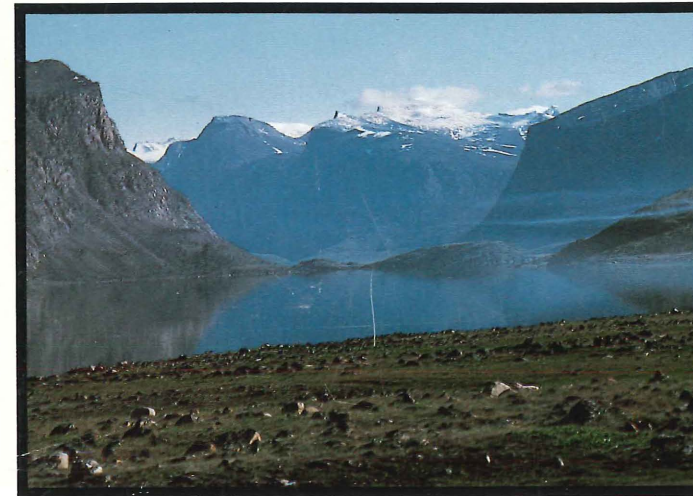


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Public Accounts 1990-1991

VOLUME I

Consolidated Financial
Statements of the Government
of the Northwest Territories



CONSOLIDATED FINANCIAL STATEMENTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31
1991

HONOURABLE MICHAEL A. BALLANTYNE
Minister of Finance

Volume I

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DAN NORRIS,
COMMISSIONER OF THE
NORTHWEST TERRITORIES

I have the honour to present the Public Accounts of the Northwest Territories in accordance with Sections 27 through 31 of the Northwest Territories Act, R.S.C. 1985, c. N-22, and Sections 72 through 74 of the Financial Administration Act, S.N.W.T. 1987(1), c. 16, for the fiscal year ended March 31, 1991.

Michael A. Ballantyne,
Minister of Finance.

Department of Finance,
Yellowknife, N.W.T.
October 31, 1991

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COMPTROLLER GENERAL'S REPORT

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Schedule of Capital Expenditures
for the year ended March 31, 1991

THE HONOURABLE MICHAEL A. BALLANTYNE,
MINISTER OF FINANCE.

Schedule C

It is my pleasure to present the 1990-91 Public Accounts of the Government of the Northwest Territories, in accordance with subsection 72 of the Financial Administration Act. Financial information reported in these Accounts is disclosed in two separate volumes. Volume I includes the audited consolidated financial statements of the Government of the Northwest Territories. Volume II includes the non-consolidated financial statements of the Government, detailed supporting schedules, and supplementary financial statements of certain public agencies.

These Public Accounts are prepared by my Office in accordance with the accounting policies set out in note 2 to the financial statements. With the exception of the pension liability, the Government complies with the recommendations of the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants wherever applicable. Responsibility for the integrity and objectivity of the financial statements rests with the Government through the Office of the Comptroller General.

To fulfill our accounting and reporting responsibilities, the Government, through the Office of the Comptroller General, maintains systems of financial management and internal control. These systems are continually being enhanced and modified to provide timely, accurate information to users; to safeguard and control assets; and to ensure all transactions are in accordance with the Financial Administration Act.

To ensure the financial systems perform as intended, my staff is continually in contact with other departments and meets regularly with the staff of the Auditor General of Canada. The recommendations of the Auditor General are reviewed by management and, where deemed appropriate, acted on to improve our systems. After the Accounts have been tabled with the Legislative Assembly, they will be referred to the Standing Committee on Public Accounts, which will report to the Assembly on the results of its examination together with any recommendations the Committee may have. Recommendations of this Committee are reviewed by management and, where deemed appropriate, acted on during the following year to improve our financial systems and the Public Accounts.

The annual audit is designed to provide assurances in two areas. First, that in all material respects the information contained in these financial statements is presented fairly. The Auditor's Report, contained on page 11 of Volume I, reflects his opinion that these financial statements represent a fair picture of the Government's financial status on a consolidated basis, except for the following qualification.

Included in amounts due from Canada are \$45,095,600 of claims for hospital care for Indians and Inuit. Canada disputes \$31,942,374 for current and prior periods. The Government is vigorously pursuing these claims and maintains the view that it will collect the full amount and therefore considers that a provision is not required. The Auditor General is unable to satisfy himself concerning the disputed portion of the amount due from Canada and, accordingly, is unable to determine whether any adjustments might be necessary. As a result, he has issued a qualified audit opinion.

The second purpose of the audit is to ensure that all transactions reviewed by the Auditor General have "in all significant respects, been within the statutory powers of the Territories". The Auditor's Report reflects his opinion that all transactions have been within our statutory powers, except as noted below.

	<u>1991</u> (thousands of dollars)	<u>1990</u>
Buildings and works	\$ 140,675	\$ 120,511
Equipment	13,785	10,521
Grants and contributions	<u>17,675</u>	<u>15,264</u>
Total	<u>\$ 172,135</u>	<u>\$ 146,296</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES
**Consolidated Schedule of Operations and Maintenance Expenditures
for the year ended March 31, 1991**

Schedule B

	<u>1991</u> (thousands of dollars)	<u>1990</u>
Salaries and wages	\$ 222,667	\$ 212,208
Grants and contributions	316,481	294,658
Valuation allowances	1,412	1,474
Other	<u>416,840</u>	<u>385,031</u>
Total	<u>\$ 957,400</u>	<u>\$ 893,371</u>

Under the Financial Administration Act, expenditures may not exceed amounts approved by the Legislative Assembly. Although great care was taken to operate within this constraint, certain activities overspent the respective levels of their budgets. In accordance with past direction from the Public Accounts Committee, inter-activity budget transfers and supplements are not permitted after the fiscal year-end; thus any over-expenditure incurred remains highlighted in the Public Accounts.

In addition, the Auditor General prepares a report on "Any Other Matters" which is provided annually to the Legislative Assembly separate from his opinion on the Public Accounts. This report contains the auditors' comments respecting any significant concerns on the financial affairs of this Government.

I would like to take this opportunity to acknowledge the cooperation and assistance received from departments and regions in the preparation of these Accounts. I would also like to extend my thanks to the staff of the Government Accounting Division of the Department of Finance, for their support and assistance in the preparation of these Accounts.

Respectfully submitted,

J.F. Nelson, CMA, FCMA,
Comptroller General.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Consolidated Schedule of Revenues by Source
for the year ended March 31, 1991**

Schedule A

	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
From Canada		
Grant - per Financing Agreement (note 3b)	\$ 772,867	\$ 697,312
Established Programs Financing	101,477	87,661
Transfer payments	<u>85,926</u>	<u>78,907</u>
Total from Canada	<u>960,270</u>	<u>863,880</u>
Generated revenues		
Taxation	91,699	96,398
General	28,996	30,263
Other	28,925	27,240
Capital	<u>4,496</u>	<u>7,642</u>
Total generated revenues	<u>154,116</u>	<u>161,543</u>
Total	<u>\$ 1,114,386</u>	<u>\$ 1,025,423</u>

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**Notes to Consolidated Financial Statements
March 31, 1991**

21. Contingencies

The Government is contingently liable for the following:

	(thousands of dollars)
Debenture issue by the Northwest Territories Power Corporation, maturing March 9, 2009	\$ 20,000
Loan guarantee for the Northwest Territories Power Corporation	11,000
Other, including pending litigation	<u>8,194</u>
	<u>\$ 39,194</u>

The Government also funds boards and agencies offering services to the public which operate independently of normal Government operations. As a result of this relationship, the Government may be held responsible for any liabilities that these boards and agencies are unable to discharge. No estimate of these potential liabilities can be made.

22. Subsequent events

The Northwest Territories Power Corporation negotiated the issuance of a \$15,000,000, 20 year, 11.125% sinking fund debenture in June 1991. This loan is guaranteed by the Government of the Northwest Territories.

On May 6, 1991, the Northwest Territories Development Corporation purchased \$350,000 of preferred shares in Cumberland Sound Fisheries Ltd.

Negotiations between the Federal and Territorial Governments regarding the status of the Goods and Services Tax (G.S.T.) as it relates to the Housing Corporation and the Housing Agencies were finalized as of August 1, 1991. The status of the Housing Corporation and the housing agencies has been determined to be that of a municipality. This results in these organizations paying G.S.T. on goods and services purchased and qualifying for a 57.14% rebate of these taxes from the Federal Government. Any adjustments required due to this change will be made in the fiscal year in which the settlement occurs. At the date of these financial statements, a reasonable estimate of any adjustments could not be determined.

23. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Table of Contents

	Page
SECTION I: AUDITOR'S REPORT	11
SECTION II: CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Balance Sheet.....	14
Consolidated Statement of Operations.....	15
Consolidated Statement of Surplus.....	16
Consolidated Statement of Changes in Financial Position.....	17
Notes to Consolidated Financial Statements.....	19
Schedule A - Consolidated Schedule of Revenues by Source.....	35
Schedule B - Consolidated Schedule of Operations and Maintenance Expenditure.....	36
Schedule C - Consolidated Schedule of Capital Expenditures.....	37

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1991

18. Commitments (continued)

The Government also enters into operating leases for equipment. Ongoing commitments for these leases are approximately \$1,752,000 per year.

In addition, the Government has committed \$12,741,000 for the completion of construction projects.

At March 31, 1991 the estimated cost to complete housing and land assembly projects in progress was \$16,446,000 of which Canada Mortgage and Housing Corporation will share in the approved cost to the extent of \$11,972,000.

19. Related parties

During the year the Government made grants and contributions to the following related parties:

	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
Contributions		
Educational boards	\$ 87,053	\$ 76,613
Hospitals and health facilities	83,678	77,366
Science Institute of the Northwest Territories	<u>1,474</u>	<u>1,477</u>
	172,205	155,456
Grants		
Science Institute of the Northwest Territories	<u>150</u>	<u>89</u>
	<u>\$ 172,355</u>	<u>\$ 155,545</u>

Under agreements with related boards and agencies, the Government provided services at cost or for a service fee where direct costs could not be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided included personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal and interpretation services. Direct costs of \$91,036,000 were incurred on behalf of the related parties and service fees of \$22,000 were charged for indirect costs.

20. Over-expenditures

As of March 31, 1991, the Government had overspent \$6,181,000 in operations and maintenance activities. This contravenes subsection 32(1) of the Financial Administration Act which states, "...no person shall incur any expenditure that causes the amount of the activity set out in the Estimates, upon which the appropriation is based, to be exceeded".

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1991

15. Long-term debt (continued)

Principal repayments and interest requirements over the next five years on outstanding loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	(thousands of dollars)		
1992	\$ 311	\$ 12,988	\$ 13,299
1993	337	12,947	13,284
1994	365	12,913	13,278
1995	390	12,869	13,259
1996	437	12,821	13,258

16. Recoveries of prior years' expenditures

These amounts represent recoveries of expenditures and excessive accruals made in prior years. Under subsection 36(9) of the Financial Administration Act, these amounts cannot be used to increase the amount appropriated for expenditures for the current year.

17. Trust assets and liabilities

The Government administers trust accounts on behalf of third parties, which are not included in the Government's assets and liabilities. These consist of cash and term deposits, investments, real estate and sundry assets.

	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
Public Trustee	\$ 4,038	\$ 3,705
Supreme Court	621	403
Territorial Court	86	54
Correctional institutions	45	66
Other	53	44
	<u>\$ 4,843</u>	<u>\$ 4,272</u>

18. Commitments

In accordance with the accounting policies of the Government, lease payments are charged to operations and maintenance in the year the expenditure is incurred. Annual charges are authorized by the Legislative Assembly.

Lease payments, over the next five years, for office space and staff and student accommodation, classroom space and office equipment for which the Government is contractually committed are as follows:

	(thousands of dollars)
1992	\$ 23,771
1993	18,922
1994	18,263
1995	17,561
1996	15,261

SECTION I
AUDITOR'S REPORT

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1991

14. Note payable

	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
To finance the purchase of the Northwest Territories Power Corporation, the Government issued \$53,500,000 in 11% sinking fund notes. These notes are redeemable in equal annual instalments with interest payable semi-annually.	\$ 42,800	\$ 48,150
Less current portion	<u>5,350</u>	<u>5,350</u>
	<u>\$ 37,450</u>	<u>\$ 42,800</u>

Principal and interest amounts due in each of the next five years are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	(thousands of dollars)		
1992	\$ 5,350	\$ 3,825	\$ 9,175
1993	5,350	3,237	8,587
1994	5,350	2,648	7,998
1995	5,350	2,060	7,410
1996	5,350	1,471	6,821

15. Long-term debt

	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
Section 43 loans from Canada Mortgage and Housing Corporation, repayable in annual instalments until the year 2033, bearing interest at an average weighted rate of 13.3% (1990 - 13.3%)	\$ 93,941	\$ 94,173
Section 42 loans from Canada Mortgage and Housing Corporation for use in financing costs of land development, repayable when land is removed from inventory, bearing interest at an average weighted rate of 10.3% (1990 - 9.8%)	235	362
Section 15 loans from Canada Mortgage and Housing Corporation, repayable in monthly instalments until the year 2023, bearing interest at an average weighted rate of 7.9% (1990 - 8.5%)	549	565
Loans from Canada, repayable in annual amounts through 1996, bearing interest at an average weighted rate of 8.2% (1990 - 8.2%)	<u>151</u>	<u>195</u>
	94,876	95,295
Less current portion	<u>311</u>	<u>293</u>
	<u>\$ 94,565</u>	<u>\$ 95,002</u>

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Notes to Consolidated Financial Statements
March 31, 1991

12. Pension Liability (continued)

The total pension related expenditures include the following components:

	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
Benefit costs		
- current service	\$ 722	\$ 743
- past service	<u>1,015</u>	<u>535</u>
	1,737	1,278
Cost of financing unfunded pension obligation (net pension interest expenditure)	617	376
Amortization of estimation adjustment	<u>204</u>	<u>-</u>
Total pension related expenditures	<u>\$ 2,558</u>	<u>\$ 1,654</u>

The pension expenditure is included in the Statement of Operations as a component of operation and maintenance expenditures.

(b) Public Service Superannuation Plan

The Government and its employees make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Government's contributions represent its total share of the liability towards the pension of its employees.

(c) Legislative Assembly Retiring Allowances Fund

During the year the Government made contributions of \$588,000 (1990 - \$595,000) to this Fund which is independently administered by an insurance company. The contributions are intended to fund allowances and benefits earned by Members of the Legislative Assembly during their term of office. The Government is responsible for any actuarial deficiency in the Fund.

As of March 31, 1991 the surplus of the fund was \$1,287,000 (1990 - \$1,063,000).

13. Employee leave and termination benefits

	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
Termination	\$ 8,639	\$ 7,365
Leave	8,112	7,169
Removal	8,420	6,970
Retirement	<u>1,172</u>	<u>908</u>
	26,343	22,412
Less current portion	<u>10,491</u>	<u>10,071</u>
	<u>\$ 15,852</u>	<u>\$ 12,341</u>

Under the conditions of employment, employees may qualify and earn employment benefits for annual leave, retirement, severance, and removal costs. Annual leave is payable within one fiscal year and is recorded at an estimated value based on outstanding leave credits. Other amounts are estimates based on experience.

The Legislative Assembly of the Northwest Territories

I have audited the consolidated balance sheet of the Government of the Northwest Territories as at March 31, 1991 and the consolidated statements of operations, surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Government's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As explained in Note 3, these financial statements include an amount due from Canada of \$45,096,000, of which \$31,942,000 is disputed by Canada. The Government of the Northwest Territories has not made any provision because they are of the view that the full amount will be realized. The dispute, which has intensified over the past two years in terms of the number of components and the total amount, relates to the recoverability of certain costs incurred and claimed by the Government of the Northwest Territories for health care services provided to Indians and Inuit. The controversy emanates from a conflicting interpretation of the terms of agreements and even the basic responsibilities of the two governments regarding these services. Accordingly, I am unable to determine whether any adjustments might be necessary to the amount due from Canada, revenue from Canada and net revenues for the year.

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the disputed portion of the amount due from Canada as described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Territories as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2. As required by the Northwest Territories Act (Canada), I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Territories, the consolidated financial statements are in agreement therewith and the transactions of the Territories and of those organizations included in the consolidation as discussed in Note 2 that have come under my notice during my examination have, in all significant respects, been within their statutory powers.

Additional comments on these financial statements are included in my annual report to the Legislative Assembly of the Northwest Territories.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
September 27, 1991

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1991

12. Pension plans

(a) Pension liability

The Government of the Northwest Territories sponsors a Supplementary Retiring Allowance which is a non-contributory defined benefit pension plan for members of its Legislature. The plan provides pensions based on length of service and final average earnings. The average age of the 22 members covered by the plan is 48. Also, there are 3 former members who are entitled to deferred pension benefits.

At present, none of the eligible members are receiving benefits. No benefit payments have been provided in prior periods.

The Government contributes an amount required to meet all pension obligations arising from the plan. During the year, total contributions for current and past service were \$1,957,000 (1990 - \$1,834,000).

The pension liability at year end includes the following components:

	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
Accrued benefit obligation	\$ 4,215	\$ 1,654
Less: Pension fund assets	<u>4,113</u>	<u>-</u>
	102	1,654
Unamortized estimation adjustment	<u>528</u>	<u>209</u>
Pension liability	<u>\$ 630</u>	<u>\$ 1,863</u>

The most recent actuarial valuation was prepared at March 31, 1991, using the projected benefit method pro-rated on service. The value of accrued pension benefits attributed to services rendered up to March 31, 1991 is \$8,932,000 of which \$6,136,000 relates to past service. Past service benefits are amortized over six years. The estimation adjustment is a net loss amortized on a straight line basis over the expected average remaining service life of the related member group (5 years).

The actuarial valuation was based on a number of assumptions about future events, such as salary increases, and member turnover and mortality. The assumptions used reflect the Government's best estimates of expected long-term rates and short-term forecasts.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1991

10. Investments (continued)

	Northwest Territories Power Corporation (as at March 31, 1991)	Northwest Territories Liquor Commission (as at March 31, 1991)	Petroleum Products Revolving Fund	Workers' Compensation Board (as at December 31, 1990)
	(thousands of dollars)			
Revenues from:				
Government of the Northwest Territories - Consolidated	\$ 20,190	\$ 985	\$ 6,462	\$ 2,700
Northwest Territories Power Corporation	-	-	10,221	148
	\$ 20,190	\$ 985	\$ 16,683	\$ 2,848
Expenditures to:				
Government of the Northwest Territories - Consolidated	\$ 9,804	\$ 15,132	\$ 1,176	\$ 459
Northwest Territories Power Corporation	-	66	576	-
Petroleum Products Revolving Fund	10,360	-	-	-
Workers' Compensation Board	162	-	-	-
	\$ 20,326	\$ 15,198	\$ 1,752	\$ 459

11. Accounts payable

	1991 (thousands of dollars)	1990
Due to Canada		
Excess Income Tax and Established Programs Financing advanced	\$ 83	\$ -
Grant payable (see note 3.b)	-	14,091
Unapplied balance of advances under agreements	1,154	990
	<u>1,237</u>	<u>15,081</u>
Accounts payable	93,239	94,770
Other liabilities, payroll deductions and contractors' holdbacks	13,419	14,659
	<u>106,658</u>	<u>109,429</u>
	\$ 107,895	\$ 124,510

SECTION II
CONSOLIDATED FINANCIAL STATEMENTS

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Balance Sheet
as at March 31, 1991

<u>ASSETS</u>	1991	1990	<u>LIABILITIES</u>	1991	1990
	(thousands of dollars)			(thousands of dollars)	
Current			Current		
Cash and short-term deposits	\$ 5,465	\$ 39,254	Accounts payable (note 11)	\$ 107,895	\$ 124,510
Due from Canada (note 3)	109,460	95,320	Current portion of		
Accounts receivable (note 4)	31,778	35,453	long-term liabilities		
Inventories	786	689	- employee leave and		
Current portion of			termination benefits	10,491	10,071
long-term receivables			- note payable	5,350	5,350
- loans	3,459	2,379	- debt	311	293
- promissory note	5,350	5,350			
	<u>156,298</u>	<u>178,445</u>		<u>124,047</u>	<u>140,224</u>
Long-term			Long-term		
Loans receivable (note 5)	41,891	30,631	Pension liability (note 12a)	630	1,863
Promissory note			Employee leave and termination		
receivable (note 6)	37,450	42,800	benefits (note 13)	15,852	12,341
Mortgages receivable (note 7)	1,892	2,243	Note payable (note 14)	37,450	42,800
Notes receivable	-	328	Long-term debt (note 15)	94,565	95,002
			Commitments (note 18)		
			Contingencies (note 21)		
Business Loans and Guarantees			<u>EQUITY</u>		
Fund (note 8)	18,601	18,210	Business Loans and Guarantees		
Students Loan Fund (note 9)	6,444	5,577	Fund (note 8)	20,000	20,000
Investments (note 10a)	113,103	106,684	Students Loan Fund (note 9)	11,000	10,000
Capital assets, at a nominal value	<u>1</u>	<u>1</u>	Surplus	<u>72,136</u>	<u>62,689</u>
	<u>\$ 375,680</u>	<u>\$ 384,919</u>		<u>\$ 375,680</u>	<u>\$ 384,919</u>

Approved:

Michael A. Ballantyne
Minister of Finance

J. F. Nelson
Comptroller General

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1991

10. Investments (continued)

(b) In accordance with the modified equity method inter-entity transactions and balances are:

	Northwest Territories Power Corporation	Northwest Territories Liquor Commission	Petroleum Products Revolving Fund	Workers' Compensation Board
	(as at March 31, 1991)			(as at December 31, 1990)
	(thousands of dollars)			
Accounts receivable from:				
Government of the Northwest				
Territories - Consolidated	\$ 1,667	\$ -	\$ 14	\$ 657
Northwest Territories Liquor				
Commission	-	-	1	-
Northwest Territories Power				
Corporation	-	-	2,252	17
	<u>\$ 1,667</u>	<u>\$ -</u>	<u>\$ 2,267</u>	<u>\$ 674</u>
Accounts payable to:				
Government of the Northwest				
Territories - Consolidated	\$ 258	\$ 108	\$ -	\$ 8,538
Northwest Territories				
Power Corporation	-	8	-	-
Petroleum Products Revolving				
Fund	1,688	-	-	-
	<u>\$ 1,946</u>	<u>\$ 116</u>	<u>\$ -</u>	<u>\$ 8,538</u>
Long-term debt to:				
Government of the Northwest				
Territories - Consolidated	\$ 42,800	\$ -	\$ -	\$ -
	<u>\$ 42,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1991

10. Investments

- (a) Summary financial statements of the associated government entities accounted for by the modified equity method are presented below.

The net assets of the Workers' Compensation Board can only be used to finance the operations of the Board. Therefore, the net assets of the Workers' Compensation Board are not available to discharge existing government liabilities or to finance other government programs. With the exception of the Workers' Compensation Board, all entities have a common fiscal year end of March 31. The Worker's Compensation Board has a fiscal year end of December 31.

	Northwest Territories Power Corporation (as at March 31, 1991)	Northwest Territories Liquor Commission (as at March 31, 1991)	Petroleum Products Revolving Fund (as at December 31, 1990)	Workers' Compensation Board (as at December 31, 1990)	1991 Total	1990 Total
--	--	--	---	--	---------------	---------------

(thousands of dollars)

Balance Sheet

Assets						
Current	\$ 29,177	\$ 3,324	\$ 9,560	\$ 18,021	\$ 60,082	\$ 54,078
Other	<u>136,042</u>	<u>2,393</u>	<u>25,292</u>	<u>107,374</u>	<u>271,101</u>	<u>253,876</u>
	\$ 165,219	\$ 5,717	\$ 34,852	\$ 125,395	\$ 331,183	\$ 307,954
Liabilities						
Current	\$ 32,476	\$ 1,026	\$ 3,775	\$ 5,805	\$ 43,082	\$ 26,823
Long-term debt and other	64,386	107	132	110,373	174,998	174,447
Surplus (representing Government's investment)	<u>68,357</u>	<u>4,584</u>	<u>30,945</u>	<u>9,217</u>	<u>113,103</u>	<u>106,684</u>
	\$ 165,219	\$ 5,717	\$ 34,852	\$ 125,395	\$ 331,183	\$ 307,954

Statement of Operations

Revenues	\$ 92,297	\$ 29,610	\$ 46,722	\$ 29,218	\$ 197,847	\$ 184,904
Expenditures	<u>90,102</u>	<u>15,424</u>	<u>46,076</u>	<u>26,705</u>	<u>178,307</u>	<u>170,945</u>
Net revenues	\$ 2,195	\$ 14,186	\$ 646	\$ 2,513	\$ 19,540	\$ 13,959

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Statement of Operations
for the year ended March 31, 1991

	1991 (thousands of dollars)	1990 (thousands of dollars)
Revenues (schedule A)		
- From Canada	\$ 960,270	\$ 863,880
- Generated revenues	<u>154,116</u>	<u>161,543</u>
	1,114,386	1,025,423
Expenditures		
- Operations and maintenance (schedule B)	957,400	893,371
- Capital (schedule C)	<u>172,135</u>	<u>146,296</u>
	1,129,535	1,039,667
Net expenditures before undernoted	<u>(15,149)</u>	<u>(14,244)</u>
Net revenues of investments (note 10a)	19,540	13,959
Recoveries of prior years' expenditures (note 16)	<u>6,056</u>	<u>3,031</u>
	25,596	16,990
Projects on behalf of Canada and others		
Expenditures	33,504	44,641
Recoveries	<u>33,504</u>	<u>44,641</u>
	-	-
Net revenues	\$ 10,447	\$ 2,746

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Consolidated Statement of Surplus
for the year ended March 31, 1991**

	<u>1991</u> (thousands of dollars)	<u>1990</u>
Balance at beginning of the year	\$ 62,689	\$ 64,943
Net revenues	<u>10,447</u>	<u>2,746</u>
Transfer to:	<u>73,136</u>	<u>67,689</u>
Business Loans and Guarantees Fund (note 8)	-	4,000
Students Loan Fund (note 9)	<u>1,000</u>	<u>1,000</u>
	<u>1,000</u>	<u>5,000</u>
Balance at end of the year	<u>\$ 72,136</u>	<u>\$ 62,689</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Consolidated Financial Statements
March 31, 1991**

8. Business Loans and Guarantees Fund (continued)

The loans are repayable in instalments to the year 1996 and bear interest at rates between 10.75% and 16.75%. During the year, uncollectable amounts of \$168,000 (1990 - \$44,000) were written off with proper authority.

9. Students Loan Fund

The Students Loan Fund is operated under the authority of the Student Financial Assistance Act which established a ceiling of \$11,000,000 for student loans up to March 31, 1991 (1990 - \$10,000,000). Interest earned is credited to general revenues (interest income) and provisions for doubtful loans and loan remissions are charged to expenditures (Department of Education).

Interest begins on these loans six months after the borrower ceases to be a full-time student at a rate that is one percent less than the prime rate of the Government's main banker. The Commissioner may grant remission of these loans, in whole or in part, where conditions, as stipulated in the Regulations, are complied with.

	<u>1991</u> (thousands of dollars)	<u>1990</u>
Loans receivable	\$ 9,299	\$ 8,840
Cash available for new loans	<u>1,701</u>	<u>1,160</u>
Authorized balance	<u>11,000</u>	<u>10,000</u>
Less provisions for:		
Loan remissions	2,810	2,786
Doubtful loans	<u>1,746</u>	<u>1,637</u>
	<u>4,556</u>	<u>4,423</u>
Total fund assets	<u>\$ 6,444</u>	<u>\$ 5,577</u>

The loans are repayable in instalments to the year 2001 and bear interest at rates between 8.75% and 12.5%. During the year, uncollectable loans of \$159,000 (1990 - \$82,000) were written off with proper authority and remissions of \$888,000 (1990 - \$865,000) were granted to students who met the criteria established in the Regulations.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1991

6. Promissory note receivable

	<u>1991</u> (thousands of dollars)	<u>1990</u> (thousands of dollars)
Promissory note of the Northwest Territories Power Corporation, receivable in equal annual instalments, plus interest at 11% payable semi-annually, maturing June 23, 1998.	\$ 42,800	\$ 48,150
Less current portion	<u>5,350</u>	<u>5,350</u>
	<u>\$ 37,450</u>	<u>\$ 42,800</u>

7. Mortgages receivable

	<u>1991</u> (thousands of dollars)	<u>1990</u> (thousands of dollars)
First mortgages, rural and remote housing, bearing interest at rates varying between 0% and 14.25% per annum, repayable over a maximum period of 25 years.	\$ 1,137	\$ 1,174
Other mortgages, bearing interest at rates varying between 6% and 14.25% per annum, repayable over a maximum period of 25 years.	508	732
Interim financing loans, bearing interest at rates varying between 13.25% and 15.25% for indeterminate periods.	<u>247</u>	<u>337</u>
	<u>\$ 1,892</u>	<u>\$ 2,243</u>

8. Business Loans and Guarantees Fund

The business loans program is operated under the authority of the Business Loans and Guarantees Act which established a ceiling of \$20,000,000 for business loans and guarantees up to March 31, 1991 (1990 - \$20,000,000). Interest earned is credited to general revenues (interest income) and provision for doubtful loans is charged to expenditures (Department of Economic Development and Tourism).

	<u>1991</u> (thousands of dollars)	<u>1990</u> (thousands of dollars)
Loans receivable	\$ 15,419	\$ 13,261
Cash committed in support of guarantees	117	84
Cash available for loans and guarantees	<u>4,464</u>	<u>6,655</u>
Authorized balance	20,000	20,000
Less provision for doubtful loans	<u>1,399</u>	<u>1,790</u>
Total fund assets	<u>\$ 18,601</u>	<u>\$ 18,210</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Statement of Changes in Financial Position
for the year ended March 31, 1991

	<u>1991</u> (thousands of dollars)	<u>1990</u> (thousands of dollars)
Operating activities		
Operations		
Net revenues	\$ 10,447	\$ 2,746
Items not requiring funds		
Bad debts and loan remissions	752	743
Amortization of pension estimation adjustment	204	-
Allowance for notes receivable and purchase options	328	-
Employee leave and termination benefits	<u>3,511</u>	<u>(2,141)</u>
	15,242	1,348
Changes in operating assets and liabilities		
Current assets ¹	7,590	(26,011)
Current liabilities ²	(2,086)	14,621
Grant due from Canada	(32,038)	28,377
Long-term pension liability	<u>(1,437)</u>	<u>1,863</u>
Financial resources provided (used) for operating activities	<u>(12,729)</u>	<u>20,198</u>
Investing activities		
Loans advanced	(21,451)	(23,630)
Cash provided from (allocated to) loan funds	1,617	(2,372)
Payments received on loans	5,279	5,133
Payment received on promissory note	5,350	5,350
Mortgages receivable	351	(101)
Investments	<u>(6,419)</u>	<u>(122)</u>
Financial resources used for investing activities	<u>(15,273)</u>	<u>(15,742)</u>
Financing activities		
Repayment of long-term debt	<u>(5,787)</u>	<u>(5,761)</u>
Financial resources used for financing activities	<u>(5,787)</u>	<u>(5,761)</u>
Decrease in cash and short-term deposits	(33,789)	(1,305)
Cash and short-term deposits at beginning of the year	<u>39,254</u>	<u>40,559</u>
Cash and short-term deposits at end of the year	<u>\$ 5,465</u>	<u>\$ 39,254</u>

¹Other than cash and short-term deposits, grant due from Canada and current portion of loans receivable.

²Other than grant due to Canada.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1991

4. Accounts receivable

	<u>1991</u> (thousands of dollars)	<u>1990</u> (thousands of dollars)
Revolving funds	\$ 191	\$ 451
Related parties		
Divisional Boards of Education	6,727	5,890
Regional Health Boards	1,617	2,014
Northwest Territories Power Corporation	164	1,936
Board of Secondary Education	258	254
Petroleum Products	-	65
Workers' Compensation Board	<u>23</u>	<u>24</u>
	<u>8,789</u>	<u>10,183</u>
Other accounts receivable, net of allowance for doubtful accounts of \$1,130,000 (1990 - \$937,000)	16,799	17,736
Accrued interest	<u>5,999</u>	<u>7,083</u>
	<u>22,798</u>	<u>24,819</u>
	<u>\$ 31,778</u>	<u>\$ 35,453</u>

During the year, uncollectable amounts of \$222,000 (1990 - \$110,000) were written off with proper authority and no accounts receivable were forgiven (1990 - nil).

5. Loans receivable

	<u>1991</u> (thousands of dollars)	<u>1990</u> (thousands of dollars)
Loans to municipalities and school districts, due in annual amounts to the year 2009, bearing interest at rates between 6.94% and 12.4%	\$ 43,983	\$ 32,788
Other loans, due in monthly or annual instalments to the year 2001, bearing interest at rates between nil and 7%, net of allowance for doubtful loans of \$197,000 (1990 - \$197,000)	<u>1,367</u>	<u>222</u>
	45,350	33,010
Less current portion	<u>3,459</u>	<u>2,379</u>
	<u>\$ 41,891</u>	<u>\$ 30,631</u>

During the year, there were no uncollectable loans written off (1990 - nil).

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1991

3. Due from Canada

	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
Cost sharing agreements and projects on behalf of Canada	\$ 28,031	\$ 24,628
Grant receivable (note 3.b)	17,947	-
Other	<u>63,482</u>	<u>70,692</u>
	<u>\$ 109,460</u>	<u>\$ 95,320</u>

(a) Amounts disputed by Canada

Included in the above amounts due from Canada are \$45,096,000 in receivables from the Government's claims from Canada for hospital care for Indians and Inuit. Canada disputes \$31,942,000 for current and prior periods. The Government of the Northwest Territories is vigorously pursuing its claim and maintains the view that it will collect the full amount and therefore considers that a provision is not required.

(b) The Government receives a grant from Canada pursuant to a formula financing agreement which was renewed in 1990-91. Under this agreement the amount received is subject to adjustments which increase or decrease the grant depending upon changes in Government revenue as defined in the agreement. All outstanding amounts are to be settled within one year.

	<u>1991</u>	<u>1990</u>
	(thousands of dollars)	
Grant per financing agreement with Canada	\$ 760,913	\$ 710,802
Adjustments for:		
Income tax collections	3,425	(13,312)
EPF contributions	1,468	3,822
Operating revenues	8,145	(9,407)
Escalation	<u>(1,084)</u>	<u>5,407</u>
Per Schedule of Revenues by Source (schedule A)	772,867	697,312
Received from Canada during the year	<u>740,829</u>	<u>725,689</u>
	32,038	(28,377)
Due from (to) Canada		
At beginning of the year	<u>(14,091)</u>	14,286
At end of the year	<u>\$ 17,947</u>	<u>\$ (14,091)</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1991

1. Authority and operations

The consolidated financial statements have been prepared in accordance with Sections 27 through 31 of the Northwest Territories Act (Canada) and Sections 72 through 74 of the Financial Administration Act of the Northwest Territories. The Northwest Territories operates under the authority of the Northwest Territories Act (Canada). The Northwest Territories has an elected Legislative Assembly. All disbursements for operations, loans, investments and advances are authorized by the Legislative Assembly.

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

The Northwest Territories Housing Corporation is a territorial corporation named in Schedule B to the Financial Administration Act of the Northwest Territories and operates under the Northwest Territories Housing Corporation Act.

The Northwest Territories Development Corporation operates under the authority of the Northwest Territories Development Corporation Act, which came into effect August 24, 1990, and the Financial Administration Act of the Northwest Territories.

2. Significant accounting policies

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Government of the Northwest Territories and organizations accountable to and controlled by the Government. The entities that exist to deliver the executive functions of the Government are fully consolidated in these financial statements. The entities, which are deemed to be government enterprises, are accounted for using the modified equity method. According to the modified equity method, inter-entity transactions and balances do not require elimination.

The organizations comprising the consolidated government reporting entity, categorized by accounting method, are:

Fully consolidated:

Government of the Northwest Territories
Arctic College
Northwest Territories Housing Corporation
Northwest Territories Development Corporation

Modified equity:

Petroleum Products Revolving Fund
Northwest Territories Liquor Commission
Northwest Territories Power Corporation
Workers' Compensation Board

**Notes to Consolidated Financial Statements
March 31, 1991**

2. Significant accounting policies (continued)

These financial statements reflect the financial operations of the consolidated government reporting entity including assets, liabilities and operations of the following revolving funds:

Public Stores Revolving Fund
Fur Marketing Service Revolving Fund

Revolving funds are established by the Government to provide the working capital necessary to deliver goods to the general public and to Government departments. They may consist of cash, accounts receivable, inventories, liabilities or any combination thereof.

The following related Government boards and agencies are reflected in these statements only to the extent of the Government's contributions to them:

Hospitals and health facilities
Education boards
Legislative Assembly Retiring Allowances Fund
Science Institute of the Northwest Territories

(b) Inventories

Inventories of materials and supplies are valued at the lower of cost and replacement value.

(c) Capital assets

Capital assets are charged to expenditures at the time of acquisition or construction. Capital assets are reflected on the balance sheet at a nominal value.

(d) Leases

Lease payments under capital and operating leases are recorded as operating and maintenance expenditures. No assets or long-term liabilities are recognized under capital leases.

(e) Grant from Canada

The grant is subject to the terms of a financial agreement with Canada and is receivable in instalments. Periodic adjustments, as they become known, are made to the grant for income taxes, Established Programs Financing contributions and operating revenues collected by the Government which are more or less than the estimated amounts used to determine the grant for the fiscal year. Further adjustments are made in accordance with escalation clauses in the agreement.

(f) Taxes

Income taxes, levied under the Income Tax Act, are collected by Canada under a tax collection agreement and are remitted in instalments. The remittances are based on estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are completed. The remittances for the taxation year are recognized as revenue of the fiscal year in which they are received, together with known adjustments arising in that fiscal year.

**Notes to Consolidated Financial Statements
March 31, 1991**

2. Significant accounting policies (continued)

Fuel and tobacco taxes are levied under the authority of the Petroleum Products Tax and the Tobacco Tax Acts and are received on a monthly basis from collectors. Revenues are recognized on an accrual basis based on the statements received from collectors. Any adjustments resulting from re-assessments are recorded in revenue in the year they are identified.

Property and school taxes are assessed on a calendar year basis and are recognized in the fiscal year in which a calendar year ends.

(g) Transfer payments

Established Programs Financing contributions are received from Canada in accordance with the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act (1977). Expenditures are also recovered from Canada under specific cost-sharing agreements and are recorded as recoverable in the year in which the expenditures are incurred.

(h) Other revenues

Licences, fees and permits are recorded on a cash basis. All other revenues are recorded on an accrual basis.

(i) Projects on behalf of Canada and others

The Government undertakes projects for Canada and others for which it usually receives accountable advances. Unexpended balances are recorded as current liabilities, and expenditures in excess of advances are recorded as current assets.

(j) Operations, maintenance and capital expenditures

Operations, maintenance and capital expenditures are recorded on an accrual basis.

(k) Pensions

The pension contributions made by the Government for its employees and for Members of the Legislative Assembly are recorded in the accounts on a current basis.

(l) Contributions to local housing organizations

Houses owned by the consolidated government reporting entity are operated by local housing associations and authorities. The Northwest Territories Housing Corporation provides contributions for the annual operating requirements of these local housing organizations. These contributions are recorded on an accrual basis by the consolidated reporting entity.