

LEGISLATIVE ASSEMBLY OF THE
NORTHWEST TERRITORIES
8TH ASSEMBLY, 67TH SESSION

TABLED DOCUMENT NO. 1-67

TABLED ON Jan. 19, 1979

Report to the Council of the
Northwest Territories
on the examination of the accounts and
financial statements of the
GOVERNMENT OF THE NORTHWEST TERRITORIES
for the year ended March 31, 1978



AUDITOR GENERAL OF CANADA

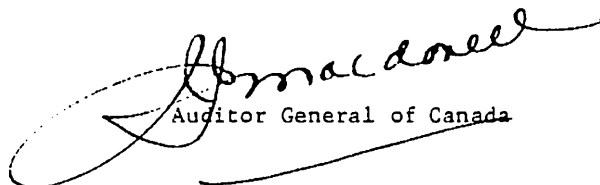
VÉRIFICATEUR GÉNÉRAL DU CANADA

The Council of the Northwest Territories,
Yellowknife, N.W.T.

I have examined the accounts and financial transactions of the Government of the Northwest Territories for the year ended March 31, 1978. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion the accompanying statements of assets and liabilities and net debt give a true and fair view of the affairs of the Territories at March 31, 1978 and the statement of revenue and expenditure gives a true and fair view of revenue and expenditure for the year then ended in accordance with the accounting policies referred to in Note 1, applied on a basis consistent with that of the preceding year.

I further report that, in my opinion, proper books of account have been kept by the Territories, the financial statements are in agreement therewith and the transactions that have come under my notice have been within the statutory powers of the Territories.


Auditor General of Canada

Ottawa, Ontario
August 16, 1978

GOVERNMENT OF THE NORTHWEST TERRITORIES

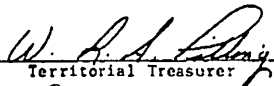
(Continued under the authority of the Northwest Territories Act, R.S.C. c.N.-22 (as amended))

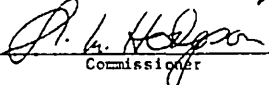
Statement of Revenue and Expenditure
for the year ended March 31, 1978

<u>REVENUE</u>		<u>EXPENDITURE</u>			
	<u>1978</u>	<u>1977</u>			
Operations and maintenance			Operations and maintenance		
Revenue and recoveries					
Taxes - fuel and other	\$ 6,021,386	\$ 5,831,002	Education	\$ 36,372,492	\$ 30,790,667
Liquor Control System (net profit)	4,418,713	4,428,333	Public Works	23,858,056	19,916,840
Housing rental recoveries	3,453,179	3,784,498	Health	19,628,784	14,128,114
Economic Development projects	2,453,880	2,589,708	Finance	16,059,079	13,726,763
Interest-investments	2,349,890	3,058,511	Executive	15,907,327	13,159,991
Sundry	1,611,933	911,853	Social Services	15,104,289	13,436,137
Taxes - income (Note 13)	1,608,000	-	Local Government	14,716,821	11,990,297
Licences and fees	1,254,449	1,754,050	Economic Development and Tourism	13,832,138	9,815,031
Heating, fuel and water	1,218,391	247,365	Personnel	10,213,700	8,127,690
Interest-loans to municipalities and school districts	951,226	744,507	Public Services	8,114,707	6,798,527
Recovery of prior years' expenditures	651,831	420,072	Highways	6,320,086	5,130,572
Sale of land	517,427	273,081	Natural and Cultural Affairs	5,271,445	4,117,032
Sale of land, lodging and sale of food	475,366	353,248	Interest on loans from Canada	1,570,286	1,137,385
Rental of buildings and equipment	474,285	362,657	Information	1,436,160	1,141,736
Interest-small business loans	103,874	-	Program Planning and Evaluation	1,069,607	1,295,383
	<u>27,563,830</u>	<u>24,758,685</u>		<u>189,472,177</u>	<u>154,712,165</u>
Recoveries under agreements with Canada					
Health	9,394,106	8,963,973			
Social Services	7,617,399	4,164,685			
Public Works	5,558,911	4,337,912			
Education	3,249,412	1,424,040			
Public Services	252,424	180,303			
Economic Development	250,000	-			
Executive	23,249	17,244			
	<u>26,345,501</u>	<u>19,088,157</u>			
Grants from Canada					
Operating (Note 14)	107,569,000	109,856,000			
In lieu of taxes	27,517,000	14,479,000			
Small Business Loans and Guarantees Fund (Note 4)	566,875	-			
	<u>135,652,875</u>	<u>124,335,000</u>			
Capital			Capital		
Grants from Canada	49,092,000	41,000,000	Grants and acquisition of capital assets	48,136,095	50,340,376
Recovered from Canada and others	8,983,412	8,512,142	Expenditures on behalf of Canada	8,521,829	8,325,337
	<u>58,075,412</u>	<u>49,512,142</u>		<u>56,657,924</u>	<u>58,665,713</u>
			Excess of revenue over expenditure	<u>1,504,517</u>	<u>4,316,306</u>
	<u>\$ 247,637,616</u>	<u>\$ 217,694,184</u>		<u>\$ 247,637,618</u>	<u>\$ 217,694,184</u>

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

Approved by:


 Territorial Treasurer


 Commissioner

GOVERNMENT OF THE NORTHWEST TERRITORIES

Statement of Assets and Liabilities
as at March 31, 1978

	<u>ASSETS</u>		<u>LIABILITIES</u>	
	<u>1978</u>	<u>1977</u>	<u>1978</u>	<u>1977</u>
Current			Current	
Cash and short-term bank deposits	\$ 19,360,557	\$ 30,714,762	Accounts payable (Note 8)	\$ 15,915,502
Accounts receivable (Notes 2 & 3)	14,537,090	7,375,114	Other liabilities	3,992,950
Inventories at cost	8,975,525	7,595,314	Current portion of long-term debt (Note 11)	604,305
Current portion of long-term receivables (Note 7)	998,447	1,116,392	Unapplied balances of advances from Canada	315,484
	<u>43,871,619</u>	<u>46,801,582</u>		<u>20,828,241</u>
Small Business Loans and Guarantees Fund (Note 4)	2,427,765	-	Long-Term debt	
Long-term receivables			Loans from Canada (Note 9)	119,751,811
Loans to municipalities and school districts (Note 5)	14,403,465	11,557,605	Loans from Central Mortgage and Housing Corporation (Note 10)	1,676,928
Credit Union Mutual Aid Depository Fund (Note 6)	750,000	750,000		<u>121,428,739</u>
Other loans	183,931	220,806	Trust liabilities	1,234,144
	<u>15,337,396</u>	<u>12,528,411</u>		<u>4,190,553</u>
Fixed assets	1	1		
Trust assets	1,234,144	4,190,553		
Net debt	80,620,199	84,266,882		
	<u>\$ 143,491,124</u>	<u>\$ 147,787,429</u>		<u>\$ 143,491,124</u>
				<u>\$ 147,787,429</u>

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

Approved by:

W. B. A. Lilling
Territorial Treasurer

D. L. Hodgson
Comptroller

GOVERNMENT OF THE NORTHWEST TERRITORIESStatement of Net Debt
for the year ended March 31, 1978

	<u>1978</u>	<u>1977</u>
Balance at beginning of the year	\$ 84,266,882	\$ 88,583,188
Excess of revenue over expenditure for the year	1,504,517	4,316,306
Transfer of Small Business Loans and Guarantees Fund from Canada (Note 4)	<u>2,142,166</u>	<u>-</u>
Balance at end of the year	<u>\$ 80,620,199</u>	<u>\$ 84,266,882</u>

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

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Financial Statements
March 31, 1978

1. Significant accounting policies

The Statements include the accounts of the Northwest Territories and of the Northwest Territories Liquor Control System. The accounts of the Northwest Territories Housing Corporation and the Workers' Compensation Board are not included and are reported separately.

The Territorial Accounts are maintained on a modified cash basis. Except as noted below, revenues and expenditures reflect cash received and disbursements made during the fiscal year.

The following relate to the structure of the Territorial Accounts.

Accounts receivable

Accounts receivable includes amounts receivable from the Federal Government under the terms of specific cost-sharing agreements, amounts due from the operations of revolving funds and accountable advances to third parties.

Inventories

Inventories consist primarily of bulk fuel products, liquor and finished arts and crafts products. Other materials and supplies are charged to operations at the time of acquisition. Bulk fuel inventories reflect transactions for the twelve months ended February 28.

Fixed assets

Fixed assets, consisting of roads, bridges, ferries, buildings, public works, land, equipment, and vehicles are treated as budgetary expenditures at the time of acquisition and construction. These assets are shown on the statement of assets and liabilities at a nominal value of \$1.

Accounts payable

Accounts payable represent expenditures for goods received or services rendered prior to March 31, for which payment was made in the month of April.

Other liabilities

Other liabilities includes amounts held for third parties as a result of contractual or statutory obligations. Specific examples include payroll deductions, contractors' holdbacks and agents' commissions payable.

2. Accounts receivable

(a) Accounts receivable consists of:

Due from Canada	\$ 6,794,099
Revolving fund receivables	4,305,561
Due from the Northwest Territories Housing Corporation	2,092,171
Other	<u>1,345,259</u>
	<u>\$ 14,537,090</u>

(b) Under an agreement with the Canadian Arctic Co-Operative Federation Limited, the payment of balances due by certain co-operatives within the Federation at March 31, 1977, aggregating \$594,000 was deferred until March 31, 1978. Repayment schedules for ensuing years are currently being negotiated.

Effective December 21, 1977 repayment of outstanding Slave River Sawmill Ltd. fuel accounts has been deferred for a period of one year. Amount outstanding at March 31, 1978 was \$103,935.

(c) Doubtful accounts receivable

Included in accounts receivable are amounts totalling approximately \$756,000 for which collection is considered doubtful. Approval of the Commissioner or Commissioner in Council is required in order to effect deletion from the accounts.

3. Memorandum accounts receivable

In addition to the amounts shown on the financial statements, \$3,289,978 of receivables are maintained on a memorandum basis and will be recognized as revenue when collected.

4. Small Business Loans and Guarantees Fund

During the year the operation of the Northwest Territories small business loans program was transferred from the Government of Canada. The fund was established by payment of a grant of \$2,709,041 which included principal balances of loans outstanding of \$2,142,166 at March 31, 1977 and working capital for current year's operations of \$566,875. The program is operated under the authority of the Small Business Loans and Guarantees Ordinance which established a ceiling for loan fund operations at \$5,000,000.

The principal portion of loans outstanding at March 31, 1978 amounted to \$2,427,765 of which \$467,477 is considered to be of doubtful collectibility. Council appropriation is required to effect deletion from the accounts.

5. Loans to municipalities and school districts

Loans to municipalities includes loans of \$1,860,000 to the Town of Inuvik which received Council approval for a conditional forgiveness subsequent to the year-end.

The balance of the loans outstanding are receivable in varying annual amounts through to the year 2005 and bear interest at an average weighted rate of 8.34%.

6. Credit Union Mutual Aid Depository Fund

The Government of the Northwest Territories established the Credit Union Mutual Aid Depository Fund during the 1976/1977 fiscal year by advancing a \$750,000 non-interest bearing demand loan. Subsequent to the end of the current fiscal year all credit unions in the Territories ceased operations. The loan provided will be utilized in the liquidation of credit union affairs and will require Council approval for deletion from the accounts. An additional amount of \$504,300 was approved by Council subsequent to the year end to assist in the liquidation.

7. Current portion of long-term receivables

Principal loan repayments receivable during 1978/1979 include:

Loans to municipalities and school districts	\$ 975,042
Other loans receivable	<u>23,405</u>
	<u>\$ 998,447</u>

8. Expenditures carried over

Expenditures of approximately \$2,445,000 were incurred by the Government of the Northwest Territories during the current fiscal year but were not paid by the April closing date and are not reflected in the financial statements. During the previous fiscal year the carry-over amounted to \$1,100,000.

9. Loans from Canada

- (a) Payment of principal and interest on loans from Canada to finance the acquisition of capital assets in prior years has been deferred until March 31, 1979 in accordance with Orders in Council P.C. 1974-2878 and P.C. 1975-1188. These loans, amounting to \$105,153,395 have accumulated interest of \$23,523,806, \$7,466,829 of which is in respect of the current year. This interest is not recorded in the financial statements.

(b) The remaining portion of the loans amounting to \$15,121,659 represent borrowings, the proceeds from which were loaned to municipalities, school districts and other third parties for capital purposes. The loans are repayable in varying annual amounts to the year 2002 and bear interest at an average weighted rate of 8.41%.

10. Loans from Central Mortgage and Housing Corporation

The Government of the Northwest Territories has borrowed \$1,758,000 from Central Mortgage and Housing Corporation to assist in the financing of townsite development at Nanisivik.

The loans are repayable in varying annual amounts for a period of 12 years commencing January 1, 1979 at an average weighted rate of 9.74%.

11. Current portion of long-term debt

Principal loan repayments payable during 1978/79 include:

Loans from Canada	\$ 523,233
Loans from Central Mortgage and Housing Corporation	<u>81,072</u>
	<u>\$ 604,305</u>

12. Workers' Compensation Board

(a) As a result of a working agreement between the Government of the Northwest Territories and the Workers' Compensation Board, funds previously held in trust on behalf of the Board were transferred to the Board for their administration.

(b) As at March 31, 1978, \$1,649,815 remained to be transferred and has been recorded in the account, other liabilities.

13. Income Tax Ordinance

On January 1, 1978 the Income Tax Ordinance became effective. The revenues realized through the Ordinance will replace the grant in lieu of taxes received from Canada. Revenue installments applicable to the 1978 taxation year amounting to \$1,608,000 were received prior to March 31, 1978, and are recorded in the accounts.

14. Established program financing

During the year the Federal/Territorial cost sharing agreements covering health and medicare services were discontinued. Funding has been replaced by the Federal/Provincial Fiscal Arrangements and Established Programs Financing Act, 1977. Funding adjustments made in conjunction with the change have resulted in the addition of \$734,000 to the current year's operating grant from Canada.

15. Commitments

The Government of the Northwest Territories leases office space and staff accomodation under the terms of long-term contracts. Rental payments for which the Territories is committed over the next five years are as follows:

1978/1979	\$ 6,116,840
1979/1980	5,169,169
1980/1981	5,011,493
1981/1982	4,884,445
1982/1983	<u>4,433,922</u>
	<u>\$ 25,615,869</u>

16. Contingent liabilities

The Government of the Northwest Territories has guaranteed the following:

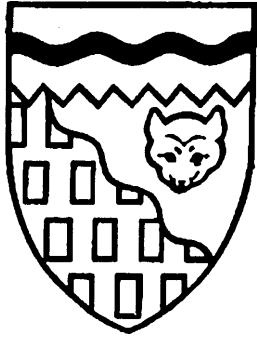
Loans payable by the Northwest Territories Housing Corporation	\$ 34,713,709
Loans by chartered banks to commercial fishermen	225,557
Loan by a chartered bank to commercial business	40,000

17. Anti-Inflation Act

The Government of the Northwest Territories is subject to and in the opinion of management is complying with the Federal Anti-Inflation Act.

18. Comparative figures

Comparative figures for 1976/1977 have been restated to conform to the current year's presentation of accounts.



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	<u>1978</u>	<u>1977</u>
ጠቅላይ ስራ ለጥቅም ስራ	84,266,882	88,583,188
ጠቅላይ ስራ ለጥቅም ስራ ለጥቅም ስራ	1,504,517	4,316,306
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ጠቅላይ ስራ ለጥቅም ስራ ለጥቅም ስራ	<u>\$ 80,620,199</u>	<u>\$ 84,266,882</u>

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