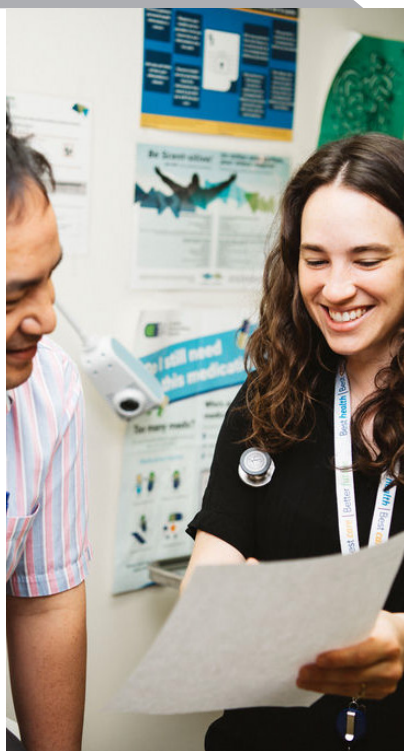





2025-2026

PUBLIC ACCOUNTS

SECTION I

CONSOLIDATED FINANCIAL STATEMENTS

Government of
Northwest Territories

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PUBLIC ACCOUNTS

OF THE

GOVERNMENT OF THE NORTHWEST TERRITORIES

FOR THE YEAR ENDED MARCH 31, 2026

SECTION I

CONSOLIDATED FINANCIAL STATEMENTS

HONOURABLE CAROLINE WAWZONEK

Minister of Finance

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Government of
Northwest Territories

October 29, 2026

THE HONOURABLE GERALD W. KISOUN
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, 2026.

Honourable Caroline Wawzonek
Minister of Finance

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Public Accounts of the Government of the Northwest Territories

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October 29, 2026

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, MFAcc
Comptroller General
Department of Finance

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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 March 31, 2026, 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 March 31, 2026, 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 2025-2026, 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision, and review of the audit work performed for purposes 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
October 29, 2026

Government of the Northwest Territories

Consolidated Statement of Financial Position

As at March 31, 2026 (thousands of dollars)

	2026 $	2025 $
Financial assets		
Cash and cash equivalents *(note 3)*	209,513	185,126
Portfolio investments *(note 5)*	137,648	183,168
Due from the Government of Canada *(note 14)*	221,030	170,556
Accounts receivable *(note 6)*	155,002	208,101
Inventories for resale	49,460	52,736
Loans receivable *(note 7)*	68,254	63,471
Pension assets *(note 18)*	8,582	20,046
	849,489	**883,204**
Liabilities		
Short term loans *(note 8)*	908,774	762,962
Accounts payable and accrued liabilities *(note 9)*	508,026	502,684
Deferred revenue *(note 10)*	158,451	191,148
Environmental liabilities *(note 11)*	89,313	89,547
Asset retirement obligations *(note 12)*	135,954	133,668
Liabilities for sewage lagoons and solid waste sites *(note 13)*	24,861	22,220
Due to the Government of Canada *(note 14)*	27,296	33,537
Capital lease obligations *(note 15)*	25,240	25,715
Long-term debt *(note 16)*	598,604	620,232
Liabilities under public private partnerships *(note 17)*	237,995	246,079
Pension liabilities *(note 18)*	45,154	44,506
Other employee future benefits and compensated absences *(note 19)*	45,971	46,903
	2,805,639	**2,719,201**
Net debt	**(1,956,150)**	**(1,835,997)**
Non-financial assets		
Tangible capital assets *(schedule A)*	4,355,260	4,212,777
Purchased intangible assets	14,575	15,173
Inventories held for use	27,222	29,201
Prepaid expenses	24,068	22,277
	4,421,125	**4,279,428**
Accumulated surplus	**2,464,975**	**2,443,431**
Accumulated surplus is comprised of:		
Accumulated operating surplus	2,459,259	2,438,028
Accumulated remeasurement gains	5,716	5,403
Accumulated surplus	**2,464,975**	**2,443,431**

Contractual obligations and rights, guarantees and contingencies, and subsequent events *(notes 21, 22, and 28)*

Approved by:

Caroline Wawzonek
Minister of Finance

Julie Mujcin, CPA, CGA, MFAcc
Comptroller General

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

Government of the Northwest Territories

Consolidated Statement of Operations and Accumulated Operating Surplus

For the year ended March 31, 2026 (thousands of dollars)

	2026 Budget (Note 1(b)) $	2026 Actual $	2025 Actual $
Revenues			
Grant from the Government of Canada *(note 2(r))*	1,803,314	1,803,314	1,699,357
Transfer payments *(note 23)*	517,318	556,688	554,763
	2,320,632	**2,360,002**	**2,254,120**
Taxation, non-renewable resource and general revenues			
Corporate and personal income taxes *(note 23)*	158,144	182,928	183,853
Other taxes *(note 23)*	169,488	123,359	163,415
General *(note 24)*	103,178	117,863	186,703
Income from portfolio investments	1,300	10,340	3,401
Non-renewable resource revenues *(note 24)*	6,226	2,768	(4,492)
Sales *(note 24)*	193,133	207,830	186,894
Recoveries *(note 24)*	65,641	72,033	65,886
	697,110	**717,121**	**785,660**
Recoveries of prior years' expenses	3,000	25,104	43,780
	3,020,742	**3,102,227**	**3,083,560**
Expenses (schedule B) ***(note 25)***			
Environment and Economic Development	218,619	273,832	256,221
Infrastructure	480,046	543,063	556,340
Education	490,274	506,079	484,312
Health and Social Services	822,335	897,049	880,421
Housing	113,833	134,276	122,445
Justice	162,888	163,889	159,472
General Government	506,784	536,977	550,839
Legislative Assembly and Statutory Offices	25,446	25,831	27,219
	2,820,225	**3,080,996**	**3,037,269**
Annual operating surplus	**200,517**	**21,231**	**46,291**
Accumulated operating surplus at beginning of year	**2,438,028**	**2,438,028**	**2,391,737**
Accumulated operating surplus at end of year	**2,638,545**	**2,459,259**	**2,438,028**

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

Government of the Northwest Territories

Consolidated Statement of Change in Net Debt

For the year ended March 31, 2026 (thousands of dollars)

	2026 Budget	2026 Actual	2025 Actual
	$	$	$
Net debt at beginning of year	**(1,835,997)**	**(1,835,997)**	**(1,742,462)**
Items affecting net debt:			
Annual operating surplus	200,517	21,231	46,291
Acquisition of tangible capital assets *(schedule A)*	(330,889)	(335,362)	(309,205)
Amortization of tangible capital assets *(schedule A)*	197,024	185,552	180,091
Acquisition of purchased intangible assets	-	(158)	(15,236)
Amortization of purchased intangible assets	-	756	63
Revaluation of asset retirement obligations *(schedule A)*	-	(2,238)	(2,920)
Loss (gain) on disposal of tangible capital assets	-	9,382	6,804
Proceeds on disposal of tangible capital assets	2,192	183	12
	68,844	(120,654)	(94,100)
Consumption of inventories held for use	9,600	37,660	31,818
Purchase of inventories held for use	(9,600)	(35,681)	(32,260)
Change in prepaid expenses	-	(1,791)	(825)
	-	188	(1,267)
Decrease (increase) in net debt excluding net remeasurement gains (losses)	**68,844**	**(120,466)**	**(95,367)**
Net remeasurement gains (losses)	**-**	**313**	**1,832**
Decrease (increase) in net debt	**68,844**	**(120,153)**	**(93,535)**
Net debt at end of year	**(1,767,153)**	**(1,956,150)**	**(1,835,997)**

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

Government of the Northwest Territories

Consolidated Statement of Remeasurement Gains and Losses

For the year ended March 31, 2026 (thousands of dollars)

	2026 Actual	2025 Actual
	$	$
Accumulated remeasurement gains at beginning of year	**5,403**	**3,571**
Unrealized gain (loss) attributable to:		
Portfolio investments		
Equity instruments quoted in an active market	477	1,701
Financial instruments designated at fair value	78	335
Amount reclassified to the Consolidated Statement of Operations and Accumulated Operating Surplus		
Portfolio investments		
Financial instruments designated at fair value	(242)	(204)
Net remeasurement gains (losses) for the year	**313**	**1,832**
Accumulated remeasurement gains (losses) at end of year	**5,716**	**5,403**

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, 2026 (thousands of dollars)

	2026	2025
	$	$
Cash and cash equivalents provided by (used for)		
Operating transactions		
Annual operating surplus (deficit)*	21,231	46,291
Items not affecting cash and cash equivalents:		
Change in valuation allowances	17,273	4,252
Loss on disposal of tangible capital assets	9,382	6,804
Amortization of tangible capital assets	185,552	180,091
Amortization of purchased intangible assets	756	63
Revaluation of asset retirement obligations on surplus	(1,524)	(6,769)
Revaluation of environmental liabilities	(4,011)	(109)
Revaluation of liabilities for sewage lagoons and solid waste sites	1,914	(1,080)
Change from pension assets accruals	13,593	8,899
Change from pension liabilities accruals	3,263	3,580
Revaluation of other employee future benefits and compensated absences	2,168	(4,172)
Inflation adjustment on real return bonds	3,397	4,931
Accretion expense	5,542	5,131
	258,536	247,912
Changes in non-cash assets and liabilities:		
Change in due from the Government of Canada	(50,474)	(4,180)
Change in due to the Government of Canada	(6,241)	(4,872)
Change in accounts receivable	38,180	(87,554)
Change in inventories for resale	3,276	302
Change in accounts payable and accrued liabilities	2,527	81
Change in environmental liabilities	3,777	(1,867)
Change in liabilities for sewage lagoons and solid waste sites	(266)	-
Change in asset retirement obligations	(601)	191
Change in deferred revenue	(32,697)	(9,364)
Change in pension assets	(2,129)	(2,576)
Change in pension liabilities	(2,615)	(3,152)
Change in other employee future benefits and compensated absences	(3,100)	5,664
Change in inventories held for use	1,979	(442)
Change in prepaid expenses	(1,791)	(825)
Cash and cash equivalents provided by (used for) operating transactions	**208,361**	**139,318**

Continued on next page

*Total interest paid during the year $68,306 (2025 - $69,363).
Total interest received during the year $12,765 (2025 - $18,716).

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

Government of the Northwest Territories

Consolidated Statement of Cash Flow (continued)

For the year ended March 31, 2026 (thousands of dollars)

	2026	2025
	$	$
Subtotal carried forward from previous page	**208,361**	**139,318**
Investing transactions		
Disposition of portfolio investments	100,810	42,584
Acquisition of portfolio investments	(54,975)	(45,878)
Loans receivable receipts	10,491	10,579
Loans receivable advanced	(17,628)	(10,119)
Cash and cash equivalents provided by (used for) investing transactions	**38,698**	**(2,834)**
Capital transactions		
Acquisition of tangible capital assets	(334,925)	(291,076)
Acquisition of purchased intangible assets	(158)	(15,236)
Proceeds of disposition of tangible capital assets	183	12
Cash and cash equivalents provided by (used for) capital transactions	**(334,900)**	**(306,300)**
Financing transactions		
Net proceeds from short term loans	145,812	149,807
Repayment of capital lease obligations	(475)	(458)
Repayment of long-term debt	(25,025)	(9,585)
Repayment of liabilities under public private partnerships	(8,084)	(7,966)
Cash and cash equivalents provided by (used for) financing activities	**112,228**	**131,798**
Increase (decrease) in cash and cash equivalents	**24,387**	**(38,018)**
Cash and cash equivalents at beginning of year	**185,126**	**223,144**
Cash and cash equivalents at end of year	**209,513**	**185,126**

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

Prosper NWT Act
- Prosper NWT

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, 2026, 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 20)* 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.

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 extent of contamination 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 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.

There is measurement uncertainty related to the tobacco settlement receivable (Note 6) as it involves estimates in future net after-tax income of the three tobacco companies, annual distribution amounts, the discount rate, and actual settlement period. The degree of measurement uncertainty cannot be reasonably estimated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Cash and cash equivalents

Cash is comprised of cash on hand and bank account balances. Cash equivalents comprise 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, and are intended to be used for operations. Where cash and cash equivalents are subject to external restrictions as detailed in note 4, these amounts are included. Where cash and cash equivalents are administered as trust assets on behalf of third parties, as detailed in note 20, these amounts are excluded.

(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 cost and 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.

(e) Inventories

Inventories for resale consist mainly of bulk fuels and liquor products. Bulk fuels are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at the lower of cost and net realizable value.

Inventories held for use 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) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) 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 confirming future event is considered likely and is quantifiable, a contingent asset is disclosed.

(h) 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, recorded at their estimated fair value at the date of contribution. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Tangible capital assets and leases (continued)

All 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.

(i) Purchased intangible assets

Purchased intangible assets represent non-monetary economic resources that are identifiable without physical substance acquired through an arm's length exchange transaction. Purchased intangible assets are recorded at cost less accumulated amortization and, if necessary, impairment losses. Purchased intangible assets have a finite useful life and are amortized on a straight-line basis over their useful life of 20 years.

(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, discounted using the Government's cost of borrowing for maturity dates that coincide with the expected cash flows.

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Asset retirement obligations

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.

(l) Liabilities for sewage lagoons and solid waste sites

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.

(m) 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: 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 Government accounts for P3 projects in accordance with the substance of the underlying agreements. P3 projects are recognized where the Government controls the purpose and use of the infrastructure, access to the future economic benefits and exposure to risks of the infrastructure asset, and significant residual interest in the infrastructure, if any, at the end of the P3's term. In circumstances where the Government is determined to bear the risks and rewards of an asset under construction, the resulting tangible capital asset and the corresponding liability are recognized over time as the construction progresses and control is transferred to the Government. The tangible 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 tangible capital asset value is the total of progress payments made during construction and the 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. When available for use, the P3 tangible capital assets are amortized over their estimated useful lives. A liability, recognized in relation to a P3 agreement is initially measured at the same amount as the related capital asset, reduced for any consideration previously provided to the private sector partner. P3 liabilities are subsequently measured at amortized cost using the effective interest rate method in accordance with the financial liability model.

Service fees may occur throughout the project or when the project is operational; these fees will include both a service and operational component. The operating and service costs, that are clearly identified in the agreements, are expensed as they are incurred. All payments are adjusted to reflect performance standards or inflation as outlined in the specific agreement and penalties may be deducted for sub-standard performance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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 (that arise from a contractual arrangement), short term loans, accounts payable and accrued liabilities, due to the Government of Canada (that arise from a contractual arrangement), 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.

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.

(o) Pensions

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. The expected cost of providing these benefits is recognized as employees render service.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Other employee future benefits and compensated absences

Other employee future benefits and compensated absences include severance, removal, sick, special, lieu, 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.

(q) 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.

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 confirming future event is considered likely 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.

(r) Grant from the Government of Canada

The Grant from the Government of Canada is recognized as revenue when entitlement for the transfer occurs. Under the *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.

(s) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Taxation 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Sales, general, non-renewable resource and recoveries revenues

Other revenues from non-exchange transactions

Non-exchange transactions are transactions where there is no direct transfer of goods or services to a payor. The Government recognizes certain regulatory revenue from non-exchange transactions when the Government has the authority to claim or retain an inflow of economic resources, and identifies a past transaction or event that gives rise to an asset. The Government records revenue from these transactions at realizable value, which is generally the amount of cash or cash equivalents received or receivable.

Other revenues from exchange transactions

Exchange transactions are transactions where goods or services are provided to a payor for consideration. These transactions include performance obligations for the Government arising directly from a payment or promise of consideration by a payor. For each performance obligation, the Government evaluates whether the performance obligation is satisfied over a period of time or at a point in time and recognizes the revenue when the performance obligation is satisfied. Where a performance obligation is satisfied over time, the Government measures its progress of satisfying the performance obligation considering the characteristics of the goods or services being provided and the pattern of benefit to the payor.

Sale of goods

The Government sells the following types of goods to payors in exchange for consideration: liquor and cannabis products, petroleum products, power (electricity), and arts and crafts. The Government recognizes revenue from sale of goods at a point in time when the control of the good is transferred to the payor and the payor has control of the benefits associated with the goods. Sale of power (electricity) is recognized as electricity is delivered because of continuous transfer of control to the customer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Sales, general, non-renewable resource and recoveries revenues (continued)

Other revenues from exchange transactions (continued)

Rendering of services

The Government renders services to payors and recognizes revenue from the rendering of each distinct service when, or as, the Government satisfies a performance obligation by providing the promised service to a payor. The Government has the following significant revenue streams from the rendering of services:

Revenue streams and performance obligations	Timing of satisfaction of the performance obligation
Sales	
Marine Transportation Services: cargo and fuel delivery, shipyard services, and other services.	Cargo and fuel delivery and shipyard services are recorded at a point in time when the delivery or service is complete.
General	
Rental and lease: includes provision of accommodations such as residential housing and student accommodations.	Recorded over a period of time in accordance with the agreement.
Other: various miscellaneous services including contract work, lottery revenue, tuition fees, and telecom revenue.	Certain miscellaneous services are recorded at a point in time; other services are required to be recorded over time.
Regulatory revenue: registration fees, toll revenue, licenses, and permits (excluding non-renewable resource revenue).	Excluding rights to access which are recorded over time, regulatory revenue is recorded at a point in time.
Non-renewable resource revenue	
Mineral, oil and gas royalties: granting access to a non-renewable resource.	At a point in time as resources are extracted.
Licenses, leases and other fees: granting of rights and providing access relating to prospecting, claims, and extraction.	Leases are recorded over time. Licenses and other fees are recorded at a point in time.
Quarry fees: providing the gravel and/or other granular material.	At a point in time.
Recoveries	
Provision of medical and other services on behalf of other governments and third parties under various cost recovery arrangements.	At a point in time once the service is provided.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Sales, general, non-renewable resource and recoveries revenues (continued)

Variable consideration

If the consideration in a contract includes a variable amount, the Government estimates the amount of consideration to which it will be entitled in exchange for satisfying the performance obligation. The variable consideration is estimated at contract inception using either the expected value method or the most likely amount, based on which method estimates the most relevant and representationally faithful amount given the circumstances.

If the consideration in an arrangement is sales-based or usage-based and dependent on the actions of the payor, such as in the case of the minerals, oil and gas royalties, the amount of revenues earned is uncertain until a future event such as the sale or usage occurs. As the future event in a sales-based or usage-based arrangement is uncertain and outside of the Governments' control, revenue is recognized when the performance obligation of the Government is satisfied and when the Government can confirm that the sale or usage by the payor is completed.

Significant concessionary terms

When the Government offers a significant concession, such as lengthy payment terms to a payor, compared to a similar transaction, all or a significant portion of the transaction price is in the nature of a concession (grant) and the transaction price is adjusted to reflect the amount expected to be earned. The transaction price is measured using the best estimate based on the terms of the transaction at each reporting date.

(v) 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.

(w) 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.

(x) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(y) 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.

(z) Future accounting changes

Effective April 1, 2026, the Government will be required to adopt the new *Conceptual Framework for Financial Reporting in the Public Sector*. Earlier adoption of the new framework is permitted. The Government is currently assessing the impact of this section on the consolidated financial statements.

Effective April 1, 2026, the Government will be required to adopt PS 1202 Financial Statement Presentation. The standard sets out general and specific requirements for the presentation of information in financial statements. The financial statement presentation principles are based on the concepts in the Conceptual Framework. Earlier adoption is permitted if the *Conceptual Framework for Financial Reporting in the Public Sector* is early adopted. The Government is currently assessing the impact of this standard on the consolidated financial statements.

Effective April 1, 2029, the Government will be required to adopt PS 3251 Employee Benefits. The standard will replace PS 3250 Retirement Benefits and PS 3255 Post-employment Benefits. The Government is currently assessing the impact of this standard on the consolidated financial statements.

Effective April 1, 2030, the Government will be required to adopt amendments to PS 3150 Tangible Capital Assets. Earlier adoption of this standard is permitted. The Government is currently assessing the impact of this amended standard on the consolidated financial statements.

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of the following:

	2026 $	2025 $
Cash	209,513	169,439
Cash equivalents	-	15,687
	209,513	185,126

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, 2026 is $14,875 (2025 - $16,235) 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 Act*, the assets of the Heritage Fund are to be used to ensure that the future generations of people of the Northwest Territories benefit from on-going economic development, including the development of non-renewable resources.

Pursuant to the *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.

Certain designated portfolio investments, while forming part of the Consolidated Revenue Fund (see table below), are designated for the purpose of meeting the obligations of the Legislative Assembly Supplemental Retiring Allowance Pension Plan (note 18). 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 *Prosper NWT Act*, and its Regulations, Prosper NWT 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. Prosper NWT is required to use a Venture Investment Fund to record the venture investment operations. Furthermore, Prosper NWT is obligated to maintain a Capital Fund and Subsidy Fund.

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

4. DESIGNATED AND RESTRICTED ASSETS (continued)

(b) Designated assets (continued)

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.

The Government has a fund for retiring the bond that is due in September 2051 (note 16). 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.

	Cash and cash equivalents $	Portfolio Investments $	Total 2026 $	Total 2025 $
Student Financial Assistance Act				
Student Loan Fund:				
Authorized limit for loans receivable	55,000	-	55,000	45,000
Less: Loans receivable balance (*note* 7)	(49,414)	-	(49,414)	(44,484)
Funds designated for new loans	5,586	-	5,586	516
Northwest Territories Heritage Fund Act				
Heritage Fund:				
Heritage Fund net assets	-	55,829	55,829	52,495
Waste Reduction and Recovery Act				
Environment Fund:				
Beverage Container Program net assets	9,190	-	9,190	9,441
Pension Benefits Standard Act				
Portfolio Investments for the Legislative Assembly				
Supplementary Retiring Allowance (*note 18*)	395	48,009	48,404	45,635
Prosper NWT Act				
Loan and Investment Funds	7,409	-	7,409	6,996
Land Titles Act				
Land Titles Assurance Fund net assets	7,127	-	7,127	6,673
Investments for repayment of bond				
Portfolio investments	-	24,274	24,274	19,189
Other funds	69	-	69	433
	29,776	128,112	157,888	141,378

5. PORTFOLIO INVESTMENTS

	2026 $	2025 $
Cost and amortized cost	95,217	145,735
Fair valued	42,431	37,433
Total portfolio investments	**137,648**	**183,168**

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

	2026 Cost $	2026 Market Value $	2025 Cost $	2025 Market Value $
Guaranteed Investment Certificates	6,582	6,590	62,795	63,058
Bonds	85,681	83,696	79,606	77,876
Equities not quoted in an active market and other financial instruments	2,954	2,954	3,334	3,334
	95,217	**93,240**	145,735	144,268

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

	2026 Level 1 $	Level 2 $	Level 3 $	Total $
Other instruments designated at fair value				
Interest bearing securities	-	10,956	-	10,956
Equities quoted in an active market				
Pooled investments - Canadian	11,328	-	-	11,328
Pooled investments - Global	20,147	-	-	20,147
	31,475	**10,956**	**-**	**42,431**

	2025 Level 1 $	Level 2 $	Level 3 $	Total $
Other instruments designated at fair value				
Interest bearing securities	-	8,640	-	8,640
Equities quoted in an active market				
Pooled investments - Canadian	10,126	-	-	10,126
Pooled investments - Global	18,667	-	-	18,667
	28,793	**8,640**	**-**	**37,433**

6. ACCOUNTS RECEIVABLE

	Accounts Receivable $	Allowance for Doubtful Accounts $	Net 2026 $	Net 2025 $
General	120,284	(61,192)	59,092	70,484
Tobacco settlement[1]	45,995	-	45,995	83,726
Utilities	17,842	(307)	17,535	15,682
Non-renewable resource revenue	-	-	-	819
Government of Nunavut	13,915	-	13,915	18,962
Health related costs due from third parties	16,986	(7,433)	9,553	11,294
Revolving fund sales	8,944	(32)	8,912	7,134
	223,966	**(68,964)**	**155,002**	**208,101**

[1] In March 2025, the Ontario Superior Court approved a $32.5 billion tobacco settlement, of which $24.7 billion is payable to the provinces and territories, in addition to $749 million of interest on Funds in Trust. The Northwest Territories' share at the settlement date was 0.7269 percent, or approximately $185 million undiscounted. As of March 31, 2026, the remaining settlement is $138 million undiscounted. Tobacco settlement accounts receivable of $46.0 million (2025 - $83.7 million) is based on the present value of estimated outstanding future payments and includes a credit risk adjustment. Actual revenue and receivable could vary significantly from the estimate.

7. LOANS RECEIVABLE

	Gross $	Valuation Allowances $	Net 2026 $	Net 2025 $
Prosper NWT 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 11.20%, (2025 - between 1.75% and 11.20%).	41,094	(3,836)	37,258	35,090
Students Loan Fund loans due in installments to 2045, bearing fixed interest between 0.00% and 10.00%, (2025 - between 0.00% and 11.75%) unsecured.	49,414	(21,088)	28,326	25,472
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%, (2025 - between 0.00% and 10.50%).	8,081	(5,462)	2,619	2,909
Other	51	-	51	-
Total loan receivables	**98,640**	**(30,386)**	**68,254**	**63,471**

Interest earned on loans receivable during the year is $2,559 (2025 - $2,549).

8. SHORT TERM LOANS

Based upon operational needs, the Government may enter into short term borrowing arrangements with its banks. Short term loans of $908,774 (2025 - $762,962) incurred interest at a weighted average year-end rate of 3.21% (2025 - 3.70%). Interest expense on short term loans included in operations and maintenance expenses is $27,156 (2025 - $24,706).

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2026 $	2025 $
Trade	368,361	361,574
Employee and payroll-related liabilities	123,547	124,075
Other liabilities	14,162	16,555
Accrued interest	1,734	49
Government of Nunavut	222	431
	508,026	**502,684**

10. DEFERRED REVENUE

	2025 Balance $	Increases $	Decreases $	2026 Balance $
Government Transfers:				
Government of Canada	38,532	29,113	(29,911)	37,734
Government of Canada Agencies and Corporations				
Canadian Heritage	20	44	(54)	10
Canadian Mortgage and Housing Corporation	20,114	-	(19,818)	296
Canadian Northern Economic Development Agency	178	-	-	178
Crown - Indigenous Relations and Northern Affairs Canada	21,991	5,786	(5,108)	22,669
Department of National Defence	29,885	3,881	(730)	33,036
Employment and Social Development Canada	6,053	16,430	(21,712)	771
Environment and Climate Change	1,221	62	(1,048)	235
Health Canada	16,592	21,118	(24,492)	13,218
Indigenous Services Canada	14,365	38,238	(34,055)	18,548
Infrastructure Canada	408	-	-	408
Ministry of Finance	4,527	3,879	(4,527)	3,879
Natural Resources Canada	-	20	(20)	-
Natural Sciences and Engineering Research Canada	797	860	(771)	886
Parks Canada	38	56	(78)	16
Public Health Agency of Canada	2,926	-	(720)	2,206
Transport Canada	2,276	-	(2,276)	-
Women and Gender Equality Canada	297	4,717	(4,558)	456
Government of Alberta	2,697	315	(871)	2,141
Government of Nunavut	14	10	(14)	10
	162,931	124,529	(150,763)	136,697
Taxation:				
Large emitters carbon tax	3,787	-	(3,787)	-
Other:				
General	4,713	6,008	(6,764)	3,957
Non-renewable resources	3,482	619	(1,179)	2,922
Restricted assets (note 4)	16,235	4,265	(5,625)	14,875
	24,430	10,892	(13,568)	21,754
	191,148	**135,421**	**(168,118)**	**158,451**

11. ENVIRONMENTAL LIABILITIES

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which the Government is responsible. The Government has identified 231 (2025 - 233) sites as potentially requiring environmental remediation at March 31.

Type of Site	2025 Liability	New Sites in 2026	Change in Estimate	Remediation Expenditures	Revision in Estimated Cash Flows	2026 Liability	Number of Sites
	$	$	$	$	$	$	
Abandoned mines[1]	28,195	-	-	(270)	(2,471)	25,454	8
Landfills[2]	4,335	-	-	(614)	(187)	3,534	31
Abandoned infrastructure and schools[3]	24,734	6,530	469	(694)	(351)	30,688	80
Airports, airport strips or reserves[4]	3,903	-	633	(508)	(379)	3,649	31
Sewage lagoons[5]	1,913	-	-	-	(173)	1,740	28
Fuel tanks and resupply lines[2]	1,782	-	-	-	(161)	1,621	12
Abandoned lots and maintenance facilities[3]	24,685	434	-	(1,101)	(1,391)	22,627	41
Total	**89,547**	**6,964**	**1,102**	**(3,187)**	**(5,113)**	**89,313**	**231**

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.

The carrying amount of the liability is based on total expected undiscounted expenditures of $173,320 (2025 - $166,295) and the weighted average discount rate of 4.90% (2025 - 4.49%). The undiscounted cash flows are expected to be incurred between 1 to 64 years (2025 - between 1 to 65 years) and are expected to be settled between 2027 to 2090 (2025 - between 2026 to 2090).

There were 6 (2025 - 5) 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. No sites were transferred to liabilities for sewage lagoons and solid waste sites (2025 - 0).

Included in the 231 (2025 - 233) sites, there are 65 (2025 - 64) 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.

12. 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	2025 Liability $	Accretion Expense $	New Liabilities Incurred $	Remediation Expenditures $	Revisions in Estimated Cash Flows $	2026 Liability $
Buildings	132,532	4,513	-	(530)	(1,653)	134,862
Infrastructure	1,136	36	45	(115)	(10)	1,092
	133,668	4,549	45	(645)	(1,663)	135,954

The carrying amount of the obligation is based on total expected undiscounted expenditures of $217,303 (2025 - $217,103) and the weighted average discount rate of 4.89% (2025 - 4.58%). The undiscounted cash flows are expected to be incurred between 1 to 93 years (2025 - between 1 to 49 years) and are expected to be settled between 2027 to 2121 (2025 - between 2026 to 2075).

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

13. 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	2025 Liability $	Accretion Expense $	New Liabilities Incurred $	Remediation Expenditures $	Revisions in Estimated Cash Flows $	2026 Liability $
Sewage lagoons	2,769	124	-	-	249	3,142
Solid waste sites	19,451	869	-	(266)	1,665	21,719
	22,220	993	-	(266)	1,914	24,861

The carrying amount of the obligation is based on total expected undiscounted expenditures of $150,561 (2025 - $126,397) and the weighted average discount rate of 4.90% (2025 - 4.47%). The undiscounted cash flows are expected to be incurred between 2 to 85 years (2025 - 23 to 86 years) and are expected to be settled between 2028 to 2111 (2025 - 2047 to 2111).

14. DUE TO (FROM) THE GOVERNMENT OF CANADA

	2026 $	2025 $
Due from the Government of Canada		
Canadian Heritage	16,536	21,541
Canadian Mortgage and Housing Corporation	119	10,576
Environment and Climate Change Canada	8,742	10,217
Indigenous Services Canada	116,567	64,747
Housing, Infrastructure and Communities Canada	7,998	15,150
Justice Canada	7,443	7,193
Natural Resources Canada	14,905	11,456
Public Safety Canada	19,045	18,701
Transport Canada	13,760	163
Other Government Departments	15,915	10,812
	221,030	**170,556**
Due to the Government of Canada		
Excess income tax advanced	3,445	8,193
Miscellaneous payables	23,851	25,344
	27,296	**33,537**
	(193,734)	**(137,019)**

15. CAPITAL LEASE OBLIGATIONS

	2026 $	2025 $
GNWT capital lease for the Łiwegǫ̀atì Building, maturing in 2052, at an implicit interest rate of 10.44% (2025 - 10.44%).	10,911	10,981
NT Hydro capital lease for the Snare Cascades, maturing in 2061, at an implicit interest rate of 7.75% (2025 - 7.75%).	14,329	14,734
Total capital lease obligations	**25,240**	**25,715**

Interest expenses related to capital lease obligations for the year is $2,380 (2025 - $2,177). Capital lease obligations are based upon contractual minimum lease obligations for the leases in effect as of March 31, 2026.

The undiscounted contractual obligations, the effects of discounting and the present values of the minimum lease payments required for the capital lease obligations over the next five years and thereafter are as follows:

	$
2027	2,776
2028	2,744
2029	2,713
2030	2,681
2031	2,650
2032 and beyond	55,144
	68,708
Less: amounts representing imputed interest	**(43,468)**
Total capital lease obligations	**25,240**

16. LONG-TERM DEBT

	2026 $	2025 $
Loans due to Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest at a rate of 6.97% (2025 - 6.97%), unsecured.	1,775	2,323
Mortgages payable to Canada Mortgage and Housing Corporation for three third party loans under the Social Housing Agreement, maturing in 2027, bearing interest at rates between 0.68% and 1.01% (2025 - between 0.68% and 1.01%), unsecured.	105	252
Bond, due September 29, 2051, bearing interest at 2.20% (2025 - 2.20%) payable semi-annually, unsecured.	180,022	180,022
Debentures, due 2028 to 2053, bearing interest between 3.82% and 6.00% (2025 - between 3.82% and 6.00%), unsecured.	150,000	165,000
Amortizing Debentures, due 2032 to 2047, bearing interest between 3.98% and 6.42% (2025 - between 3.98% and 6.42%), unsecured.	87,472	91,148
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% (2025 - 3.17%) payable semi-annually, unsecured.	182,138	184,518
	601,512	**623,263**
Unamortized premium, discount and issuance costs	(2,908)	(3,031)
Total long-term debt	**598,604**	**620,232**

16. LONG-TERM DEBT (continued)

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

	$
2027	8,470
2028	8,599
2029	33,788
2030	8,994
2031	9,413
2032 and beyond	532,248
	601,512

Interest expense on long-term debt, included in operations and maintenance expenses, is $24,633 (2025 - $27,847).

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.

	2026 $	2025 $
Short term debt (note 8)	908,774	762,962
Capital lease obligations (note 15)	25,240	25,715
Long-term debt (note 16)	601,512	623,263
Guarantees (note 22(a))	3,109	3,748
	1,538,635	**1,415,688**
Authorized borrowing limit	3,100,000	3,100,000
Available borrowing capacity before the following:	**1,561,365**	**1,684,312**
Liabilities under Public Private Partnerships (note 17)	237,995	246,079
Available borrowing capacity	**1,323,370**	**1,438,233**

17. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

a) 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.

The details of the contracts under P3s are as follows:

Project	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%

b) The P3 liabilities are:

	2025 $	Interest $	Payments $	2026 $	Repayment date
Stanton Territorial Hospital Renewal	116,984	6,270	(9,310)	113,944	2049
Mackenzie Valley Fibre Link	60,700	4,000	(7,500)	57,200	2037
Tlicho All Season Road	68,395	4,518	(6,062)	66,851	2047
Total	**246,079**	**14,788**	**(22,872)**	**237,995**	

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

	$
2027	8,800
2028	9,600
2029	9,800
2030	10,100
2031	10,600
2032 and beyond	189,095
	237,995

17. LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS (continued)

c) The loan payments for P3s are fixed, equal monthly payments except for the loan payments for the Tlicho All Season Road, which are adjusted for inflation annually. Total P3 interest expense for the year is $14,788 (2025 - $15,256).

d) The P3 partners operate and maintain the P3 assets until the repayment date at which time operational responsibility will revert to the Government.

The Government's operating and maintenance payments for the Stanton Territorial Hospital Renewal Project for 2026 were $14,352 (2025 - $13,777). The service payments are subject to an annual adjustment based on an inflation index factor and a benchmarking exercise every six years.

The Government's operating and maintenance payments for the Mackenzie Valley Fibre Link for 2026 were $4,319 (2025 - $4,097). The service payments are subject to an inflation index factor and certain deductions based on the terms of the agreement.

The Government's operating and maintenance payments for the Tlicho All Season Road project for 2026 were $5,687 (2025 - $5,655). The service payments are subject to an annual adjustment based on the terms of the agreement including an inflation index factor.

e) Tangible capital assets, commitments, and contractual rights related to P3 projects are included in note 21 and schedule A.

18. 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 Non Funded). 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, and bonds.

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.

18. PENSIONS (continued)

a) Plans' description (continued)

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.

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

b) Pension liabilities (assets)

	2026 $	2025 $
Accrued benefit asset		
Legislative Assembly Retiring Allowance Plan	(6,889)	(6,657)
Hay River Health and Social Services Pension Plan	(1,693)	(13,389)
	(8,582)	(20,046)
Accrued benefit liability		
Judges Registered Pension Plan	536	625
Judges Supplemental Pension Plan	11,607	11,204
Legislative Assembly Supplemental Retiring Allowance Plan	33,011	32,514
Yellowknife Catholic School Registered Pension Plan	-	-
Yellowknife Catholic School Supplemental Pension Plan	-	163
	45,154	44,506
Total net (benefit) liability	**36,572**	**24,460**

18. PENSIONS (continued)

b) Pension liabilities (assets) (continued)

	Legislative Assembly Retiring Allowance Plan $	Legislative Assembly Supplemental Retiring Allowance Plan $	Judges Registered Pension Plan $	Judges Supplemental Pension Plan $	Yellowknife Catholic School Registered Pension Plan $	Yellowknife Catholic School Supplemental Pension Plan $	Hay River Health and Social Services Pension Plan $	2026 Total $
Accrued benefit obligation	20,556	33,762	8,413	11,214	12,318	-	69,781	156,044
Pension fund assets - market related value	(26,857)	-	(8,447)	-	(11,454)	-	(87,610)	(134,368)
Valuation allowance	-	-	-	-	-	-	16,136	16,136
Unamortized actuarial gains (losses)	(588)	(751)	570	393	(864)	-	(443)	(1,683)
Impairment on value of accrued pension asset	-	-	-	-	-	-	443	443
Pension liabilities (assets)	**(6,889)**	**33,011**	**536**	**11,607**	**-**	**-**	**(1,693)**	**36,572**

	Legislative Assembly Retiring Allowance Plan $	Legislative Assembly Supplemental Retiring Allowance Plan $	Judges Registered Pension Plan $	Judges Supplemental Pension Plan $	Yellowknife Catholic School Registered Pension Plan $	Yellowknife Catholic School Supplemental Pension Plan $	Hay River Health and Social Services Pension Plan $	2025 Total $
Accrued benefit obligation	19,873	33,053	8,205	11,025	28,307	40	68,156	168,659
Pension fund assets - market related value	(25,743)	-	(7,786)	-	(26,677)	-	(81,545)	(141,751)
Unamortized actuarial gains (losses)	(787)	(539)	206	179	(1,630)	123	(7,289)	(9,737)
Impairment on value of accrued pension asset	-	-	-	-	-	-	7,289	7,289
Pension liabilities (assets)	**(6,657)**	**32,514**	**625**	**11,204**	**-**	**163**	**(13,389)**	**24,460**

18. PENSIONS (continued)

c) Change in pension liabilities (assets)

	Legislative Assembly Retiring Allowance Plan $	Legislative Assembly Supplemental Retiring Allowance Plan $	Judges Registered Pension Plan $	Judges Supplemental Pension Plan $	Yellowknife Catholic School Registered Pension Plan $	Yellowknife Catholic School Supplemental Pension Plan $	Hay River Health and Social Services Pension Plan $	2026 Total $	2025 Total $
Opening balance	**(6,657)**	**32,514**	**625**	**11,204**	**-**	**163**	**(13,389)**	**24,460**	**17,709**
Change from cash items:									
Contributions from plan members	(259)	-	(90)	-	-	(97)	(1,475)	(1,921)	(2,074)
Contributions from Government	(395)	-	(89)	-	-	-	-	(484)	(1,262)
Benefit payments to plan members	(1,177)	(1,827)	(481)	(512)	(17,297)	(97)	(3,135)	(24,526)	(7,537)
Drawdown from plan assets	1,177	-	481	-	17,297	97	3,135	22,187	5,145
Change from cash items	**(654)**	**(1,827)**	**(179)**	**(512)**	**-**	**(97)**	**(1,475)**	**(4,744)**	**(5,728)**
Change from accrual items:									
Current period cost	815	822	255	510	-	-	3,202	5,604	6,194
Amortization of actuarial (gains) losses	(114)	(212)	(165)	(129)	1,604	(7)	1,364	2,341	(403)
Prior period cost of plan amendment	-	-	-	-	-	56	-	56	-
Change in valuation allowances	-	-	-	-	(1,294)	-	16,136	14,842	485
Interest on average accrued benefit obligation	1,046	1,714	410	534	975	1	3,714	8,394	8,238
Reduction in impairment of pension asset	-	-	-	-	-	-	(6,846)	(6,846)	5,876
Extraordinary items	-	-	-	-	-	(116)	-	(116)	-
Expected return on average plan assets	(1,325)	-	(410)	-	(1,285)	-	(4,399)	(7,419)	(7,911)
Change from accrual items	**422**	**2,324**	**90**	**915**	**-**	**(66)**	**13,171**	**16,856**	**12,479**
Ending balance	**(6,889)**	**33,011**	**536**	**11,607**	**-**	**-**	**(1,693)**	**36,572**	**24,460**

18. 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 $15,097 (2025 - $4,528). 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 $5,713 (2025 - gain of $13,981).

In addition to the above, the Government contributed $67,880 (2025 - $71,084) to the Public Service Pension Plan. The employees' contributions to this plan were $65,090 (2025 - $68,828).

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 2026.

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, 2024	January 31, 2026	April 1, 2028
Judges Registered Plan	April 1, 2025	January 1, 2026	April 1, 2028
Retirement Plan for Employees of the Hay River Health and Social Services Authority	January 1, 2026	March 31, 2026	January 1, 2027
Retirement Plan for Employees of the Yellowknife Catholic Schools	August 31, 2023	June 30, 2025	June 30, 2026

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.

18. 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 $143,841 (2025 - $151,169).

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	4.50%	4.50%	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	4.74%	5.55%	5.20%	4.70%

19. OTHER EMPLOYEE FUTURE BENEFITS AND COMPENSATED ABSENCES

In addition to pension benefits, the Government provides severance (resignation and retirement), removal and compensated absences (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 12, 2025 and the results were extrapolated to March 31, 2026. The effective date of the next actuarial valuation is March 31, 2028. 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 $	2026 $	2025 $
Changes in Obligation				
Accrued benefit obligations, beginning of year	41,854	6,807	48,661	45,248
Current period benefit cost	2,777	558	3,335	3,154
Interest accrued	1,787	301	2,088	2,395
Benefits payments	(7,273)	(731)	(8,004)	(7,305)
Plan amendments	-	-	-	29
Actuarial (gains)/losses	37	(267)	(230)	5,140
Accrued benefit obligations end of year	39,182	6,668	45,850	48,661
Unamortized net actuarial gain/(loss)	(11,779)	598	(11,181)	(13,349)
Net future liability	**27,403**	**7,266**	**34,669**	**35,312**
Other employee future benefits	7,942	-	7,942	8,228
Other compensated absences	-	3,360	3,360	3,363
Total other employee future benefits and compensated absences	**35,345**	**10,626**	**45,971**	**46,903**

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

	Severance and Removal $	Compensated Absences $	2026 $	2025 $
Benefits Expense				
Current period benefit cost	2,777	558	3,335	3,154
Interest accrued	1,787	301	2,088	2,395
Plan amendments	-	-	-	29
Amortization of actuarial (gain)/loss	1,084	856	1,940	965
	5,648	**1,715**	**7,363**	**6,543**

The discount rate used to determine the accrued benefit obligation is an average of 4.7% (2025 - 4.3%). The expected payments during the next five fiscal years are:

	Severance and Removal $	Compensated Absences $	Total $
2027	4,858	570	5,428
2028	4,760	574	5,334
2029	4,625	612	5,237
2030	4,620	637	5,257
2031	4,685	680	5,365
	23,548	**3,073**	**26,621**

20. 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 $80,012 (2025 - $77,973) for the following:

- Environmental agreements
- Land use permits
- Public Trustee funds
- Water licenses

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 $718,393 (2025 - $729,350) for the following:

- Construction contract security
- Environmental agreements
- Land use permits
- Leases
- Office of the Regulator of Oil and Gas Operations
- Water licenses

21. CONTRACTUAL OBLIGATIONS AND RIGHTS

The Government has entered into agreements for, or is contractually committed to, the following payments subsequent to March 31, 2026:

	Expiry Date	2027 $	2028 $	2029 $	2030 $	2031 $	2032+ $	Total $
Operational commitments	2048	239,703	109,279	65,833	40,879	32,918	93,298	581,910
RCMP policing agreement	2032	67,640	68,505	68,596	68,691	68,799	68,891	411,122
Commercial leases	2052	149,811	117,480	69,783	64,767	64,877	334,612	801,330
Equipment leases	2031	1,366	943	653	294	12	-	3,268
Tangible capital assets in progress at year end	2033	247,647	102,517	14,275	612	169	145	365,365
P3 Operational commitments	2049	24,468	25,049	26,050	27,126	27,699	524,270	654,662
		730,635	**423,773**	**245,190**	**202,369**	**194,474**	**1,021,216**	**2,817,657**

Included within Commercial leases is a lease commitment of $3,757 per year over 30 years that began 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 $1,214.

Included within P3 Operational commitments is an agreement with an annual commitment of approximately $3,000 per year until 2049, which is subject to an inflation benchmarking exercise every 6 years.

The Government has entered into agreements for, or is contractually entitled to, the following receipts subsequent to March 31, 2026:

	Expiry Date	2027 $	2028 $	2029 $	2030 $	2031 $	2032+ $	Total $
Transfer payments	2034	369,394	225,583	150,264	94,596	69,696	101,741	1,011,274
Lease revenue	2055	8,090	7,200	6,860	6,235	5,852	69,094	103,331
License revenue	2051	771	594	518	388	132	209	2,612
Other	2040	61,935	52,987	10,432	3,565	3,565	14,757	147,241
		440,190	**286,364**	**168,074**	**104,784**	**79,245**	**185,801**	**1,264,458**

22. GUARANTEES AND CONTINGENCIES

(a) Guarantees

The Government has guaranteed residential housing loans to banks totaling $64 (2025 - $115) and indemnified Canada Mortgage and Housing Corporation for third party loans totaling $845 (2025 - $1,405). 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.

Prosper NWT has one (2025 - one) outstanding loan to a Northern Community Futures organization totaling $200 (2025 - $228). Loans provided may be assigned to the Prosper NWT when impaired. If assigned, the Prosper NWT would then write-off the Northern Community Futures organization loan balance and would attempt to recuperate its loss. In 2026, no accounts were assigned to Prosper NWT (2025 - nil).

Prosper NWT has one (2025 - one) outstanding irrevocable standby letter of credit totaling $2,000 (2025 - $2,000) that will expire in fiscal 2030. Payment by Prosper NWT is due from these letters in the event that the applicants are in default of the underlying debt. To the extent that Prosper NWT has to pay out to third parties as a result of these agreements, these payments will be owed to Prosper NWT 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 (2025 - 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 11, 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 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 12, 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 Government's obligation to incur these costs are undeterminable at this time.

22. 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 $1,121 (2025 - $2,686) 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 $124,069 (2025 - $119,599). 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, 2026.

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

23. TRANSFER PAYMENTS, CORPORATE AND PERSONAL INCOME TAXES AND OTHER TAXES

	2026 Actual $	2025 Actual $
Transfer payments		
Capital transfers	16,257	47,165
Canada Health and Social Transfer Reform Fund	80,468	74,334
Federal cost shared	361,828	356,158
Other	98,135	77,106
	556,688	**554,763**
Corporate and personal income taxes		
Corporate income tax	35,055	44,919
Personal income tax	147,873	138,934
	182,928	**183,853**
Other taxes		
Cannabis	1,927	1,952
Carbon	7,603	29,648
Fuel	17,987	19,134
Tobacco and vaping products	8,810	9,631
Payroll	53,398	58,243
Property and school levies	26,550	37,935
Insurance	7,084	6,872
	123,359	**163,415**

24. SALES, GENERAL, NON-RENEWABLE RESOURCE AND RECOVERIES REVENUE

The table below discloses the nature and amounts of revenue transactions with or without performance obligations:

	Exchange	Non-Exchange	Other[1]	2026 Actual	2025 Actual
	$	$	$	$	$
Sales					
Liquor and cannabis products	62,307	-	-	**62,307**	64,150
Petroleum Products	19,132	-	-	**19,132**	17,868
Marine Transportation Services	24,587	-	-	**24,587**	11,881
Power	101,318	-	-	**101,318**	92,223
Arts and crafts	486	-	-	**486**	772
Other	-	-	-	**-**	-
	207,830	**-**	**-**	**207,830**	**186,894**
General					
Other	32,242	5,248	658	**38,148**	112,383
Rental and lease	22,612	-	-	**22,612**	21,624
Interest income	-	-	11,479	**11,479**	15,031
Gain on disposition of assets	-	-	1,512	**1,512**	507
Regulatory revenue	38,648	5,401	-	**44,049**	37,024
Grants in kind	-	-	63	**63**	134
	93,502	**10,649**	**13,712**	**117,863**	**186,703**
Non-renewable resource revenues					
Minerals, oil and gas royalties[2]	(504)	-	-	(504)	(6,548)
Licenses, rental and other fees	2,914	-	-	2,914	1,954
Quarry fees	358	-	-	358	102
	2,768	**-**	**-**	**2,768**	**(4,492)**
Recoveries	**72,033**	**-**	**-**	**72,033**	**65,886**

[1] Other refers to all categories of revenues not under the Public Sector Revenue Accounting Standard PS 3400.

[2] In each fiscal year, the minerals, oil and gas royalties that are recorded include a portion that are based on estimates as the actual amounts for the last 3 months are not known until the following year. In the current year, those estimates from the prior year are reversed and the actual amounts that are received are recorded. When the estimate is higher than the actual amount received, it results in a negative calculation in revenue.

Unsatisfied or partially satisfied performance obligations

Unsatisfied or partially satisfied performance obligations existing as at March 31, 2026 relate primarily to situations where funds have been collected from a payor in advance of the Government fully satisfying a performance obligation in an exchange transaction. The Government recognized a corresponding liability for unsatisfied or partially satisfied performance obligations under PS 3400 within Deferred Revenue in the amounts of $3,957 and $2,922 as at March 31, 2026 (*note 10*) (2025 - $4,713 and $3,482).

25. 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 Climate Change Department of Industry, Tourism and Investment Prosper NWT Northwest Territories Heritage Fund Arctic Energy Alliance Inuvialuit Water Board Northwest Territories Surface Rights Board
Infrastructure	Department of Infrastructure Northwest Territories Hydro Corporation
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

26. 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 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, due from the Government of Canada, and loan guarantees.

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 fully impaired. The gross amounts of these fully impaired account receivable and loans receivable are $68,964 (2025 - $54,045) and $35,206 (2025 - $35,338), respectively, with impairment allowances for accounts receivable equal the full gross amounts.

Credit risk associated with guarantees is mitigated by controls over the extension of the guarantees, limiting guarantees to components of the Government Reporting Entity and by continued monitoring of those entities to ensure prompt response to any financial difficulties those entities might encounter.

The aging information for the Government's receivables that are past due and not impaired is as follows:

	31-60 days	61-90 days	Over 90 days	Total
Accounts receivables	5,339	8,644	53,883	**67,866**
Loans receivable	132	89	155	**376**

26. FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

For Due from the Government of Canada, the Government considers these receivables to have no credit risk given that the counterparty is the Government of Canada.

The Government establishes an allowance for doubtful accounts and valuation allowance that reflects the estimated impairment of accounts receivable and loans receivable. The allowance amount is determined by the Government's knowledge of the financial condition of customers, the aging of accounts receivable and loans receivable, current business conditions and historical experience.

The Government's maximum exposure to credit risk at March 31, 2026 is as follows:

	$
Cash and cash equivalents	209,513
Portfolio investments, excluding equities	103,219
Due from the Government of Canada*	221,030
Accounts receivable	155,002
Loans receivable	68,254

* Net of amounts that do not meet the definition of a financial instrument as they do not arise from a contractual obligation

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 fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Government 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. For other financial instruments, the Government focuses its efforts on maintaining predictable future cash flows.

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 risk that cash flows will vary unpredictably.

The Government is primarily exposed to interest rate risk on its short term loans. The Government manages its risk on short term loans by entering into borrowing agreements with interest rates fixed for specified intervals. The interest rate is fixed for the intervals based on a benchmark lending rate plus a margin. This arrangement allows the Government to have a predictable cash outflow for the interval. A one percent increase (decrease) in the benchmark lending rate throughout the year would have increased (decreased) interest expenses for the year by approximately $6,570.

26. FINANCIAL RISK MANAGEMENT (continued)

b) Interest rate risk (continued)

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.

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.

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.

Expected contractual maturities for financial liabilities are disclosed in the table below.

Undiscounted cash flows of financial liabilities	Less than one year or on demand $	Later than one year and less than five years $	Later than 5 years $	Total $
Short-term loans	908,774	-	-	**908,774**
Accounts payable and accrued liabilities	508,026	-	-	**508,026**
Due to the Government of Canada*	23,851	-	-	**23,851**
Capital lease obligations	2,776	10,788	55,144	**68,708**
Long term debt	29,370	137,788	786,868	**954,026**
Liabilities under Public Private Partnerships	23,107	91,472	289,827	**404,406**
Total	**1,495,904**	**240,048**	**1,131,839**	**2,867,791**

* Net of amounts that do not meet the definition of a financial instrument as they do not arise from a contractual obligation.

d) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate unfavourably 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.

27. OVEREXPENDITURE

During the year, 2 departments (2025 - 3) exceeded their operations vote and no departments (2025 - 1) exceeded their capital vote.

Overexpenditure of a vote contravenes subsection 71 of the *Financial Administration Act* which states that "No person shall incur an expenditure that causes the amount of the appropriation set out in the Estimates for a department to be exceeded."

The voted items that were over expended in the current year are as follows:

Department of Health and Social Services (operations)	$2,408
Department of Legislative Assembly (operations)	$360

These overexpenditures are deemed a supplementary appropriation in accordance with section 77 of the *Financial Administration Act* S.N.W.T 2015 which states that "Where the charging of expenditures to an appropriation would cause the appropriation to be exceeded, the Comptroller General may, at the end of a fiscal year, record the amount by which the liability exceeds the appropriation as a deemed appropriation for that fiscal year".

28. SUBSEQUENT EVENTS

Bond Issuance
On June 8, 2026, the Government issued $375 million in bonds to reduce and convert short term borrowing to long term debt. The bonds are due June 10, 2036, with semi-annual interest payments at a coupon rate of 4.05% per year.

Ekati Diamond Mine
On July 14, 2026, the Ekati Diamond Mine was placed into receivership pursuant to a court order and a Receiver was appointed. Responsibility for the mine's assets and operations were transferred to the Receiver. On July 15, 2026, the Government announced acceptance of responsibility for the mine site reclamation, giving rise to a constructive obligation.

The Receiver is responsible for overseeing site activities and managing the orderly transition of the site to care and maintenance, reclamation, and closure. The Government will advance funds for remediation activities during the receivership process.

At March 31, 2026, the Government held in trust assets under administration of $326 million in reclamation security provided by the mine operator.

In July 2026, the Government called in the security, cash ($129 million) and surety bonds ($197 million).

Based on information available, the Government's best estimate for reclamation costs is approximately $326 million, consistent with the reclamation security held. This estimate is subject to significant measurement uncertainty, as the actual remediation costs will depend on future assessments, environmental conditions, and the scope and timing of closure activities. As such, changes in these factors may result in actual costs and the liability being materially different from the current estimate.

28. SUBSEQUENT EVENTS (continued)

In next year's financial statements, the cash and surety bonds will be recorded as internally restricted assets controlled by the Government and the estimated reclamation costs will be reported as a liability.

After year end, the Government will use a Mine Reclamation Special Purpose Fund for the security assets. The special purpose fund will be used to finance the care and maintenance, reclamation, and closure activities at the Ekati mine site. The special purpose fund will be separately reported in Section III Supplementary Financial Statements - Other Entities section of the Public Accounts and will include information on drawdowns from the security for each fiscal year based on the reclamation work completed for that year.

29. 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]	2026	2025
	$	$	$	$	$	$	$	$	$
Cost of tangible capital assets									
Opening balance	28,482	2,630,268	1,184,571	2,167,174	379,957	173,714	452,524	7,016,690	6,727,649
Transfers	970	52,101	59,908	46,139	19,828	12,133	(191,079)	-	-
Acquisitions	-	-	-	-	1,364	-	333,998	335,362	309,205
Write-downs	-	(2,466)	(468)	-	(2,137)	-	-	(5,071)	(395)
Revaluation of asset retirement obligations	-	2,238	-	-	-	-	-	2,238	2,920
Disposals	-	(13,037)	(3,285)	(19,798)	(7,044)	(22,767)	-	(65,931)	(22,689)
Closing balance	29,452	2,669,104	1,240,726	2,193,515	391,968	163,080	595,443	7,283,288	7,016,690
Accumulated amortization									
Opening balance	-	(1,190,764)	(437,243)	(822,098)	(212,673)	(141,135)	-	(2,803,913)	(2,640,090)
Amortization expense	-	(67,380)	(32,931)	(58,705)	(19,333)	(7,203)	-	(185,552)	(180,091)
Write-downs	-	2,466	468	-	2,137	-	-	5,071	395
Disposals	-	8,527	2,149	19,798	4,723	21,169	-	56,366	15,873
Closing balance	-	(1,247,151)	(467,557)	(861,005)	(225,146)	(127,169)	-	(2,928,028)	(2,803,913)
Net book value	**29,452**	**1,421,953**	**773,169**	**1,332,510**	**166,822**	**35,911**	**595,443**	**4,355,260**	**4,212,777**

1 Included in buildings and leasehold improvements, infrastructure and other, and equipment are assets under capital lease cost $43,632 (2025 - $43,632); accumulated amortization, $15,732 (2025 - $14,799); net book value, $27,900 (2025 - $28,833).

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 $437 (2025 - $18,129).

5 Land with cost and net book value of $0, market value $4,971 (2025 - $4,671) 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] $	2026 $	2025 $
Revenues						
Grant from the Government of Canada	1,803,314	-	1,803,314	-	1,803,314	1,699,357
Transfer payments	458,554	98,134	556,688	-	556,688	554,763
	2,261,868	**98,134**	**2,360,002**	**-**	**2,360,002**	**2,254,120**
Taxation, non-renewable resource and general revenues						
Corporate and personal income taxes	182,928	-	182,928	-	182,928	183,853
Other taxes	112,423	11,667	124,090	(731)	123,359	163,415
General	87,787	1,138,777	1,226,564	(1,108,701)	117,863	186,703
Income from portfolio investments	6,336	4,555	10,891	(551)	10,340	3,401
Non-renewable resource revenues	2,768	-	2,768	-	2,768	(4,492)
Sales	151,290	142,210	293,500	(85,670)	207,830	186,894
Recoveries	47,076	25,656	72,732	(699)	72,033	65,886
	590,608	**1,322,865**	**1,913,473**	**(1,196,352)**	**717,121**	**785,660**
Recoveries of prior years' expenses	25,693	-	25,693	(589)	25,104	43,780
	2,878,169	**1,420,999**	**4,299,168**	**(1,196,941)**	**3,102,227**	**3,083,560**
Expenses						
Grants and contributions	1,320,896	34,735	1,355,631	(974,582)	381,049	394,197
Operations and maintenance	901,322	565,526	1,466,848	(241,851)	1,224,997	1,198,716
Compensation and benefits	535,957	732,499	1,268,456	2,972	1,271,428	1,256,411
Valuation allowances	16,159	1,055	17,214	-	17,214	7,791
Amortization of tangible capital assets and purchased intangible assets	138,148	48,112	186,260	48	186,308	180,154
	2,912,482	**1,381,927**	**4,294,409**	**(1,213,413)**	**3,080,996**	**3,037,269**
Annual operating surplus (deficit)	**(34,313)**	**39,072**	**4,759**	**16,472**	**21,231**	**46,291**

1 Departments consist of all those listed in Note 25 that begin with the word "Department" and the Legislative Assembly.

2 Public agencies consist of those listed in Note 25 other than Departments and the Legislative Assembly.

3 Includes adjustments to eliminate inter-entity balances and other adjustments 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, 2026

HONOURABLE CAROLINE WAWZONEK
Minister of Finance

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EXECUTIVE SUMMARY

The Government of the Northwest Territories ("Government") ended the 2025-26 fiscal year with an operating surplus of $21.2 million. A surplus means that total revenues were greater than total expenses for the year. This was lower than both the original budget and the previous year's surplus.

- The Government received $3.10 billion in revenue, an increase of $18.7 million from the previous year. Higher federal transfers, personal income tax revenues, investment earnings, non-renewable resource royalties and sales revenue offset lower revenues from corporate taxes and other taxes.

- The Government recorded $3.08 billion in expenses, an increase of $43.7 million from the previous year. Spending increased mainly because of growing demand for health care, education, housing, and other public services, as well as inflation and new federally funded initiatives.

- The Government continued to invest in public infrastructure across the territory. During the year, $335.4 million was spent on schools, health facilities, housing, power generation and distribution systems, roads, bridges, information technology, and other public assets. These investments support economic development and help deliver services to residents.

At March 31, 2026, the Government reported net debt of $2.0 billion, an increase of $120.2 million from the previous year. Net debt reflects the difference between what the Government owes and the financial resources it has available to meet those obligations. The increase was mainly due to higher short-term borrowing, higher accounts payable, and lower investment balances. Despite these pressures, the Government remained within its borrowing limit and complied with all requirements of the Fiscal Responsibility Policy.

The consolidated results of operations for the fiscal year ended March 31, 2026, and the consolidated financial position as at March 31, 2026, are summarized below:

Consolidated Results of Operations

(in $000s)	**Budget 2026**	Actual to Budget %	**Actual 2026**	Actual to Prior %	Actual 2025
Total Revenues	$3,020,742	+ 2.7%	$3,102,227	+ 0.6%	$3,083,560
Total Expenses	$2,820,225	+9.2%	$3,080,996	+ 1.4%	$3,037,269
Annual Operating Surplus (Deficit)	$200,517	- 89.4%	$21,231	-54.1%	$46,291

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 Canadian Public Sector Accounting Standards (PSAS), see next page for discussion on approved budget adjustments.

Consolidated Financial Position

(in $000s)	Actual 2026	Actual to Prior Year %	Actual 2025
Financial Assets	$849,489	-3.8%	$883,204
Less: Liabilities	$2,805,639	+ 3.2%	$2,719,201
Net Debt	($1,956,150)	+ 6.5%	($1,835,997)
Non-Financial Assets	$4,421,125	+ 3.3%	$4,279,428
Accumulated Surplus	$2,464,975	+ 0.9%	$2,443,431

The Government reported an operating surplus of $21.2 million in 2025-26. While this was lower than the original budgeted surplus of $200.5 million, it was better than the revised budget position after in-year spending approvals were considered.

During the year, supplementary appropriations increased planned spending to address:

- Higher healthcare costs;
- Community infrastructure projects funded through federal agreements;
- Education funding pressures; and
- Additional capital projects.

Actual expenses were $63.8 million lower than the revised budget, which helped improve the year-end financial result

(in $000s)	Budget 2026			Actual 2026	Actual 2025
	Original Budget	Supplemental Appropriations	Revised Budget		
Total Revenues	$3,020,742	$0	$3,020,742	$3,102,227	$3,083,560
Total Expenses	$2,820,225	$324,577	$3,144,802	$3,080,996	$3,037,269
Annual Operating Surplus (Deficit)	$200,517	($324,577)	($124,060)	$21,231	$46,291

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.

FINANCIAL REVIEW

Net Debt

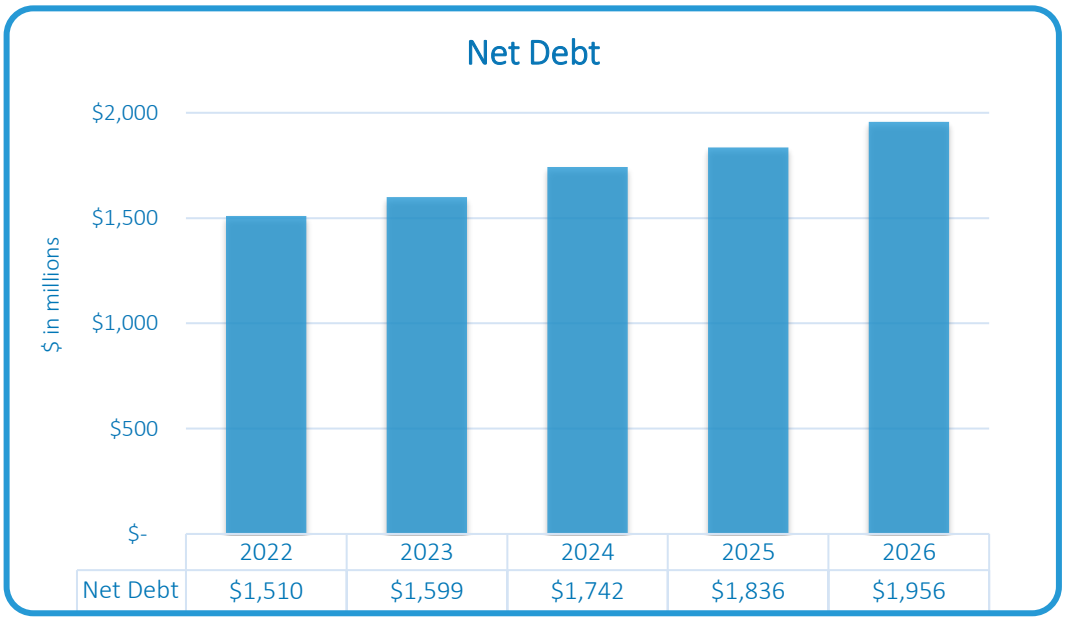
At March 31, 2026, the Government had net debt of $1.96 billion. Net debt measures how much the Government owes after taking into account its available financial assets. It is an important indicator because future revenues will be needed to pay these obligations.

Net debt increased by $120.2 million during the year. The main reasons were:

- Increased short-term borrowing;
- Higher accounts payable and other obligations;
- Reduced investment balances.

Over the last five years, net debt has steadily increased as the Government continued to invest in infrastructure while facing rising operating costs.

The graph below illustrates the Government's net debt position at the end of each of the last five fiscal years.



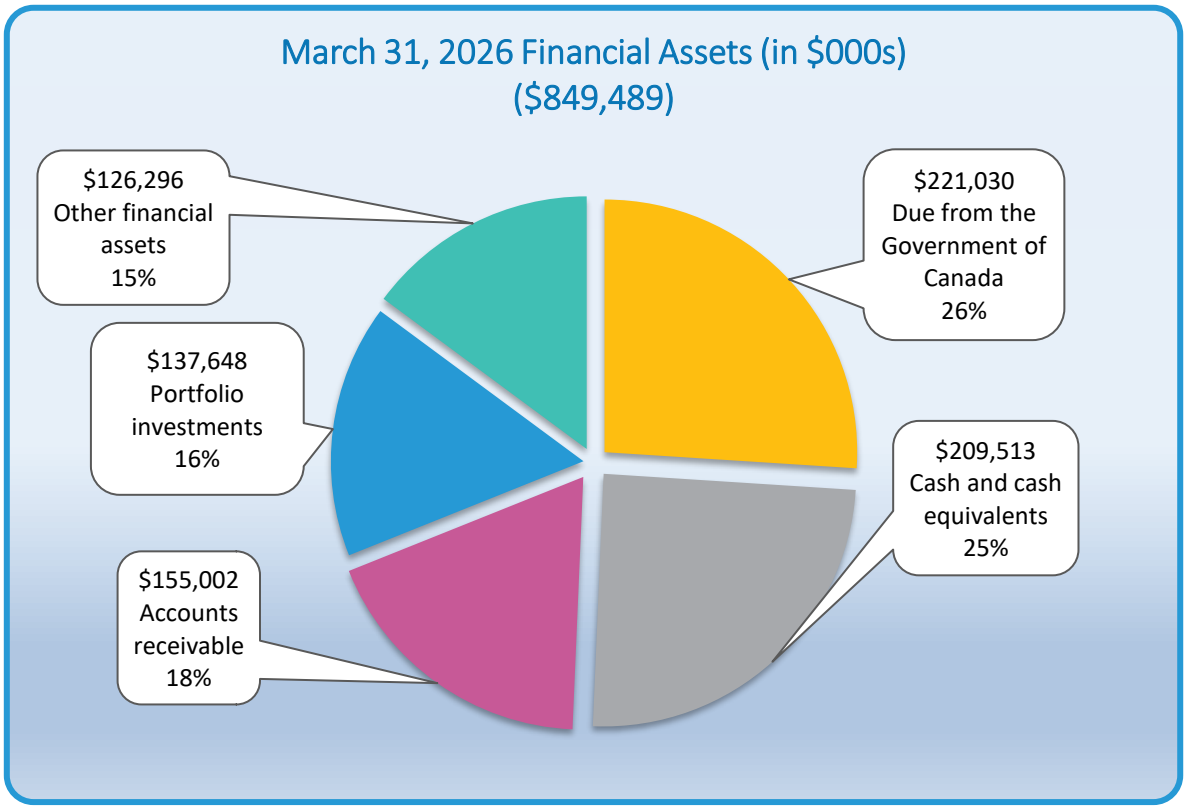
Financial Assets

Financial assets are resources that can be used to pay bills, repay debt, or support future operations. These assets include cash, investments, amounts owed to the Government, loans receivable, and inventories held for resale.

At March 31, 2026, the Government held $849.5 million in financial assets. The largest categories were:

- Amounts receivable from the Government of Canada;
- Cash and cash equivalents;
- Accounts receivable;
- Portfolio investments.

Approximately one-quarter of the Government's financial assets were held as cash and cash equivalents. The remainder consisted of investments and other assets that can be converted into cash over time.



The above graph illustrates the composition of the Government's Financial Assets. Other Financial Assets include loans receivable $68,254; pension assets $8,582; and inventories for resale $49,460.

Cash and Cash Equivalents

Cash and cash equivalents represent the funds available to support government operations, pay liabilities, and invest in infrastructure. At March 31, 2026, the Government held $209.5 million in cash and cash equivalents, an increase of $24.4 million from the previous year.

During the year:

- Day-to-day operations generated cash.
- Investments generated a small net increase in cash.
- Infrastructure spending used significant cash resources.
- Borrowing and financing activities provided additional cash to support operations and capital projects

The Consolidated Statement of Cash Flow reports and reconciles how cash and cash equivalents during the fiscal year were used as summarized below:

(in $000s)	Actual 2026	Actual 2025
Cash and cash equivalents provided by (used for):		
Operating transactions	$208,361	$139,318
Investing transactions	$38,698	($2,834)
Capital transactions	($334,900)	($306,300)
Financing transactions	$112,228	$131,798
Increase (decrease) in cash and cash equivalents	**$24,387**	($38,018)
Cash and cash equivalents at the beginning of year	$185,126	$223,144
Cash and cash equivalents at the end of year	**$209,513**	$185,126

More detail is available on the Statement of Cash Flows within **Section I** of the Public Accounts.

What do these different categories mean?

- Operating transactions include the cash receipts and payments arising from the normal operations of the government. This includes cash receipts from taxation, transfer payments from the Government of Canada, bill payments to suppliers, and payments to and on behalf of employees.
- Investing transactions include amounts we put into investments for pension plans, purchases/sales and loans receivable activity.
- Capital transactions include acquisitions and disposal of tangible and purchased intangible assets during the period.

- Financing transactions include cash proceeds from debt issues or cash out for repayments, repayment of capital leases obligations, funding from public private sector and repayment of the liabilities.

Portfolio Investments

Portfolio investments represent funds that the Government has set aside and invested in accordance with the investment policies and regulations with an investment mix as follows:

(in $000s)	Cost 2026	Market 2026
Guaranteed Investment Certificates	$6,582	$6,590
Bonds	$85,681	$83,696
Other	$2,954	$2,954
Total	**$95,217**	**$93,240**

The cost is what the Government spent on the investments, whereas the market value is what it is worth at the end of the fiscal year.

The Government makes investments for pension plans, the Heritage Fund and other funds to fund specific future activities.

Due from the Government of Canada

Typically, these are amounts the Government will be receiving at some point in the future from the Government of Canada. The balances outstanding at the end of the year include government transfer holdbacks and receivables, amounts for corporate and personal income taxes, and amounts claimed by the Government for services rendered to or on behalf of Canada.

Liabilities

Liabilities are amounts the Government is required to pay in the future. They include borrowing, accounts payable, environmental cleanup obligations, employee future benefits, and long-term financing arrangements.

At March 31, 2026, total liabilities were $2.81 billion, an increase of $86.4 million from the previous year. The largest liabilities (in $'000) were:

- Short-term borrowing: $908,774 (2025 - $762,962)
- Accounts payable and accrued liabilities: $508,026 (2025 - $502,684)
- Long-term debt: $598,604 (2025 - $620,232)
- Public-private partnership obligations: $237,995 (2025 - $246,079)
- Liabilities for ARO and SL& SWS: $160,815 (2025 - $155,888)
- Deferred Revenues: $158,451 (2025 - $191,148)
- Environmental liabilities: $89,313 (2025 - $89,547)

While many of these obligations will be paid over several years, they represent future demands on government resources and must be carefully managed.

Short-Term Loans

The Government uses short-term loans from financial institutions to help manage its cash flow and fund operating and capital activities throughout the year. The amount borrowed changes during the year depending on when the Government receives revenue and when payments need to be made. There is a shortfall between the cash received and payments required in the year. The authority to borrow is approved through the Government's Borrowing Plan. During the year, net cash inflows from operations were used to pay for fund capital purchases but short-term borrowing was required as the net cash from operations was not sufficient to cover the entire capital purchases.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent amounts the Government owes for goods and services received before year-end that had not yet been paid. The balance increased by $5.3 million, from $502.7 million in 2024-25 to $508.0 million in 2025-26, an increase of 1.1%. This increase was mainly due to higher operating costs across government.

Deferred Revenues

Deferred revenue represents funding received from the Government of Canada and other organizations for specific projects. In some cases, funding is received before the related work is completed. Until the Government meets the conditions of the funding agreement and incurs eligible project expenses, the funding is recorded as deferred revenue rather than revenue. Deferred revenue is reported as a liability because the funding could be repayable if the agreement requirements are not met. Once eligible expenses are incurred, the funding is recognized as revenue.

(in $000s)	Balance 2025	Increases	Decreases	Balance 2026
Government Transfers	$162,931	$124,529	($150,763)	$136,697
Large emitters carbon tax	$3,787	$0	($3,787)	$0
Other	$24,430	$10,892	($13,568)	$21,754
Total	$191,148	**$135,421**	**($168,118)**	**$158,451**

Note: Effective April 1, 2025, the Government removed the carbon tax for all consumers except large emitters.

Environmental Liabilities

The nature of the Government's programs and services can result in costs associated with remediation of any site contamination that occurred for which the government is responsible.
In addition, the liability may include contaminated sites where the Government does not own the site but has accepted responsibility. These costs make up the Environmental Liabilities amount disclosed within Section I of the Public Accounts (note 11). 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 record a contaminated site and assign a value to it is based upon Public Sector Accounting Standards, as well as responsible stewardship and includes the following considerations:

- To determine whether the level of contamination exceeds an authoritative 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
- The site must be non-operating or have a high priority due to risk to human health or property.
- The Government must first determine the appropriate action to be taken for remediation, monitoring (pre and post), risk management, or a combination of these actions. The liability is assigned based on the action determined.
- The Government's best estimate of the action to be taken is based upon further assessments carried out by third parties or based on similar remediation experiences that the Government can rely upon.
- If no basis exists to estimate the full remediation cost, the value of the liability recognized is limited to 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.

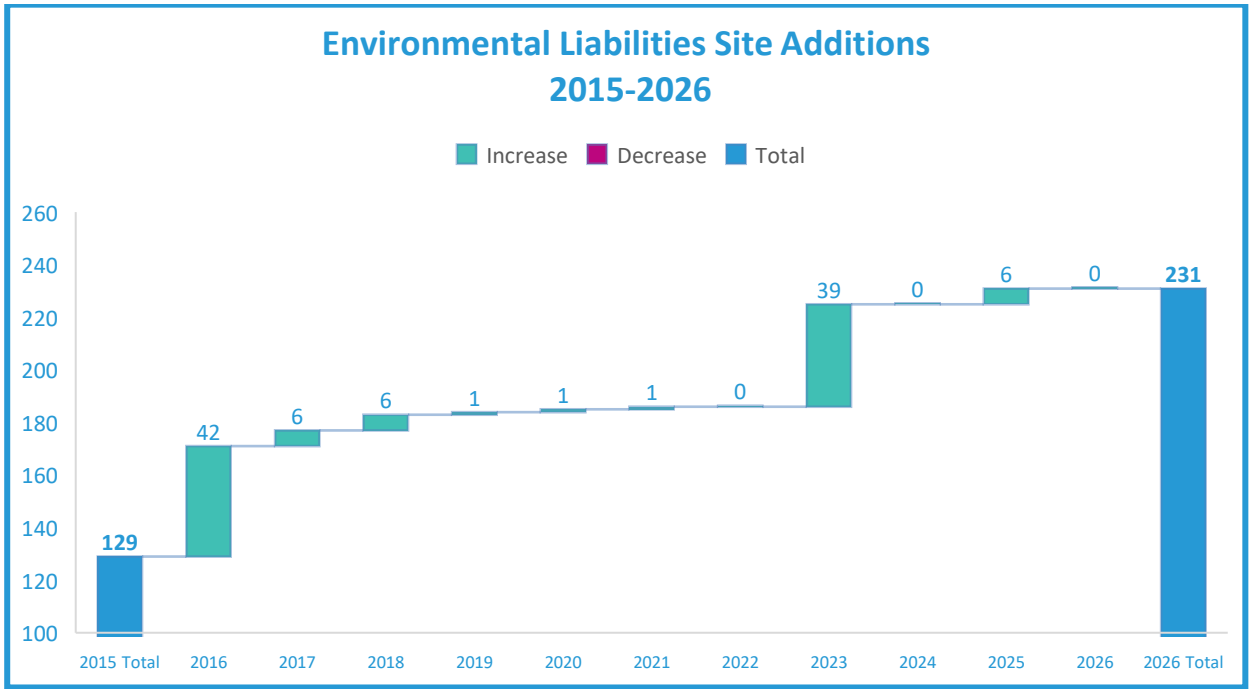
At the end of 2025-26, the environmental liability balance decreased by $0.2 million to $89.3 million compared to $89.5 million in 2024-25. The changes in the liability amount included:

- Decrease of $5.1 million due to revision in estimated cashflows
- Decrease of $3.2 million for remediation expenditure on work completed
- Increase in new sites of $7.0 million
- Increase in liability for changes in estimates of $1.1million
- There are 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.

Summary of Environmental Liabilities Sites by Category and Fiscal Year for 2015 to 2026

Table: Number of Sites by which Fiscal Year Initially Recognized

Fiscal Year Booked in FS	Abandoned Mines	Landfills	Abandoned Infrastructure and schools	Airports, airport strips or reserves	Sewage Lagoons	Fuel tanks and resupply lines	Abandoned Lots and maintenance Facilities	Total Number of Sites
2015 Total	5	27	43	15	18	12	9	**129**
2016	2	1	20	9	10			**42**
2017			6					**6**
2018			6					**6**
2019		1						**1**
2020	1							**1**
2021				1				**1**
2022								**0**
2023		2	5				32	**39**
2024								**0**
2025				6				**6**
2026								**0**
2026 Total	**8**	**31**	**80**	**31**	**28**	**12**	**41**	**231**



The Government's Environmental Liabilities Dashboard is an interactive online mapping tool that the public can use to see the types of sites that are under the responsibility of the Government. It can be found at: *https://www.gov.nt.ca/ecc/en/services/contaminated-site*

Asset Retirement Obligation and Liabilities for Sewage Lagoons and Solid Waste Sites

Asset retirement obligations represent the estimated future costs to remove, restore, or remediate certain government-owned assets when there is a legal requirement to do so. This includes obligations related to sewage lagoons and solid waste sites located on Commissioner's land where the Government has responsibility for restoration.

The liability reflects the Government's best estimate of the future costs to meet these obligations. As estimates change over time, the liability may increase or decrease. For assets that are still in use, these costs are recognized over the asset's useful life. For assets no longer in use, the costs are recognized as an expense when they arise.

As at March 31, 2026, the liabilities for ARO and SL & SWS consisted of the following:

(in $000s)	*Actual 2025*	***Actual 2026***
Government owned assets		
Buildings	$132,532	$134,862
Infrastructure	$1,136	$1,092
Total ARO	$133,668	$135,954
Assumed liability		
Sewage Lagoons	$2,769	$3,142
Solid Waste Sites	$19,451	$21,719
Total SL & SWS	$22,220	$24,861

The amounts in the table above are discounted meaning that they are in today's dollars. If they had not been discounted, the amounts for ARO to be settled between 2027 and 2121 would be $217,303 and for SL & SWS, they would be $150,561 between 2028 and 2111.

Further details of the Government's ARO and SL & SWS liabilities can be found within **Section I** of the Public Accounts (notes 12 and 13).

Public Private Partnerships

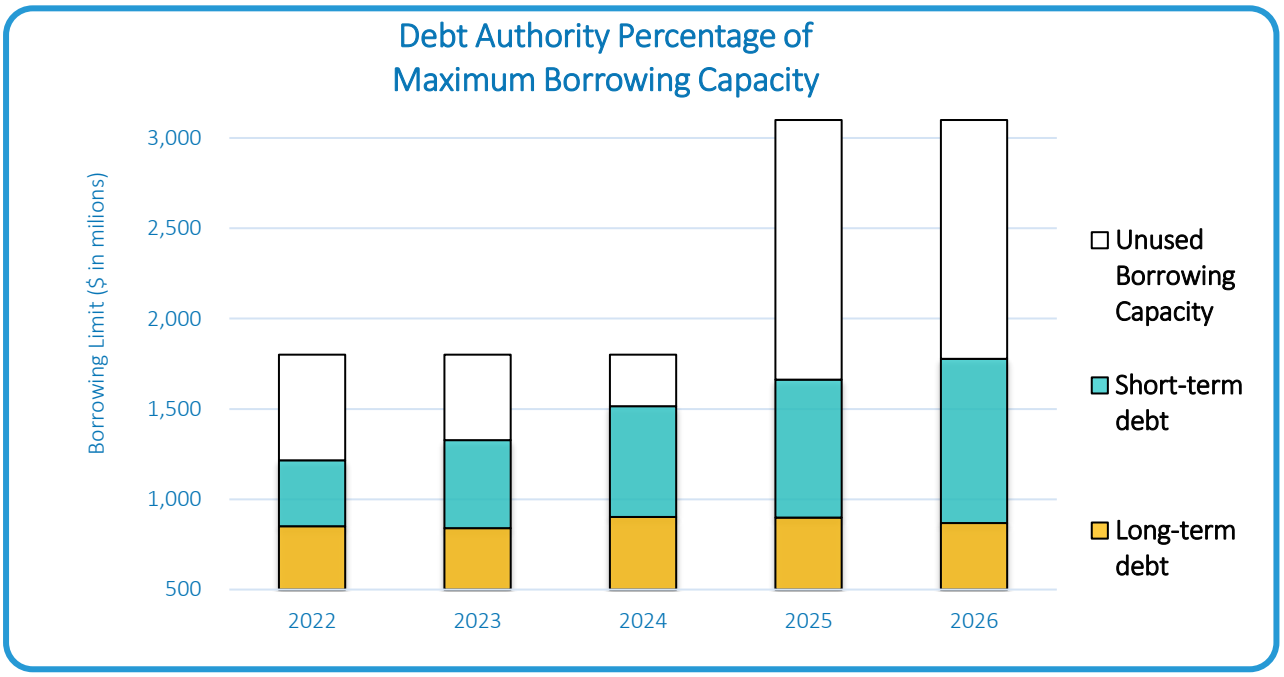
Public Private Partnerships (P3) are a means for a government to enter into agreements between the public and private sectors as a means of funding capital projects. P3 Projects are a long-term approach to procuring public infrastructure where the private sector assumes a transfer of the risks in terms of financing and construction, from design and planning to long-term maintenance/operations. Operations and maintenance provided by the partner cease at the repayment date, at which time operational responsibility reverts to the government.

P3 Project (in $000s) (unless otherwise stated)	Mackenzie Valley Fibre Link	Stanton Territorial Hospital Renewal	Tłı̨chǫ All Season Road
Project Description	1,154 km of high-speed fiber optic telecommunications cable from McGill Lake to Inuvik, NWT	280,000 square foot tertiary level facility in Yellowknife	97 km all-weather access road from Highway 3 to Whati, NWT
Partner	Northern Lights General Partnership	Boreal Health Partnership	North Star Infrastructure GP
Contract signing date	Oct, 2014	Sep, 2015	Feb, 2019
Substantial completion date/in-service date	Jun, 2017	Nov, 2018	Nov, 2021
Annual interest rate	6.52%	5.36%	6.53%
Fiscal year when repayment Ends	2037	2049	2047
Government's liability at Mar 31, 2025	$60,700	$116,984	$68,395
Government's liability at Mar 31, 2026	$57,200	$113,944	$66,851
Tangible capital asset cost	$122,786	$321,211	$211,466
Interest expense for the 2025-26	$4,000	$6,270	$4,518
Annual operation and maintenance payments*	$4,319	$14,352	$5,687
Total remaining operational commitments to the end of the agreement*	$55,773	$471,288	$127,600

** Amounts may be subject to inflationary increases.*

Long Term Debt

The Government borrows amounts greater than 365 days to fund amounts of infrastructure projects and other assets that provide long term services to the public. The Government is required to keep all borrowing within the approved borrowing plan and within the Territorial Borrowing Limit which is established pursuant to subsection 28(4) of the *Northwest Territories Act.* In order to calculate the amount of debt for this purpose, all amounts borrowed for government organizations within the Government Reporting Entity are combined. The territorial borrowing limit is currently $3,100 million. Additional details are reflected within **Section I** of the Public Accounts (note 16).



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Unused borrowing capacity is the difference between the amount of the federally imposed borrowing limit (the maximum the Government can borrow) and less all the outstanding borrowings the Government currently holds. The Government borrowing limit was increased to $3,100 million by Order in Council PC 2025-0176, dated February 25, 2025.

Non-Financial Assets

Non-financial Assets represent resources that the Government can use to provide services in the future. These consist primarily of tangible capital assets (schools, hospitals, road, etc.) as well as purchased intangible assets, inventories held for use (fuel) and prepaid expenses. Non-financial Assets held by the Government are disclosed in the Consolidated Statement of Financial Position of **Section I** of Public Accounts.

Tangible Capital Assets

Tangible capital assets (TCAs) are long-term assets, such as buildings, roads, and equipment, that are expected to be used for more than one year. Their cost is spread over their useful lives through amortization.

The net book value of an asset is its original cost minus amortization and any write-downs. It represents the asset's remaining value for accounting purposes.

The government's net book value of tangible capital assets has increased steadily over the past five years, indicating ongoing investment in new assets and the replacement and enhancement of existing infrastructure. This suggests that the government is adding assets faster than they are being depreciated.

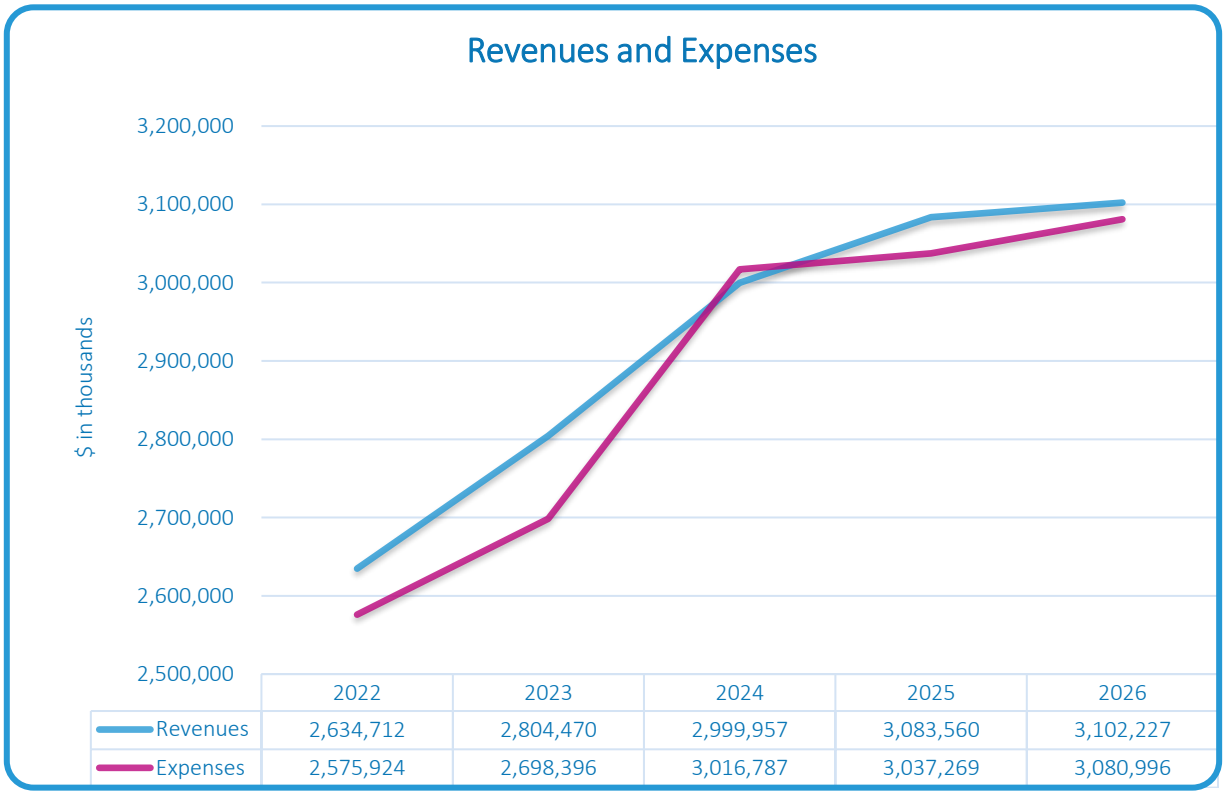
The table below summarizes the major asset acquisitions during the year:

Major Asset Acquisitions during the year *(in $000s)*	*Actual 2026*
Community health & wellness centers, field support offices, schools, campground shelter & equipment, information systems and equipment	$70,527
NT Hydro Corporation's power generating and distribution assets and equipment	$65,180
Various roads and bridges	$59,856
Housing NWT's public, homeownership rental and market rental units	$56,656
Dehk'è Frank Channel Bridge Project	$27,620
Jean Marie River Bridge Project	$12,395
Redknife River Bridge Project	$10,705
Other capital projects	$32,423
Total	**$335,362**

Revenues and Expenses

Total revenue increased by $18.7 million (0.6%), from $3.08 billion in 2024-25 to $3.10 billion in 2025-26. Higher funding received through the Territorial Formula Financing arrangement, combined with increased personal income tax and sales revenues, more than offset reductions in general revenue and other tax revenues.

Total expenses increased by $43.7 million (1.4%), rising from $3.04 billion in 2024-25 to $3.08 billion in 2025-26. Higher expenditures in health and social services, housing, education, justice, and natural resources and economic development were the primary contributors to the increase. Infrastructure-related spending decreased compared to the prior year, partially offsetting these increases.

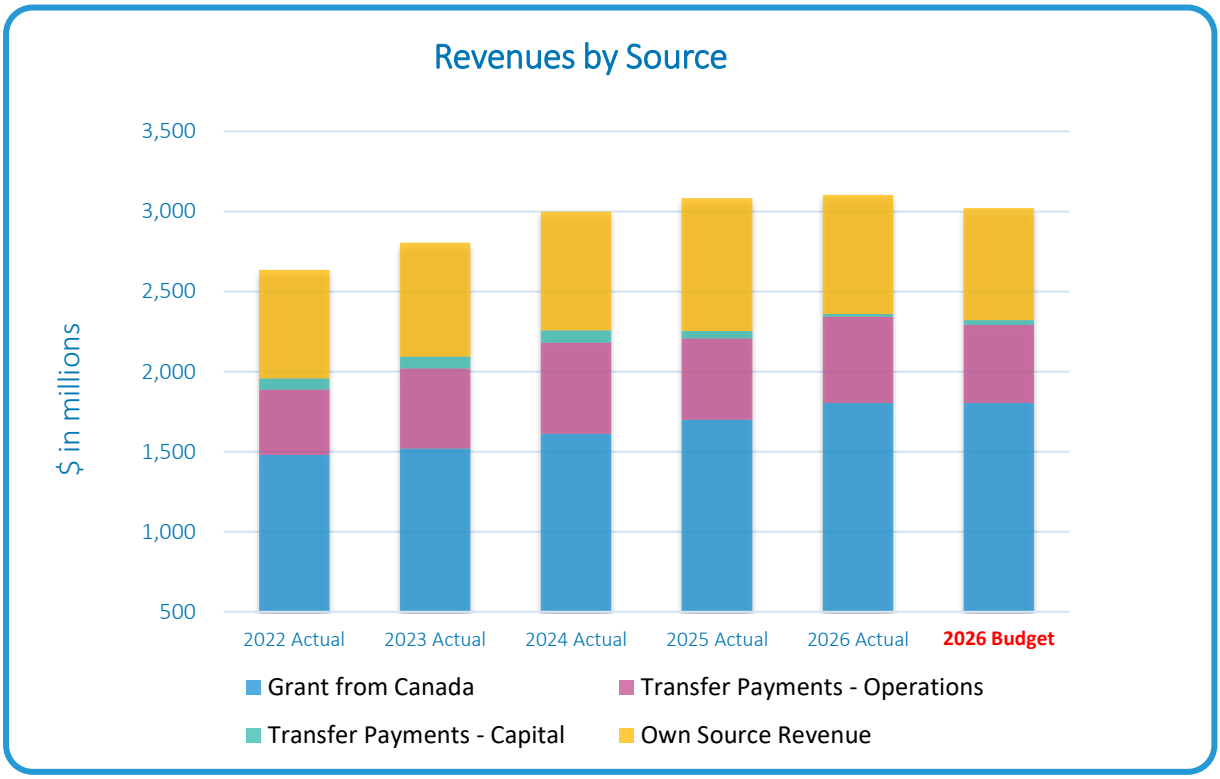


	2022	2023	2024	2025	2026
Revenues	2,634,712	2,804,470	2,999,957	3,083,560	3,102,227
Expenses	2,575,924	2,698,396	3,016,787	3,037,269	3,080,996

FINANCIAL COMPARISONS AND VARIANCES

Revenues Variance Analysis

The Government funds programs and services through a combination of transfers from the federal government and own-source revenues. The breakdown of how each category performed over the year is detailed below.



Revenue (in $million)		2025 Actual	2026 Budget	2026 Actual	Actual Budget Brief Explanation
Transfers from Canada	Territorial Formula Financing Grant	$1,699	$1,803	$1,803	Typically, the actual and budget amounts are aligned for this category as amounts are known in advance. Comparison to the prior year is higher as there was an increase in the Territorial Formula Funding based on gross expenditure base.
	Transfer Payments	$555	$517	$557	Actual higher than budgeted and prior year primarily due to federal contributions received for cost-shared infrastructure, health, housing, and other program initiatives during the fiscal year
Own Source Revenues	Corporate & personal Income taxes	$184	$158	$183	Actual exceeded budget due to increased personal income tax revenues and corporate taxes. However, Actual revenue is lower than prior year mainly due to decreased in corporate tax revenues resulting from timing of returns.
	Other taxes	$163	$169	$123	Actual is lower than budget and prior year primarily due to lower collections from carbon taxes, fuel, tobacco, cannabis, and other consumption-based taxes.
	General	$187	$103	$118	Actual is higher than expected budgeted primarily due to increase from Regulatory revenue and rental/lease revenue but lower than prior year due to decrease in interest income and other revenues which include the tobacco settlements receivable.
	Income from portfolio investments	$3	$1	$10	Actual is higher than budgeted and prior year due to stronger investment performance and higher market returns, which is difficult to predict due to increase in market volatility driven by inflationary pressures.
	Non-renewable resources	($4)	$6	$3	Actual was lower than budget due to reduced royalty revenues and lower resource development activity during the year but higher than prior year due to actual versus estimate royalties' adjustments in 2025 and increase in revenue from licenses, rental and other fees.
	Sales	$187	$193	$208	Actual is higher than budgeted and prior year mainly due to increase in sales of petroleum products, Marine transportation services and Power.
	Recoveries	$66	$66	$72	Actual is higher than budget and prior year mainly due from Increased recoveries from third parties, federal partners, and cost-sharing arrangements.
	Recoveries of prior years' expenses	$44	$3	$25	Actual is higher than budget mainly to significant recoveries related to prior-year expenditures, settlements, and accounting adjustments but lower than prior year.

Note: based on Government reporting entity at consolidated level and original approved budget tabled May 22, 2025

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, lagging 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 cannabis tax, carbon tax, fuel tax, tobacco tax, payroll tax, property tax and school levies, insurance tax, and vaping products tax.

General revenues include rental and lease, interest income, gain on disposition of assets, regulatory revenue, grants in kind and other miscellaneous items.

Income from Portfolio Investments includes interest earned and other income on guaranteed investment certificates, bonds, equity investments, and other financial instruments.

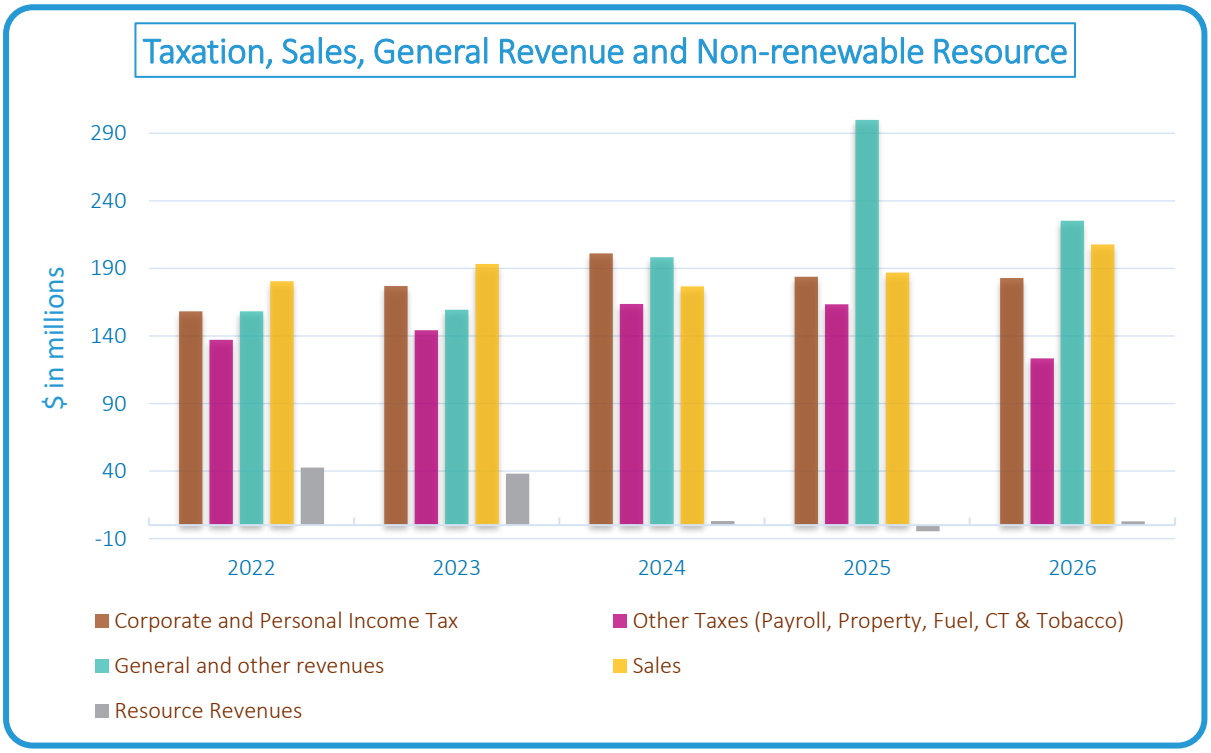
Non-renewable resource revenues are subject to volatility and fluctuate annually based on production and global commodity prices. In addition, non-renewable resource revenues are generated as the resources are extracted and are therefore finite. In 2025-26, there was a reduction in royalties due to significant drop in rough diamond demand and price.

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 taken into account in the calculation of the Territorial Formula Financing Grant payments from Canada to the Government.

Sales revenues include sales of products and services from liquor, cannabis, fuel and petroleum products, cargo delivery services, shipyard services, sale of power, and art and crafts.

Recoveries revenues include provision of medical and other services on behalf of other governments and other third parties under various cost recovery agreements.

Recoveries of Prior Year Expenses revenues include over-accruals and adjustments of expenses from the previous fiscal year.



Note: In 2025, general and other revenue includes the Tobacco settlement revenue of $46.0 million

Expense Variance Analysis by Program

Total expenses were $3.08 billion in 2025-2026. This represents an increase of $43.7 million, or 1.4% over the prior year. The biggest increases were in Health and Social Services, Education, and Housing.

Type of Expenses by Program (in $million)	2025 Actual	2026 Budget	2026 Actual	Actual to Budget Variance Explanation
Environment & Economic Development	$256	$219	$274	Expenditures exceeded budget primarily due to increased investments in economic development initiatives, wildlife and environmental programs, and higher costs associated with resource management and sustainability projects.
Infrastructure	$556	$480	$543	Spending was higher than budget due to increased operational and maintenance costs, infrastructure repairs, and inflationary pressures affecting repairs and maintenance projects. Prior year costs included the one-time adjustment for the collective agreement and bridge repairs for the Deh Cho bridge cable.
Education	$484	$490	$506	The increase in actuals over budget and prior year is mainly due to higher funding requirements for schools, student support services, compensation adjustments, and educational program enhancements, which includes implementation of the Education Support Assistant Initiative and National School Food Program.
Health and Social Services	$880	$822	$897	Expenditure exceeded budget and actuals largely due to increased healthcare service demands which includes hospital Services to Non-NWT Residents, Out-of-Territory Hospitals and Physicians Services, Youth Out-of-Territory Supportive Living Program, First Nations and Inuit Home and Community Care, agency staffing costs, medical travel, program delivery pressures, and rising costs of care across the territory.
Housing	$122	$114	$134	The increase in actual compared to budget and prior year is mainly driven by increased housing maintenance, repair activities, public housing program costs, and additional investments to address housing needs in communities.
Justice	$159	$163	$164	Actual expenditures were higher than prior year but were generally in line with budget, with a minor variance resulting from operational pressures, RCMP staffing costs, increase in inmate counts and rising services costs and increased court case volume and court travel costs.
General Government	$551	$507	$537	Actual exceeded budget mainly due to increases in corporate services, information technology investments, compensation costs, and central government support activities. However, the actual amount is lower than the prior year due to savings in community governance, lower than expected amortization due to capital projects coming into service later than planned and the
Legislative Assembly & Statutory Offices	$27	$25	$26	Expenditure was largely consistent with budget, with a small variance attributable to normal operational and administrative cost increases which include members' pension expenses. The actual results compared to prior year is lower mainly due to savings from vacant positions, case activity within the human right adjudication and the statutory offices.

Expense Variance Analysis by Object

Type of Expenses by Object (in $million)	2025 Actual	2026 Budget	2026 Actual	Actual to Budget Variance Explanation
Grants & contributions	$394	$372	$381	Actual expenditures were slightly higher than budget primarily due to increased transfer payments and funding support provided to communities, organizations, and program recipients during the year but lower than prior year.
Operations & maintenance	$1,199	$1,106	$1,225	Actual results exceeded budget and prior year mainly due to inflationary pressures, higher service delivery costs, increased contractual services, utilities, travel, and other operational requirements across government departments.
Compensation & benefits	$1,256	$1,142	$1,271	Actual expenditure exceeded budget and prior year due to salary adjustments for retirement, wage increments, higher overtime costs, and increased employee benefit expenses incurred during the fiscal year.
Valuation allowance	$8	$3	$17	These costs are based on valuation assessments completed at year end of the government's accounts receivable and how likely it will be that these amounts will be collected. When it is determined that a receivable is unlikely to be collected, that amount is expenses in that same year.
Amortization of TCAs and Purchased Intangible Assets	$180	$197	$186	Amortization expenses on tangible capital assets were lower than budget due to the timing of projects being completed which means they didn't start incurring amortization costs as early as expected.

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 May 22, 2025. (www.ntlegislativeassembly.ca/tabled-documents/2025-2026-consolidated-budget)

Change Over the Past Ten Years (in millions)

Below are key financial indicators for the Government for the past ten (10) fiscal years.

Fiscal Year Ended (in $ Millions)										
Key Financial Indicators	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue	$2,076	$2,093	$2,038	$2,124	$2,499	$2,635	$2,804	$3,000	$3,084	**$3,102**
Operating Expenses	$1,901	$1,932	$2,033	$2,201	$2,409	$2,576	$2,698	$3,017	$3,037	**$3,081**
Annual Operating Surplus (Deficit)	$175	$161	$4	($77)	$90	$59	$106	($17)	$46	**$21**
Acquisition of Tangible Capital Assets	$368	$314	$280	$270	$270	$261	$366	$303	$309	**$335**
Financial Assets	$496	$525	$487	$540	$674	$691	$753	$836	$883	**$849**
Liabilities	$1,443	$1,520	$1,612	$1,851	$2,012	$2,202	$2,353	$2,578	$2,719	**$2,805**
Net Debt	($948)	($995)	($1,125)	($1,311)	($1,338)	($1,510)	($1,599)	($1,742)	($1,836)	**($1,956)**
Non-Financial Assets	$3,118	$3,320	$3,453	$3,565	$3,673	$3,772	$3,962	$4,088	$4,279	**$4,421**
Accumulated Surplus	$2,193	$2,354	$2,358	$2,281	$2,371	$2,302	$2,409	$2,395	$2,443	**$2,465**

The information presented in the table includes all revisions to the amounts as reported in subsequent financial statements.

INDICATORS OF FINANCIAL CONDITION

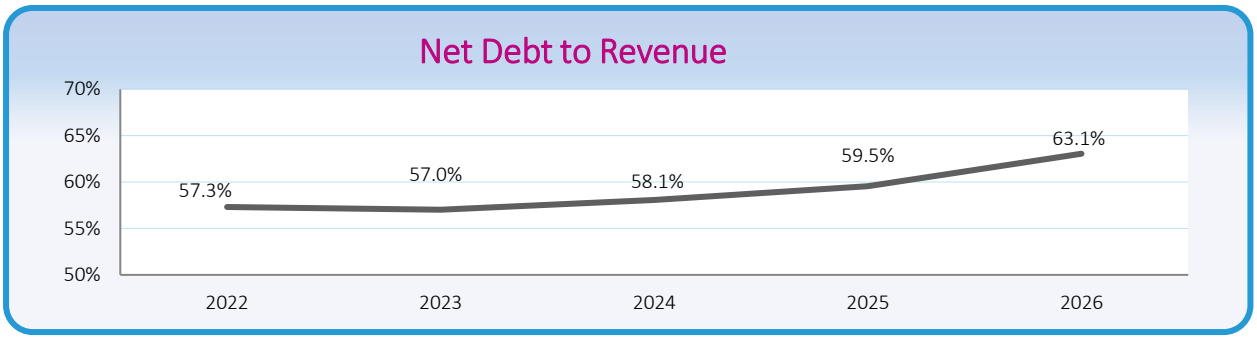
Financial conditions describe a government's ability to meet its financial obligations with respect to its service commitments to the public and commitments to employees, creditors, and others.

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 2025-26 fiscal year the Government has a net debt position of $1.96 billion compared to net debt of $1.84 billion at the end of the prior fiscal year. The net debt represents 63.1% of revenue.

The graph below shows that Government's net debt to revenue has increased from 59.5% in 2024-25 to 63.1% in 2025-26 mainly due to the acquisition of tangible capital assets, operating results and financial assets changes.



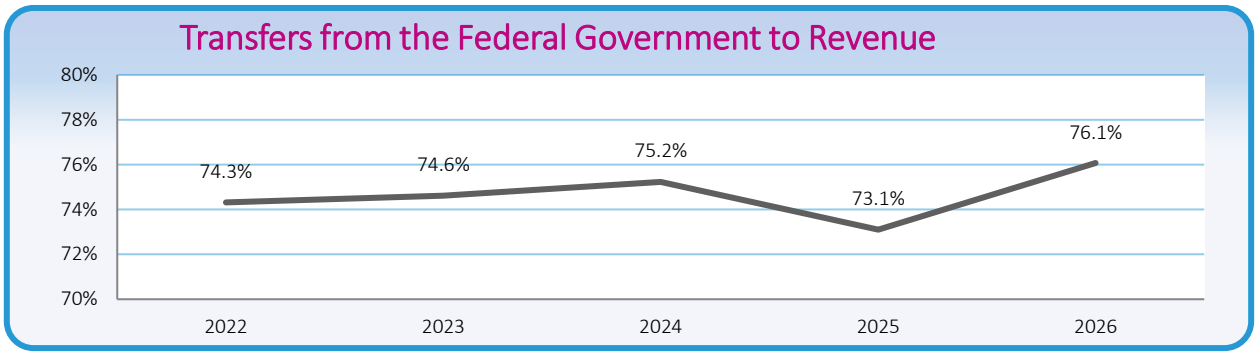
Net debt to revenue is an indicator of the Government's ability to service the debt burden, where a decreasing ratio is a positive indicator that the rate of increase in net debt is lower than the rate of increase in revenue. A higher net debt to revenue ratio indicates lower sustainability, as a lower revenue base cannot 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 76.1% of revenue for the current year. The formula determining the Territorial Formula Financing Grant, which represent 58.1% of revenues, is established under federal legislation that is renewed every five years.

- 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 from 73.1% in 2024-25 to 76.1% in 2025-26.



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

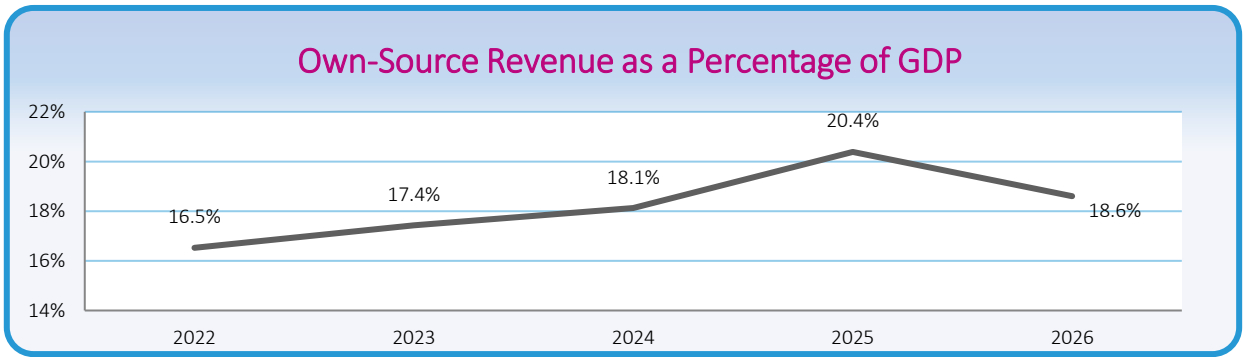
Flexibility: the degree to which a government can increase its financial resources to respond to rising commitments, by either expanding its revenues, or increasing its debt burden.

- At March 31, 2026, the Government has a federally imposed borrowing limit of $3.1 billion. The limit on 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.

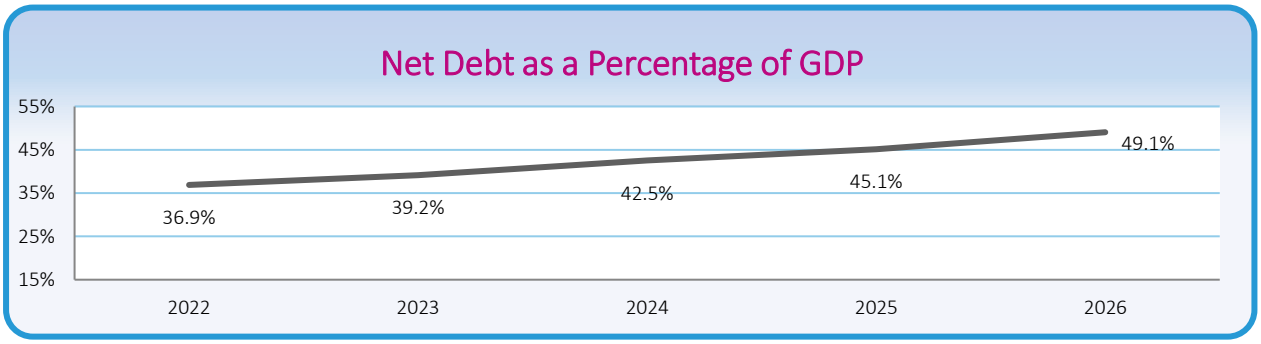
- The Government relies on federal transfers for 76.1% of its total revenues, of which 58.1% comes from the Territorial Formula Financing Grant.

- The Government's own-source revenues of $742 million decreased to 23.9% of total revenue in 2025-26 (2024-25: 27.0%). 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 increase as a percentage of GDP from 45.1% in 2024-25 to 49.1% in 2025-26. The increase in this ratio is mainly due to new short-term borrowing to fund capital expenditures and operational expenditures due to inflationary increased costs.



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, 2016 to 2025

Indicator	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Real GDP (Chained $)	-1.4	3.4	1.4	-4.3	-8.6	3.2	-0.3	0.4	-0.7	-2.0
Employment Rate (July 1)	-0.1	-4.2	0.7	0.9	-5.3	7.5	4.6	-3.2	-4.7	-1.7
NWT consumer price index	1.2	1.2	2.3	1.6	0.1	2.2	7.0	3.3	1.9	2.3
Population (July 1)	44,624	44,656	44,536	44,442	44,504	44,579	44,626	44,611	45,274	46,031
Population growth	0.9%	0.1%	-0.3%	-0.2%	0.1%	0.2%	0.1%	0.0%	1.5%	1.7%

(% change unless otherwise noted) Source: https://www.statsnwt.ca

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 $4.0 billion for 2025 (the latest year for which data is available) which represents a 2.0% decrease relative to 2024. The mining, oil and gas industry decreased by 8.7% between 2024 and 2025.

Canada, Provinces and Territories GDP Comparison

Real GDP at Basic Prices, calendar years 2024 and 2025
Millions of Chained (2017) Dollars*

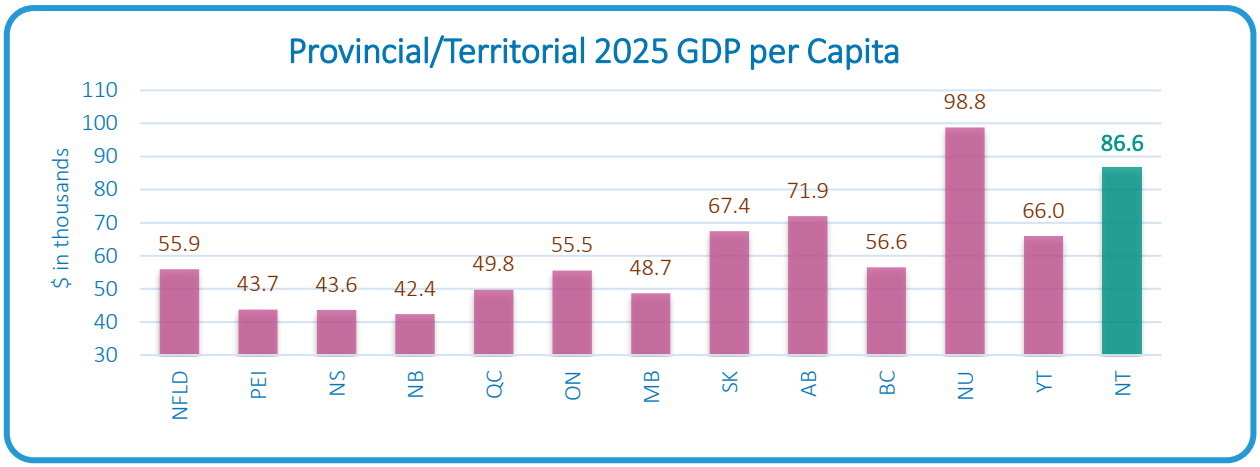
	2025	(Restated) 2024	Percent (%) Change
Canada	2,332,973	2,294,944	1.7
Northwest Territories	3,988	4,069	-2.0
Nunavut	4,161	4,155	0.1
Yukon	3,243	3,223	0.6
British Columbia	322,500	316,109	2.0
Alberta	361,471	352,137	2.7
Saskatchewan	85,399	83,557	2.2
Manitoba	73,418	72,450	1.3
Ontario	900,845	889,454	1.3
Quebec	450,300	447,585	0.6
New Brunswick	37,049	36,325	2.0
Nova Scotia	47,763	46,708	2.3
Prince Edward Island	7,937	7,722	2.8
Newfoundland and Labrador	30,759	29,715	3.5

Source: Statistics Canada (2025) 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

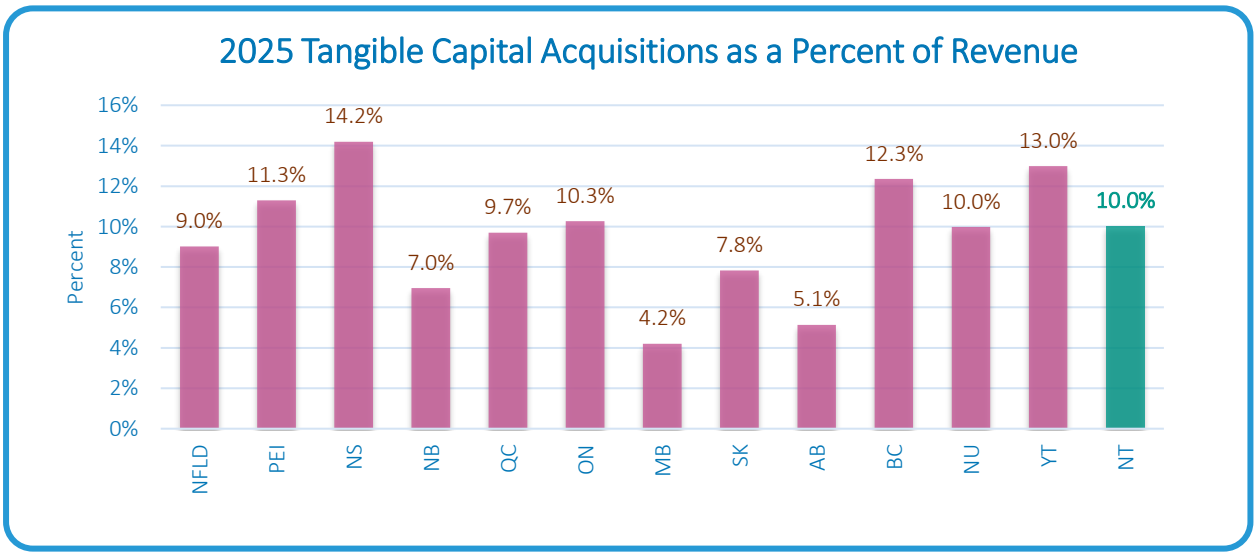
The NWT currently has the second highest GDP per capita in Canada. This is an important indicator to note when considering GDP statistics as it shows that while the NWT has a relatively small population our GDP per capita is large by comparison. The NWT economy is less developed compared to provinces, 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 and GDP Gross domestic product (GDP) at basic prices, by industry, Provinces are based on 2025 GDP, and Territories calendar is March 31.

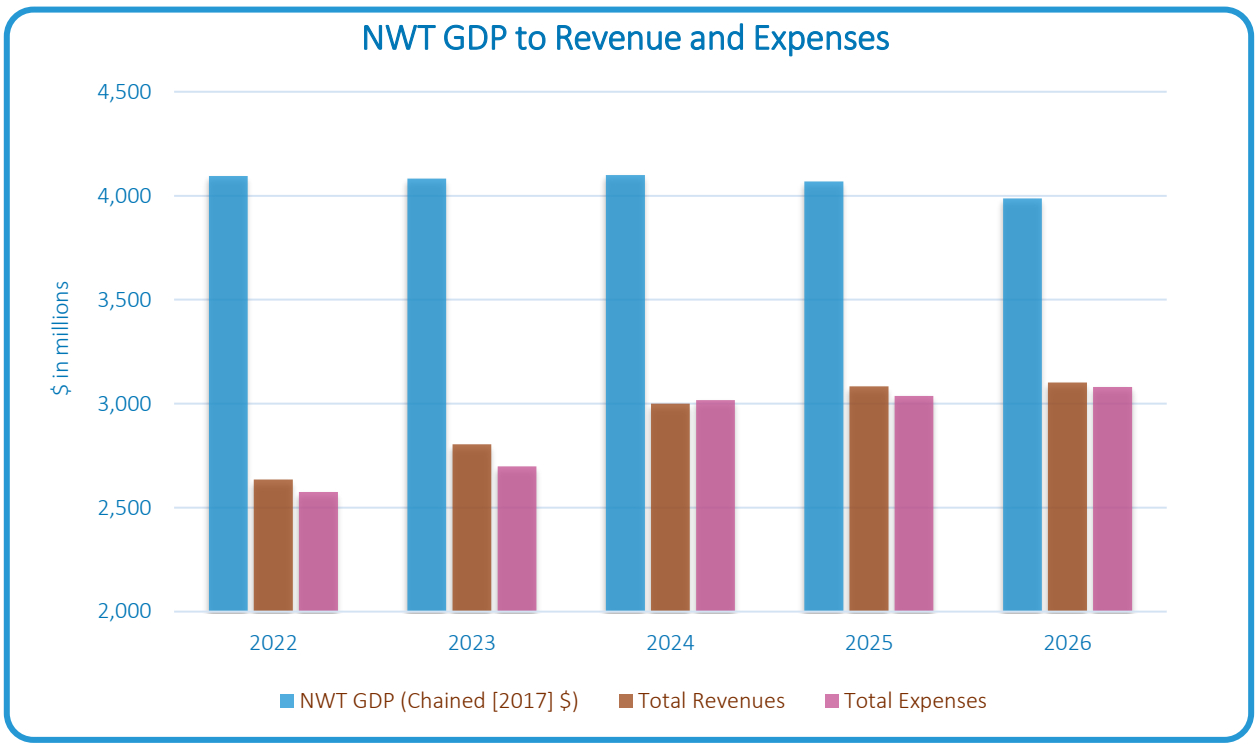
Provincial Comparisons – TCA Acquisitions as Percentage of Revenue Comparison

In 2025, at 10.0%, the Government has the sixth highest percentage of revenue invested in infrastructure compared to other Territories and Provinces.



Figures calculated based on fiscal 2024-25 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 utilizes information from financial institutions, economic forecasters, industry participants and government agencies in developing budget forecasts and fiscal assumptions.

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 that manages expenditure growth so that resources are available to make necessary infrastructure investments required to support the goals and priorities of each Legislative Assembly in a manner that ensures long-term fiscal sustainability. 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 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, updated April 1, 2023: 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, exclude P3 projects, as follow:

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 2025-26:

- The infrastructure investments, excluding P3, met the required 50% minimum operating cash requirement generated from the non-consolidated Public Accounts.
- Non-consolidated debt servicing costs are 2.42% of the non-consolidated revenue, which is less than the 5.0% limit.

Fiscal Responsibility Policy Compliance

All calculations based on Public Accounts, Section II Schedule A

Non-consolidated Financial Statements

	2026	2025
	($ in Millions)	
Policy Provision 6(5)(a)- Debt Servicing Payments		
Revenues (Public Accounts, Section II, Schedule A)	2,686	2,692
Maximum Debt Servicing Payments- 5% of Revenues	134	135
Debt Servicing Payments		
Short-Term Interest Expense (Public Accounts, Section II, note 8)	22	22
Bond (Public Accounts, Section II, note 14)	4	4
Deh Cho Bridge (Public Accounts, Section II, note 14)	15	16
Capital Lease Obligations (Public Accounts, Section II, note 14)	1	1
P3 Debt Servicing (Public Accounts, Section II, note 15)	23	23
Total Debt Servicing Payments	65	66
Actual Debt Servicing Payments as a % of Revenues	**2.42%**	2.45%
Provision 6(3)- Infrastructure Financing		
Capital Acquisitions (Public Accounts, Section II, Schedule 4)	203	185
Cash Required for Infrastructure Investment Expenditures	203	185
Operating Cash Required		
Minimum cash required from operating surplus (50% of Acquisitions less out of scope items)	102	93
Total Operating Cash Requirement	102	93
Operating Cash Available		
Operating (Deficit) Surplus (Public Accounts, Section II, Statement of Operations)	(33)	44
Add Non-Cash Item - Amortization (Public Accounts, Section II, Statement of Cash Flow)	138	136
Total Operating Cash Available	105	180
Net Cash Surplus for Infrastructure Investment	***3***	*87*

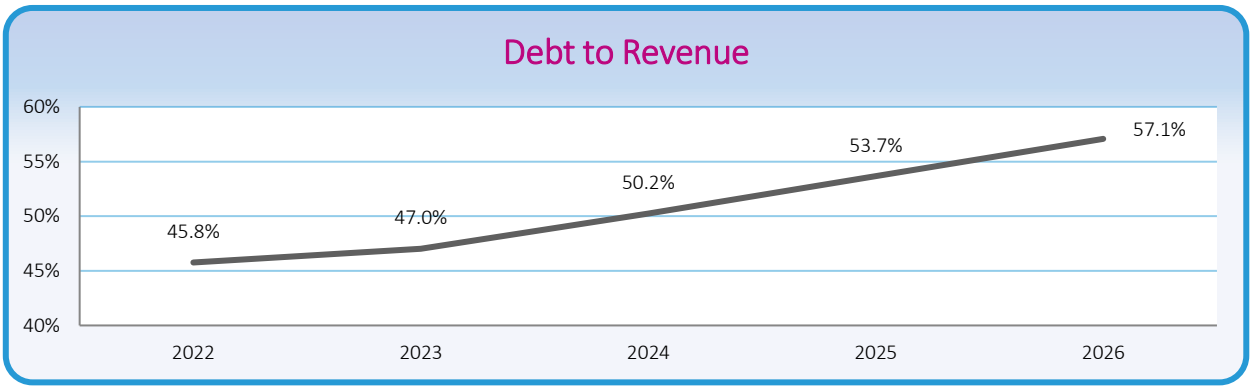
Notes: Although a non-consolidated operating deficit was incurred, non-cash amortization expenses increased operating cash available, resulting in sufficient internally generated cash to satisfy the Policy requirement.

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. Debt to Revenue Ratio

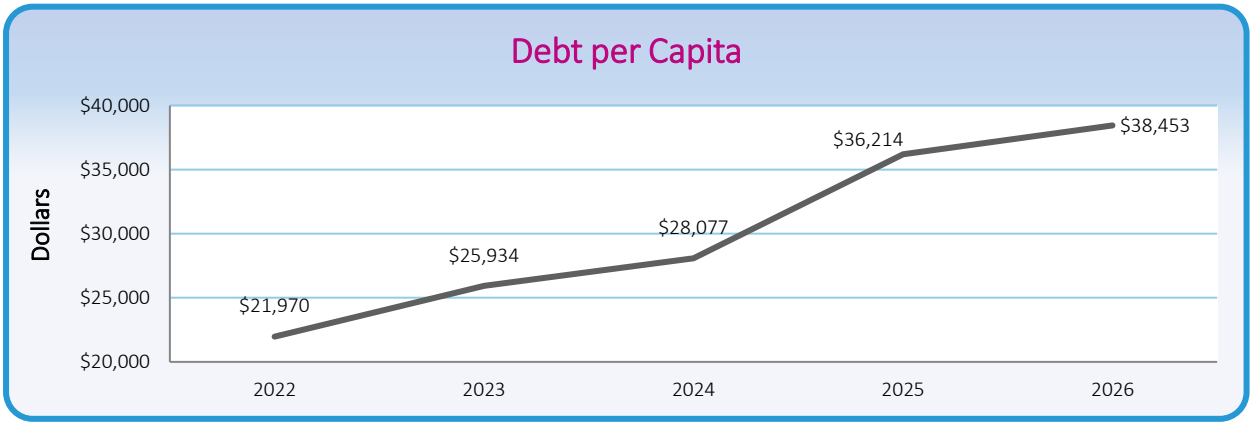
The Government's debt to total revenue has increased from 53.7% in 2024-25 to 57.1% in 2025-26 mainly due to increased short-term borrowing.



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 higher net debt to revenue ratio indicates lower sustainability, as a lower revenue base cannot service a higher net debt burden.

2. Debt per Capita Ratio

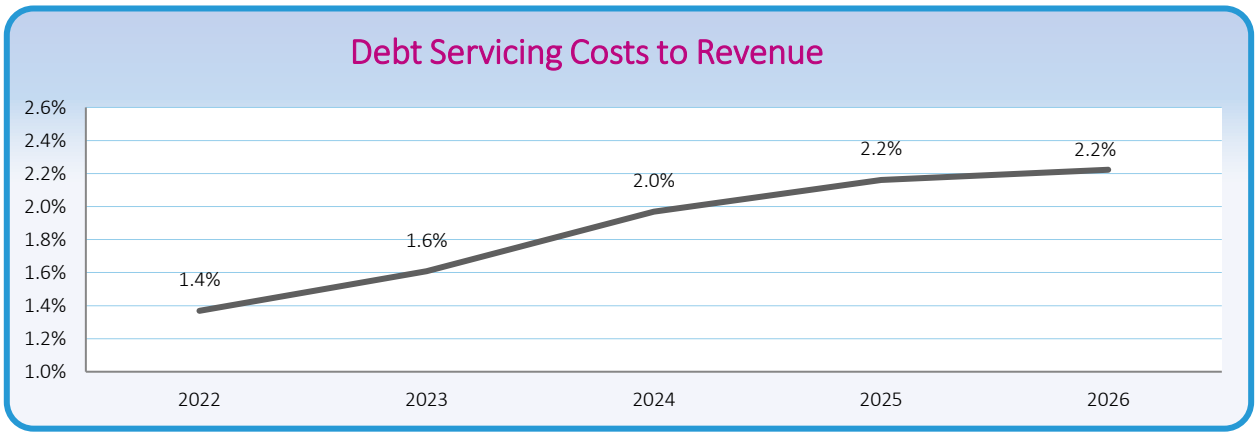
Debt per capita increased 6.2%; from $36,214 in 2024-25 to $38,453 in 2025-26. The debt per capita burden increased because debt increased faster than population growth.



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 Costs as a percent of Revenue

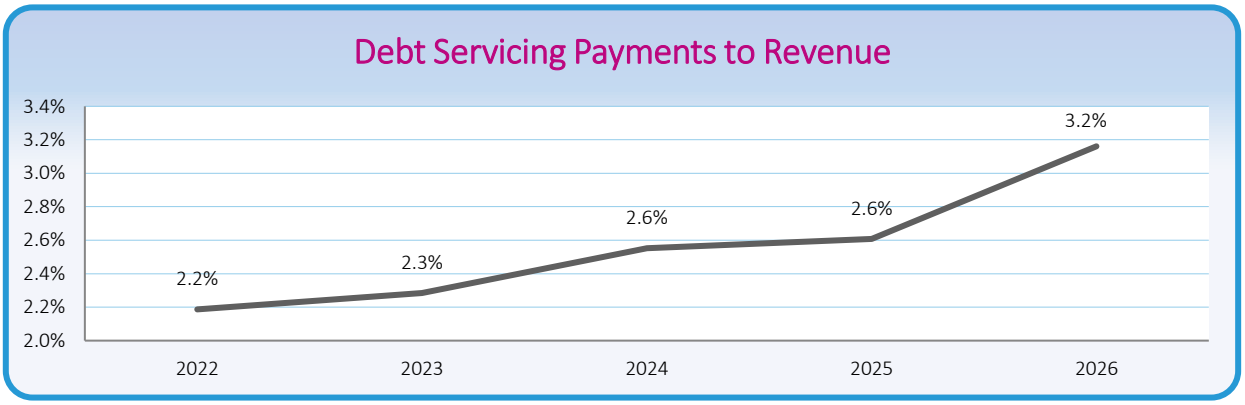
The Government's debt servicing costs compared to total revenue was relatively flat at 2.2% for 2024-25 and 2025-26 (increasing by 6 basis points). The 0.6% increase in total revenues offsets the impact of 3.5% higher interest charges from increased short-term borrowing.



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.

4. Debt Servicing Payments as a percent of Revenue

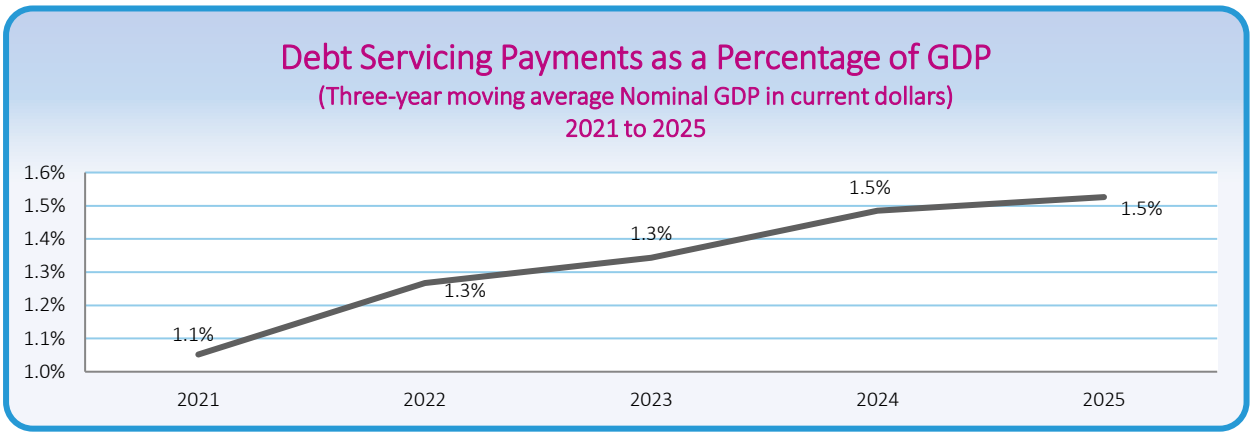
The Government's debt servicing payments compared to total revenue has increased from 2.6% in 2024-25 to 3.2% in 2025-26. This is mainly due to settlement of maturing long term debenture and increased interest on short term borrowing; which were partially offset by increased total revenues.



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.

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

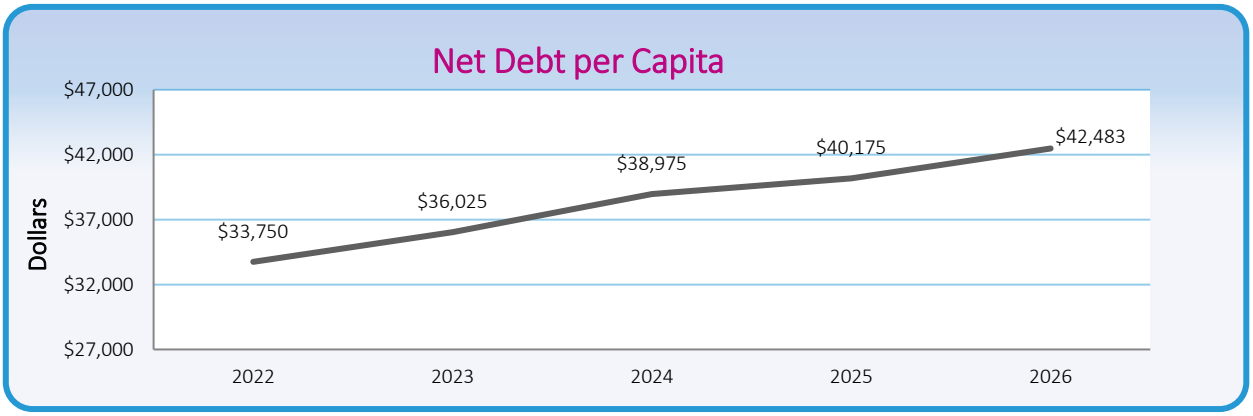
Debt servicing payments as a percentage of the three-year moving average nominal GDP for the Northwest Territories slightly increased from 1.49% in 2023-24 to 1.53% in 2024-25 mainly due to increased interest on short term borrowing.



Debt servicing payments (interest and principal) as a percent of a three-year average Northwest Territories nominal GDP is a measure of debt payments in relation to economic growth. An increasing ratio reflects a deterioration in financial position, while a decreasing ratio reflects improvements in the financial position. As at report date, nominal GDP was only available to 2024 calendar year-end.

6. Net Debt per Capita Ratio

The Northwest Territories' net debt per capita has increased by $2,308 per person from $40,175 in 2024-25 to $42,483 in 2025-26.



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.

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 from its 10-level investment grades scale for long-term investments.

APPENDIX A

COMPLETION DATES FOR FINANCIAL STATEMENTS OF ENTITIES CONSOLIDATED IN THE PUBLIC ACCOUNTS

Section 32 of the *Financial Administration Act (FAA)* establishes the requirements for the preparation of the annual reports of the components of the GRE. The following table lists the consolidated entities and completion date of their audited financial statements, which are components of the annual report:

	Due Date	Extension Due Date	Completion Date
Entities with June 30 year ends			
Aurora College	28-Sep-2025	25-Nov-2025	21-Nov-2025
Beaufort Delta Divisional Education Council	28-Sep-2025		22-Sep-2025
Commission scolaire francophone Territoires du Nord-Ouest	28-Sep-2025		07-Oct-2025
Dehcho Divisional Education Council	28-Sep-2025	27-Nov-2025	03-Jun-2026
Dettah District Education Authority	28-Sep-2025		24-Sep-2025
Ndilo District Education Authority	28-Sep-2025	27-Nov-2025	16-Oct-2025
Sahtu Divisional Education Council	28-Sep-2025		10-Sep-2025
South Slave Divisional Education Council	28-Sep-2025	27-Nov-2025	29-Nov-2025
Yellowknife Catholic Schools	28-Sep-2025		23-Sep-2025
Yellowknife District No.1 Education Authority	28-Sep-2025		26-Sep-2025
Entities with March 31 year ends			
Arctic Energy Alliance	29-Jun-2026		30-Jun-2026
Hay River Health and Social Services Authority	29-Jun-2026	31-Jul-2026	27-Jul-2026
Housing Northwest Territories	29-Jun-2026	28-Aug-2026	26-Aug-2026
Inuvialuit Water Board	29-Jun-2026		15-Jun-2026
Northwest Territories Health and Social Services Authority	29-Jun-2026	28-Aug-2026	29-Jul-2026
Northwest Territories Human Rights Commission	29-Jun-2026		19-Jun-2026
Northwest Territories Heritage Fund	29-Jun-2026		31-Jul-2026
Northwest Territories Hydro Corporation	29-Jun-2026	28-Aug-2026	14-Aug-2026
Northwest Territories Surface Rights Board	29-Jun-2026		28-Jun-2026
Prosper NWT	29-Jun-2026	28-Aug-2026	26-Aug-2026
Status of Women Council of the NWT	29-Jun-2026		04-Jun-2026
Tłı̨chǫ Community Services Agency	29-Jun-2026	06-Jul-2026	30-Jun-2026