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PUBLIC ACCOUNTS

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VOLUME I

Consolidated Financial
Statements of the Government
of the Northwest Territories



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CONSOLIDATED FINANCIAL STATEMENTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31
1992

HONOURABLE JOHN D. POLLARD
Minister of Finance

Volume I

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Schedule of Capital Expenditures
for the year ended March 31, 1992
(thousands of dollars)

	Schedule C	
	1992	1991
Buildings and works	\$ 152,601	\$ 140,675
Equipment	13,731	13,785
Grants and contributions	<u>24,246</u>	<u>17,675</u>
	<u>\$ 190,578</u>	<u>\$ 172,135</u>

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Schedule of Operations and Maintenance Expenditures
for the year ended March 31, 1992
(thousands of dollars)

Schedule B

	1992	1991
Salaries and wages	\$ 234,796	\$ 222,667
Grants and contributions	352,484	316,481
Valuation allowances	25,620	1,412
Other	<u>422,472</u>	<u>416,840</u>
	<u>\$ 1,035,372</u>	<u>\$ 957,400</u>

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, 1992.

John D. Pollard
Minister of Finance

Department of Finance
Yellowknife, N.W.T.
November 27, 1992

COMPTROLLER GENERAL'S REPORT

GOVERNMENT OF THE NORTHWEST TERRITORIES

THE HONOURABLE JOHN D. POLLARD
MINISTER OF FINANCE

Consolidated Schedule of Revenues by Source
for the year ended March 31, 1992
(thousands of dollars)

Schedule A

It is my pleasure to present the 1991-92 Public Accounts of the Government of the Northwest Territories, in accordance with section 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 specified public agencies.

These Public Accounts are prepared in accordance with the accounting policies set out in note 2 to the financial statements. With the exception of the pension liability, detailed in note 14a, 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 provides 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 presentation of the Government's financial status on a consolidated basis. The report makes special mention of note 24a which details the ongoing dispute with Canada over the recoverability of certain costs incurred and claimed for Indian and Inuit hospital care.

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.

	1992	1991
From Canada		
Grant - per Financing Agreement (note 3a)	\$ 784,753	\$ 772,867
Established Programs Financing	98,652	101,477
Transfer payments	99,233	85,926
	<u>982,638</u>	<u>960,270</u>
Generated revenues		
Taxation	135,863	91,699
General	25,346	26,212
Other	36,740	31,709
Capital	2,294	4,496
	<u>200,243</u>	<u>154,116</u>
	<u>\$ 1,182,881</u>	<u>\$ 1,114,386</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 addition, the Auditor General prepares a separate report on "Any Other Matters", which is provided annually to the Legislative Assembly. 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,

Antony W. Dawson
Acting Comptroller General

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

22. RELATED PARTIES (continued)

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 \$113,408,000 (1991 - \$91,036,000) were incurred on behalf of the related parties and no service fees were charged for indirect costs (1991 - \$22,000).

23. OVER-EXPENDITURES

For the year ended March 31, 1992, six operations and maintenance activities were overspent an aggregate of \$18,270,000. 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". The most significant of these over-expenditures is a \$15,317,000 over-expenditure in Health's Territorial Hospital Insurance Services activity. This over-expenditure resulted from the \$19,000,000 allowance for doubtful accounts for the Indian and Inuit hospital care claims due from Canada.

24. SUBSEQUENT EVENTS

(a) Lawsuit against Canada

The Government is involved in a significant dispute with Canada over claims due for Indian and Inuit hospital care. These claims date from the 1986-87 fiscal period to and including the 1991-92 fiscal period. Included in amounts Due from Canada is a balance of \$71,539,000 representing these claims. Subsequent to the year-end, a payment of \$20,191,000 has been received against this receivable leaving an outstanding balance of \$51,348,000.

The Government of the Northwest Territories considers the full amount of the receivable to be due and payable by Canada and, therefore, is proceeding with legal action to collect this account. An estimate of the financial effect on the financial statements of the outcome of the litigation cannot be made, nonetheless, an allowance for doubtful accounts has been provided for in the amount of \$19,000,000.

(b) Northwest Territories Power Corporation

The Northwest Territories Power Corporation negotiated the issuance of a \$20,000,000, 20 year, 10.75% sinking fund debenture in May 1992. This loan is guaranteed by the Government of the Northwest Territories.

25. COMPARATIVE FIGURES

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

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

21. CONTINGENCIES

(a) The Government is contingently liable for the following:

	(thousands of dollars)
Debentures issued by the Northwest Territories Power Corporation	
a) maturing March 9, 2009	\$ 20,000
b) maturing June 6, 2011	15,000
Loan guarantee for the Northwest Territories Power Corporation	9,955
Other, including pending litigation	<u>3,378</u>
	<u>\$ 48,333</u>

(b) 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.

(c) The Department of Personnel is currently in negotiation with the Union of Northern Workers to settle a pay equity complaint filed under the Canadian Human Rights Act in 1989. Considerable effort and time has been consumed in job evaluations and collecting data. There is, however, no means of accurately estimating the potential liability to the Government of the Northwest Territories.

22. RELATED PARTIES

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

	1992	1991
	(thousands of dollars)	
Contributions		
Educational boards	\$ 110,486	\$ 87,053
Hospitals and health facilities	92,313	83,678
Science Institute of the Northwest Territories	1,504	1,474
	<u>204,303</u>	<u>172,205</u>
Grants		
Science Institute of the Northwest Territories	120	150
	<u>\$ 204,423</u>	<u>\$ 172,355</u>

CONSOLIDATED FINANCIAL STATEMENTS

OF THE

GOVERNMENT OF THE NORTHWEST TERRITORIES

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GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Consolidated Financial Statements
March 31, 1992**

19. 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.

	1992	1991
	(thousands of dollars)	
Public Trustee	\$ 3,960	\$ 4,038
Supreme Court	398	621
Natural Resources capital	184	-
Correctional institutions	114	86
Territorial Court	64	45
Other	77	53
	\$ 4,797	\$ 4,843

20. 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)
1993	\$ 25,005
1994	23,827
1995	23,508
1996	20,170
1997	15,667

The Government also enters into operating leases for equipment. Ongoing commitments for these leases are approximately \$2,349,000 per year.

In addition, the Government has committed \$18,051,000 for the completion of construction projects.

At March 31, 1992, the estimated cost to complete housing and land assembly projects in progress was \$16,138,000 of which Canada Mortgage and Housing Corporation will share in the approved cost to the extent of \$11,817,000.

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

17. LONG-TERM DEBT

	1992	1991
	(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% (1991 - 13.3%)	\$ 93,681	\$ 93,941
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 10.4% (1991 - 10.3%)	117	235
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% (1991 - 7.9%)	544	549
Loans from Canada, repayable in annual amounts through 1996, bearing interest at an average weighted rate of 8.4% (1991 - 8.2%)	105	151
	<u>94,447</u>	<u>94,876</u>
Less current portion	337	311
	<u>\$ 94,110</u>	<u>\$ 94,565</u>

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

	Principal	Interest	Total
	(thousands of dollars)		
1993	\$ 337	\$ 12,938	\$ 13,275
1994	365	12,904	13,269
1995	390	12,860	13,250
1996	437	12,812	13,249
1997	473	12,758	13,231

18. 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.

SECTION I
AUDITOR'S REPORT

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

15. EMPLOYEE LEAVE AND TERMINATION BENEFITS

	1992 (thousands of dollars)	1991 (thousands of dollars)
Termination	\$ 9,300	\$ 8,639
Leave	7,664	8,112
Removal	8,783	8,420
Retirement	791	1,172
	<u>26,538</u>	<u>26,343</u>
Less current portion	10,223	10,491
	<u>\$ 16,315</u>	<u>\$ 15,852</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.

16. NOTE PAYABLE

	1992 (thousands of dollars)	1991 (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. The final instalment is due in 1998	\$ 37,450	\$ 42,800
Less current portion	<u>5,350</u>	<u>5,350</u>
	<u>\$ 32,100</u>	<u>\$ 37,450</u>

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

	Principal	Interest	Total
	(thousands of dollars)		
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
1997	5,350	883	6,233

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

14. LEGISLATIVE ASSEMBLY PENSION PLANS (continued)

The pension liability at year end includes the following components:

	1992 (thousands of dollars)	1991 (thousands of dollars)
Accrued benefit obligation	\$ 9,575	\$ 4,215
Unamortized estimation adjustment	(3,043)	530
Pension liability	\$ 6,532	\$ 4,745

The most recent actuarial valuation was prepared at March 31, 1992, using the projected benefit method pro-rated on service. Past service benefit costs are amortized over six years. The estimation adjustment is 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.

The total pension related expenditures include the following components:

	1992 (thousands of dollars)	1991 (thousands of dollars)
Benefit costs		
Current service	\$ 807	\$ 722
Past service	1,038	1,015
	<u>1,845</u>	<u>1,737</u>
Cost of financing unfunded pension obligation (net pension interest expenditure)	1,014	617
Amortization of estimation adjustment	60	204
Total pension related expenditures	\$ 2,919	\$ 2,558

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

(b) Legislative Assembly Retiring Allowances Fund

During the year, the Government made contributions of \$618,000 (1991 - \$588,000) 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, 1992 the surplus of the fund was \$1,604,000 (1991 - \$1,287,000).

AUDITOR'S REPORT

To 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, 1992 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.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in note 2 to the consolidated financial statements. 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 Government, the consolidated financial statements are in agreement therewith and the transactions of the Government and of those organizations included in the consolidation as discussed in note 2 that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been within their statutory powers.

I wish to draw to your attention that, as described in note 24(a), the Government is involved in a significant dispute with Canada. The dispute, which has intensified over the past three 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 hospital 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.

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

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
October 9, 1992

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

12. 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, 1992 (1991 - \$11,000,000). Interest earned is credited to general revenues (interest income) and the allowance 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.

	1992 (thousands of dollars)	1991
Loans receivable	\$ 9,845	\$ 9,299
Cash available for new loans	1,155	1,701
Authorized balance	11,000	11,000
Less provisions for:		
Loan remissions	2,963	2,810
Doubtful loans	1,906	1,746
	<u>4,869</u>	<u>4,556</u>
Total fund assets	\$ 6,131	\$ 6,444

The loans are repayable in instalments to the year 2004 and bear interest at rates between 8.75% and 12.50%. During the year, uncollectable loans of \$138,000 (1991 - \$159,000) were written off with proper authority and remissions of \$809,000 (1991 - \$888,000) were granted to students who met the criteria established in the Regulations.

13. SHORT-TERM LOAN

The Government of the Northwest Territories had a 7.125% short-term loan of \$24,000,000 which matured and was repaid on April 1, 1992.

14. LEGISLATIVE ASSEMBLY PENSION PLANS

(a) Legislative Assembly Supplementary Retiring Allowance

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 51. One of the former members is deceased. A spousal pension is being paid to his widow. 1992 is the first year benefit payments have been made.

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 \$1,961,000 (1991 - \$1,957,000). The Government uses those contributions and is responsible for meeting all pension obligations arising from the plan. A separate pension fund is not maintained.

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

10. INVESTMENT IN ASSOCIATED ENTITIES (continued)

	Northwest Territories Power Corporation	Northwest Territories Liquor Commission	Petroleum Products Revolving Fund (thousand of dollars)	Expo '92 Revolving Fund	Workers' Compensation Board
Revenues from:					
Government of the Northwest Territories - Consolidated	\$ 21,543	\$ 1,102	\$ 6,505	\$ -	\$ 2,303
Northwest Territories Liquor Commission	-	-	3	-	-
Northwest Territories Power Corporation	-	-	10,569	-	226
	<u>\$ 21,543</u>	<u>\$ 1,102</u>	<u>\$ 17,077</u>	<u>\$ -</u>	<u>\$ 2,529</u>
Expenditures to:					
Government of the Northwest Territories - Consolidated	\$ 10,116	\$ 16,156	\$ 1,254	\$ -	\$ 295
Northwest Territories Power Corporation	-	72	-	-	-
Petroleum Products Revolving Fund	11,341	3	-	-	-
Workers' Compensation Board	125	-	-	-	-
	<u>\$ 21,582</u>	<u>\$ 16,231</u>	<u>\$ 1,254</u>	<u>\$ -</u>	<u>\$ 295</u>

11. 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, 1992 (1991 - \$20,000,000). Interest earned is credited to general revenues (interest income) and the allowance for doubtful loans is charged to expenditures (Department of Economic Development and Tourism).

	1992 (thousands of dollars)	1991 (thousands of dollars)
Loans receivable	\$ 14,783	\$ 15,419
Cash committed in support of guarantees	42	117
Cash available for loans and guarantees	5,175	4,464
Authorized balance	<u>20,000</u>	<u>20,000</u>
Less provision for doubtful loans	<u>4,337</u>	<u>1,399</u>
Total fund assets	<u>\$ 15,663</u>	<u>\$ 18,601</u>

The loans are repayable in instalments to the year 1998 and bear interest at rates between 10.00% and 16.75%. During the year, no uncollectable amounts were written off (1991 - \$168,000).

As of April 1, 1992, the net assets of the Fund will be transferred to the Northwest Territories Business Credit Corporation.

SECTION II
CONSOLIDATED FINANCIAL STATEMENTS

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Balance Sheet
as at March 31, 1992
(thousands of dollars)

ASSETS		LIABILITIES	
1992	1991	1992	1991
Current		Current	
Cash and short-term deposits	\$ 336 \$ 5,465	Short-term loan (note 13)	\$ 24,000 \$ -
Due from Canada (note 3)	100,567 108,223	Accounts payable	96,380 106,658
Accounts receivable (note 4)	23,080 28,125	Current portion of long-term liabilities	
Inventories (note 5)	5,960 786	- employee leave and termination benefits	10,223 10,491
Prepaid expenses	5,102 3,653	- note payable	5,350 5,350
Current portion of long-term receivables		- debt	337 311
- loans	3,420 3,459	Deferred revenue	1,460 -
- promissory note	5,350 5,350		
	<u>143,815 155,061</u>		<u>137,750 122,810</u>
Long-term		Long-term	
Segregated cash and investments (note 6)	6,577 4,115	Legislative Assembly Supplementary Retiring Allowance (note 14a)	6,532 4,745
Loans receivable (note 7)	46,956 41,891	Employee leave and termination benefits (note 15)	16,315 15,852
Promissory note receivable (note 8)	32,100 37,450	Note payable (note 16)	32,100 37,450
Mortgages receivable (note 9)	1,966 1,892	Long-term debt (note 17)	94,110 94,565
		Commitments (note 20)	
Investment in associated entities (note 10)	116,904 113,103	Contingencies (note 21)	
		EQUITY	
Business Loans and Guarantees Fund (note 11)	15,663 18,601	Business Loans and Guarantees Fund (note 11)	20,000 20,000
Students Loan Fund (note 12)	6,131 6,444	Students Loan Fund (note 12)	11,000 11,000
Capital assets, at a nominal value	1 1	Surplus	52,306 72,136
	<u>\$ 370,113 \$ 378,558</u>		<u>\$ 370,113 \$ 378,558</u>

Approved:

John D. Pollard
Minister of Finance

Antony W. Dawson
Acting Comptroller General

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

10. INVESTMENT IN ASSOCIATED ENTITIES (continued)

	Northwest Territories Power Corporation	Northwest Territories Liquor Commission	Petroleum Products Revolving Fund (thousand of dollars)	Expo '92 Revolving Fund	Workers' Compensation Board	1992 Total	1991 Total
Statement of Operations							
Revenues	\$ 93,988	\$ 28,701	\$ 47,798	\$ 19	\$ 32,600	\$ 203,106	\$ 197,847
Expenditures	89,615	14,517	48,268	1,846	34,417	188,663	178,307
Net revenues (expenditure)	\$ 4,373	\$ 14,184	\$ (470)	\$ (1,827)	\$ (1,817)	\$ 14,443	\$ 19,540

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

	Northwest Territories Power Corporation	Northwest Territories Liquor Commission (thousand of dollars)	Petroleum Products Revolving Fund	Expo '92 Revolving Fund	Workers' Compensation Board
Accounts receivable from:					
Government of the Northwest Territories - Consolidated	\$ 1,161	\$ -	\$ 4	\$ -	\$ 250
Northwest Territories Liquor Commission	-	-	1	-	-
Northwest Territories Power Corporation	-	-	1,536	-	30
	<u>\$ 1,161</u>	<u>\$ -</u>	<u>\$ 1,541</u>	<u>\$ -</u>	<u>\$ 280</u>
Accounts payable to:					
Government of the Northwest Territories - Consolidated	\$ 203	\$ 207	\$ -	\$ -	\$ 1
Northwest Territories Power Corporation	-	14	-	-	-
Petroleum Products Revolving Fund	1,542	1	-	-	-
	<u>\$ 1,745</u>	<u>\$ 222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
Long-term debt due to:					
Government of the Northwest Territories - Consolidated	\$ 37,450	\$ -	\$ -	\$ -	\$ -

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

9. MORTGAGES RECEIVABLE

	1992	1991
	(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	\$ 1,142	\$ 1,137
Other mortgages, bearing interest at rates varying between 6% and 14.25% per annum, repayable over a maximum period of 25 years	514	508
Interim financing loans, bearing interest at rates varying between 13.25% and 15.25% per annum, for indeterminate periods	485	247
	<u>2,141</u>	<u>1,892</u>
Less allowance for non-performing mortgages	175	-
	<u>\$ 1,966</u>	<u>\$ 1,892</u>

10. INVESTMENT IN ASSOCIATED ENTITIES

(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 Workers' Compensation Board has a fiscal year end of December 31.

	Northwest Territories Power Corporation	Northwest Territories Liquor Commission	Petroleum Products Revolving Fund (thousand of dollars)	Expo '92 Revolving Fund	Workers' Compensation Board	1992 Total	1991 Total
Balance Sheet							
Assets							
Current	\$ 33,383	\$ 2,927	\$ 8,861	\$ 1,109	\$ 6,728	\$ 53,008	\$ 60,082
Other	146,122	2,924	28,406	-	124,877	302,329	271,101
	<u>\$ 179,505</u>	<u>\$ 5,851</u>	<u>\$ 37,267</u>	<u>\$ 1,109</u>	<u>\$ 131,605</u>	<u>\$ 355,337</u>	<u>\$ 331,183</u>
Liabilities							
Current	\$ 35,046	\$ 1,436	\$ 3,005	\$ -	\$ 5,553	\$ 45,040	\$ 43,082
Long-term debt and other	74,438	134	169	-	118,652	193,393	174,998
Surplus ¹	70,021	4,281	34,093	1,109	7,400	116,904	113,103
	<u>\$ 179,505</u>	<u>\$ 5,851</u>	<u>\$ 37,267</u>	<u>\$ 1,109</u>	<u>\$ 131,605</u>	<u>\$ 355,337</u>	<u>\$ 331,183</u>

¹ Surplus represents the Government of Northwest Territories investments in the entity or revolving funds.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Statement of Operations
for the year ended March 31, 1992
(thousands of dollars)

	1992	1991
Revenues (schedule A)		
From Canada	\$ 982,638	\$ 960,270
Generated revenues	200,243	154,116
	<u>1,182,881</u>	<u>1,114,386</u>
Expenditures		
Operations and maintenance (schedule B)	1,035,372	957,400
Capital (schedule C)	190,578	172,135
	<u>1,225,950</u>	<u>1,129,535</u>
Net expenditures before undernoted	(43,069)	(15,149)
Net revenues of investment in associated entities (note 10a)	14,443	19,540
Recoveries of prior years' expenditures (note 18)	5,252	6,056
	<u>(23,374)</u>	<u>10,447</u>
Projects on behalf of Canada and others		
Expenditures	40,597	33,504
Recoveries	40,597	33,504
	<u>-</u>	<u>-</u>
Net (expenditures) revenues	<u>\$ (23,374)</u>	<u>\$ 10,447</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Statement of Surplus
for the year ended March 31, 1992
(thousands of dollars)

	1992	1991
Balance at beginning of the year	\$ 72,136	\$ 62,689
Transfer of inventory to Granular Program Revolving Fund (note 2b)	3,544	-
Net (expenditures) revenues	(23,374)	10,447
	<u>52,306</u>	<u>73,136</u>
Transfer to Students Loan Fund	-	1,000
Balance at end of the year	<u>\$ 52,306</u>	<u>\$ 72,136</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

7. LOANS RECEIVABLE

	1992	1991
	(thousands of dollars)	
Loans to municipalities and school districts, due in annual amounts to the year 2026, bearing interest at rates between 6.94% and 12.50%, net of allowance for doubtful loans of \$600,000 (1991 - nil)	\$ 45,526	\$ 43,983
Northwest Territories Business Credit Corporation loans to private business enterprises, due in instalments to the year 1998, bearing interest rates between 10.00% and 11.75%, net of allowance for doubtful loans of \$375,000 (1991 - nil)	1,219	-
Other loans, due in monthly or annual instalments to the year 2001, bearing interest at rates between nil and 11.75%, net of allowance for doubtful loans of \$808,000 (1991 - \$197,000)	<u>3,631</u>	<u>1,367</u>
	50,376	45,350
Less current portion	<u>3,420</u>	<u>3,459</u>
	<u>\$ 46,956</u>	<u>\$ 41,891</u>

(a) During the year, there were no uncollectable loans written off (1991 - nil).

(b) Included in the loans due from municipalities is \$2,654,000 due from the Town of Inuvik related to land development. As of March 31, 1992, these loans are in arrears including both principal and interest payments. The Town has been experiencing difficulty meeting these obligations as a result of suppressed activity in land sales. Negotiations are continuing between the Town of Inuvik, Department of Municipal and Community Affairs and Department of Finance in order to resolve the situation. An allowance for doubtful loans has been provided for in the amount of \$600,000 (1991 - nil).

8. PROMISSORY NOTE RECEIVABLE

	1992	1991
	(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.	\$ 37,450	\$ 42,800
Less current portion	<u>5,350</u>	<u>5,350</u>
	<u>\$ 32,100</u>	<u>\$ 37,450</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

5. INVENTORIES

	1992 (thousands of dollars)	1991 (thousands of dollars)
Granular Program Revolving Fund	\$ 4,902	\$ -
Northwest Territories Development Corporation	347	-
Public Stores Revolving Fund	711	786
	<u>\$ 5,960</u>	<u>\$ 786</u>

6. SEGREGATED CASH AND INVESTMENTS

These investments are valued at the lower of cost or fair market value. Interest income is recorded on the accrual basis and dividend income is recognized as it is received.

Investments in bonds and equities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rate at March 31, 1992. Foreign currency transactions during the year are translated into Canadian dollars at the prevailing rate as of the transaction date.

(a) Investment portfolio held and managed by Watt Carmichael Inc.:

	1992		1991	
	Cost	Market Value	Lower of Cost or Market Value	Lower of Cost or Market Value
		(thousands of dollars)		
Cash			\$ 34	\$ 1
Treasury bills			654	2,922
Accrued Interest			68	61
Marketable securities:				
Equities	\$ 1,328	\$ 1,268	1,268	465
Bonds	4,303	4,414	4,303	666
			<u>6,327</u>	<u>4,115</u>
(b) Investments in preferred shares:				
Cumberland Sound Fisheries Ltd.			550	-
902848 N.W.T. Ltd (Great Bear Lake Lodges)			250	-
			<u>800</u>	<u>-</u>
Less allowance for loss on realization			550	-
			<u>250</u>	<u>-</u>
Total segregated cash and investments			<u>\$ 6,577</u>	<u>\$ 4,115</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Statement of Changes in Financial Position
for the year ended March 31, 1992
(thousands of dollars)

	1992	1991
Operating activities		
Operations		
Net (expenditures) revenues	\$ (23,374)	\$ 10,447
Items not requiring funds:		
Bad debts and loan remissions	25,790	752
Amortization of pension estimation adjustment	60	204
Granular Program Revolving Fund	3,544	-
Allowance for notes receivable and purchase options	-	328
Employee leave and termination benefits	195	3,511
	<u>6,215</u>	<u>15,242</u>
Changes in operating assets and liabilities		
Current assets ¹	(1,906)	3,783
Current liabilities ²	(8,818)	(3,323)
Due from Canada	(11,779)	(26,994)
Legislative Assembly Supplementary Retiring Allowance	1,727	2,678
Financial resources used by operating activities	<u>(14,561)</u>	<u>(8,614)</u>
Investing activities		
Segregated cash and investments	(2,462)	(4,115)
Loans advanced	(17,587)	(21,451)
Cash (allocated to) provided from loan funds	(90)	1,617
Payments received on loans	10,050	5,279
Payment received on promissory note	5,350	5,350
Mortgages receivable	(249)	351
Investment in associated entities	(3,801)	(6,419)
Financial resources used by investing activities	<u>(8,789)</u>	<u>(19,388)</u>
Financing activities		
Repayment of long-term debt	<u>(5,779)</u>	<u>(5,787)</u>
Decrease in cash and cash equivalents	(29,129)	(33,789)
Cash and cash equivalents at beginning of year	5,465	39,254
Cash and cash equivalents at end of year³	<u>\$ (23,664)</u>	<u>\$ 5,465</u>

¹Other than cash and short-term deposits, due from Canada and current portion of long-term receivables.

²Other than short-term loan and current portion of long-term liabilities.

³Cash and cash equivalents is represented by the net of cash and short-term loan.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

3. DUE FROM CANADA (continued)

The 1991-92 adjustment has been calculated based on data which includes official Statistics Canada population estimates. These estimates have not been revised to reflect the results of the 1991 census. It is expected that the official revised population estimates will be available in early 1993. The effect of these revisions would be an increase, of approximately \$26,000,000, in future grants, to reflect an adjustment for the 1991-92 fiscal period.

	1992 (thousands of dollars)	1991 (thousands of dollars)
Grant per financing agreement with Canada	\$ 796,770	\$ 760,913
Adjustments for:		
Income tax collections	(19,304)	3,425
EPF contributions	3,765	1,468
Operating revenues	14,433	8,145
Escalation	(12,620)	(1,084)
Keep up factor	1,709	-
Per Schedule of Revenues by Source (schedule A)	<u>784,753</u>	<u>772,867</u>
Received from Canada during the year	(812,871)	(740,829)
	(28,118)	32,038
Due (to) from Canada		
At beginning of the year	17,947	(14,091)
At end of the year	<u>\$ (10,171)</u>	<u>\$ 17,947</u>

4. ACCOUNTS RECEIVABLE

	1992 (thousands of dollars)	1991 (thousands of dollars)
Revolving funds	\$ 93	\$ 191
Related parties:		
Divisional Boards of Education	9,150	6,727
Regional Health Boards	1,092	1,617
Northwest Territories Power Corporation	1,303	164
Board of Secondary Education	346	258
Science Institute of the Northwest Territories	117	-
Workers' Compensation Board	53	23
	<u>12,061</u>	<u>8,789</u>
Other accounts receivable, net of allowance for doubtful accounts of \$1,188,000 (1991 - \$1,379,000)	6,040	13,146
Accrued interest	4,886	5,999
	<u>10,926</u>	<u>19,145</u>
	<u>\$ 23,080</u>	<u>\$ 28,125</u>

During the year, uncollectable amounts of \$429,000 (1991 - \$222,000) were written off with proper authority.

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Pensions

Contributions are made by the Government and its employees to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability of the Government and are recorded in the accounts on a current basis. The Government also makes contributions for Members of the Legislative Assembly Retiring Allowances Fund which are recognized on a current basis (note 14b).

The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Services Superannuation Account and/or with respect to the Consolidated Revenue Fund of the Government of Canada for indexation payments under the Supplementary Retirement Benefits Act.

(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.

3. DUE FROM CANADA

	1992	1991
	(thousands of dollars)	
Cost sharing agreements and projects on behalf of Canada	\$ 9,528	\$ 28,031
Grant (payable) receivable (note 3a)	(10,171)	17,947
Indian and Inuit hospital care (note 24a)	71,539	45,096
Canada Mortgage and Housing Corporation	11,914	12,573
Other	43,610	5,813
	<u>126,420</u>	<u>109,460</u>
Less:		
Excess Income Tax and Established Programs Financing advanced	4,152	83
Unapplied balance of advances under agreements	2,266	1,154
Allowance for doubtful accounts	19,435	-
	<u>25,853</u>	<u>1,237</u>
	<u>\$ 100,567</u>	<u>\$ 108,223</u>

(a) Grant (payable) receivable

The Government receives a grant from Canada pursuant to a formula financing agreement. Under this agreement, the amount received is subject to adjustment based on changes in Government revenues, as defined in the agreement. All outstanding amounts are to be settled within one year.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

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, unless specifically provided for in statutes.

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

The Northwest Territories Housing Corporation is a Territorial Crown 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. The Corporation is also subject to the Financial Administration Act of the Northwest Territories and is a Crown Corporation of the Government of the Northwest Territories.

The Northwest Territories Business Credit Corporation operates under the authority of the Northwest Territories Business Credit Corporation Act, which came into effect October 1, 1991. The Corporation is also subject to the Financial Administration Act of the Northwest Territories and is an agent Crown Corporation of the Government of the Northwest Territories.

The Granular Program Revolving Fund was established as of April 1, 1991 under the Consolidation of Revolving Funds Act as amended by R.S.N.W.T. 1988 c.91 (Supp.).

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
Northwest Territories Business Credit Corporation
Granular Program Revolving Fund

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Modified equity:

Petroleum Products Revolving Fund
Northwest Territories Liquor Commission
Northwest Territories Power Corporation
Workers' Compensation Board
Expo '92 Revolving Fund

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. In the 1991-92 fiscal period, the Granular Program Revolving Fund was created, at which time granular products, which had been previously expended, were inventoried. This has resulted in an adjustment to surplus of \$3,544,000 for the value of inventory on hand at April 1, 1991.

(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.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements
March 31, 1992

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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.