are recorded at cost as determined using the weighted average cost method. Impairment of these inventories, when recognized, result in write-downs to net replacement value. 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.

(f) Sinking fund

The sinking fund is externally restricted cash held specifically for the purpose of repaying outstanding debt at maturity. The sinking fund is recorded at amortized cost.

(g) Loans receivable

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 consolidated 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 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.

(h) Contractual rights and contingent assets

The Government enters into contracts that are significant in relation to its current financial position or that will materially affect future revenues. Contractual rights pertain to rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future when the terms of contracts or agreements are met. The nature, extent and timing of contractual rights are disclosed in the notes to the consolidated financial statements.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Tangible capital assets and leases

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

Asset category	Amortization period
Land	Not amortized
Computers	10 years or less
Equipment	
Barges and ferries	75 years or less
Other equipment	40 years or less
Roads and Bridges	75 years or less
Buildings and Leasehold Improvements	Buildings - 40 years or less; Leasehold Improvements - the lesser of useful life or remaining lease term
Infrastructure and Other	40 years or less except for Electric power plants 100 years or less

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

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

Tangible capital assets under construction or development are recorded as work in progress with no amortization until the asset is placed in service. Capital lease agreements are recorded as a liability and a corresponding asset based on the present value of the minimum lease payments, excluding executory costs. The present value is based on the lower of the implicit rate or the Government's borrowing rate at the time the obligation is incurred. Operating leases are charged to expenses.

All intangibles, works of art, historical treasures and items inherited by right of the Crown, such as Crown lands, forests, water, and mineral resources are not recognized in these consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Environmental liabilities

Environmental liabilities are recognized for contaminated sites, 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 not determinable, or in the event it is not possible to determine if future economic benefits will be given up, or if a confirming future event is likely but 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.

(k) Asset retirement obligations and liabilities for sewage lagoons and solid waste sites

Asset retirement obligations (ARO) are recognized where there is a legal obligation to retire a tangible capital asset and are based on management's best estimate of the future expenditures required to settle the legal obligations 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 Government's cost of borrowing for maturity dates that coincide with the expected cash flows.

The estimated ARO is recorded as a liability with 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.

The Government has a liability relating to restoration of sewage lagoons and solid waste sites that are located on Commissioner's land and where the obligation is communicated to the operators of the sites. These liabilities are not ARO as they do not relate to tangible capital assets controlled by the Government. They are measured in accordance with the policies the Government uses to measure ARO because they are similar in nature. Costs associated with these liabilities are expensed in the year they are incurred. Revisions in estimated cash flows that result in a reduction or increase of the liability are recorded as either recoveries or losses in the year the change takes place.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Liabilities under 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 and control is transferred to the Government. The capital asset (classified as work in progress) and the corresponding liability are recorded based on the estimated percentage of completion. In circumstances where the Government does not bear the risks and rewards of the asset until substantial completion the future associated agreement is disclosed.

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

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

(m) Financial instruments

Financial instruments are any contracts that give rise to financial assets of one entity and financial liabilities or equity instruments of another entity.

The Government's financial instruments consist of cash and cash equivalents, portfolio investments, accounts receivable, loans receivable, due from the Government of Canada, short term loans, accounts payable and accrued liabilities, due to the Government of Canada, long term debt and liabilities under public private partnerships.

Portfolio investments in equities quoted in an active market and certain other investments are measured at fair value. All other financial instruments are measured at cost or amortized cost. The Government classifies fair value measurements using a hierarchy with the following levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 – inputs for the asset or liability that are not based on observable market data.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Financial instruments (continued)

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, a cumulative gain or loss is reclassified from the Consolidated Statement of Remeasurement Gains and Losses and recognized in the Consolidated Statement of Operations and Accumulated Operating Surplus. Interest and dividends attributable to financial instruments are reported in the Statement of Operations and Accumulated Operating Surplus. For financial instruments measured at amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the Consolidated Statement of Operations and Accumulated Operating Surplus.

(n) 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 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.

(o) Contractual obligations and contingent liabilities

The Government enters into contracts that are significant in relation to its current financial position or that will materially affect 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 nature, extent and timing of contractual obligations are disclosed in the notes to the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Contractual obligations and contingent liabilities (continued)

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

(p) Grant from the Government of Canada

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

(q) 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.

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

Corporate and Personal Income tax revenue are recognized on an accrual basis, net of any tax concessions. Income tax is calculated net of tax deductions and credits allowed under the *Income Tax Act* (Northwest Territories). 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* (Northwest Territories), 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 or reassessments 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fuel, carbon, tobacco, payroll and property taxes are levied under the authority of the *Petroleum Products and Carbon Tax Act*, the *Tobacco Tax Act*, the *Payroll Tax Act*, and the *Property Assessment and Taxation Act*, respectively. Fuel, carbon 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 recognized on an accrual basis based on assessments of the prior year. Adjustments arising from reassessments are recorded in revenue in the year they are finalized.

Non-renewable resource revenue is recognized on an accrual basis and include mineral, quarry, oil and gas, and water license revenues as defined in the Northwest Territories Lands and Resources Devolution Agreement. Mineral and quarry revenues are collected under the authority of the *NWT Lands Act*, water revenues are collected under the authority of the *Water Act* and oil and gas revenues are collected under the authority of the *Petroleum Resources Act*. The Government is entitled to 50 percent of the Non-renewable resource revenues collected (which is referred to as the net fiscal benefit), up to a maximum amount based on a percentage of the Gross Expenditure Base under Territorial Formula Financing. The Government of Canada will deduct its share of the Non-renewable resource revenues collected by the Government (the remaining amount) from the Grant from the Government of Canada (*note 2(p)*) 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*.

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 Northwest Territories Hydro Corporation 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.

(s) Expenses

Grants and contributions expenses are recognized as long as the grant or contribution is authorized, and all 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. All expenses are recognized on an accrual basis.

(t) 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 Operating Surplus. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Foreign currency translation

Foreign currency transactions are translated into Canadian dollars using rates in effect at the time the transactions were entered into. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using exchange rates at year-end. Unrealized gains and losses arising from translation are recognized in the Consolidated Statement of Remeasurement Gains and Losses and are reclassified to the Consolidated Statement of Operations and Accumulated Operating Surplus when settled.

(v) 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, Housing Northwest Territories and Northwest Territories Hydro Corporation 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.

(w) Future accounting changes

Effective April 1, 2023, the Government will be required to adopt PS 3400 Revenue. This standard provides guidance on how to account for and report on revenue. Specifically, it differentiates between revenue arising from transactions that include performance obligations and transactions that do not have performance obligations. There will be no significant impact on the consolidated financial statements as a result of its application.

Effective April 1, 2023, the Government will be required to adopt PS 3160 Public Private Partnerships. This standard provides guidance on how to account for and disclose public private partnerships. There will be no significant impact on the consolidated financial statements as a result of its application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Adoption of new accounting standards

Asset retirement obligations
Effective April 1, 2022, the Government adopted the PS 3280 Asset Retirement Obligations standard using the modified retroactive method with restatement of prior year's comparative figures. Under the modified retroactive method, amounts are measured using information, assumptions and discount rates at April 1, 2022. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated accretion and amortization are measured for the period from the date the liability would have been recognized had the provision of PS 3280 been in effect to the date as of which PS 3280 is first applied.

On initial application of the standard, the Government derecognized previously recorded asset retirement obligations and recognized:

- a liability for existing asset retirement obligations,
- an asset retirement obligation cost, capitalized as an increase to the carrying amount of the related tangible capital asset
- accumulated amortization on the capitalized asset retirement cost from the date the liability was deemed to occur, and
- an adjustment to the opening balance of accumulated surplus.

Financial Instruments
Section PS 3450 Financial Instruments is effective for years beginning on or after April 1, 2022. The standard provides guidance on how to account for and report financial instruments. Significant impacts from the adoption of this standard are: a new Consolidated Statement of Remeasurement Gains and Losses, additional disclosure on financial risk exposure and management, and certain portfolio investments are measured at fair value as opposed to amortized cost. The Government applied this new standard prospectively; therefore, recognition, derecognition, and measurement policies have not been reversed, and prior year's financial statements, including comparative information, have not been restated. Accumulated remeasurement gains was adjusted by $3,415 which represent the adjustment on adoption of PS 3041 Portfolio Investments.

Other New Standards
Effective April 1, 2022, the Government adopted PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments. PS 1201, 2601, and 3041 were required to be adopted in the same fiscal year that PS 3450 Financial Instruments was adopted. The adoption of these standards did not result in any significant incremental impacts to the consolidated financial statements beyond those changes required by the adoption of PS 3450.

March 31, 2023 (All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Adoption of new accounting standards (continued)

The adoption of these standards has resulted in the following adjustments to the March 31, 2022 consolidated financial statements:

Consolidated Statement of Financial Position impact:

	As previously reported March 31, 2022 $	Adjustment $	Restated amount as at March 31, 2022 $
Environmental liabilities and asset retirement obligations	99,164	(99,164)	-
Environmental liabilities	-	91,126	91,126
Asset retirement obligations	-	146,434	146,434
Net debt	(1,372,065)	(138,396)	(1,510,461)
Tangible capital assets	3,763,673	8,017	3,771,690
Accumulated surplus	2,432,872	(130,379)	2,302,493

Consolidated Statement of Operations and Accumulated Operating Surplus impact:

	As previously reported March 31, 2022 $	Adjustment $	Restated amount as at March 31, 2022 $
Infrastructure	454,118	(145)	453,973
Housing	106,838	1,260	108,098
General Government	522,688	2,121	524,809
Annual operating surplus	62,024	(3,236)	58,788
Accumulated operating surplus at beginning of year	2,370,848	(127,143)	2,243,705
Accumulated operating surplus at end of year	2,432,872	(130,379)	2,302,493

March 31, 2023 (All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Adoption of new accounting standards (continued)

Consolidated Statement of Change in Net Debt impact:

	As previously reported March 31, 2022 $	Adjustment $	Restated amount as at March 31, 2022 $
Net debt at beginning of year	(1,338,058)	(136,188)	(1,474,246)
Annual operating surplus	62,024	(3,236)	58,788
Acquisition of tangible capital assets	(260,694)	28	(260,666)
Amortization of tangible capital assets	165,190	649	165,839
Loss on disposal of tangible capital assets	4,064	351	4,415
Increase in net debt excluding net remeasurement gains	-	(36,215)	(36,215)
Increase in net debt	(34,007)	(2,208)	(36,215)
Net debt at end of year	(1,372,065)	(138,396)	(1,510,461)

Consolidated Statement of Cash Flow impact:

	As previously reported March 31, 2022 $	Adjustment $	Restated amount as at March 31, 2022 $
Annual operating surplus	62,024	(3,236)	58,788
Loss on disposal of tangible capital assets	4,064	351	4,415
Amortization of tangible capital assets	165,190	649	165,839
Accretion expense	-	3,157	3,157
Change in environmental liabilities and asset retirement obligations	22,465	(22,465)	-
Change in environmental liabilities	-	21,544	21,544

March 31, 2023 (All figures in thousands of dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Adoption of new accounting standards (continued)

Schedule A - Consolidated Schedule of Tangible Capital Assets impact:

	As previously reported March 31, 2022 $	Adjustment $	Restated amount as at March 31, 2022 $
Cost of tangible capital assets			
Opening balance	5,885,147	49,511	5,934,658
Acquisitions	260,694	(28)	260,666
Disposals	(11,930)	(1,111)	(13,041)
Closing balance	6,133,911	48,372	6,182,283
Accumulated amortization			
Opening balance	(2,212,370)	(42,034)	(2,254,404)
Amortization expense	(165,190)	(649)	(165,839)
Disposals	7,322	2,328	9,650
Closing balance	(2,370,238)	(40,355)	(2,410,593)
Net book value	3,763,673	8,017	3,771,690

Schedule B - Consolidated Schedule of Segmented Information impact:

	As previously reported March 31, 2022 $	Adjustment $	Restated amount as at March 31, 2022 $
Operations and maintenance	920,617	2,587	923,204
Amortization of tangible capital assets	165,190	649	165,839
Annual operating surplus	62,024	(3,236)	58,788

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are made of the following:

	2023 $	2022 $
Cash	124,867	190,391
Cash equivalents	1,578	25,625
	126,445	216,016

4. DESIGNATED AND RESTRICTED ASSETS

(a) Restricted assets

Restricted assets include funds remitted to the Government, that are restricted for use in the Yellowknife Airport Capital Program, pursuant to the *Memorandum of Agreement* between the Government and Signatory Air Carriers. Restricted assets for Yellowknife Airport Improvement Fees at March 31, 2023 is $8,084 (2022 - $5,532) and is included in cash and cash equivalents with a corresponding liability in deferred revenue.

(b) Designated assets

Designated assets are included in cash and cash equivalents (note 3) as well as in portfolio investments (note 5).

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

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

Portfolio investments, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplemental Retiring Allowance Pension Plan (note 17). Supplementary Retiring Allowance Regulations restrict the investments to those permitted under the *Pension Benefits Standards Act.* The remainder consists of investments held by public agencies listed in note 1(a).

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

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

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

During the year, the Government established a fund for the purpose of retiring the bond that is due in September 2051 (note 15). Annual contributions of cash from the Government will be invested in equities and fixed income securities. The portfolio is externally managed.

Other designated assets will be used for various specified purposes.

March 31, 2023 (All figures in thousands of dollars)

4. DESIGNATED AND RESTRICTED ASSETS (continued)

	2023 $	2022 $
Student Financial Assistance Act		
Student Loan Fund:		
Authorized limit for loans receivable	45,000	45,000
Less: Loans receivable balance (*note* 7)	(40,225)	(41,294)
Funds designated for new loans	4,775	3,706
Northwest Territories Heritage Fund Act		
Heritage Fund:		
Heritage Fund net assets	43,536	37,183
Waste Reduction and Recovery Act		
Environment Fund:		
Beverage Container Program net assets	8,808	7,475
Pension Benefits Standard Act		
Portfolio Investments for the Legislative Assembly Supplementary Retiring Allowance (*note* 17)	38,427	40,307
Northwest Territories Business Development and Investment Corporation Act		
Loan and Investment Funds	10,082	9,573
Land Titles Act		
Land Titles Assurance Fund net assets	5,656	5,301
Investments for repayment of bond		
Portfolio investments	9,624	-
Other		
Cash	376	356
	121,284	103,901

March 31, 2023 (All figures in thousands of dollars)

5. PORTFOLIO INVESTMENTS

	2023 $	2022 $
Cost and amortized cost	133,460	115,900
Fair valued	28,933	-
Total portfolio investments	**162,393**	**115,900**

Portfolio investments recorded at cost and amortized cost are comprised of the following:

	2023 Cost $	2023 Market Value $	2022 Cost $	2022 Market Value $
Guaranteed Investment Certificates	45,352	44,615	36,401	34,891
Bonds	84,966	78,078	52,178	47,935
Equities and other financial instruments	3,142	3,142	27,321	29,778
	133,460	**125,835**	115,900	112,604

Portfolio investments recorded at fair value are comprised of the following:

	2023			
	Level 1 $	Level 2 $	Level 3 $	Total $
Other instruments designated at fair value				
Interest bearing securities	-	5,750	-	5,750
Equities quoted in an active market				
Pooled investments - Canadian	10,446	-	-	10,446
Pooled investments - Global	12,737	-	-	12,737
	23,183	**5,750**	**-**	**28,933**

March 31, 2023 (All figures in thousands of dollars)

6. ACCOUNTS RECEIVABLE

	Accounts Receivable $	Allowance for Doubtful Accounts $	Net 2023 $	Net 2022 $
	-	-	-	-
General	89,212	(40,653)	48,559	46,046
Utilities	13,428	(177)	13,251	11,734
Non-renewable resource revenue	39,791	-	39,791	40,779
Government of Nunavut	15,892	-	15,892	11,337
Health related costs due from third parties	15,220	(8,656)	6,564	4,373
Revolving fund sales	7,705	(395)	7,310	5,046
Workers' Safety and Compensation Commission	724	-	724	478
	181,972	**(49,881)**	**132,091**	**119,793**

March 31, 2023 (All figures in thousands of dollars)

7. LOANS RECEIVABLE

	2023 $	2022 $
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 1.75% and 7.95%, (2022 - between 1.75% and 7.95%) before valuation allowance of $4,038 (2022 - $3,593).	46,563	47,777
Students Loan Fund loans due in installments to 2035, bearing fixed interest between 0.00% and 11.75%, (2022 - between 0.00% and 11.75%) unsecured, before valuation allowance and loan remissions of $16,774 (2022 - $17,266).	40,225	41,294
Housing Northwest Territories mortgages and loans to individuals receivable over a maximum of 25 years, some of which are unsecured and others are secured by registered charges against real property bearing fixed interest between 0.00% and 10.50%, (2022 - between 0.00% and 10.50%) before valuation allowance of $6,832 (2022 - $7,510).	10,615	11,479
Other	-	6
	97,403	**100,556**
Valuation allowances	(27,644)	(28,369)
	69,759	**72,187**

Interest earned on loans receivable during the year is $2,498 (2022 - $3,043).

Conditional grants have been provided by Housing Northwest Territories 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 Housing Northwest Territories. Conditional grants expensed during the year were $10,188 (2022 - $8,410).

March 31, 2023 (All figures in thousands of dollars)

8. SINKING FUND

The Sinking Fund was established on July 15, 2019 and included cash held in a separate bank account for the purpose of retiring liabilities under public private partnerships (note 16) for the Tlicho All Season Road contract. The Government made contributions and then in November 2022, at the time of substantial completion of the Tlicho All Season Road, the Government used the sinking fund to make a lump sum payment to retire a portion of the related liability under the public private partnership. As at March 31, 2023, the balance of the Sinking Fund is $0 (2022 - $500).

9. SHORT TERM LOANS

Based upon operational needs, the Government may enter into short term borrowing arrangements with its banks. Short term loans of $486,806 (2022 - $365,922) incurred interest at a weighted average year-end rate of 5.06% (2022 - 0.48%). Interest expense on short term loans included in operations and maintenance expenses is $11,883 (2022 - $1,581).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023 $	2022 $
Trade	313,532	239,833
Employee and payroll-related liabilities	117,767	120,259
Other liabilities	10,890	8,702
Accrued interest	1,193	2,438
Government of Nunavut	707	553
Workers' Safety and Compensation Commission	3,085	239
	447,174	**372,024**

March 31, 2023 (All figures in thousands of dollars)

11. DEFERRED REVENUE

	2022 Balance $	Additions $	Usage $	2023 Balance $
Government of Canada	33,454	63,050	(52,889)	43,615
Government of Canada Agencies				
Canadian Northern Economic Development Agency	4,364	131	(1,966)	2,529
Canadian Space Agency	108	-	(108)	-
Crown - Indigenous Relations and Northern Affairs Canada	23,629	18,035	(18,532)	23,132
Department of National Defence	61,673	30,039	(29,129)	62,583
Fisheries and Oceans Canada	34	-	(34)	-
Health Canada	15,501	7,989	(11,579)	11,911
Indigenous Services Canada	11,715	8,235	(13,018)	6,932
Infrastructure Canada	2,269	5,225	(5,767)	1,727
Ministry of Finance	2,431	3,523	(2,431)	3,523
Natural Resources Canada	140	-	(83)	57
Natural Sciences and Engineering Research Canada	214	308	-	522
Parks Canada	38	36	(27)	47
Polar Knowledge Canada	19	4	(23)	-
Public Health Agency of Canada	2,714	1,643	(742)	3,615
Royal Canadian Mounted Police	124	-	(124)	-
Social Sciences and Humanities Research Council of Canada	78	-	(69)	9
Transport Canada	7,872	20,225	(21,949)	6,148
Arctic Research Foundation	208	-	(41)	167
Baggage handling ad runway projects	1,752	1,030	(1,751)	1,031
Bilateral Water Management Agreements	2,917	445	(331)	3,031
Canada Health Infoway	37	1,891	-	1,928
Government of Nunavut	362	-	-	362
Large emitters carbon tax	4,171	3,397	-	7,568
Land leases and quarry permits	728	193	(49)	872
Lease Incentives	982	-	(307)	675
Mining Recorders Office	15	1,879	-	1,894
Restricted Assets (note 4)	5,533	11,134	(8,583)	8,084
Ventura	4,800	-	-	4,800
Work deposits, commercial use permits and tourism licenses	680	198	(447)	431
Other	1,616	736	(353)	1,999
	190,178	179,346	(170,332)	199,192

March 31, 2023 (All figures in thousands of dollars)

12. 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 232 (2022 - 248) sites as potentially requiring environmental remediation at March 31.

Type of Site	2022 Liability (Restated Note 2(x)) $	New Sites in 2023 $	Change in Estimate $	Remediation Expenses $	2023 Liability $	Number of Sites
Abandoned mines[1]	31,433	-	(57)	(18,178)	13,198	8
Landfills[2]	11,054	-	(4,175)	(350)	6,529	31
Abandoned infrastructure and schools[3]	14,222	220	1,735	(1,370)	14,807	80
Airports, airport strips or reserves[4]	4,107	-	86		4,193	25
Sewage lagoons[5]	1,787	-	(480)	(145)	1,162	28
Fuel tanks and resupply lines[2]	2,570	-	(57)	-	2,513	12
Abandoned lots and maintenance facilities[3]	25,953	260	3,953	(3,363)	26,803	48
Total	**91,126**	**480**	**1,005**	**(23,406)**	**69,205**	**232**

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.

There were 16 (2022 - 3) sites closed or derecognized during the fiscal year as they were either remediated or no longer meet all the criteria required to record a liability for contaminated sites. 0 (2022 - 35) sites were amalgamated with other already existing sites. 3 (2022 - 0) sites were transferred to liabilities for sewage lagoons and solid waste sites.

Included in the 232 (2022 - 248) sites, there are 67 (2022 - 68) 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.

Site for which a liability has not been recognized

The Government has identified a site where future remediation and restoration expenses will be required. Absent any other stakeholder to fund the costs, the Government is responsible. No liability for full and final remediation and restoration has been recognized for this site as a reasonable estimate cannot be made until further analysis of the site is completed and a closure plan is completed. Expected costs categories include, but are not limited to: removal of buildings, equipment, bridges, storage tanks, site monitoring, chemical and contaminated soil management, surface and groundwater management as well as long-term monitoring.

March 31, 2023 (All figures in thousands of dollars)

13. ASSET RETIREMENT OBLIGATIONS AND LIABILITIES FOR SEWAGE LAGOONS AND SOLID WASTE SITES

Asset retirement obligations

Asset retirement obligations consist primarily of remediation costs related to disposing of asbestos and other hazardous materials in government owned buildings.

Type of Asset	2022 Liability (Restated note (x)) $	Accretion Expense $	Revisions in Estimated Cash Flows $	2023 Liability $
Buildings	145,034	3,478	(9,284)	139,228
Infrastructure	1,400	53	(467)	986
	146,434	3,531	(9,751)	140,214

The carrying amount of the obligation is based on total expected undiscounted expenditures of $220,554 (2022 - $220,618) and the weighted average discount rate of 3.93% (2022 - 3.30%). The undiscounted cash flows are expected to incurred between 1 to 60 years (2022 - between 2 to 61 years) and are expected to be settled between 2024 to 2083 (2022 - between 2024 to 2083).

The additions to tangible capital assets are amortized on a straight line basis over the remaining useful life of the related asset(s).

Liabilities for sewage lagoons and solid waste sites

The Government has a liability relating to sewage lagoons and solid waste sites that are on Commissioner's land and for which the assumed liability has been communicated to the site operators. The liability consists of the following:

Liability	2022 Liability $	New or Transferred Liability $	2023 Liability $
Sewage lagoons	-	2,641	2,641
Solid waste sites	-	18,854	18,854
	-	21,495	21,495

The carrying amount of the obligation is based on total expected undiscounted expenditures of $127,211 (2022 - Nil) and the weighted average discount rate of 3.95% (2022 - Nil). The undiscounted cash flows are expected to incurred between 1 to 88 years and are expected to be settled between 2024 to 2111.

March 31, 2023 (All figures in thousands of dollars)

14. DUE TO (FROM) THE GOVERNMENT OF CANADA

	2023 $	2022 $
Due from the Government of Canada		
Transfer payments and recoveries receivables	(189,387)	(110,494)
	(189,387)	**(110,494)**
Due to the Government of Canada		
Excess income tax advanced	37,258	82,105
Miscellaneous payables	29,843	24,879
	67,101	**106,984**
	(122,286)	**(3,510)**

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

	$
2024	31,949
2025	5,309
	37,258

March 31, 2023 (All figures in thousands of dollars)

15. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS

	2023 $	2022 $
Loans due to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest at a rate of 6.97% (2022 - 6.97%), unsecured.	3,441	3,959
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 0.68% and 1.01% (2022 - between 0.68% and 1.01%), unsecured.	543	686
Mortgage payable to Canada Mortgage and Housing Corporation, repayable in monthly installments of $7 (2022 - $7) maturing June 2024, bearing interest at 3.30% (2022 - 3.30%), secured with real property.	110	197
Bond, due September 29, 2051, bearing interest at 2.20% (2022 - 2.20%) payable semi-annually, unsecured.	180,022	180,022
Debentures, due 2025 to 2052, bearing interest between 3.82% and 6.00% (2022 - between 3.82% and 6.00%), unsecured.	90,000	90,000
Amortizing Debentures, due 2032 to 2047, bearing interest between 3.98% and 6.42% (2022 - between 3.98% and 6.42%), unsecured.	98,109	101,403
Deh Cho Bridge: Real return senior bonds with accrued inflation adjustment, maturing June 1, 2046, redeemable at the option of the issuer, bearing interest at 3.17% (2021 - 3.17%) payable semi-annually, unsecured.	185,056	180,180
	557,281	556,447
Unamortized premium, discount and issuance costs	(3,014)	(3,131)
Total long-term debt	**554,267**	**553,316**
Capital lease obligations	**15,545**	**15,950**
Total long-term debt and capital lease obligations	**569,812**	**569,266**

March 31, 2023 (All figures in thousands of dollars)

15. LONG-TERM DEBT AND CAPITAL LEASE OBLIGATIONS (continued)

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

	$
2024	10,143
2025	10,561
2026	26,006
2027	11,459
2028	12,202
2029 and beyond	486,910
	557,281

Interest expense on long-term debt, included in operations and maintenance expenses, is $29,674 (2022 - $29,486).

Interest expenses related to capital lease obligations for the year is $1,282 (2022 - $1,358), at an implicit average interest rate of 9.60% (2022 - 9.60%). Capital lease obligations (expiring in 2061) are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2023.

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.

	2023 $	2022 $
Short term loans (note 9)	486,806	365,922
Long-term debt (note 15)	557,281	556,447
Capital Lease Obligations (note 15)	15,545	15,950
Guarantees (note 21(a))	5,732	7,339
	1,065,364	**945,658**
Authorized borrowing limit	1,800,000	1,800,000
Available borrowing capacity before the following:	**734,636**	**854,342**
Liabilities under Public Private Partnerships (note 16)	262,172	270,510
Less sinking fund for Public Private Partnership repayment (note 8)	-	(500)
Available Borrowing capacity	**472,464**	**584,332**

March 31, 2023 (All figures in thousands of dollars)

16. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

The Government has entered into contracts for the design, build, operation and maintenance of the Mackenzie Valley Fibre Link; the design, build, and maintenance of the Stanton Territorial Hospital Renewal, and the design, build and maintenance of the Tlicho All Season Road. Operations and maintenance provided by the respective partners cease at the repayment date at which time operational responsibility reverts to the Government.

The calculation of the Public Private Partnerships (P3) liabilities is as follows:

	2022 $	Additions during the year $	Other Payments $	Principal Payments $	2023 $	Repayment date
Stanton Territorial Hospital Renewal	127,128	-	-	(3,438)	123,690	2048
Mackenzie Valley Fibre Link	69,900	27,750	(27,750)	(2,800)	67,100	2037
Tlicho All Season Road	73,482	-	-	(2,100)	71,382	2047
Total	**270,510**	**27,750**	**(27,750)**	**(8,338)**	**262,172**	

During the year, the Government negotiated a final payment relating to additional costs that had been incurred by the partner to construct the Mackenzie Valley Fibre Link. The amount of final payment is treated as an addition to the associated assets as well as the liability with a corresponding payment of the liability at the same time.

The details of the contracts under P3s are as follows:

	Partner	Date contract entered into	Actual completion date	Interest rate
Stanton Territorial Hospital Renewal	Boreal Health Partnership	September 2015	November 2018	5.36%
Mackenzie Valley Fibre Link	Northern Lights General Partnership	October 2014	June 2017	6.52%
Tlicho All Season Road	North Star Infrastructure GP	February 2019	November 2021	6.53%

Estimated payments for each of the next five years and thereafter to meet P3 principal repayments are as follows:

	$
2024	8,007
2025	8,000
2026	8,044
2027	8,838
2028	9,597
2029 and beyond	219,686
	262,172

16. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS (continued)

The capital payments for Mackenzie Valley Fibre Link, Stanton Territorial Hospital Renewal and Tlicho All Season Road are fixed, equal monthly payments for the privately financed portion of the costs of building the infrastructure. P3 interest expense for the year is $16,220 (2022 - $12,700). Interest capitalized in the period as a function of construction or developing tangible capital assets relating to the Tlicho All Season Road is $0 (2022 - $4,000).

Tangible capital assets, commitments, and contractual rights related to P3 projects are included in note 20 and schedule A.

17. PENSIONS

a) Plans' description

The Government administers Regular 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, Superintendent and Assistant Superintendents of the Yellowknife Catholic Schools. These Regular Pension Plans are contributory defined benefit registered pension plans and are pre-funded (Regular Funded). The funds related to these plans are administered by independent trust companies.

In addition to the Regular Pension Plans listed above, the Government administers Supplemental Pension Plans for the MLAs, Territorial Court Judges and Superintendent and Assistant Superintendents of the Yellowknife Catholic Schools that are non-contributory defined benefit pension plans and are non-funded (Supplemental Unfunded). The Government has designated assets for the purposes of meeting the obligations of the MLA Supplemental Pension Plan (note 4). The Supplemental Pension Plan for the Yellowknife Catholic Schools Superintendents and Assistant Superintendents is not funded until the employee terminates their employment from Yellowknife Catholic Schools.

The Government is liable for all benefits. All Plans provide death benefits to spouses and eligible dependents. All Plans are indexed. Plan assets consist of Canadian and foreign equities, and Canadian fixed income securities, bonds and mortgages.

Benefits provided under all Plans are based on years of service and pensionable earnings. Plan benefits generally accrue as a percentage of a number of years of best average pensionable earnings.

The remaining government employees participate in Canada’s Public Service Pension Plan (PSPP). The PSPP provides benefits based on the number of years of pensionable service to a maximum of 35 years. Benefits are determined by a formula set out in the legislation; they are not based on the financial status of the pension plan. The basic benefit formula is 2 percent per year of pensionable service multiplied by the average of the best five consecutive years of earnings.

The public service pension plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the plan on or after January 1, 2013. For members with start dates before January 1, 2013, the normal retirement age remains age 60. Furthermore, contributions rates for current service for all members of the public service increased to an employer: employee cost sharing of 50:50 in 2017.

March 31, 2023 (All figures in thousands of dollars)

17. PENSIONS (continued)

a) Plans' description (continued)

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

b) Pension liabilities (assets)

	2023 Regular Funded $	2023 Supplemental Non funded $
Accrued benefit obligation	114,005	40,321
Pension fund assets - market-related value	(137,754)	-
Unamortized actuarial losses	2,750	2,649
Impairment on value of accrued pension asset	(1,952)	-
Pension liabilities (assets)	**(22,951)**	**42,970**

	2022 Regular Funded $	2022 Supplemental Non funded $
Accrued benefit obligation	124,957	43,014
Pension fund assets - market-related value	(144,093)	-
Unamortized actuarial gains	11	(1,253)
Pension liabilities (assets)	**(19,125)**	**41,761**

March 31, 2023 (All figures in thousands of dollars)

17. PENSIONS (continued)

c) Change in pension liabilities (assets)

	2023 Regular Funded $	2023 Supplemental Unfunded $
Opening balance	**(19,125)**	**41,761**
Change from cash items:		
Contributions from plan members	(3,528)	-
Contributions from Government	(4,693)	-
Benefit payments to plan members	(8,423)	(1,919)
Drawdown from plan assets	8,423	-
Change from cash items	**(8,221)**	**(1,919)**
Change from accrual items:		
Current period benefit cost	7,521	1,338
Amortization of actuarial gains	(64)	(108)
Change in valuation allowance	852	-
Interest on average accrued benefit obligation	5,656	1,898
Impairment on value of accrued pension asset	(2,965)	-
Expected return on average plan assets	(6,605)	-
Change from accrual items	**4,395**	**3,128**
Ending balance	**(22,951)**	**42,970**

	2022 Regular Funded $	2022 Supplemental Unfunded $
Opening balance	**(17,255)**	**40,541**
Change from cash items:		
Contributions from plan members	(3,719)	-
Contributions from Government	(5,622)	-
Benefit payments to plan members	(5,565)	(1,996)
Drawdown from plan assets	5,565	-
Change from cash items	**(9,341)**	**(1,996)**
Change from accrual items:		
Current period benefit cost	8,383	1,411
Amortization of actuarial gains	(73)	(70)
Change in valuation allowance	617	-
Interest on average accrued benefit obligation	4,915	1,875
Impairment on value of accrued pension asset	(723)	-
Expected return on average plan assets	(5,648)	-
Change from accrual items	**7,471**	**3,216**
Ending balance	**(19,125)**	**41,761**

March 31, 2023 (All figures in thousands of dollars)

17. 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 $7,759 (2022 - $8,186). 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 loss of $1,892 (2022 - loss of $172).

In addition to the above, the Government contributed $64,657 (2022 - $59,496) to the Public Service Pension Plan. The employees' contributions to this plan were $61,864 (2022 - $59,356).

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 2023.

f) Valuation methods and assumptions used in valuing pension assets and liabilities

The following reflects the date of valuation for each plan for accounting purposes:

Pension Plan	Last Actuarial Valuation Accounting Date	Last Extrapolation Date	Next Valuation Date
Legislative Assembly Retiring Allowance Plan	April 1, 2020	January 31, 2023	April 1, 2024
Judges Registered Plan	April 1, 2022	January 1, 2023	April 1, 2025
Retirement Plan for Employees of the Hay River Health and Social Services Authority	January 1, 2023	March 31, 2023	January 1, 2024
Retirement Plan for Employees of the Yellowknife Catholic Schools	June 30, 2021	June 30, 2022	June 30, 2023

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.

March 31, 2023 (All figures in thousands of dollars)

17. PENSIONS (continued)

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

Asset valuation method

The asset valuation method for all the plans is generally market-related value. The market value of the pension assets is $140,639 (2022 - $148,385).

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.

Actuarial assumptions	Yellowknife Catholic Schools' plans	Hay River H&SS Authority plan	MLAs' plans	Judges' plans
Expected rate of return on plan assets	4.90%	4.85%	4.40%	4.70%
Rate of compensation increase	2.00%	2.50%	2.00%	3.00%
Annual inflation rate	2.00%	2.00%	2.00%	2.00%
Discount rate	4.75%	4.30%	5.20%	4.70%

March 31, 2023 (All figures in thousands of dollars)

18. 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. Benefits that accrue under compensated absence benefits, excluding maternity and parental leave, were actuarially valued using the expected utilization methodology. Non-accruing benefits include maternity and parental leave and are recognized when leave commences.

Valuation results

The most recent actuarial valuation was completed as at February 11, 2022 and the results were extrapolated to March 31, 2023. The effective date of the next actuarial valuation is March 31, 2025. 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 $	2023 $	2022 $
Changes in Obligation				
Accrued benefit obligations, beginning of year	39,206	9,131	48,337	43,304
Current period benefit cost	2,572	779	3,351	3,469
Interest accrued	1,589	388	1,977	1,405
Benefits payments	(6,404)	(803)	(7,207)	(9,252)
Plan amendments	(405)	-	(405)	326
Actuarial (gains)/losses	(297)	(546)	(843)	9,085
Accrued benefit obligations end of year	36,261	8,949	45,210	48,337
Unamortized net actuarial gain/(loss)	(3,391)	(6,233)	(9,624)	(10,759)
Net future obligation	**32,870**	**2,716**	**35,586**	**37,578**
Other employee future benefits	7,075	-	7,075	7,675
Other compensated absences	-	3,090	3,090	2,376
Total employee future benefits and compensated absences	**39,945**	**5,806**	**45,751**	**47,629**

March 31, 2023 (All figures in thousands of dollars)

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

	Severance and Removal $	Compensated Absences $	2023 $	2022 $
Benefits Expense				
Current period benefit cost	2,572	779	3,351	3,469
Interest accrued	1,589	388	1,977	1,405
Plan amendments	(405)	-	(405)	326
Amortization of actuarial (gain)/loss	(1,080)	(705)	(1,785)	(589)
	2,676	**462**	**3,138**	**4,611**

The discount rate used to determine the accrued benefit obligation is an average of 4.8% (2022 - 4.1%). The expected payments during the next five fiscal years are:

	Severance and Removal $	Compensated Absences $	Total $
2024	4,606	747	5,353
2025	4,773	799	5,572
2026	4,642	795	5,437
2027	4,514	860	5,374
2028	4,457	914	5,371
	22,992	4,115	27,107

19. 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 and term deposits of $76,262 (2022 - $24,476) which include Public Trustees and Securities for land use permits and water licenses and oil and gas.

In addition to the 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 $766,566 (2022 - $733,355). The majority of these guarantees are held against water licenses issued to regulate the use of water and the deposit of waste.

March 31, 2023 (All figures in thousands of dollars)

20. CONTRACTUAL OBLIGATIONS AND RIGHTS

The Government has entered into agreements for, or is contractually committed to, the following payments subsequent to March 31, 2023:

	Expiry Date	2024 $	2025 $	2026 $	2027 $	2028 $	2029+ $	Total $
Operational commitments	2048	175,135	63,418	40,215	18,936	5,611	4,670	307,985
RCMP policing agreement	2032	57,300	57,300	57,300	57,300	57,300	222,684	509,184
Commercial leases	2052	72,933	45,338	34,421	16,806	13,639	146,261	329,398
Equipment leases	2028	1,376	835	489	181	39	-	2,920
TCAs in progress at year end	2030	145,567	3,126	1,091	185	185	370	150,524
P3 Operational commitments	2049	19,793	20,565	21,307	21,257	21,765	481,910	586,597
		472,104	**190,582**	**154,823**	**114,665**	**98,539**	**855,895**	**1,886,608**

Included within Commercial leases is a lease commitment of $3,757 per year over 30 years estimated to begin on November 21, 2021 that is subject to a CPI adjustment every five years. The adjustment will be equal to the average percentage increase or decrease in the CPI index over the preceding five years. As part of this lease commitment, the Government has a contractual right equal to annual profit sharing of 50% of the net income generated by the lessor less annual payments of $528.

The Government has entered into agreements for, or is contractually entitled to, the following receipts subsequent to March 31, 2023:

	Expiry Date	2024 $	2025 $	2026 $	2027 $	2028 $	2029+ $	Total $
Transfer Payments	2034	311,463	235,779	171,352	114,516	49,065	93,683	975,858
Regulatory Revenue	2027	2,457	1,892	1,600	1,096	-	-	7,045
Lease Revenue	2052	6,318	5,883	5,737	4,410	4,099	44,385	70,832
License Revenue	2051	696	446	193	153	79	310	1,877
Other	2039	29,952	22,151	22,096	22,506	22,253	25,229	144,187
		350,886	**266,151**	**200,978**	**142,681**	**75,496**	**163,607**	**1,199,799**

21. GUARANTEES AND CONTINGENCIES

(a) Guarantees

The Government has guaranteed residential housing loans to banks totaling $223 (2022 - $262) and indemnified Canada Mortgage and Housing Corporation for third party loans totaling $3,236 (2022 - $4,781). In addition, the Government has provided a guarantee to the Canadian Blood Agency and Canadian Blood Services to cover a share of potential claims made by users of the national blood supply. The Government's percentage is limited to the ratio of the Northwest Territories' population to the Canadian population.

The Northwest Territories Business Development and Investment Corporation (BDIC) has one (2022 - one) outstanding loan to a Northern Community Futures organization totaling $273 (2022 - $296). Loans provided 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 2023, no accounts were assigned to BDIC (2022 - nil).

The BDIC has one (2022 - one) outstanding irrevocable standby letter of credit totaling $2,000 (2022 - $2,000) that will expire in fiscal 2024. 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 (2022 - nil).

(b) Contingent liabilities

Contingency for contaminated sites

The Government has identified various sites where contamination or other environmental liabilities exist and the level of contamination is either known or unknown at this time. In addition to the environmental liabilities described in Note 12, there may be other instances of contamination that have not yet been identified for which the Government may be obligated to incur remediation costs. No liability has been recognized for these instances of contamination as the future costs of remediation and the Government's obligation to incur these costs are undeterminable at this time.

Contingency for asset retirement obligations

In addition to the asset retirement obligations described in Note 13, there may be other assets with unidentified retirement obligations that have not yet been identified for which the Government may be obligated to incur retirement costs. No liability has been recognized for these asset retirement obligations as the future costs of retirement and the Government's obligation to incur these costs are undeterminable at this time.

21. GUARANTEES AND CONTINGENCIES (continued)

(c) Claims and litigation

There are a number of pending and threatened claims and litigation against the Government. In certain 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 Governments 55.66% and 44.34%, respectively.

The Government has recorded a provision of $3,408 (2022 - $2,672) in accounts payable and accrued liabilities 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 $89,151 (2022 - $150,564). No provision for such claims has been made in these consolidated financial statements as it is not determinable that any future event will confirm that a liability has been incurred as at March 31, 2023.

The nature of these claims are as follows:

- Contract disputes
- Damage to persons or property
- Matters of Indigenous rights
- Negligence
- Property access disputes
- Sexual assault claims
- Other matters

March 31, 2023 (All figures in thousands of dollars)

22. TRANSFER PAYMENTS, TAXATION, NON-RENEWABLE RESOURCE REVENUE AND GENERAL REVENUE

	2023 $	2022 $
Transfer payments		
Capital transfers	72,256	69,930
Canada Health and Social Transfer Reform Fund	71,947	86,948
Federal cost shared	341,149	242,835
Other	88,202	78,168
	573,554	**477,881**
Taxation		
Corporate income tax	48,468	24,729
Personal income tax	128,570	133,583
	177,038	**158,312**
Other taxes		
Cannabis	978	909
Carbon tax	16,299	12,797
Fuel	20,450	20,061
Tobacco	14,387	14,278
Payroll	47,522	45,820
Property and school levies	37,750	37,265
Insurance	6,834	6,106
	144,220	**137,236**
Non-renewable Resource Revenue		
Minerals, oil and gas royalties	35,356	37,012
Licenses, rental and other fees	2,599	5,202
Quarry fees	82	296
	38,037	**42,510**
General		
Sundry and other	44,980	46,723
Lease	4,409	4,292
Interest and investment income	8,978	6,911
Gains on disposition of assets	221	61
Regulatory revenue	40,090	38,487
Grants in kind	73	164
	98,751	**96,638**

23. EXPENSES

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

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

24. FINANCIAL RISK MANAGEMENT

The Government is exposed to credit risk, interest rate risk, liquidity risk, and price risk from its financial instruments. Reasonably expected changes in the relevant risk variables for interest rate risk and price risk are not expected to have a material impact on operating results or remeasurement gains and losses. Qualitative analysis of the significant risks from the Government's financial instruments is provided by type of risk below.

a) Credit Risk

Credit risk is the risk of financial loss to the Government if a debtor or counterparty to a financial instrument fails to meet its payment obligations. The Government is exposed to this risk relating to its cash and cash equivalents, portfolio investments, accounts receivable, loans receivable, and due from the Government of Canada.

The Government holds substantially all of its cash in accounts with federally regulated chartered banks.

The Government manages its credit risk in portfolio investments by following established regulations and policies that restrict what financial instruments can be invested in.

Credit risk related to accounts receivable is mitigated by controls over accounts in arrears to achieve ultimate collection, policies in place for debt collection and reviewing balances along with aging information.

Credit risk associated with the Student Loan fund is mitigated by placing limits on available types of funding and providing incentives to encourage repayment. Default payments are assigned to the Government's collection program and the borrower is registered with a Canada Revenue Agency setoff program to redirect tax returns and other government credits to repayment of the loan. Other loans receivable relate to loans provided to businesses and individuals. All loans to businesses and most loans to individuals require security. Unsecured loans to individuals are capped. Credit risks associated with other loans receivable are mitigated by continued monitoring to ensure prompt response to any financial difficulties customers may encounter.

Credit risk associated with the amounts due from the Government of Canada are considered minimal and are mitigated through regular reviews of the contribution agreements and milestone reports with the program directors to ensure that the amounts recorded as receivable are based on eligible reimbursements.

The Government has determined that accounts receivable and loans receivable include amounts that are past due and considered to be impaired. Allowances recorded to reflect the impairments are disclosed in Notes 6 and 7 respectively.

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Credit Risk (continued)

The Government's maximum exposure to credit risk at March 31, 2023 is as follows:

	$
Cash and cash equivalents	126,445
Portfolio investments	162,393
Due from the Government of Canada	189,387
Accounts receivable	132,091
Loans receivable	69,759

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to manage credit risk.

b) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Government primarily has exposure to interest rate risk on its portfolio investments, loans receivable, short term loans, long term debt, and liabilities under public private partnerships.

The Government mitigates its interest rate risk in portfolio investments through diversification of asset class allocations and security selection within equity products.

Interest rate risk associated with the Student Loan Fund fluctuates only for students who do not return to the Northwest Territories after their studies as the rate is calculated as 1% below the Bank of Canada’s prime business rate as of January of the applicable year. The interest rate for all other students is 0%. Interest rates and prime lending rates are monitored and adjusted accordingly. The interest rate for the majority of other loans receivable are fixed over set periods of time and does not pose a significant interest rate risk.

The Government manages its risk on short term loans by entering into borrowing agreements with fixed interest rates so that the short-term cash inflows and outflows are predictable.

The Government manages its risks on long-term debt and liabilities under public private partnerships by entering into borrowing agreements that have fixed interest rates so that the future cash outflows are predictable.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to manage interest rate risk.

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

c) Liquidity risk

Liquidity risk is the risk that the Government will not be able to meet all cash outflow obligations as they come due. The Government is exposed to liquidity risk on its short term loans, accounts payables and accrued liabilities, due to the Government of Canada, long term debt, liabilities under public private partnerships and loan guarantees.

The Government mitigates this risk by monitoring its cash activities and expected outflows through budgeting and forecasting daily cash inflows and outflows from operating, investing, capital, and financing activities, and maintaining an adequate amount of cash to cover unexpected cash outflows. The forecast for each business day is revised daily for actual flows, analysis of current trends, and historical patterns. The Government expects to meet its obligations from operating cash flows, proceeds from financial assets and through its borrowing plan.

Short term loans and accounts payable and accrued liabilities are due within one year. Expected contractual maturities related to long term debt and liabilities under public private partnerships are disclosed in Notes 15 and 16 respectively.

There have been no significant changes from the previous year in the exposure to risks or policies, procedures, and methods used to manage liquidity risk.

d) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavorably with changes in market prices. The Government is exposed to price risk with its portfolio investments. The Government manages this risk through diversification of asset class allocations and security selection within equity products.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to manage price risk.

25. OVEREXPENDITURE

During the year, no department (2022 - 4) exceeded their operations vote (2022 - $10,131) and no departments (2022 - 0) exceeded their capital vote.

Over-expenditure 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".

26. SUBSEQUENT EVENTS

During the 2023 fire season, the Northwest Territories experienced above normal wildfire conditions which resulted in evacuation notices as well as evacuation orders for various communities including the entire City of Yellowknife. On August 28, 2023 the Legislative Assembly approved Bill 99: Supplementary Appropriation Act (Operations Expenditures) No. 2 2023-2024 for $75,000 additional funds for the Department of Environment and Climate Change. This appropriation is for estimated additional cost of the 2023 fire season. The Government is claiming from Canada under the Disaster Financial Assistance Arrangement Program for eligible costs incurred to provide support and financial relief to those affected by the fires and received an advance payment of $84,000 in December 2023.

On April 1, 2023, the Department of Environment and Natural Resources and the Department of Lands amalgamated to form the Department of Environment and Climate Change.

27. 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[5]	Building and Leasehold Improvements[1]	Infrastructure and Other[1,2]	Roads and Bridges	Equipment[1,3]	Computers	Work in Progress[4]	2023	2022 Restated (Note 2(x))
	$	$	$	$	$	$	$	$	$
Cost of tangible capital assets									
Opening balance (Restated note 2(x))	25,537	2,423,238	869,168	2,072,373	332,687	169,623	289,657	6,182,283	5,934,658
Transfers	417	39,566	78,163	58,101	20,640	4,239	(201,126)	-	-
Acquisitions	-	4,793	-	-	2,475	-	358,620	365,888	260,666
Write-downs	-	(5,959)	(658)	(1,120)	(4,889)	(397)	-	(13,023)	-
Revaluation of asset retirement obligations	-	(3,792)	-	-	-	-	-	(3,792)	-
Disposals	(16)	(11,447)	(1,370)	(52,418)	(3,190)	(9,609)	-	(78,050)	(13,041)
Closing balance	25,938	2,446,399	945,303	2,076,936	347,723	163,856	447,151	6,453,306	6,182,283
Accumulated amortization									
Opening balance (Restated note 2(x))	-	(1,034,358)	(366,613)	(704,750)	(172,987)	(131,885)	-	(2,410,593)	(2,254,404)
Amortization expense	-	(58,159)	(23,441)	(55,828)	(17,603)	(10,568)	-	(165,599)	(165,839)
Write-downs	-	5,959	658	1,120	4,889	397	-	13,023	-
Disposals	-	5,665	778	52,418	3,140	9,588	-	71,589	9,650
Closing balance	-	(1,080,893)	(388,618)	(707,040)	(182,561)	(132,468)	-	(2,491,580)	(2,410,593)
Net book value	**25,938**	**1,365,506**	**556,685**	**1,369,896**	**165,162**	**31,388**	**447,151**	**3,961,726**	**3,771,690**

1 Included in buildings and leasehold improvements, infrastructure and other, and equipment are assets under capital lease cost $32,643 (2022 - $32,643); accumulated amortization, $13,338 (2022 - $12,760); net book value, $19,305 (2022 - $19,883).

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

3 Includes ferries and barges.

4 Not included in acquisitions of tangible capital assets on the consolidated statement of cash flow are non-cash items of $57,034 (2022 restated note 2 (x) - $46,732).

5 Land with cost and net book value of $0, market value $239 (2022 - $1,431) 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]	2023	2022 Restated (Note 2(x))
	$	$	$	$	$	$
Revenues						
Grant from the Government of Canada	1,519,233	-	1,519,233	-	1,519,233	1,480,118
Transfer payments	485,352	88,222	573,574	(20)	573,554	477,881
	2,004,585	**88,222**	**2,092,807**	**(20)**	**2,092,787**	**1,957,999**
Taxation, non-renewable resource and general revenues						
Corporate and personal income taxes	177,038	-	177,038	-	177,038	158,312
Other taxes	133,482	11,362	144,844	(624)	144,220	137,236
General	68,670	938,159	1,006,829	(908,078)	98,751	96,638
Income from portfolio investments	2,951	1,843	4,794	-	4,794	5,145
Non-renewable resource revenue	38,037	-	38,037	-	38,037	42,510
Sales	157,334	92,361	249,695	(56,541)	193,154	180,422
Recoveries	31,293	20,115	51,408	(5,192)	46,216	40,574
	608,805	**1,063,840**	**1,672,645**	**(970,435)**	**702,210**	**660,837**
Recoveries of prior years' expenses	9,006	-	9,006	467	9,473	15,876
	2,622,396	**1,152,062**	**3,774,458**	**(969,988)**	**2,804,470**	**2,634,712**
Expenses						
Grants and contributions	1,115,541	36,485	1,152,026	(778,035)	373,991	411,873
Operations and maintenance	781,351	444,159	1,225,510	(175,153)	1,050,357	923,204
Compensation and benefits	468,492	633,131	1,101,623	459	1,102,082	1,069,233
Valuation allowances	4,778	1,588	6,366	1	6,367	5,775
Amortization of tangible capital assets	130,421	35,143	165,564	35	165,599	165,839
	2,500,583	**1,150,506**	**3,651,089**	**(952,693)**	**2,698,396**	**2,575,924**
Annual operating surplus	**121,813**	**1,556**	**123,369**	**(17,295)**	**106,074**	**58,788**

[1] Departments consist of all those listed in Note 23 that begin with the word "Department" and the Legislative Assembly.
[2] Public agencies consist of those listed in Note 23 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.

GOVERNMENT OF THE NORTHWEST TERRITORIES

FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED
MARCH 31, 2023

HONOURABLE CAROLINE WAWZONEK
Minister of Finance

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EXECUTIVE SUMMARY

The consolidated results of operations for the fiscal year ended March 31, 2023, and the consolidated financial position as at March 31, 2023 are summarized below:

(in $000s)	Budget 2023	Actual 2023	Actual 2022 Restated
Total Revenues	$2,716,629	$2,804,470	$2,634,712
Total Expenses	$2,571,648	$2,698,396	$2,575,924
Annual operating surplus	$144,981	$106,135	$58,788
Financial Assets		$752,709	$691,373
Less: Liabilities		$2,351,892	$2,201,834
Net Debt		($1,599,183)	($1,510,461)
Non-financial Assets		$4,008,653	$3,812,954
Accumulated Surplus		$2,409,470	$2,302,493

Note: Budget adjustments approved during the fiscal year are not reflected in the Public Accounts as the original approved budget is presented in accordance with Public Sector Accounting Standards (PSAS), see next page for discussion on approved budget adjustments.

The 2022-23 consolidated financial statements report an actual annual operating surplus of $106.1 million, which is $38.8 million or 26.8% lower than budgeted. The annual operating surplus is $47.3 million or 80.5% higher than the prior year. The change in the surplus is based on changes in revenue and expenses which is explained below:

- Total consolidated revenue in 2022-23 is $2.8 billion, which is $87.9 million or 3.2% higher than the original budget. The total consolidated revenue is $169.8 million or 6.4% 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, increased transfer payments, increased corporate incomes taxes and increased sales revenue.

- Total consolidated expenses in 2022-23 are $2.7 billion, which is $126.8 million or 4.9% higher than the original budget. The total consolidated expenses are $122.5 million or 4.8% higher than the prior year. The increase in actual expenses is mainly due to the impact of the 2022 flood expenses, interest expenses, liabilities for municipal solid waste sites and sewage lagoons, and salary increases.

- The Government is in a net debt position of $1.6 billion. In 2022-23, short term loans increased by $120.9 million and accounts payable increased by $75.1 million as a result of increased operational costs and high flooding costs. All these factors contributed to the increase in net debt. Combined with other changes in financial assets and liabilities, net debt increased by $88.7 million during the 2022-23 fiscal year.

- Non-Financial Assets increased by $195.7 million or 5.1% over the prior year. In 2023, the Government acquired $365.9 million in tangible capital assets: $86.6 million was added consisting of NT Hydro Corporation's power generating and distribution assets and equipment; $52.0 million consisted of Housing NWT's public, homeownership rental and market rental units; $27.8 million was added to the Mackenzie Valley Fibre Link project; $21.1 million was added as refurbishment of Stanton Legacy Building. The remaining spend was for various roads and bridges, runways, community health centres, schools and equipment.

The 2022-23 Consolidated Financial Statements report an actual annual operating surplus of $106.1 million, which is $226.7 million more than the revised budget of ($120.6) million as shown and explained below:

(in $000s)	Original Budget 2023	Supplementary Appropriations	Revised Budget 2023	Actual 2023	Actual 2022
Total revenue	$2,716,629	$0	$2,716,629	$2,804,470	$2,634,712
Total Expenses	$2,571,648	$265,562	$2,837,210	$2,698,396	$2,575,924
Annual Operating Surplus (Deficit)	$144,981	($265,562)	($120,581)	$106,074	$58,788

Note: Budget adjustments, which are approved through supplementary appropriations, should be considered before any conclusions are drawn with respect to operational results as budget adjustments made during the fiscal year typically reflect new information that is not known at the time the original budget is approved.

- There were no changes to the revenue budget through the supplementary appropriation process.

- Total consolidated actual expenses in 2022-23 are $2.7 billion. This is $138.8 million lower than the revised expense budget. The revised expense budget was increased to address the impact of the 2022 flooding costs; increased program costs as a result of additional funding agreements signed; increased health and education costs.

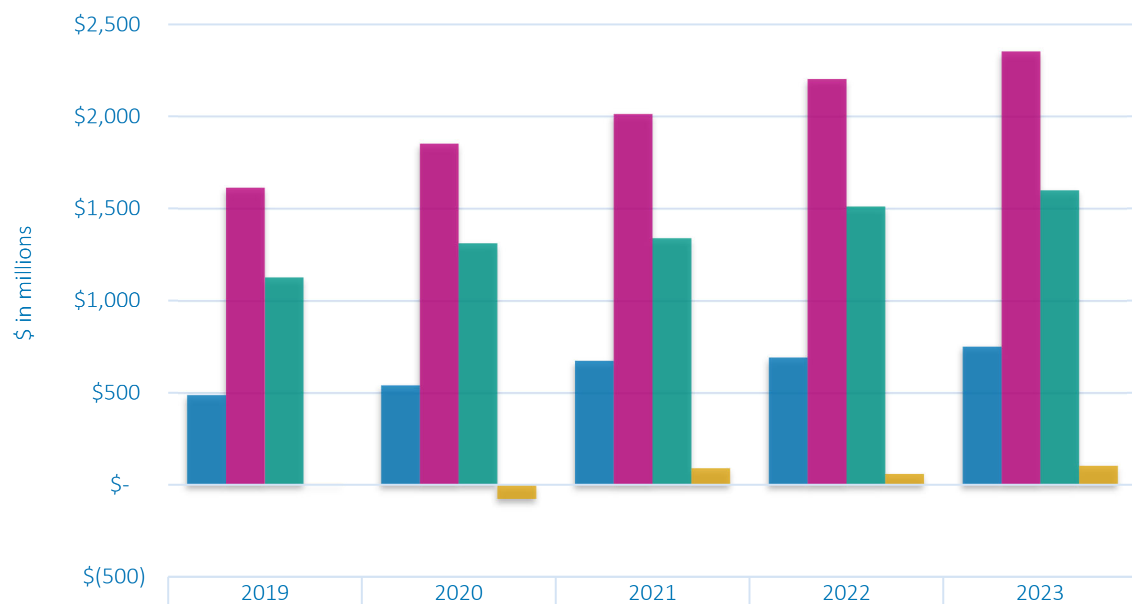
FINANCIAL REVIEWS

Net Financial Debt and Accumulated Surplus (Deficit)

At the end of the 2022-23 fiscal year, the Government is in a net debt position as liabilities exceeded financial assets. Net debt increased during the fiscal year. This increase is primarily attributable to an increase in short term loans and accounts payable and accrued liabilities. The change in net debt is shown on the Consolidated Statement of Change in Net Debt within **Section I** of the Public Accounts.

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

2019 to 2023 Net Financial Debt and Annual Operating Surplus (Deficit)



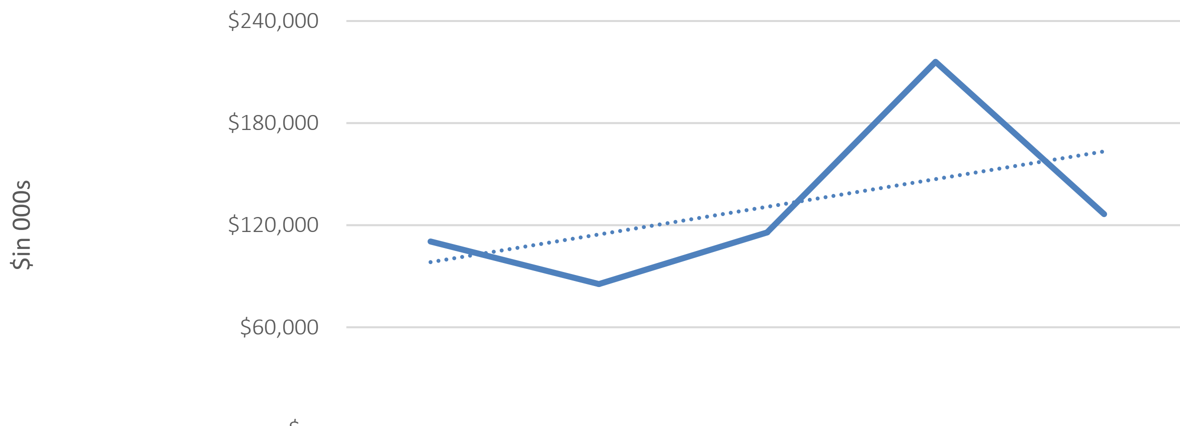
	2019	2020	2021	2022	2023
Financial Assets	$487	$540	$674	$691	$753
Liabilities	$1,612	$1,851	$2,012	$2,202	$2,352
Net Debt	$1,125	$1,311	$1,338	$1,510	$1,599
Annual Operating Surplus (Deficit)	$4	$(77)	$90	$59	$106

Net assets result when there are financial assets remaining after deducting all liabilities of the Government. Net debt results when liabilities are more than financial assets. Net debt represents the debt burden that must be recovered through either future revenues or future service reductions.

Cash and Cash Equivalents

The Consolidated Statement of Cash Flow reports on the sources and uses of cash and cash equivalents during the fiscal year. The Government's cash and cash equivalents decreased by $89.6 million, from $216.0 million in 2021-22 to $126.4 million in 2022-23. The decrease in fiscal 2022-23 is due to $308.7 million in cash outflows from capital transactions for the acquisition of tangible capital assets and $46.4 million in cash outflows for investing transactions for the acquisition of portfolio investments. This decrease was partly offset by $189.7 million cash inflows from operating transactions and $75.9 million cash inflows from financing activities.

2019 to 2023 Cash Position



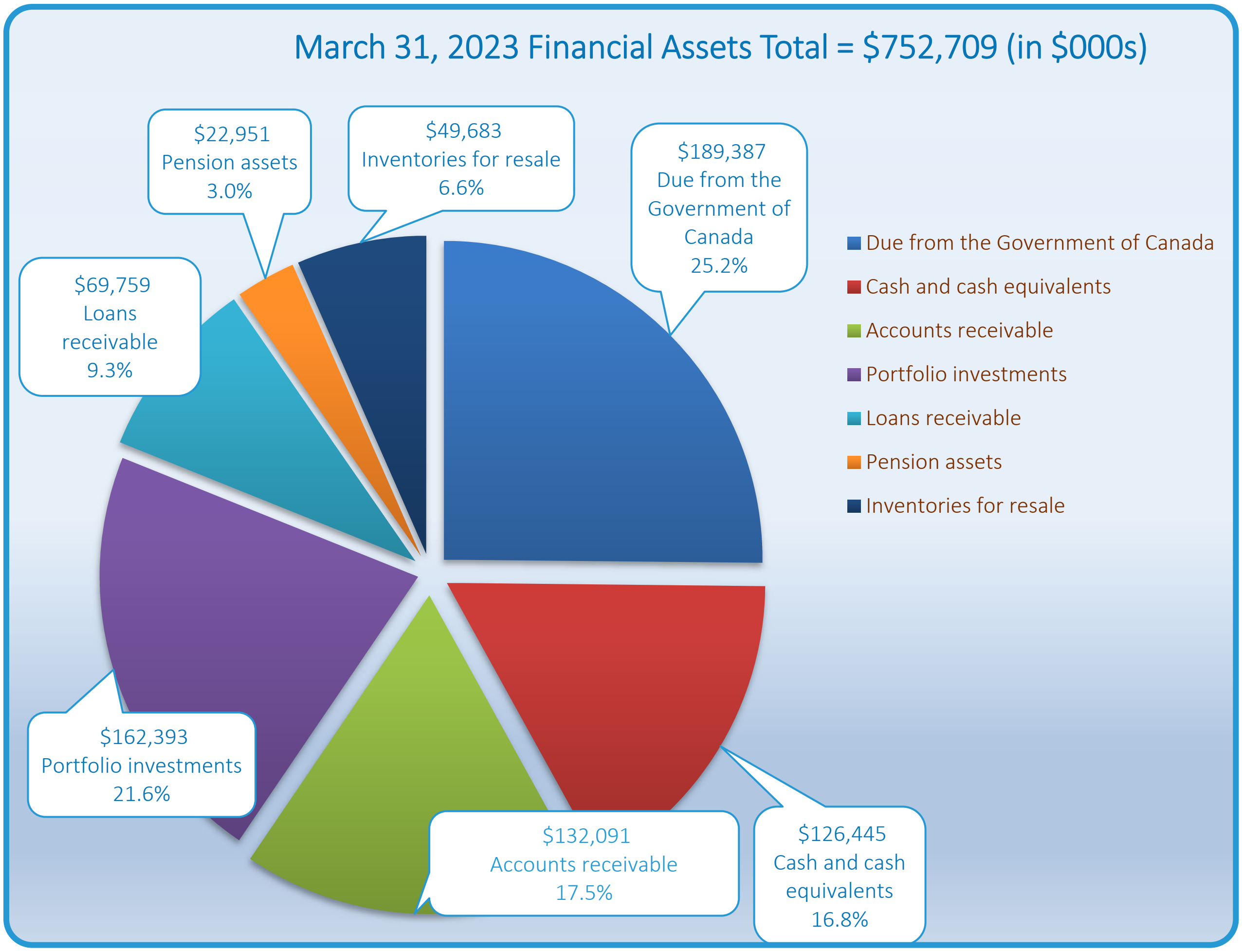
	2019	2020	2021	2022	2023
Cash and Cash Equivalents	$110,370	$85,489	$115,820	$216,016	$126,445

Cash and cash equivalents are used to meet operational expenses, reduce liabilities and to pay for the Government's investment in infrastructure. More detail is available on the Statement of Cash Flows within **Section I** of the Public Accounts.

The cash and cash equivalents position of the Government reported in the Public Accounts includes the GNWT and agencies that comprise the Government Reporting Entity (GRE).

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.



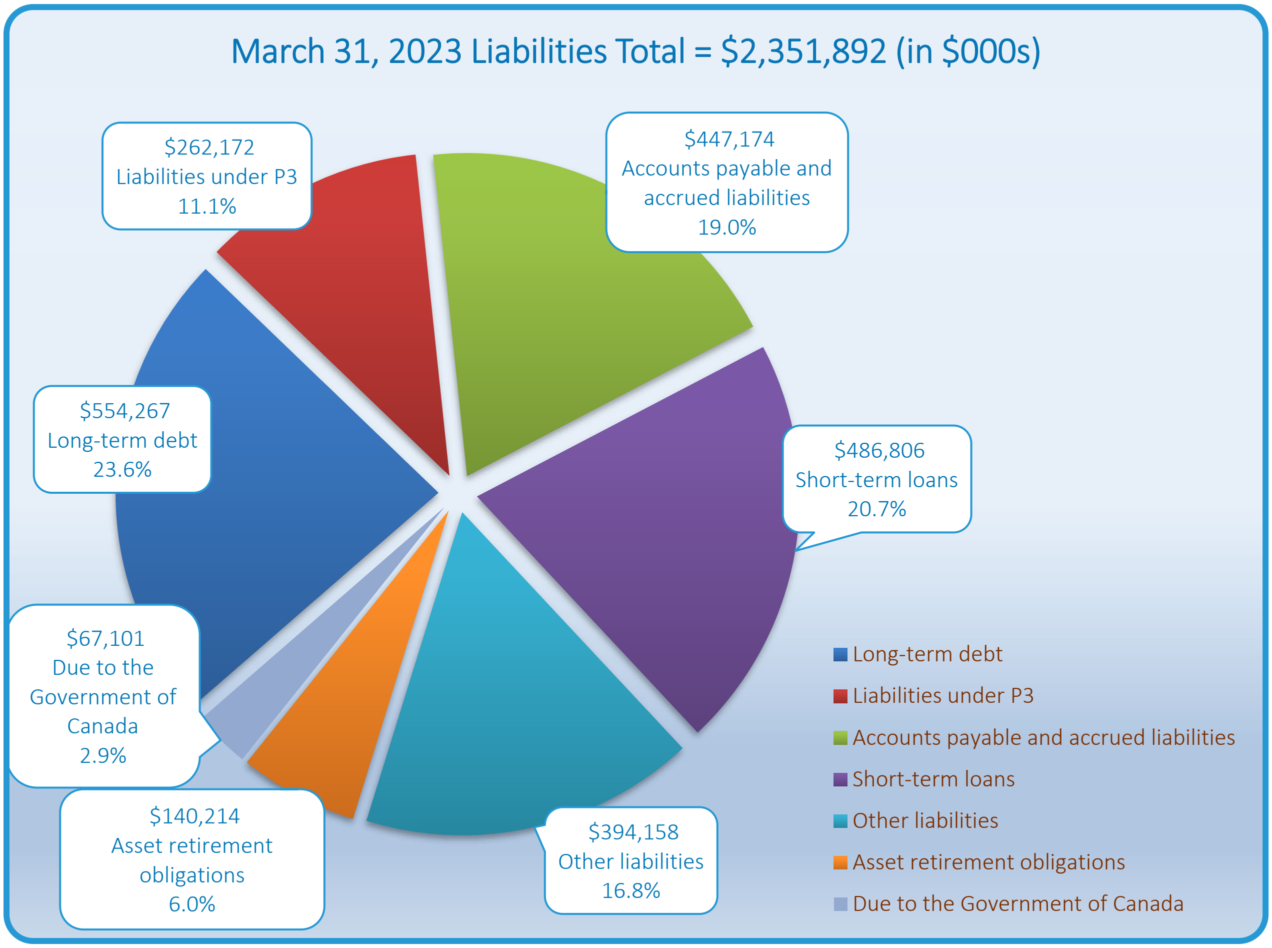
The above graph illustrates the composition of the Government's financial assets.

16.8% of the Government's financial assets are cash and cash equivalents. The 83.2% balance of the financial assets, varying from short-term investments and inventory for resale to long-term loans receivable, is convertible to cash and will, over time, contribute to the Government's ability to discharge its liabilities.

Liabilities

Liabilities are present obligations the Government has to others that will result in a future outflow of resources.

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



Other liabilities of $394,158 is comprised of: Environmental liabilities $69,205; Deferred revenue $199,192; liabilities for sewage lagoons and solid waste sites $21,495; other employee future benefits $45,751; pensions $42,970 and capital lease obligations $15,545.

The Government presently has $752.7 million in financial assets available to discharge liabilities of $2.4 billion. The gap between the Government's financial assets and its liabilities, also referred to as net debt, indicates that some of its future revenues will be required to meet these obligations.

Short-Term Loans

The Government enters short-term borrowing arrangements. The short-term loans balance increased by $120.9 million (a 33.0% increase) from $365.9 million in 2021-22 to $486.8 million in 2022-23 to meet operational needs.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities include obligations to pay for goods and services acquired prior to year-end. Accounts payable and accrued liabilities increased by $75.1 million (an 20.2% increase) from $372.0 million in 2021-22 to $447.2 million in 2022-23, mainly due to increases to trade, employee and related payroll expenses incurred in 2022-23 compared to 2021-22.

Pensions and Employee Future Benefits

The Government administers Regular and Supplemental Pension Plans for Members of the Legislative Assembly (MLAs), Territorial Court Judges and the Employees, Superintendent and Assistant Superintendents of the Yellowknife Catholic Schools. The Government also administers Regular Pension Plans Employees of the Hay River Health and Social Services Authority. These plans are comprised of contributory and non-contributory defined benefit pension plans and are administrated by independent companies.

All eligible remaining Government employees participate in Canada's Public Service Pension plan, a contributory defined benefit pension plan that is administered by the Government of Canada.

At year end, the pension assets and liabilities were comparable with the prior year and detailed information can be found within Section I of the Public Accounts (note 17).

Employee future benefits for sick, special, leaves as well as severance benefits for retirement, resignation, and removal, accrue for Government employees as service is rendered. Maternity and parental benefit leaves are non-accruing and paid when the leave commences. These benefits are paid to eligible employees on the occurrence of an event resulting in eligibility for benefits such as termination. An actuarial evaluation is completed periodically (generally every 3 years) to determine the value used for Employee future benefits in the Public Accounts for the GRE.

Employee future benefits liability decreased slightly by $1.8 million (a 3.9% decrease) from $47.6 million in 2020-21 to $45.8 million in 2022-23. The decrease is due to an excess of benefits paid over benefits and interest accrued.

Environmental Liabilities

The nature of the Government's programs and services exposes the Government to costs associated with remediation of any site contamination that occurred because of government operations. These costs make up the Environmental Liabilities amount disclosed within Section I of the Public Accounts (note 12). In addition, the liability may include contaminated sites where the Government does not own the site but has accepted responsibility. A summary of the Government's policy with respect to Environmental Liabilities can be found within Section I of the Public Accounts (note 2(j)).

The process used by the Government to include a contaminated site is based upon Public Sector Accounting Standards, as well as responsible stewardship. When a site is suspected of contamination, the first step is to determine if the contamination is in contravention of an environmental standard. If the investigation determines that an environmental standard has been exceeded, then the site is included within the Government's inventory of contaminated sites. Only sites that are non-operating or high priority due to a risk to human health or property are assigned a value. Before the value can be calculated the Government must first determine the appropriate action to be taken for remediation, monitoring, or risk management. The Government's best estimates of the action to be taken are based upon further assessments performed by third parties or from similar remediation actions that the Government can rely upon. If no basis exists to estimate full remediation costs, the value of the liability is limited to estimates of the known costs to be incurred for the next steps. Where the costs of remediation may be shared with a third party, such as Canada, only the Government's share of the remediation costs has been recorded. The Government works to address required remediation of contaminated sites in a systematic approach that considers risk, available resources, coordination of efforts and a short summer season.

At 2022-23 year end, the environmental liability balance decreased compared to 2021-22 primarily due to remediation work completed on abandoned sites.

Environmental Liabilities	*Number of Sites 2022*	*New in 2023*	*Closed in 2023 **	*Number of Sites 2023*
Abandoned Mines	9		(1)	8
Landfills	44		(13)	31
Abandoned Infrastructure and schools	82	1	(3)	80
Airports, airport strips or reserves	25			25
Sewage Lagoons	30		(2)	28
Fuel tanks and resupply lines	12			12
Abandoned lots and maintenance facilities	46	2		48

* *Include sites that closed or no longer meet the criteria to record a liability for contaminated sites*

More information can be found at: English: https://www.fin.gov.nt.ca/en/services/gnwt-contaminated-sites-information

French: https://www.fin.gov.nt.ca/fr/services/information-sur-les-sites-contamin%C3%A9s-du-gtno

Asset Retirement Obligation

The Public Sector Accounting Board (PSAB) issued a new accounting standard, PS 3280, effective April 1, 2022, for Asset Retirement Obligations (ARO), establishing an accounting standard for public sector entities that addresses the accounting and reporting of legal obligations associated with the retirement of tangible capital assets (TCA).

For existing tangible capital assets that have an ARO, public sector entities determined the liability associated with retiring those assets and recorded a liability. For future acquisitions of new tangible capital assets that have an ARO, a liability for retiring the asset will need to be recorded at the time of acquisition.

PSAB PS 3280 established standards on how to account for and report a liability for ARO with the main features of the standard is identified below:

- An asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset,
- Asset retirement costs associated with a tangible capital asset controlled by the entity increase the carrying amount of the related tangible capital asset (or a component thereof) and are expensed in a rational and systematic manner,
- Asset retirement costs associated with an asset no longer in productive use are expensed,
- Measurement of a liability for an asset retirement obligation should result in an expense, depending on the nature of the re-measurement and whether the asset remains in productive use and
- A present value technique is often the best method with which to estimate the liability.

For obligations that existed on adoption as of April 1, 2022, the Government followed the modified retroactive method, which measured the liability as of the date the legal obligation was incurred and used a discount rate and assumptions as of the first day of application (April 1, 2022). The impact on adoption of this standard can be found within Section I of the Public Accounts (note 2(x)). Further details on the Government's AROs can be found within Section I of the Public Accounts (note 14).

Non-Financial Assets

Non-financial Assets are assets that typically represent resources that the Government can use to provide services in the future. The Government's Non-Financial Assets consist primarily of tangible capital assets (TCAs) as well as inventories held for use and prepaid expenses. Non-financial Assets held by the Government are disclosed in the Consolidated Statement of Financial Position of Section I of the Public Accounts.

Inventories Held for Use

Inventories held for use include materials and supplies, lubricants, critical spare parts, and fuel and are valued at weighted average cost or first in/first out depending on the type of inventory. Inventory increased by $1.4 million (a 5.2% increase) from $26.4 million in 2021-22 to $27.8 million in 2022-23. The increase is mainly attributable to an increase in parts for Northwest Territories Hydro Corporation.

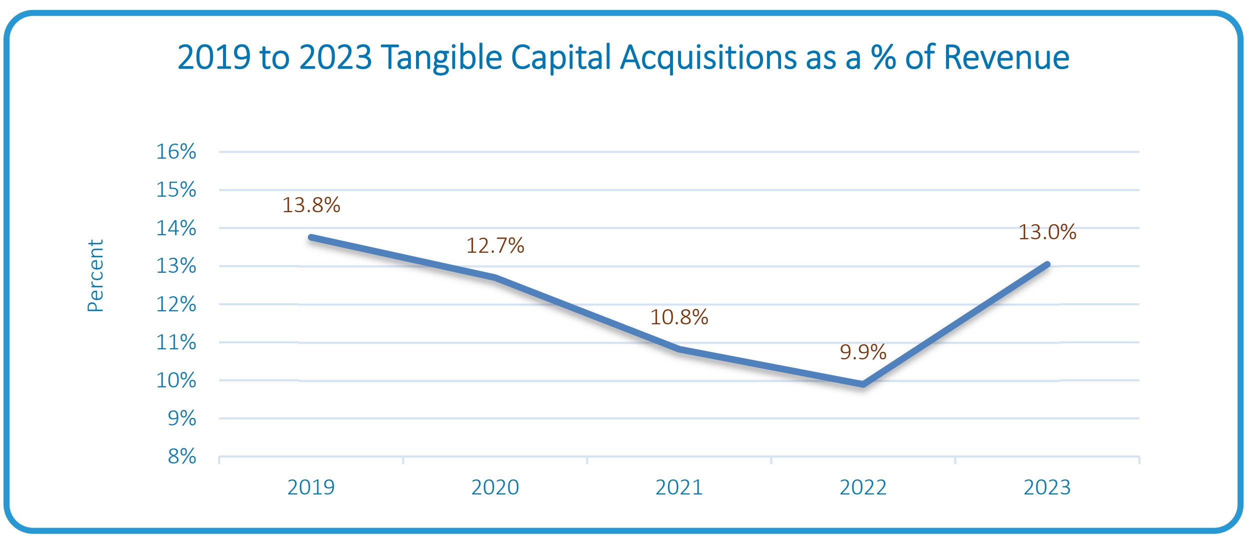
Prepaid Expenses

Prepaid expenses result from the Government making advanced payments for goods or services to be received in the future. Most Government prepaid expenses are from software license and insurance premiums, as well as cargo shipment by MTS. Prepaid expenses increased by $4.3 million (a 28.9% increase) from $14.8 million in 2021-22 to $19.1 million in 2022-23.

Tangible Capital Assets

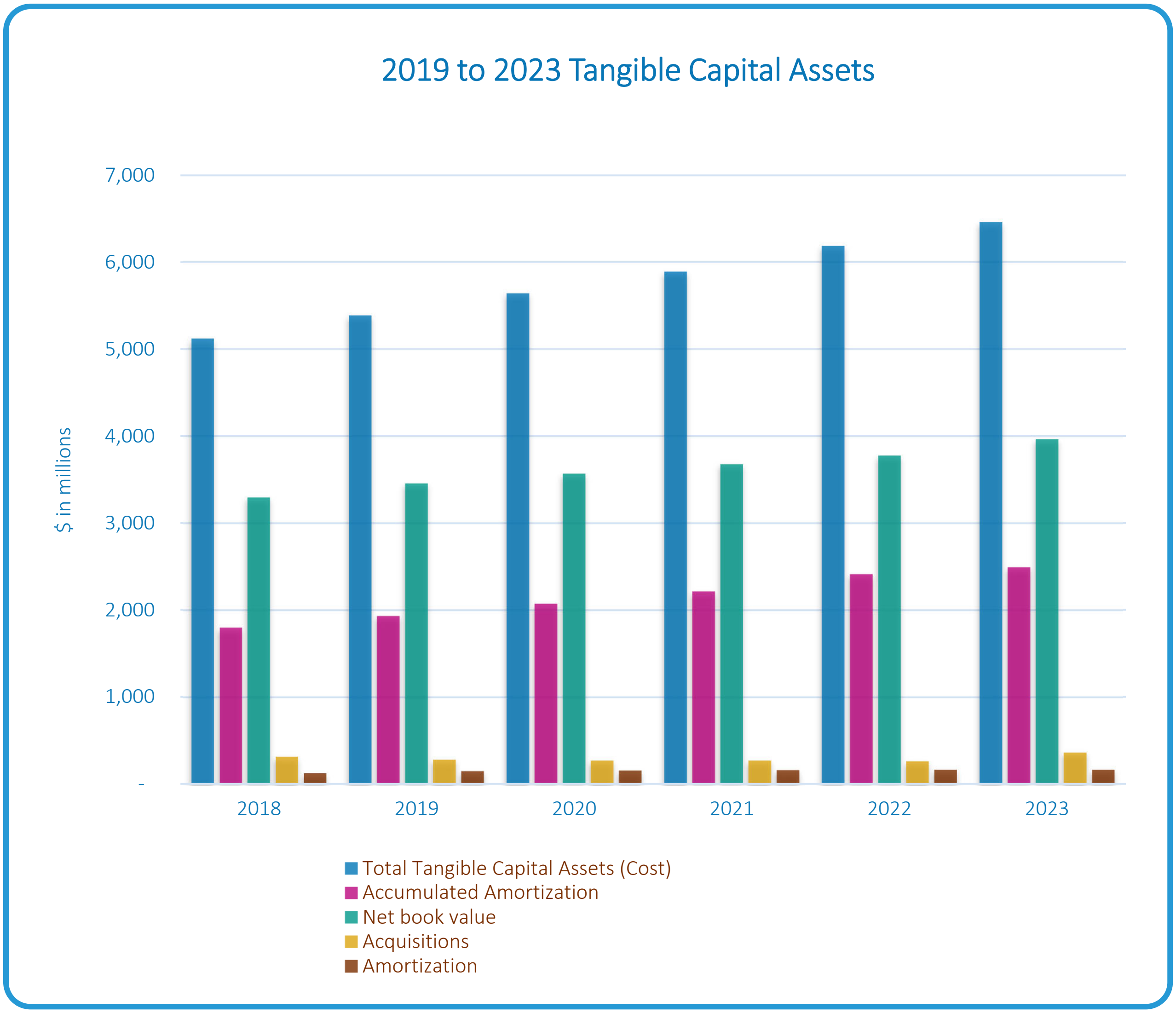
Under the Government's capitalization policy, tangible capital assets are capitalized and amortized over time in the Consolidated Statement of Operations and Accumulated Operating Surplus based on their estimated useful life. The Government plans capital expenditures to ensure that existing TCAs are replaced in a timely manner in conjunction with the Government's direction, priorities, and fiscal management strategy.

In the past five years the Government's acquisition of tangible capital assets has decreased slightly, while revenue has been rising, resulting in the percentage decline from 13.8% in 2018-19 to 13.0% in 2022-23. In 2022-23, acquisitions of tangible capital assets has increased after COVID-19 delays, with several large infrastructure projects in progress.



Tangible Capital Assets (continued)

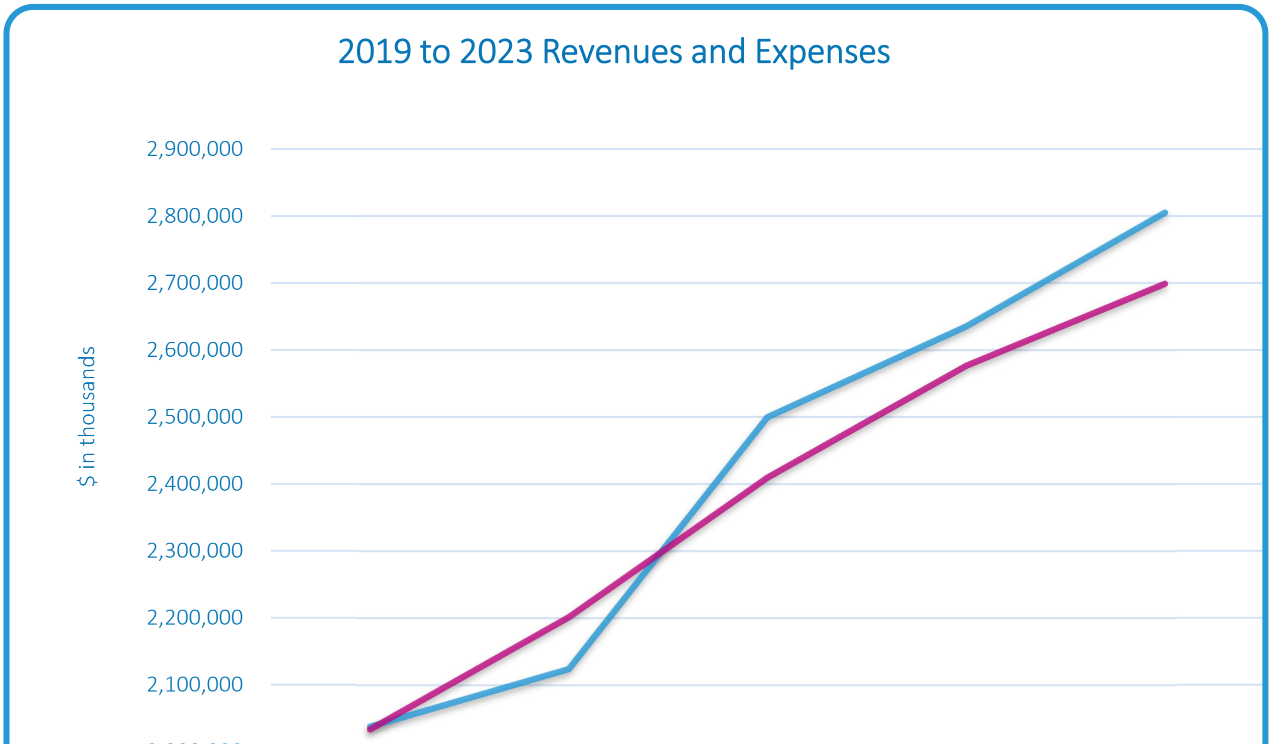
As illustrated by the graph below, the net book value of TCAs recognized by the government has steadily increased over the last five years indicating that the government has been acquiring new or replacing existing TCAs.



In 2022-23, the Government acquired $365.9 million in tangible capital assets. Significant acquisitions included: $86.6 million for NWT Hydro Corporation's power generating and distribution assets and equipment; $52.0 million for Housing NWT's public, homeownership rental and market rental units; $27.8 million was added to the Mackenzie Valley Fibre Link project; $21.1 million was added as refurbishment of Stanton Legacy Building. The remaining spend was for various roads and bridges, runways, community health centres, schools, and equipment.

Revenues and Expenses

Revenue increased by $169.8 million (a 6.4% increase) from $2.6 billion in 2021-22 to $2.8 billion in 2022-23 mainly due to a higher Territorial Formula Financing grant from Canada because of an increase in the Gross Expenditure Base, increased corporate income taxes, and increased federal transfer payments.



	2019	2020	2021	2022	2023
Revenues	2,037,595	2,123,501	2,499,462	2,634,712	2,804,470
Expenses	2,033,465	2,200,817	2,409,222	2,575,924	2,698,396

Total expenses increased by $122.5 million (a 4.8% increase) from $2.6 billion in 2021-22 to $2.7 billion in 2022-23. The biggest increases were in Infrastructure, Health and Social Services, Education and General Government.

PUBLIC PRIVATE PARTNERSHIPS AND ASSOCIATED LIABILITIES

Public Private Partnerships (P3) are a means for a government to enter into cooperative ventures between the public and private sectors as a means of funding capital projects. P3 Projects are a long-term approach to procuring public infrastructure where the private sector assumes a major share of the risks in terms of financing and construction, from design and planning to long-term maintenance/operations.

The Government previously had entered three contracts for the design, build, operation, and maintenance of the Mackenzie Valley Fibre Link; the design, build, and maintenance of the Stanton Territorial Hospital Renewal, and the design, build and maintenance of the Tłı̨chǫ All Season Road. Operations and maintenance provided by the partner cease at the repayment date at which time operational responsibility reverts to the Government.

Mackenzie Valley Fibre Link

The Government entered into an agreement with Northern Lights General Partnership (NL) 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, NWT. Construction was completed in May 2017 with in-service commencement in June 2017, and NL operating and maintaining the system.

Stanton Territorial Hospital Renewal

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 was completed in November 2018 with in-service commencement in May 2019, and BHP operating and maintaining the new facility.

Tłı̨chǫ All-Season Road

The Government entered into an agreement with North Star Infrastructure GP on February 13, 2019, to design, build and maintain the Tłı̨chǫ All-Season Road (TASR). Construction was substantially completed in November 2021 with North Star Infrastructure GP operating and maintaining the new road.

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

This project will maximize the involvement of Northern businesses as road construction and maintenance will result in employment and training opportunities for Tłįchǫ and Northern residents.

Summary of P3 Projects

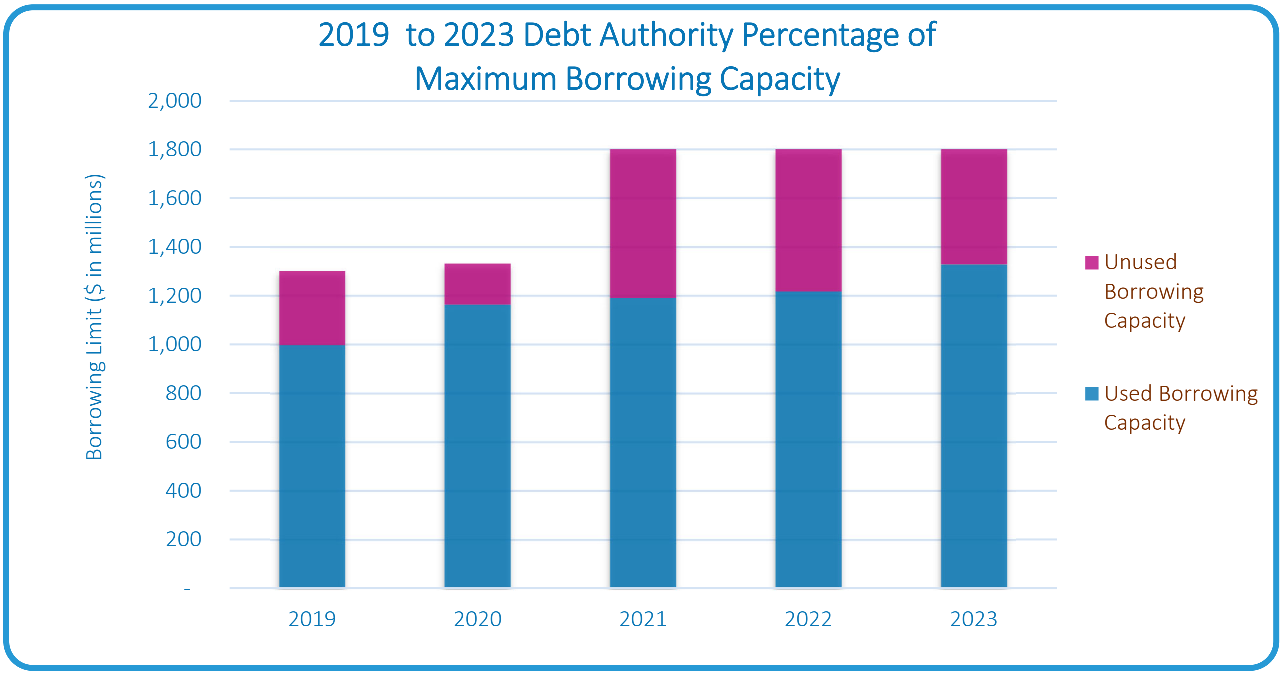
P3 Project (in $000s)	Mackenzie Valley Fibre Link	Stanton Territorial Hospital Renewal	Tłįchǫ All Season Road
Partner	Northern Lights General Partnership	Boreal Health Partnership	North Star Infrastructure GP
Contract signing date	October, 2014	September, 2015	February, 2019
Substantial completion date/in-service date	June, 2017	November, 2018	November, 2021
Annual interest rate	6.52%	5.36%	6.53%
Fiscal Year in which Repayment Ends	2037	2048	2047
GNWT Liability at Mar 31, 2022	$69,900	$127,128	$73,482
GNWT Liability at Mar 31, 2023	$67,100	$123,690	$71,382
Tangible capital asset cost	$122,786	$321,211	$209,223
Interest expense for the 2022-23	$4,563	$6,820	$4,800
Annual Operational Amount *	$3,777	$7,517	$6,186
Total operations amounts to the end of the agreement *	$68,600	$365,000	$148,100

** Amounts may be subject to inflationary increases.*

LONG TERM DEBT, BORROWING AND LIMITS

The Fiscal Responsibility Policy holds 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 current Capital Plan includes projects under the Government's P3 policy or projects that will be fully funded by the Government's revenues.

Consolidated debt, for purposes of the territorial borrowing limit, includes borrowings of all Government organizations that are included within the Consolidated Public Accounts. The borrowing limit is currently $1.8 billion, established pursuant to subsection 28(4) of the *Northwest Territories Act.* Additional detail is reflected within **Section I** of the Public Accounts (note 15).



Note: The GNWT at consolidation is not in an overdraft position, however the non-consolidated statements include overdraft.

Bonds

The Government has $180.0 million bond. The bond has an annual coupon rate of 2.2%, paid semi-annually and the repayment of $180.0 million is due September 29, 2051, and in 2022-23 paid interest payments of $3.9 million on the bond.

INDICATORS OF FINANCIAL CONDITION

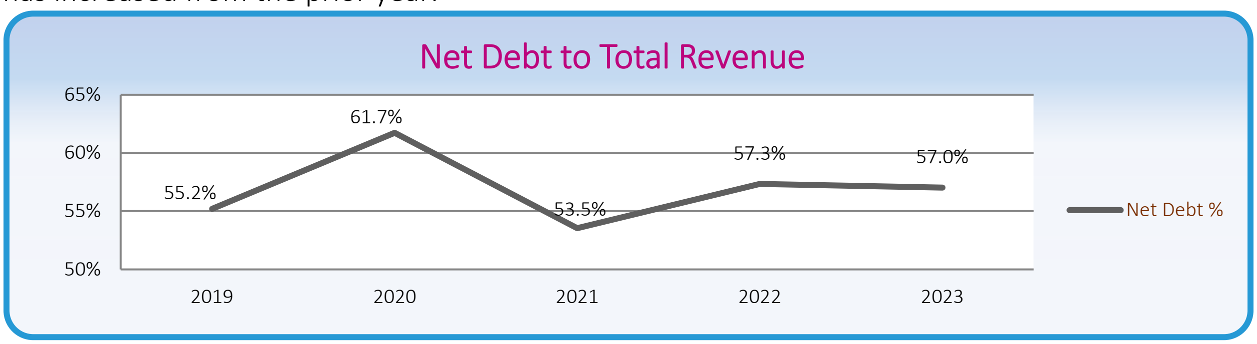
Financial condition describes a government's ability to meet its financial obligations with respect to its service commitments to the public and commitments to employees, creditors, and others.

The following assessment of the Government's financial condition considers three elements: sustainability, vulnerability, and flexibility. The elements show how the Government's fiscal health measures up in the context of the overall economic and financial environment.

Sustainability: the degree to which a government can maintain programs and meet creditor requirements without increasing the debt burden on the Government.

- At the end of the 2022-23 fiscal year the Government has a net debt position of $1.60 billion compared to net debt of $1.51 billion at the end of the prior fiscal year. The net debt represents 57.0% of total revenue.

The graph below shows that Government's net debt to total revenue has decreased from 57.3% in 2021-22 to 57.0% in 2022-23 mainly due to the increase in the Territorial Formula Financing Grant from the Government of Canada and other Transfer payments, and Corporate Income taxes. A decrease in this ratio is occurring as the Government revenue increased, while net debt has increased from the prior year.



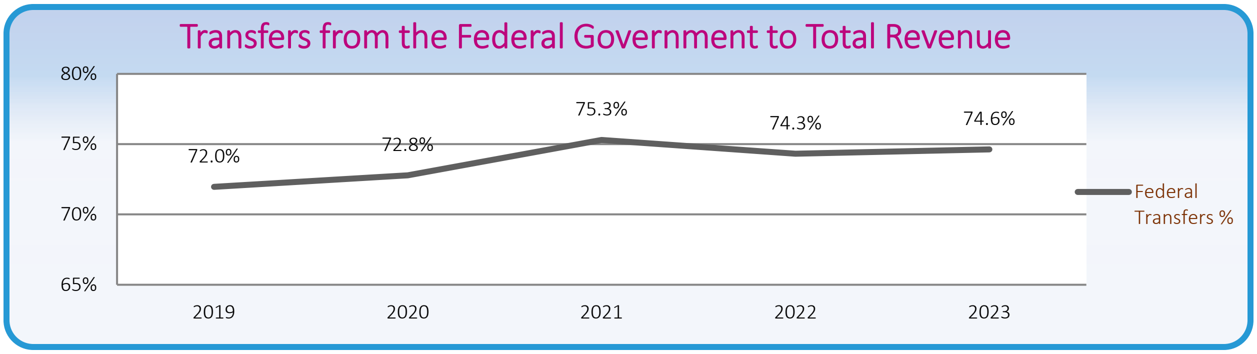
Net debt to total revenue is an indicator of the Government's ability to service the debt burden, where a decreasing ratio is a positive indicator that the rate of increase in net debt is lower than the rate of increase in revenue. A lower net debt to revenue ratio indicates higher sustainability, as a higher revenue base can service a higher net debt burden.

Vulnerability: the degree to which a government depends on, and therefore vulnerable to, sources of funding outside its control or influence, both domestic and international.

- The Government's largest source of revenue is the grant and transfer payments from Canada which represent 74.6% of total revenue for the current year. The formula determining the Territorial Formula Financing Grant is established under federal legislation that is renewed every five years. The next renewal begins April 1, 2024.

- Since Territorial Formula Financing responds to changes in own source revenues and the Government mostly relies on relatively stable funding from Canada, the Government is less vulnerable to economic shocks than provinces.

The graph below shows that total revenue from federal government transfers has increased slightly from 74.3% in 2021-22 to 74.6% in 2022-23. The total share of own source revenue increased by 5.2% from prior year, while transfers from federal government increased by 6.9% from prior year.



An increasing ratio typically reflects that the Government is more reliant on transfers from Canada to fund its programs.

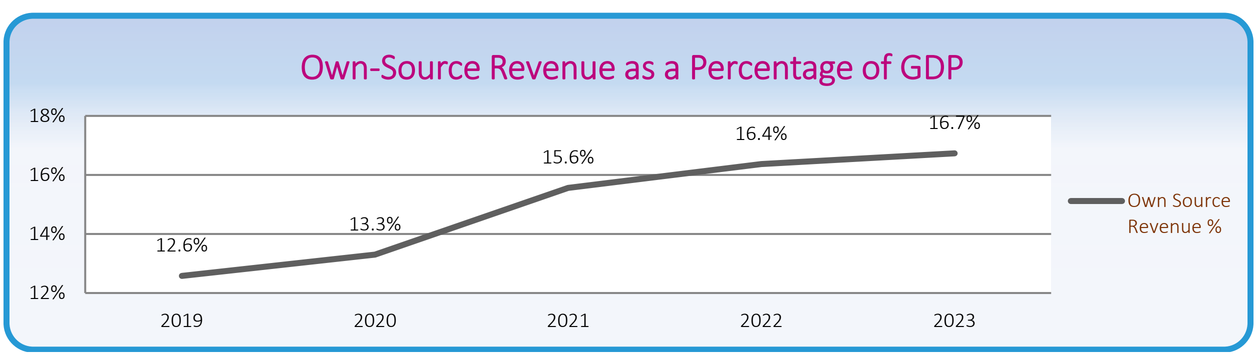
Flexibility: the degree to which a government can increase its financial resources to respond to rising commitments, by either expanding its revenues, or increasing its debt burden.

- At March 31, 2023, the Government has a federally imposed borrowing limit of $1.8 billion. The limit on the borrowing capacity precludes the use of debt to increase financial resources beyond the debt limit; however, an increase in debt would, at best, provide short-term flexibility.

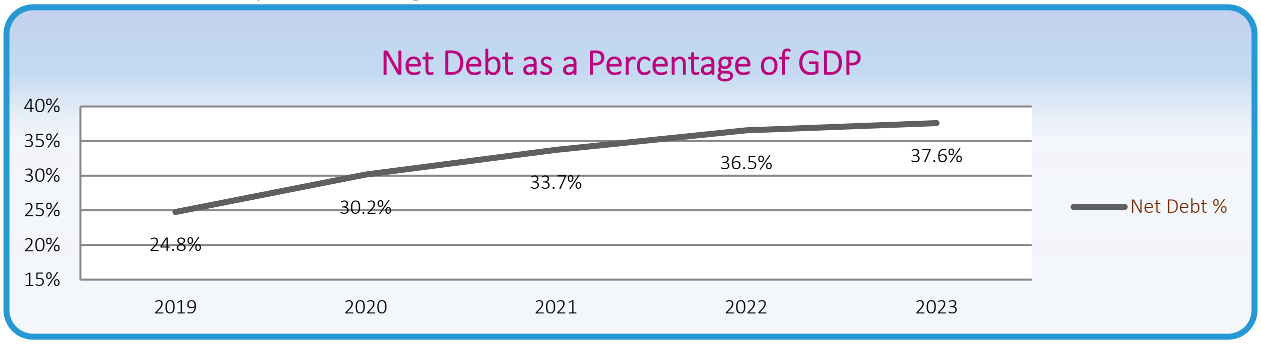
- The Government relies on federal transfers for 74.6% of its total revenues, of which 54.2% comes from the Territorial Formula Financing Grant.

- The Government's own-source revenues, (net of $38.0 million in non-renewable resource revenues), slightly decreased to 24.0% of total revenue in 2022-23 (24.1% - 2021-22). The Government has limited flexibility to increase taxes due to a small tax base.

The total own-source revenue to GDP ratio shows the Government's revenues relative to the size of the economy.



The graph below shows that net debt for the Government decreased as a percentage of GDP from 36.5% in 2021-22 to 37.6% in 2022-23. The increase in this ratio is a result of increasing net debt on an economy rebounding from the effects of COVID-19.



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

The Government has limited flexibility to raise new revenues due in part to a small tax base and continues to depend on federal transfers to fund the majority of its expenditures. The Government must be careful to manage its operations expenditures so that it can invest in infrastructure without incurring more debt.

Below are several key indicators for the last ten years:

NWT Key Economic Indicators, 2013 to 2022

Indicator	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Real GDP (Chained $)	2.8	4.7	1.0	-1.1	3.6	1.3	-6.1	-10.5	6.3	2.9
Employment Rate (July 1)	1.8	-3.1	0.0	-2.9	-2.7	1.2	4.1	-11.7	15.3	3.6
NWT consumer price index	0.9	2.0	1.1	1.4	1.6	2.3	1.9	0.7	3.4	6.8
Population (July 1)	43,805	43,884	44,237	44,649	44,891	44,981	44,504	44,579	44,685	44,972
Population growth	0.2	0.2	0.8	0.93	0.54	0.2	1	0.2	0.2	0.6

(% change unless otherwise noted)

Gross Domestic Product (GDP): growth rate is also an important indicator of the economic performance of a country, province, or territory. GDP is the final value of the goods and services produced within the geographic boundaries of a jurisdiction during a specified period of time, normally a year.

For the Northwest Territories (NWT), Statistics Canada estimated GDP is $4.3 billion for 2022 (the latest year for which data is available), which represents a 2.9% increase relative to 2021. The transportation and warehousing industry, accommodation and food services industry, and construction industry increased the most between 2021 to 2022. The mining, oil and gas industry decreased by 6.4% between 2021 and 2022.

Canada, Provinces and Territories GDP Comparison

Real GDP at Basic Prices, calendar years 2021 and 2022

Millions of Chained (2017) Dollars*

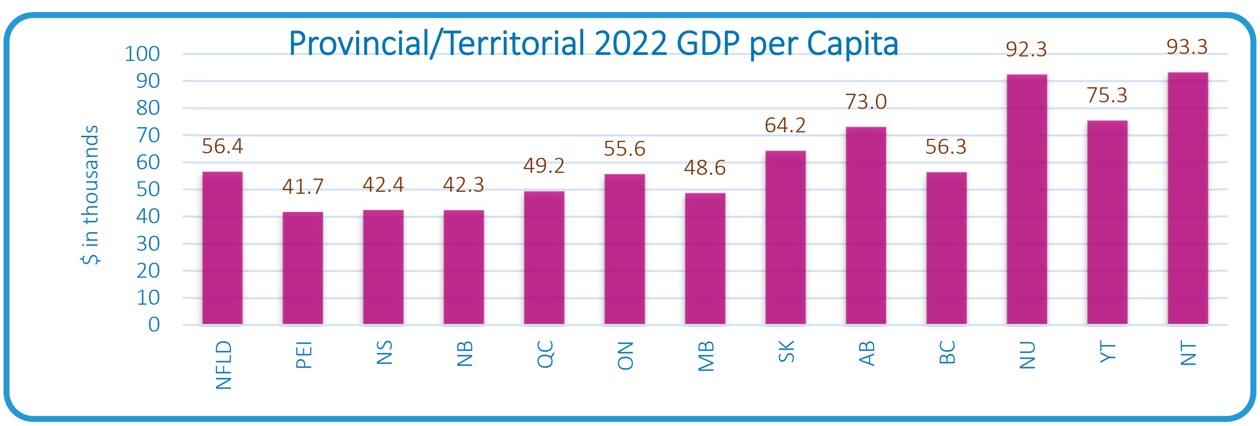
	2022	2021	Percent (%) Change
Canada	2,175,120	2,094,079	3.9
Northwest Territories	4,254	4,135	2.9
Nunavut	3,741	3,735	0.2
Yukon	3,298	3,118	5.8
British Columbia	299,250	288,151	3.9
Alberta	331,489	314,850	5.3
Saskatchewan	76,673	72,335	6.0
Manitoba	68,483	66,275	3.3
Ontario	839,497	809,659	3.7
Quebec	428,252	416,657	2.8
New Brunswick	34,330	33,875	1.3
Nova Scotia	43,188	41,914	3.0
Prince Edward Island	7,110	6,900	3.0
Newfoundland and Labrador	29,690	30,128	-1.5

Source: Statistics Canada (2022) Gross domestic product (GDP) at basic prices, by industry, provinces, and territories.

**Note: Chained dollars is a method of adjusting real dollar amounts for inflation over time, to allow the comparison of figures from different years. Data will not sum to totals since chained dollars are not additive.*

Provincial and Territorial - GDP Per Capita Comparison

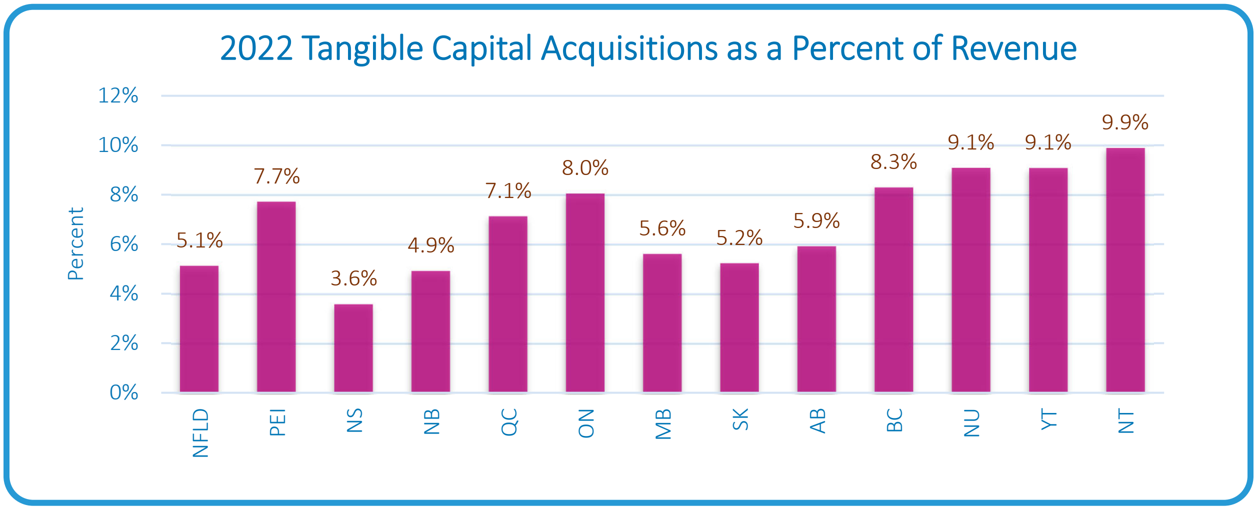
The NWT currently has the highest GDP per capita in Canada. This is an important indicator to note when considering GDP statistics as it shows that while the NWT has a relatively small population our GDP per capita is large by comparison. The NWT economy is less developed compared to provinces, with resource extraction a dominant sector. Mining has a high value of production, and the sector is capital intensive.



Statistics Canada. Population estimates July 1, 2022, and GDP Gross domestic product (GDP) at basic prices, by industry, Provinces, and Territories is calendar 2022.

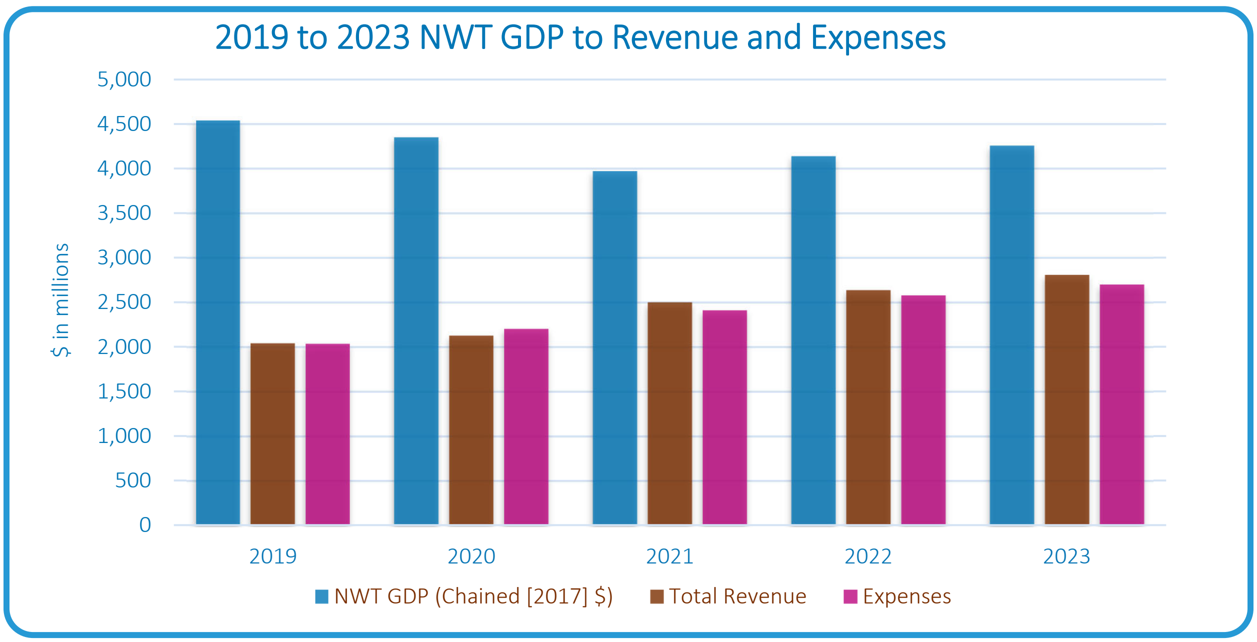
Provincial Comparisons – TCA Acquisitions as Percentage of Revenue Comparison

In 2022, at 9.9%, the Government has the highest percentage of revenue invested in infrastructure compared to other Territories and Provinces.



Figures calculated based on fiscal 2021-22 Provincial/Territorial Public Accounts of the various senior governments.

NWT GDP, Revenues and Expenses Comparison



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

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, 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 other disasters,
- Criminal or malicious attacks, both cyber and physical in nature, potentially resulting in business interruption, privacy breach and loss of, or damage to, information, facilities, and equipment,
- Factors that could hinder the safe delivery of products and services, and
- Outcomes from litigation, arbitration, and negotiations with third parties.

The Government uses information from banks and private industry when developing the underlying assumptions for fiscal forecasts during budget development and when updating the underlying assumptions throughout the fiscal year.

Natural Disasters: The Government, through the Emergency Management Organization, monitors conditions (such as flood or fire risk), conducts preparedness activities and supports the NWT communities, which are the lead on responses and recovery activities.

Each year the Government invests in people, equipment, technology, and communication to manage wildfires effectively, as the boreal forest is one of the Northwest Territories' most valuable natural resources. Under the right conditions, high-intensity wildfires fires often occurring naturally are virtually unstoppable; these wildfires have the potential to spread quickly over great distances and to place people and community infrastructure at risk.

During the fiscal year, the Territory continued the recovery activities relating to flooding from spring 2021 and then had to address flooding that occurred during spring 2022 which affected various communities. The costs incurred to March 2023 as well as recoveries received, or receivable are reflected in the accompanying consolidated financial statements.

Subsequent to year end, the Northwest Territories experienced above normal wildfire conditions which resulted in evacuation notices as well as evacuation orders in various communities throughout the territory. The impact on the consolidated financial position of the Government will be reported in the year(s) finalized.

FISCAL RESPONSIBILITY POLICY

The Government's Fiscal Responsibility Policy (FRP) is a tool to guide responsible borrowing and debt management. The policy statement for the Government's FRP is:

The Government of the Northwest Territories is committed to responsible spending and controlled expenditure growth while focusing on necessary infrastructure investments required to support the goals and priorities of each Legislative Assembly. The Government is committed to plan for and realize sufficient operating surpluses to finance annual infrastructure investments and meet debt servicing payments on any amounts borrowed.

The Government is committed to prudent borrowing and debt management in order to ensure long-term fiscal sustainability and will not incur debt to a level where debt servicing payments are outside the provisions of this policy.

Source: Fiscal Responsibility Policy 15.03 June 1, 2016
https://www.fin.gov.nt.ca/en/resources/fiscal-responsibility-policy

Compliance with Fiscal Responsibility Policy

The FRP sections 6(3) and 6(5) provide specific borrowing guidelines for the Government, excluding its boards and agencies, to support responsible fiscal management.

The Policy states that the Government, on a non-consolidated basis, 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 percent (50%) from government debt.

The Policy also limits *non-consolidated* debt service payments (principal and interest) to five per cent (5%) of total non-consolidated annual revenues.

Evaluation

The provisions of the Fiscal Responsibility Policy have been met for fiscal year 2022-23:

- The infrastructure investments, excluding P3, met the required 50.0% minimum operating surplus generated from the non- consolidated Public Accounts.
- Non-consolidated debt servicing costs are 2.4% of the non-consolidated revenue, which is less than the 5.0% limit.

Calculations for compliance to the FRP are in the chart on the next page.

Fiscal Responsibility Policy Compliance
(All calculations based on the **Public Accounts, Section II** - Non Consolidated Financial Statements)

	2023	2022 Restated
	($ in Millions)	
Policy Provision 6(5)(a)- Debt Servicing Payments		
Revenues (Public Accounts, Section II, Schedule A)	2,448	2,307
Maximum Debt Servicing Payments- 5% of Revenues	122	115
Debt Servicing Payments		
Short-Term Interest Expense (Public Accounts, Section II, note 9)	10	1
Bond (Public Accounts, Section II, note 15)	4	6
Deh Cho Bridge (Public Accounts, Section II, note 15)	20	19
P3 Debt Servicing (Public Accounts, Section II, note 16)	25	17
Total Debt Servicing Payments	59	43
Actual Debt Servicing Payments as a % of Revenues	**2.40%**	**1.85%**
Provision 6(3)- Infrastructure Financing		
Capital Acquisitions (Public Accounts, Section II, Schedule 4)	216	171
Less: P3 Items - Out of Scope (Public Accounts, Section II)		
Tlicho All Season Road (Public Accounts, Section II, note 16)	-	(59)
Cash Required for Infrastructure Investment Expenditures	216	112
Operating Cash Required		
Minimum cash required from operating surplus (50% of Acquisitions less out of scope items)	108	56
Total Operating Cash Requirement	108	56
Operating Cash Available		
Operating Surplus (Public Accounts, Section II, Statement of Operations)	122	31
Add Non Cash Item - Amortization (Public Accounts, Section II, Statement of Cash Flow)	130	126
Total Operating Cash Available	252	157
Net cash surplus (deficit) for 50% of Infrastructure Investment	***144***	***101***

Restatement:

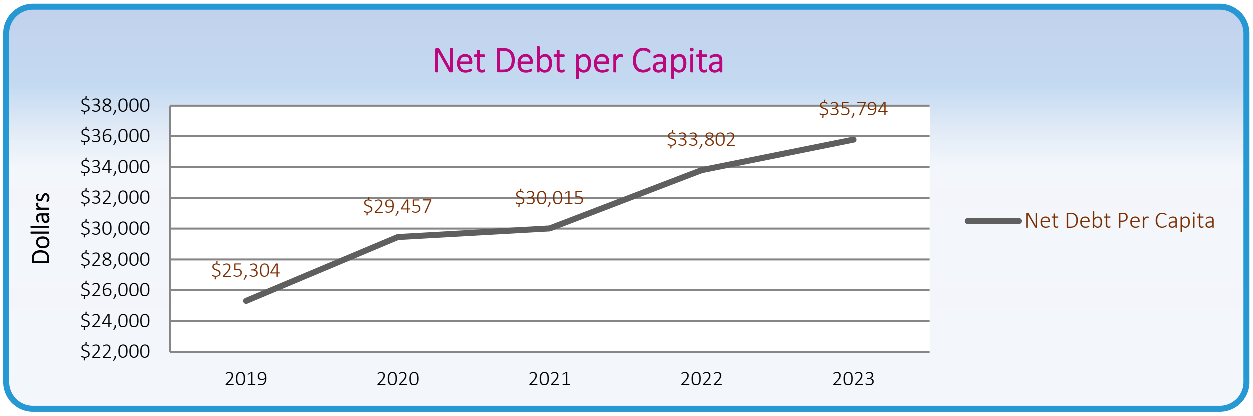
The comparative information was revised to include the service payments relating to the Bond (Public Accounts, Section II, note 15). The Debt Servicing Payments as a Percentage of GDP, Debt Servicing Costs to Total Revenue, and Debt Servicing Payments to Total Revenue information in the Performance Measures under the Fiscal Responsibility Policy that follows were also revised to include the bond service payments as well as to exclude the payments on substantial completion that was previously included in the graphs relating to the P3 debt servicing payments. The payment on substantial completion were from a sinking fund that was designated for the P3 and was required to be established by the P3 agreement and therefore satisfy the conditions to be excluded per the borrowing regulations.

Performance Measures under the Fiscal Responsibility Policy

The FRP establishes debt management performance measures which are to be assessed for consideration annually in the Public Accounts. The measures are required to be evaluated on a *consolidated* basis to ensure consideration is given to debt affordability of the entire GRE. The following section discloses this commitment to reporting on the performance measures from section 6(7) of the FRP.

1. Net Debt per Capita Ratio

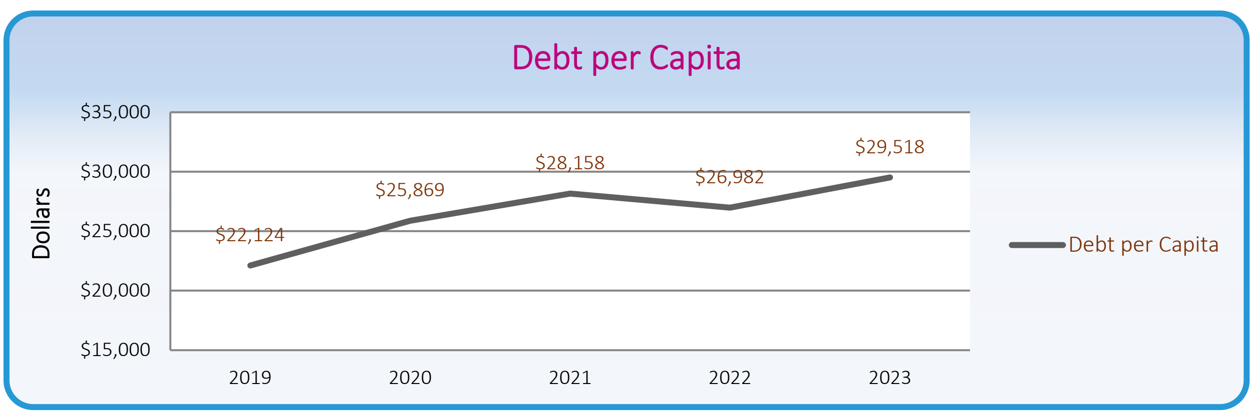
The Northwest Territories net debt per capita has increased by $1,991 per person from $33,802 in 2021-22 to $35,794 in 2022-23.



Net debt per capita represents the net debt relative to the population. An increase in this ratio means the debt burden per person has worsened, while a decrease means the debt burden has improved.

2. Debt per Capita Ratio

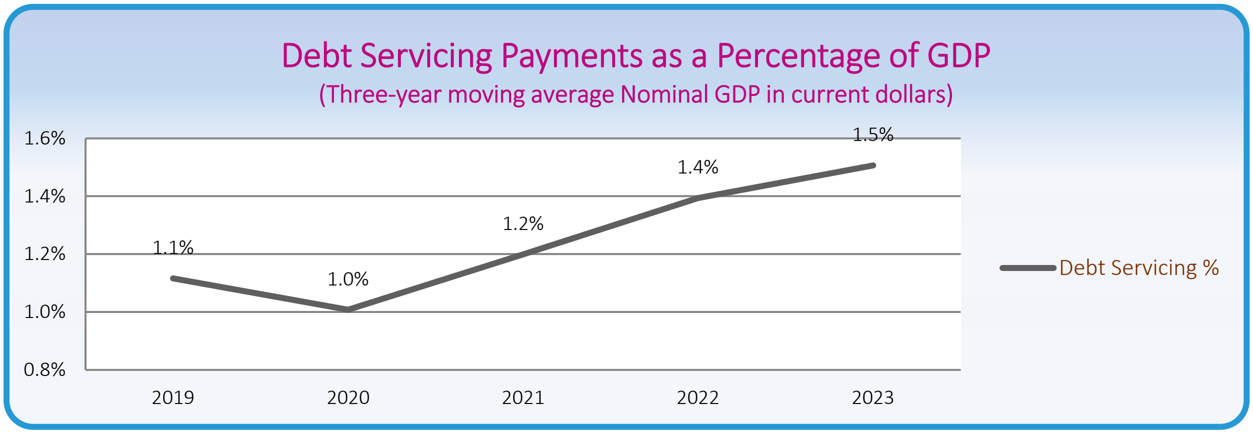
Debt per capita increased 9.4%; from $26,982 in 2021-22 to $29,518 in 2022-23. The debt per capita burden increased because high borrowing growth exceeded low population growth.



Debt per capita represents the debt relative to the population. An increase in this ratio indicates the debt burden per person has increased, while a decrease means the debt burden has declined.

3. Debt Servicing Payments as a percent of three-year moving GDP average

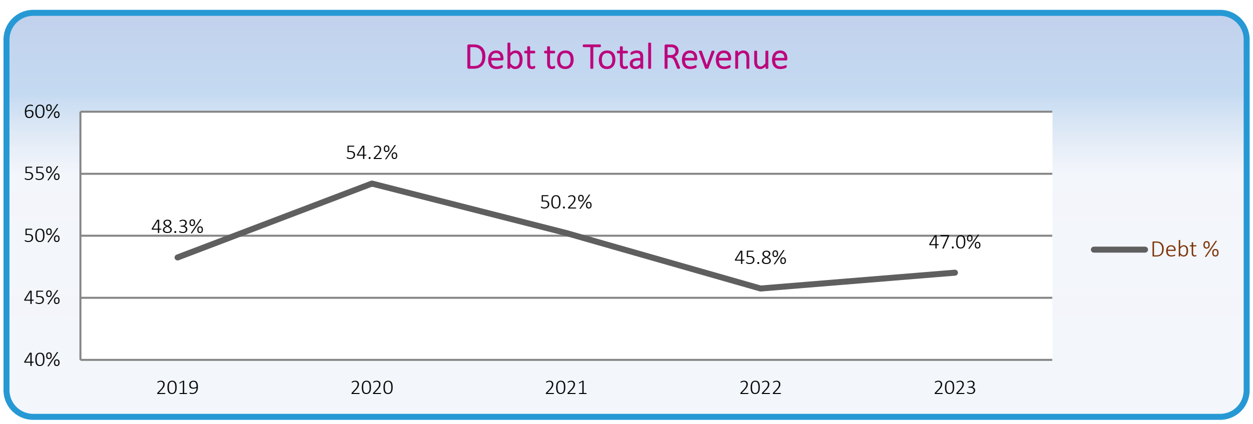
Debt servicing payments as a percentage of GDP for the Northwest Territories increased slightly from 1.4% in 2021-22 to 1.5%, in 2022-23 mainly due to increased interest on short term borrowing and P3 debt.



Debt servicing payments (interest and principal) as a percent of a three-year average Northwest Territories GDP is a measure of debt payments in relation to economic growth. An increasing ratio reflects a deterioration in financial position, while a decrease reflects improvements in the financial position.

4. Debt to Revenue Ratio

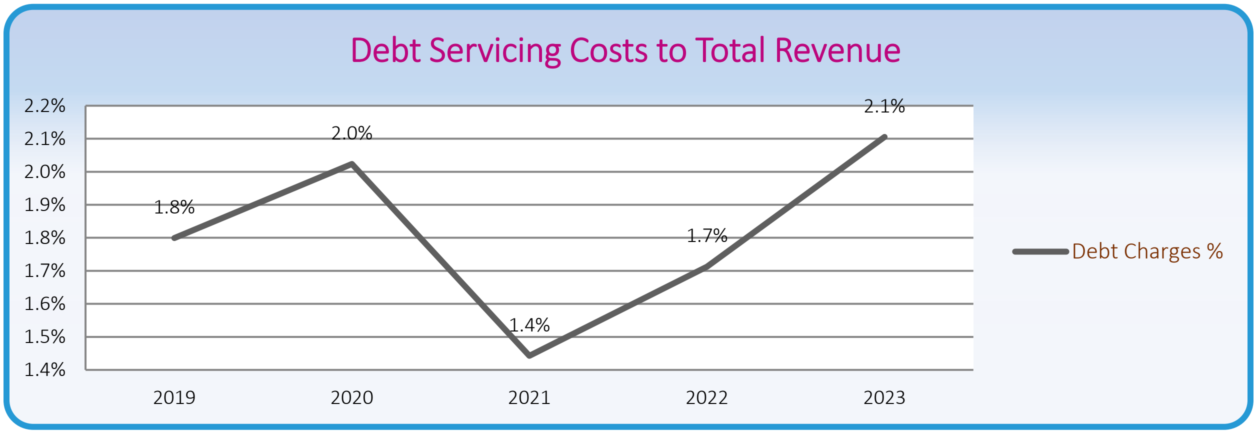
The Government's debt to total revenue has increased from 45.8% in 2021-22 to 47.0% in 2022-23 because mainly due to increased short term borrowing.



Debt to total revenue is an indicator of the Government's ability to service the debt burden, where a decreasing ratio is a positive indicator that the rate of increase in debt is lower than the rate of increase in revenue. A lower debt to revenue ratio indicates higher sustainability, as a higher revenue base can service a higher debt burden.

5. Debt Servicing Costs as a percent of Revenue

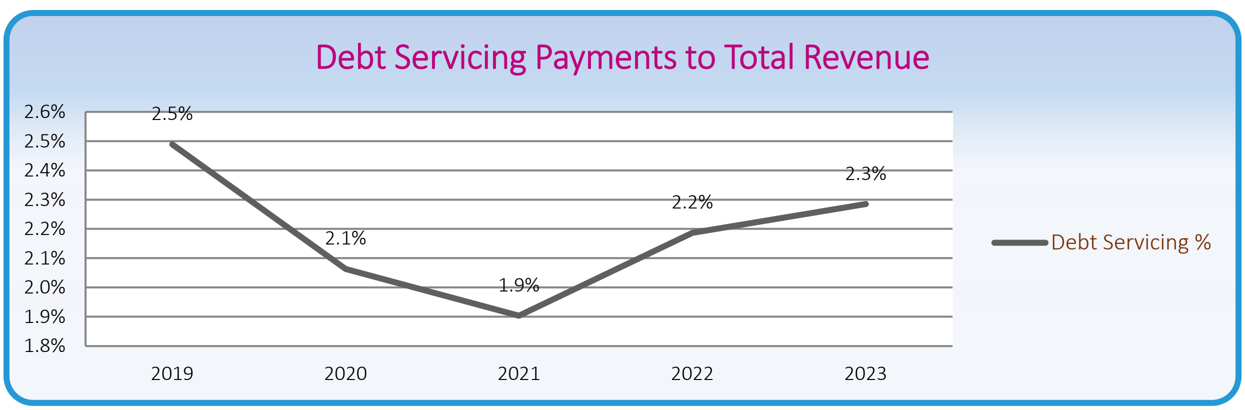
The Government's debt servicing costs compared to total revenue has increased from 1.7% in 2021-22 to 2.1% in 2022-23 mainly due to higher interest on the short term borrowing and P3 debt.



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. A lower ratio indicates increased affordability.

6. Debt Servicing Payments as a percent of Revenue

The Government's debt servicing payments compared to total revenue has increased slightly from 2.2% in 2021-22 to 2.3% in 2022-23. This is mainly due to increased interest on short term borrowing and P3 debt.



The ratio of debt servicing payments (interest and principal) to total revenue measures the extent that the Government revenues are being applied to debt repayment, rather than to programs and services. A higher debt servicing payments ratio indicates decreased affordability.

7. Credit rating

The Government had a long-term credit rating of Aa1 from Moody's Investors Service since 2007. In March 2022, this rating was downgraded to Aa2 (stable). The downgrade reflects an evaluation of the territorial economic risks and the flexibility of the Government to respond to those risks given increasing debt levels and existing expenditure pressures.

The Aa2 long term credit rating is the third highest rating available from Moody's and remains one of the highest among provinces and territories.

FINANCIAL COMPARISONS AND VARIANCES

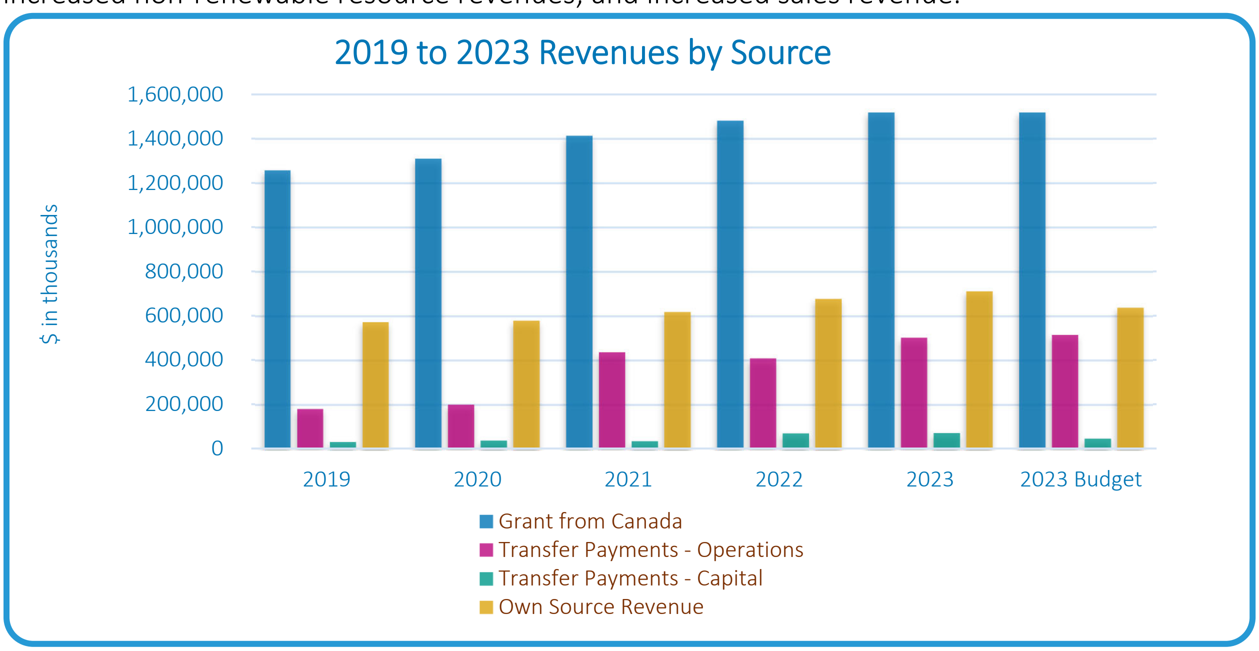
Balancing the budget entails not only controlling expenses but also finding the most effective and efficient mix of programs. During the fiscal year the variance review process assesses the present level of programs and services by monitoring the growth rates of revenues and expenditures on an ongoing basis as this is a key indicator of the long-term sustainability of the Government.

Any additional resources to improve a service often have to be made at the expense of other important needs and recognizing that revenue generation tend to be more unpredictable than expenses.

Revenues Variance Analysis

The Government funds programs and services through a combination of transfers from the federal government, own-source revenues, and non-renewable resource revenues. Apart from corporate income tax, personal income tax, general and non-renewable resource revenues, other own-source revenues are proven to be consistent over the years. Corporate income tax revenue is volatile as it is dependent upon a small base of taxpayers. In any given year due to the volatility in corporate income tax; as the majority of corporate income tax revenues are generated by a small number of resource based tax payers, their taxable income fluctuates depending on production and global commodity prices.

Total revenue in 2022-23 is $2.8 billion, an increase of $87.9 million or 3.2% from the original budget. This increase is mainly due to increased corporate and personal incomes taxes; increased non-renewable resource revenues; and increased sales revenue.



Type of Revenue (in $000s)	% of total 2023 Revenue Budget	% Change Actuals year over year	Variance Actual to Approved Budget 2023	Explanation
Territorial Formula Financing Grant	55.9%	2.6%	$0	•2.6% increase from 2022 to 2023 is mainly due to a higher grant from Canada because of the Gross Expenditure base increase •**no significant difference** from 2023 actuals to original budget
Transfer Payments	20.6%	20.0%	$13,090	•20.0% increase from 2022 to 2023 was mainly due to flood assistance revenue •$13.1 million decrease from 2022 budget mainly due to delayed capital projects and ICIP projects (Investing in Canada Infrastructure Program)
Corporate & personal Income taxes	5.0%	11.8%	$41,313	•11.8% increase from 2022 to 2023 mainly due to increased revenue received from the Federal Government based on estimates and revenue estimates for potential late filers. •$41,3 million increase from the 2023 budget was mainly due to increases in corporate income tax of $23.9 million and increases in personal income tax of $17.4 million
Other taxes	5.4%	5.1%	-$3,210	•5.1% increase from 2022 to 2023 was mainly due to increase carbon tax and payroll tax •**$3.2 million decrease from 2022 budget was mainly due to increased payroll taxes due to estimated employment levels; and increased carbon tax and insurance tax**
Non-renewable resources	0.8%	-10.5%	$16,422	•10.5% decline from 2022 to 2023 was due to market fluctuations. Non-renewable resource revenue are subject to volatility and fluctuate annually based on production •$16.4 million increase from 2023 original budget due to budget taking into consideration uncertain impact on economy due to aftermath of COVID-19 pandemic
Own Source	12.2%	4.1%	$20,226	•**4,1%** increase from 2022 to 2023 was mainly due to increases in sales in MTS of $9.7 million and increased recoveries of $5.3 million from infrastructure for third party work completed •$20.3 million increase from 2023 original budget due to higher income earned **on investments, higher sales, and increased recoveries of prior year expenditures**

Note: based on Government reporting entity at consolidated level and original approved budget tabled June 3, 2022.

Types of Government Revenues

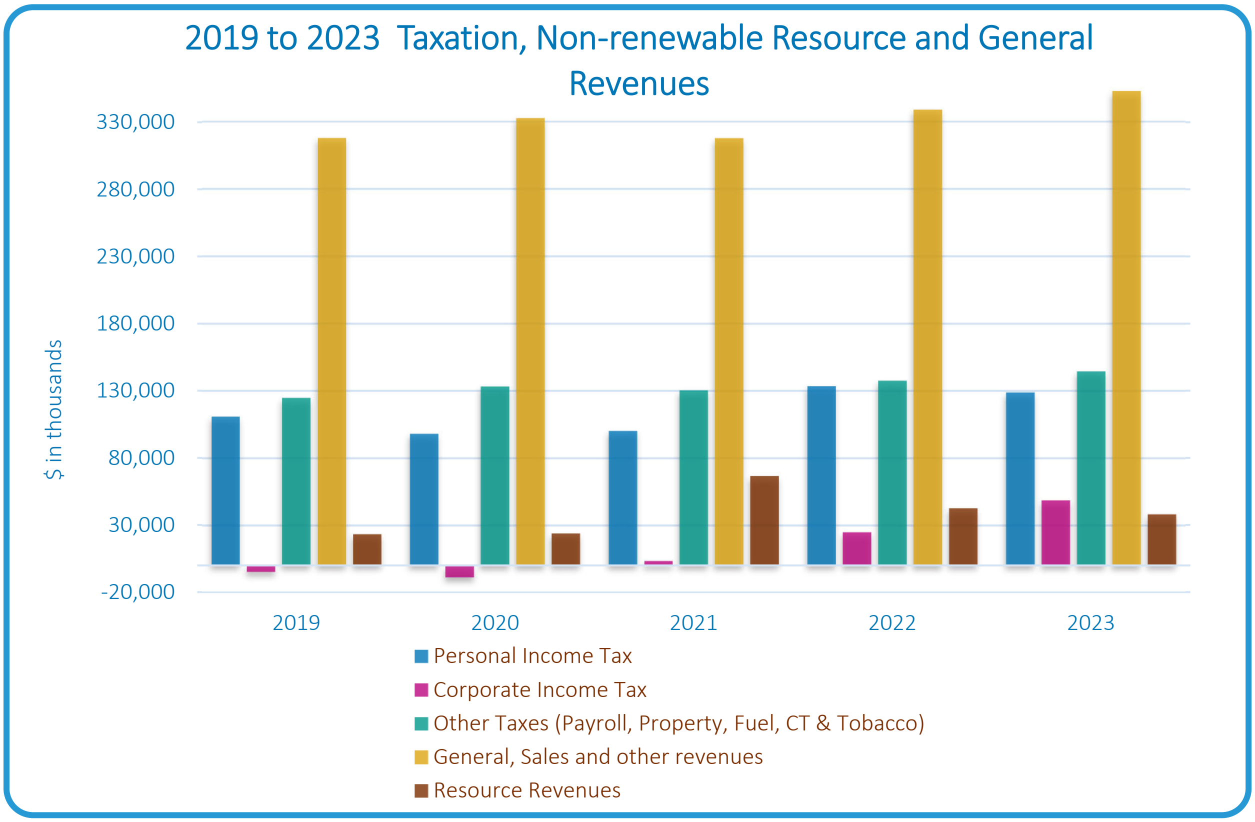
The Territorial Formula Financing Grant is an annual formula-based calculation based on a three-year moving average of data, which includes a two-year lag, to fill the fiscal gap between the Government's expenditure needs and its ability to raise revenues. The NWT's Grant equals the difference between 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 considers 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 Territorial and local government spending and the growth in the NWT population relative to the growth in the Canadian population. Eligible revenues are calculated by determining what the Government could have raised in revenues at national average tax rates and reducing that amount by a 30 per cent Economic Development incentive. The resource revenue offset reduces the amount of the grant by 50 per cent of resource revenues, lagged by two years.

Transfer payments are recognized as revenue in the period during which the transfer is authorized, and eligibility criteria are met, except when and to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. This is another significant factor that contributes to revenues being unpredictable. For large projects funded by capital transfer payments, this causes revenue to be higher than it would normally be as expenditures related to this are capital in nature and revenues are therefore recognized before the asset is put into use. The impact on operational expenses will be over future years as the asset is amortized.

Corporate and personal income tax revenues derive from individual taxpayers, who are required to file their income tax returns by April 30th annually and corporate taxpayers file six months after the corporation fiscal year end for. To counter this delay, for a given tax year, the Government receives advance payments from Canada based on the federal estimate of the territorial tax to be collected by Canada Revenue Agency for that year. After taxpayers file their income taxes, the actual territorial taxes collected are compared against the advance payments the Government received in the previous year. If the taxes collected exceed the advance payments, the Government receives an extra payment for the difference. Conversely, if the taxes collected are less than the advance payments, the Government returns the difference to Canada.

Other Taxes revenues include tobacco tax, fuel tax, property tax and payroll tax.

General Own source revenues include sales, general, income from portfolio investments and recoveries.



Non-renewable resource revenues are subject to volatility and the revenue streams fluctuate annually based on production and work bid deposits that are forfeited. In addition, non-renewable resource revenues are generated as the resources are extracted and are therefore finite. Non-renewable resource revenues, after sharing with the federal and Indigenous partners (signatories to the Northwest Territories Lands and Resources Devolution Agreement) are used to fund infrastructure, pay down debt and contribute to the NWT Heritage Fund.

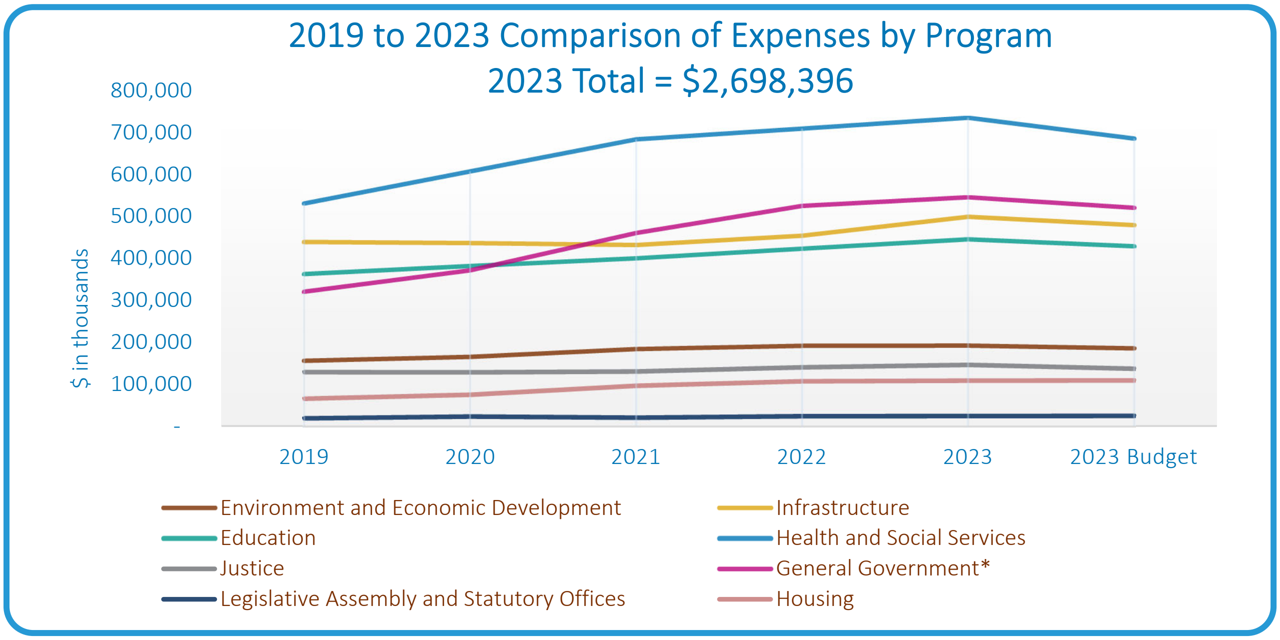
Resource revenues include all mineral revenues, oil and gas revenues and water revenues generated in the NWT but exclude royalty revenues that are part of land claim agreements. The resources revenues generated in the NWT and reported in the Public Accounts are shared with the federal government by reducing the Territorial Formula Financing Grant payments from Canada to the Government. The remaining amount of the resources revenues are referred to as the Net Fiscal Benefit which one quarter of this amount is transferred to the Indigenous governments that have signed on to the *Northwest Territories Lands and Resources Devolution Agreement*. A further one quarter after sharing with the Indigenous governments is deposited into the NWT Heritage Fund following a vote by the Legislative Assembly. The residual Net Fiscal benefit is used towards capital spending.

The 2022-2023 Net Fiscal Benefit is outlined in the chart below:

Net Fiscal Benefit (in $000s) *	Approved Budget 2023	Actuals 2023	Actuals 2022
Non-renewable Resource Revenue	$21,615	$38,037	$42,510
Government of Canada's share through a reduction in Territorial Formula Grant Financing	$10,808	$19,019	$21,255
Aboriginal Parties' share through Net Fiscal Benefit Transfers	$2,702	$4,755	$5,314
Allocation to the Heritage Fund through annual contributions	$2,026	$5,025	$5,656
Net Fiscal Benefit	$6,079	$9,239	$10,285

** This information was prepared on a non-consolidated basis to agree with the main estimates and to incorporate the allocation to the Heritage Fund which is otherwise eliminated upon consolidation.*

Expense Variance Analysis by Program



Total expense was $2.7 billion in 2022-2023. This represents an increase of $122.5 million, or 4.8% over the prior year. The biggest increases were in Infrastructure, Health and Social Services, Education and General Government.

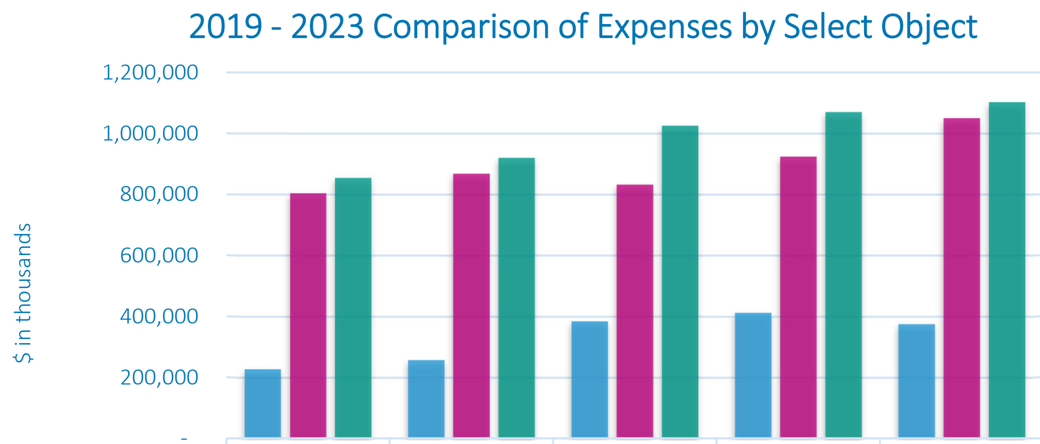
Type of Expenses by Program (in $000s)	% of total Expenses in 2023	% Change Actuals year over year	Variance Actual to Approved Budget 2023	Explanation
Environment & Economic Development*	7.2%	0.3%	$6,741	•**no** significant difference from 2022 to 2023 •$6.7 million increase from the 2023 budget is mainly due to higher fire suppression costs
Infrastructure	18.6%	9.9%	$20,001	•**9.9**% increase from 2022 to 2023 is mainly due to higher MTS costs (due to more assets in active service; airlift and flooding costs) and fuel prices; higher NT Hydro costs due to higher fuel prices and increased diesel use •$20.0 million increase from the 2023 budget is mainly due to mainly due to higher MTS costs (due to more assets in active service; airlift and flooding costs) and fuel prices; higher NT Hydro costs due to higher fuel prices and increased diesel use
Education	16.7%	5.3%	$16,479	•**5.3**% increase from 2022 to 2023 is mainly due to increase in compensation and benefits, increase in program expenses driven by increased funding; increase in demand for Income Assistance programs •$16.5 million increase from the 2023 budget is mainly due to increase in compensation and benefits, increase in program expenses driven by additional funding received after budget finalized; increased demand in income assistance and student financial assistance programs
Health & Social Services*	26.6%	3.7%	$49,687	•**3.7**% increase from 2022 to 2023 is mainly due to higher physician and nursing contract costs, higher compensation and benefits expenses, medical travel and locum services •$49.7 million increase from the 2023 budget is mainly due to higher compensation and benefits, contract and travel costs
Housing	4.3%	1.3%	-$343	•**no** significant difference from 2022 to 2023 •no significant difference from 2023 actuals to original budget
Justice	5.4%	4.0%	$9,331	•**4.0**% increase from 2022 to 2023 is mainly due to salary and benefit increases •$9.3 million increase from the 2023 budget is mainly due to salary and benefit increases for RCMP members, judges and department employees; and federal agreements signed after the original budget was approved.
General Government*	20.2%	3.9%	$25,041	•**3.9**% increase from 2022 to 2023 is mainly due to is mainly due to 2022 flood recovery assistance, increased compensation and benefits costs and increased interest expenses •$25.0 million increase from the 2023 budget is mainly due to 2022 flood recovery assistance, increased compensation and benefits costs, and increased interest expenses
Legislative Assembly & statutory offices*	1.0%	2.9%	-$189	•**no** significant difference from 2022 to 2023 •no significant difference from 2023 actuals to original budget

*Note: The above comparisons to budget are based on original approved budget and do not include supplementary appropriations/or approved budget adjustments. Budget is based on Government reporting entity at consolidated level and original approved budget tabled June 3, 2022. *Note: For details of the program categories above see Note 23* ***Section I****, Public Accounts.*

Expense Variance Analysis by Object

Type of Expenses by Object (in $000s)	% of total Expenses in 2023	% Change Actuals year over year	Variance Actual to Approved Budget 2023	Explanation
Grants & Contributions	15.4%	-9.2%	-$21,875	•9.2% decrease from 2022 to 2023 is mainly due to lower aviation sector support payments and other COVID funding; and lower gas tax contribution agreements •$21.9 million decrease from the 2023 budget is mainly due to delays in Low Carbon Economy Leadership Fund and Investing in Infrastructure Projects; reduced capital formula contributions, and lower net fiscal benefit payments
Operations & maintenance	39.8%	13.8%	$26,040	•14.1% increase from 2022 to 2023 is mainly due to 2022 flood recovery assistance and fire suppression costs, increased interest expenses, accrual for remediation of municipal solid waste sites and sewage lagoons, increased fuel and diesel prices, increased health care contract costs •$26.0 million increase from the 2023 budget is mainly due to 2022 flood recovery assistance, increased interest expenses, accrual for remediation of municipal solid waste sites and sewage lagoons, increased fuel and diesel prices
Compensation and benefits	38.0%	3.1%	$125,471	•3.1% increase from 2022 to 2023 is mainly due to operational impacts from the 2022 flooding season, increased medical travel, salary and benefit increases •$125.5 million increase from the 2023 budget is mainly due to operational impacts from the 2022 flooding season, increased medical travel, salary and benefit increases
Valuation allowance	0.0%	10.3%	$6,367	•no significant difference from 2022 to 2023 •Valuation allowances are not budgeted
Amortization of TCAs	6.8%	-0.1%	-$9,255	•no significant difference from 2022 to 2023 •$9.6 million decrease from the 2023 budget is mainly due to delays in capital projects and decrease in ARO amortization

Note: The above comparisons to budget are based on original approved budget and do not include supplementary appropriations/or approved budget adjustments. Budget is based on Government reporting entity at consolidated level and original approved budget tabled June 3, 2022



	2019	2020	2021	2022	2023
Grants and contributions	226,802	256,680	383,667	411,873	373,991
Operations and maintenance	803,068	867,301	831,614	923,204	1,050,357
Compensation and benefits	853,829	919,163	1,024,562	1,069,233	1,102,082

APPENDIX A

COMPLETION OF ENTITIES CONSOLIDATED WITHIN THE PUBLIC ACCOUNTS

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

Entity	Due Date	Extension Due Date	Completion Date
Beaufort Delta Divisional Education Council	28-Sep-2022		31-Aug-2022
Commission scolaire francophone Territoires du Nord-Ouest	28-Sep-2022		28-Sep-2022
Dehcho Divisional Education Council	28-Sep-2022		30-Sep-2022
Dettah District Education Authority	28-Sep-2022		11-Oct-2022
N'dilo Divisional Education Council	28-Sep-2022		28-Sep-2022
Sahtu Divisional Education Council	28-Sep-2022		26-Sep-2022
South Slave Divisional Education Council	28-Sep-2022		10-Sep-2022
Yellowknife Catholic Schools	28-Sep-2022		21-Sep-2022
Yellowknife No.1 District Education Authority	28-Sep-2022		27-Sep-2022
Aurora College	28-Sep-2022	27-Nov-2022	23-Nov-2022
Northwest Territories Health and Social Services Authority	29-Jun-2023	28-Aug-2023	28-Aug-2023
Hay River Health and Social Services Authority	29-Jun-2023	28-Aug-2023	31-Aug-2023
Tłı̨chǫ Community Services Agency	29-Jun-2023		29-Jun-2023
Arctic Energy Alliance	29-Jun-2023		20-Jun-2023
Northwest Territories Hydro Corporation	29-Jun-2023	28-Aug-2023	11-Dec-2023
Northwest Territories Business Development and Investment Corporation	29-Jun-2023	28-Aug-2023	13-Sep-2023
Northwest Territories Heritage Fund	29-Jun-2023	28-Aug-2023	18-Oct-2023
Housing Northwest Territories	29-Jun-2023	28-Aug-2023	10-Oct-2023
Northwest Territories Human Rights Commission	29-Jun-2023		26-Jun-2023
Inuvialuit Water Board	29-Jun-2023		20-Jun-2023
Status of Women Council of the Northwest Territories	29-Jun-2023	28-Aug-2023	27-Jun-2023
Northwest Territories Surface Rights Board	29-Jun-2023		22-Jun-2023