

Report to the Legislative Assembly
of the Northwest Territories
on the examination of the
accounts and financial transactions of the
Government of the Northwest Territories
for the year ended March 31, 1989

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AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

The Legislative Assembly of the Northwest Territories

I have examined the balance sheet of the Government of the Northwest Territories as at March 31, 1989 and the statements of operations, surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Territories as at March 31, 1989 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 financial statements applied on a basis consistent with that of the preceding year.

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

A handwritten signature in black ink, appearing to read 'Kenneth M. Dye'.

Kenneth M. Dye, F.C.A.
Auditor General of Canada

Ottawa, Canada
August 18, 1989

GOVERNMENT OF THE NORTHWEST TERRITORIES

Balance Sheet
as at March 31, 1989

<u>ASSETS</u>	<u>1989</u> (thousands of dollars)	<u>1988</u> (thousands of dollars)	<u>LIABILITIES</u>	<u>1989</u> (thousands of dollars)	<u>1988</u> (thousands of dollars)
Current			Current		
Cash and short-term deposits	\$ 23,714	\$ 38,627	Accounts payable (note 11)	\$ 88,486	\$ 104,310
Due from Canada (note 4)	79,886	61,143	Note payable	5,350	-
Accounts receivable (note 5)	35,508	28,606	Employee leave and termination benefits	7,424	6,755
Inventories (note 6)	25,703	24,619			
Promissory note receivable	5,350	-			
Loans receivable	<u>1,736</u>	<u>2,403</u>			
	171,897	155,398		101,260	111,065
Long-term portion of promissory note receivable (note 7)	48,150	-	Long-term portion of note payable (note 12)	48,150	-
Long-term portion of loans receivable (note 8)	16,397	18,882	Long-term portion of employee leave and termination benefits (note 13)	13,209	14,290
			<u>EQUITY</u>		
Business Loans and Guarantees Fund (note 9)	14,093	14,197	Business Loans and Guarantees Fund (note 9)	16,000	16,000
Students Loan Fund (note 10)	4,737	4,541	Students Loan Fund (note 10)	9,000	8,500
Investment in Northwest Territories Power Corporation, at a nominal value	1	-	Petroleum Products Stabilization Fund (note 14)	761	1,321
Fixed assets, at a nominal value	<u>1</u>	<u>1</u>	Surplus	<u>66,896</u>	<u>41,843</u>
	<u>\$ 255,276</u>	<u>\$ 193,019</u>		<u>\$ 255,276</u>	<u>\$ 193,019</u>

Approved:


Minister of Finance


Comptroller General

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Statement of Operations
for the year ended March 31, 1989**

	<u>1989</u>	<u>1988</u>
	<u>Main Estimates (note 16)</u>	<u>Actual</u>
		<u>Actual</u>
	(thousands of dollars)	
Revenues (schedule A)		
- From Canada	\$ 669,811	\$ 746,707
- Generated revenues	<u>128,711</u>	<u>130,054</u>
	<u>798,522</u>	<u>769,197</u>
Expenditures		
- Operations and maintenance (schedule B)	673,999	750,495
- Operations and maintenance reserve	28,000	-
- Capital (schedule C)	117,488	107,546
- Estimated appropriation authority lapse	<u>(22,395)</u>	<u>-</u>
	<u>797,092</u>	<u>797,653</u>
Net revenues (expenditures) before undernoted	<u>1,430</u>	<u>(28,456)</u>
Recoveries of prior years' expenditures (note 3)		
- Refund of Northwest Territories Housing Corporation surplus (note 5)	-	3,462
- Other	<u>-</u>	<u>3,371</u>
	<u>-</u>	<u>6,833</u>
Projects for Canada and others		
Expenditures	30,683	39,075
Recoveries	<u>30,683</u>	<u>39,075</u>
	<u>-</u>	<u>-</u>
Net revenues (expenditures)	<u>\$ 1,430</u>	<u>\$ (17,155)</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Statement of Surplus
for the year ended March 31, 1989

	<u>1989</u> (thousands of dollars)	<u>1988</u> (thousands of dollars)
Balance at beginning of the year	\$ 41,843	\$ 64,848
Net revenues (expenditures)	<u>25,553</u>	<u>(17,155)</u>
	<u>67,396</u>	<u>47,693</u>
Transfers to:		
Business Loans and Guarantees Fund (note 9)	-	2,500
Students Loan Fund (note 10)	500	1,350
Petroleum Products Stabilization Fund (note 14)	<u>-</u>	<u>2,000</u>
	<u>500</u>	<u>5,850</u>
Balance at end of the year	<u>\$ 66,896</u>	<u>\$ 41,843</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Statement of Changes in Financial Position
for the year ended March 31, 1989**

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	
Operating activities		
Operations		
Net revenues (expenditures)	\$ 25,553	\$ (17,155)
Items not requiring funds		
Bad debts and loan remissions	<u>1,598</u>	<u>1,662</u>
	27,151	(15,493)
Changes in operating assets and liabilities		
Current assets other than cash and short-term deposits	(41,001)	(8,006)
Grant due from Canada	8,690	(4,700)
Current liabilities	(9,805)	20,079
Long-term employee leave and termination benefits	(1,081)	(759)
Petroleum Products loss subsidization	<u>(560)</u>	<u>(679)</u>
Financial resources used for operating activities	<u>(16,606)</u>	<u>(9,558)</u>
Investing activities		
Loans advanced	(7,662)	(9,665)
Promissory note accepted	(53,500)	-
Cash allocated to loan funds	1,779	(2,257)
Payments received on loans	<u>7,576</u>	<u>8,688</u>
Financial resources used for investing activities	<u>(51,807)</u>	<u>(3,234)</u>
Financing activities		
Bonds issued	<u>53,500</u>	-
Financial resources from financing activities	<u>53,500</u>	-
Decrease in cash and short-term deposits	(14,913)	(12,792)
Cash and short-term deposits at beginning of the year	<u>38,627</u>	<u>51,419</u>
Cash and short-term deposits at end of the year	<u>\$ 23,714</u>	<u>\$ 38,627</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Financial Statements March 31, 1989

1. Authority and operations

The Northwest Territories operates under the authority of the Northwest Territories Act. The Northwest Territories has an elected Legislative Assembly. All disbursements for operations, loans, investments and advances are authorized by the Legislative Assembly.

2. Accounting policies

Financial statements

These financial statements have been prepared on a non-consolidated basis in accordance with Sections 27 through 31 of the Northwest Territories Act and Sections 72 through 74 of the Financial Administration Act.

Reporting entity

These financial statements reflect the financial operations of the Government of the Northwest Territories including the assets, liabilities, and operations of the following revolving funds:

Northwest Territories Liquor Commission
Petroleum Products Revolving Fund
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.

Financial information on the revolving funds is included separately in the Public Accounts.

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

Northwest Territories Housing Corporation
Workers' Compensation Board
Hospitals and health facilities
Educational boards
Arctic College
Legislative Assembly Retiring Allowances Fund
Science Institute of the Northwest Territories

Accounting policies for governments are recommended by the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants. The Government of the Northwest Territories intends to comply with these recommendations wherever applicable, and in particular with respect to the preparation of consolidated financial statements. The Government will prepare consolidated financial statements for the year ended March 31, 1989, in order to provide an accounting of the full nature and extent of the financial affairs and resources for which the Government is responsible. The consolidated reporting entity is to be defined in those statements.

The Auditor General of Canada provides separate audit opinions on the following entities: Workers' Compensation Board, Arctic College, Northwest Territories Power Corporation, Northwest Territories Housing Corporation, Northwest Territories Liquor Commission, Petroleum Products Revolving Fund and the Legislative Assembly Retiring Allowances Fund (Northwest Territories).

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Financial Statements
March 31, 1989

2. Accounting policies (continued)

Inventories

Inventories for resale consist of bulk fuel and liquor products and are valued at the lower of cost and net realizable value.

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

Investment in Northwest Territories Power Corporation

The Government of the Northwest Territories is the sole shareholder of the issued capital of the Northwest Territories Power Corporation, a Territorial Crown Corporation which provides utility services to, and purchases fuel and other services from the Government and other of its related boards, agencies, and funds at rates and terms comparable to those transacted with other unrelated parties. The Government's investment in this wholly-owned subsidiary has been recorded at a nominal value.

Fixed assets

Fixed assets, consisting of roads, bridges, tank farms, ferries, buildings, leasehold improvements, land, land improvements, computers, office furniture, equipment and vehicles are charged to expenditures at the time of acquisition or construction. Fixed assets are recorded at a nominal value.

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.

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.

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 based on the statements received from collectors on an accrual basis. 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.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1989**

2. Accounting policies (continued)

Transfer payments

Established Programs Financing contributions are received from Canada in accordance with the Federal-Provincial Fiscal Arrangements and Established Programs Financing 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.

Other revenues

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

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.

Operations, maintenance and capital expenditures

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

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 17).

3. Recoveries of prior years' expenditures

These amounts represent recoveries of prior years' expenditures and excessive accruals made in prior years. Under subsection 36(9) of the Financial Administration Act (April 1, 1987), these amounts cannot be used to increase the amount appropriated for expenditures for the current year.

4. Due from Canada

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	
a) Under cost sharing agreements and projects on behalf of Canada	\$ 51,077	\$ 35,572
Current portion of grant receivable (see 4.b)	14,286	22,976
Other, net of allowance of \$411,000 (1988 - \$382,000) for grants in lieu of taxes which are in dispute	<u>14,523</u>	<u>2,595</u>
	<u>\$ 79,886</u>	<u>\$ 61,143</u>

b) The Government receives a grant from Canada pursuant to a formula financing agreement which is to be renewed in 1989-90. 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, under the pending agreement, are to be settled within one year.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Financial Statements
March 31, 1989

4. Due from Canada (continued)

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	
Grant per agreement with Canada	\$ 642,728	\$ 548,321
Adjustments for:		
Income tax collections	12,028	12,888
EPF contributions	(986)	(5,665)
Operating revenues	(12,138)	1,704
Escalation	<u>15,869</u>	<u>14,965</u>
Per Schedule of Revenues by Source (schedule A)	657,501	572,213
Received from Canada during the year	<u>666,191</u>	<u>567,513</u>
	(8,690)	4,700
Due from Canada		
At beginning of the year	<u>22,976</u>	<u>18,276</u>
At end of the year	<u>\$ 14,286</u>	<u>\$ 22,976</u>

5. Accounts receivable

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	
Revolving funds		
Petroleum products, net of allowance for doubtful accounts of \$459,000 (1988 - \$436,000)	\$ 9,477	\$ 8,638
Other	<u>523</u>	<u>667</u>
	<u>10,000</u>	<u>9,305</u>
Related parties		
Northwest Territories Housing Corporation (see 5.a)	386	-
Northwest Territories Power Corporation	2,600	-
Arctic College	1,857	4,785
Divisional Boards of Education	2,152	3,367
Board of Secondary Education	418	-
Regional Health Boards	1,556	45
Workers' Compensation Board	<u>271</u>	<u>532</u>
	<u>9,240</u>	<u>8,729</u>
Accrued interest	3,822	1,968
Other, net of allowance for doubtful accounts of \$1,327,000 (1988 - \$1,241,000)	<u>12,446</u>	<u>8,604</u>
	<u>16,268</u>	<u>10,572</u>
	<u>\$ 35,508</u>	<u>\$ 28,606</u>

During the year, uncollectable amounts of \$397,000 (1988 - \$395,000) were written off with proper authority and \$90,000 (1988 - nil) of accounts receivable were forgiven.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1989**

5. Accounts receivable (continued)

- (a) Amounts owing from the Northwest Territories Housing Corporation include an advance arising from project cost overruns in the amount of \$223,000 (1988 - \$579,000). This represents the remaining balance of a \$6,000,000 advance made by the Government to the Housing Corporation in March 1984 to finance operations and capital projects pending Canada Mortgage and Housing Corporation cost sharing.
- (b) Under Section 19 of the Northwest Territories Housing Corporation Act, the Government makes contributions and grants, from funds appropriated, to meet the operating, maintenance and capital costs of the Corporation. A financial agreement between the Government and the Corporation details the funding provided by the Government and the accounting for these funds.

As at March 31, 1989 the Government had contributed \$790,000 (1988 - \$3,204,000) more than was required to meet the Corporation's operating costs. In addition, \$11,519,000 (1988 - \$13,619,000) of capital contributions had not been spent by the Corporation and may be used to complete projects in progress at year end. Surplus operating and capital funds may be refunded, at the request of the Government, under terms of the financial agreement. During the year the Corporation repaid \$2,869,000 of the accumulated operating surplus and \$593,000 of the accumulated capital surplus as at March 31, 1988.

On April 12, 1989, the Financial Management Board authorized the Corporation's request to retain capital surplus from the 1986-87 fiscal year totalling \$218,000. This funding was required to offset the Corporation's projected 1988-89 deficit.

6. Inventories

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	(thousands of dollars)
Petroleum products	\$ 21,308	\$ 20,727
Liquor	3,719	3,238
Other revolving funds, net of an allowance for write-down of nil (1988 - \$30,000)	676	654
	<u>\$ 25,703</u>	<u>\$ 24,619</u>

7. Promissory note receivable

Under the terms of an acquisition agreement, signed May 5, 1988, the Government of the Northwest Territories acquired all of the issued shares of Northern Canada Power Commission and a debt due by the Commission to Canada in the amount of \$53,000,000.

A \$500,000 working capital advance was also made to the Northwest Territories Power Corporation by the Government of the Northwest Territories on June 23, 1988.

The total investment of \$53,500,000 is to be recovered from the Northwest Territories Power Corporation under the terms of a Promissory Note issued June 23, 1988.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Financial Statements
March 31, 1989

7. Promissory note receivable (continued)

(thousands of dollars)

Promissory note of the Northwest Territories Power Corporation, receivable in ten equal annual instalments, maturing June 23, 1998, bearing interest at 11% payable semi-annually.	\$ 53,500
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Less current portion	<u>5,350</u>
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\$ 48,150

8. Loans receivable

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	

Loans to municipalities and school districts, due in annual amounts to the year 2007, bearing interest at rates between 6.75% and 11.35%	\$ 17,831	\$ 20,248
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Other loans, due in monthly or annual instalments to the year 1994, bearing interest at rates between nil and 11.75%, net of allowance for doubtful loans of \$197,000 (1988 - \$197,000)	<u>302</u>	<u>1,037</u>
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	18,133	21,285
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Less current portion	<u>1,736</u>	<u>2,403</u>
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	<u>\$ 16,397</u>	<u>\$ 18,882</u>
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During the year, uncollectable loans of nil (1988 - \$405,000) were written off with proper authority.

9. 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 \$16,000,000 for business loans and guarantees up to March 31, 1989 (1988 - \$16,000,000). Interest earned is credited to general revenues (interest income) and provisions for doubtful loans are charged to expenditures (Department of Economic Development and Tourism).

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	

Loans receivable	\$ 11,244	\$ 9,823
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Less provision for doubtful loans	<u>1,907</u>	<u>1,803</u>
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Subtotal	<u>9,337</u>	<u>8,020</u>
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GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Financial Statements
March 31, 1989

9. Business Loans and Guarantees Fund (continued)

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	
Balance forward	\$ 9,337	\$ 8,020
Cash committed in support of guarantees	384	483
Cash available for loans and guarantees	<u>4,372</u>	<u>5,694</u>
Total fund assets	14,093	14,197
Funds available on write-offs or recoveries of loans	<u>1,907</u>	<u>1,803</u>
Loan fund balance	<u>\$ 16,000</u>	<u>\$ 16,000</u>

The loans are repayable in instalments to the year 2007 and bear interest at rates between 10.75% and 15.5%. During the year, uncollectable amounts of \$82,000 (1988 - \$399,000) were written off with proper authority.

10. Students Loan Fund

The Students Loan Fund is operated under the authority of the Student Financial Assistance Act which established a ceiling of \$9,000,000 for student loans up to March 31, 1989 (1988 - \$8,500,000). 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>1989</u>	<u>1988</u>
	(thousands of dollars)	
Loans receivable	<u>\$ 8,228</u>	<u>\$ 7,370</u>
Less provisions for:		
Loan remissions	2,784	2,728
Doubtful loans	<u>1,479</u>	<u>1,231</u>
	<u>4,263</u>	<u>3,959</u>
	3,965	3,411
Cash available for new loans	<u>772</u>	<u>1,130</u>
Total fund assets	4,737	4,541
Funds available on remissions, write-offs, or recoveries of loans	<u>4,263</u>	<u>3,959</u>
Loan fund balance	<u>\$ 9,000</u>	<u>\$ 8,500</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1989**

10. Students Loan Fund (continued)

The loans are repayable in instalments to the year 1996 and bear interest at rates between 8.75% and 12%. During the year, uncollectable loans of \$23,000 (1988 - \$27,000) were written off with proper authority and remissions of \$854,000 (1988 - \$762,000) were granted to students who met the criteria established in the Regulations.

11. Accounts payable

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	
Due to Canada		
Excess income tax and Established		
Programs Financing advanced	\$ 7,065	\$ 11,065
Unapplied balance of advances under agreements	<u>1,381</u>	<u>1,235</u>
	<u>8,446</u>	<u>12,300</u>
Due to Northwest Territories Housing Corporation (note 5)	<u>-</u>	<u>1,081</u>
Accounts payable	71,306	66,906
Other liabilities, payroll deductions and contractors' holdbacks	<u>8,734</u>	<u>24,023</u>
	<u>80,040</u>	<u>90,929</u>
	<u>\$ 88,486</u>	<u>\$ 104,310</u>

12. Note payable

(thousands of dollars)

To finance the purchase of Northwest Territories Power Corporation, the Government issued \$53,500,000 in 11% sinking fund notes. These notes are redeemable in ten equal annual instalments and interest is payable semi-annually.

	\$ 53,500
Less current portion	<u>5,350</u>
	<u>\$ 48,150</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>
1990	\$ 5,350,000	\$ 5,002,250	\$ 10,352,250
1991	5,350,000	4,413,750	9,763,750
1992	5,350,000	3,825,250	9,175,250
1993	5,350,000	3,236,750	8,586,750
1994	5,350,000	2,648,250	7,998,250

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1989**

13. Employee leave and termination benefits

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	
Removal	\$ 6,773	\$ 8,312
Termination	4,920	4,698
Leave	5,138	4,312
Retirement	<u>3,802</u>	<u>3,723</u>
	20,633	21,045
Less current portion	<u>7,424</u>	<u>6,755</u>
	<u>\$ 13,209</u>	<u>\$ 14,290</u>

Under the conditions of employment, employees qualify for annual leave of varying lengths depending on length of service. Employees also earn retirement and severance remuneration based on number of years of service. Certain employees will also receive assistance with removal costs to return to their point of recruitment. Annual leave is payable within one fiscal year. The payment of the other amounts is dependent on employees leaving the Government.

14. Petroleum Products Stabilization Fund

The Petroleum Products Stabilization Fund was created under the authority of the Revolving Funds Act. The purpose of the Fund is to stabilize the prices of petroleum products purchased, sold and distributed by the Government. The net revenues or expenditures of the Petroleum Products Revolving Fund are charged to the Stabilization Fund. The Stabilization Fund was originally established at \$2,000,000. The accumulated surplus or deficit balance in the fund cannot exceed \$5,000,000.

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	
Balance at beginning of the year	\$ 1,321	\$ -
Transfer from the Consolidated Revenue Fund	-	2,000
Less: Petroleum Products Revolving Fund net expenditures for the year	<u>560</u>	<u>679</u>
Balance at end of the year	<u>\$ 761</u>	<u>\$ 1,321</u>

15. 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.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1989**

15. Trust assets and liabilities (continued)

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	
Public Trustee	\$ 3,229	\$ 3,084
Supreme Court	414	103
Territorial Court	41	83
Correctional institutions	101	96
Other	53	46
	<u>\$ 3,838</u>	<u>\$ 3,412</u>

16. Main Estimates

The Main Estimates comparative figures are from the Main Estimates tabled before the Legislative Assembly during the February 1988 session. These figures represent the Government's original fiscal plan for the year and consequently do not reflect changes arising from the tabling of Supplementary Estimates for the year.

The expenditure reserves included in the Main Estimates are not voted on by the Legislative Assembly as part of the Government's original fiscal plan. These reserves are to meet the funding necessary as the result of supplementary estimates.

The estimated appropriation authority lapse is not voted on by the Legislative Assembly. The amount represents an estimate of the appropriation voted by the Legislative Assembly that will not be expended during the year.

17. Legislative Assembly Retiring Allowances Fund

During the year the Government made contributions of \$572,000 (1988 - \$419,000) 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.

18. Commitments

Where a lease transfers substantially all of the benefits and risks of ownership to the Government it is considered a capital lease. For accounting purposes, the Government is deemed to assume the risks and benefits of ownership if the initial term of the lease is at least 10 years. Included in the total commitments for office space and staff accommodation are \$121,726,000 in capital leases (1988 - \$132,741,000).

The Government also enters into operating leases for equipment. Ongoing commitments for these leases are approximately \$911,000 per year.

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.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1989**

18. Commitments (continued)

Lease payments for office space and staff accommodation for which the Government is contractually committed are as follows:

	1989			1988
	<u>Commercial</u>	<u>Residential</u> <small>(thousands of dollars)</small>	<u>Total</u>	<u>Total</u>
1990	\$ 9,628	\$ 8,308	\$ 17,936	\$ 16,270
1991	8,503	7,188	15,691	14,528
1992	7,009	6,409	13,418	12,282
1993	5,895	4,760	10,655	10,253
1994	4,723	4,426	9,149	8,396
1995-2009	<u>24,507</u>	<u>42,009</u>	<u>66,516</u>	<u>64,695</u>
	<u>\$ 60,265</u>	<u>\$ 73,100</u>	<u>\$ 133,365</u>	<u>\$ 126,424</u>

In addition, the Government has committed funds for the completion of construction of the Stanton Yellowknife Hospital in the amount of \$500,000. Funds in the amount of \$28,950 have also been committed for a feasibility study of the Baffin Regional Health Board.

19. Contingencies

The Government is contingently liable for the following:

	(thousands of dollars)
Loans payable by the Northwest Territories Housing Corporation	\$ 95,833
Debenture issue by Northwest Territories Power Corporation, maturing March 9, 2009.	20,000
Other, including pending litigation	<u>3,263</u>
	<u>\$ 119,096</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.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1989**

20. Related parties

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

	<u>1989</u>	<u>1988</u>
	(thousands of dollars)	
Contributions		
Northwest Territories Housing Corporation	\$ 70,880	\$ 74,168
Hospitals and health facilities	69,030	37,166
Educational boards	50,634	22,530
Arctic College	21,516	19,089
Science Institute of the Northwest Territories	<u>738</u>	<u>383</u>
	212,798	153,336
Grants		
Science Institute of the Northwest Territories	<u>79</u>	<u>14</u>
	<u>\$ 212,877</u>	<u>\$ 153,350</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 \$51,619,000 were incurred on behalf of the related parties and service fees of \$22,000 were charged for indirect costs.

The Government paid the Workers' Compensation Board premiums of \$610,000 (1988 - \$703,000). In addition, the Government provided payroll and staffing services to the board for a fee of \$21,000 (1988 - \$32,000).

During the year, interest revenue of \$4,522,000 was earned with respect to the \$53,500,000 promissory note receivable from the Northwest Territories Power Corporation. On March 29, 1989, the Power Corporation declared a \$2,600,000 dividend payable to the Government of the Northwest Territories.

21. Over-expenditures

As of March 31, 1989, the Government had overspent \$3,311,000 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".

22. Comparative figures

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

GOVERNMENT OF THE NORTHWEST TERRITORIES

Schedule of Revenues by Source
for the year ended March 31, 1989

Schedule A

	<u>1989</u>		<u>1988</u>
	<u>Main</u> <u>Estimates</u> <u>(note 16)</u>	<u>Actual</u>	<u>Actual</u>
	(thousands of dollars)		
From Canada			
Grant (note 4)	\$ 592,344	\$ 657,501	\$ 572,213
Established Programs Financing			
Insured health services	12,000	13,099	15,492
Post-secondary education	5,204	5,553	6,616
Extended health care	<u>2,000</u>	<u>2,534</u>	<u>2,597</u>
	<u>19,204</u>	<u>21,186</u>	<u>24,705</u>
Transfer Payments			
Health Care - Indian and Inuit	21,841	23,126	18,793
Canada Assistance Plan	14,778	17,898	16,213
Health related services	6,135	10,618	5,922
Economic Development Agreement	5,110	4,316	1,629
Young Offenders Act	3,433	4,167	1,557
Continuing education	3,425	3,823	4,210
Legal and correctional services	2,093	2,497	2,291
Other	<u>1,448</u>	<u>1,575</u>	<u>1,802</u>
	<u>58,263</u>	<u>68,020</u>	<u>52,417</u>
Total from Canada	<u>669,811</u>	<u>746,707</u>	<u>649,335</u>
Generated revenues			
Taxation			
Individual income	43,509	45,311	39,550
Corporate income	12,155	(123)	5,542
Fuel	8,669	9,186	9,982
Tobacco	4,863	5,338	4,362
Property	2,885	2,585	2,527
School	1,668	1,750	1,620
Insurance	620	689	636
Grants in lieu of property taxes	-	173	780
	<u>74,369</u>	<u>64,909</u>	<u>64,999</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Schedule of Revenues by Source
for the year ended March 31, 1989**

Schedule A
Continued

	1989		1988
	<u>Main Estimates (note 16)</u>	<u>Actual</u>	<u>Actual</u>
	(thousands of dollars)		
General revenues			
Liquor Commission - net revenues	\$ 10,733	\$ 11,531	\$ 10,484
Interest income	8,224	16,896	9,475
Licences, fees and permits	4,351	4,752	4,432
Dividend income - Northwest Territories Power Corporation	-	2,600	-
	<u>23,308</u>	<u>35,779</u>	<u>24,391</u>
 Other recoveries			
Rentals	14,882	14,730	14,110
Utilities	3,530	3,040	4,245
Medical	2,788	1,246	2,591
Sale of commercial goods	998	1,518	1,524
Miscellaneous	1,137	1,853	957
	<u>23,335</u>	<u>22,387</u>	<u>23,427</u>
 Capital			
Recoveries from Canada			
Correctional Institutes	4,049	2,572	-
Iqaluit renovations - expansion	1,530	-	-
Stanton Yellowknife Hospital	695	1,506	4,668
Federal sales tax rebate	275	468	617
Other	800	446	877
Sale of land, houses and other assets	350	950	640
Other recoveries	-	1,037	243
	<u>7,699</u>	<u>6,979</u>	<u>7,045</u>
 Total generated revenues	<u>128,711</u>	<u>130,054</u>	<u>119,862</u>
 Total revenues by source	<u>\$ 798,522</u>	<u>\$ 876,761</u>	<u>\$ 769,197</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Schedule of Operations and Maintenance Expenditures
for the year ended March 31, 1989

Schedule B

	<u>1989</u>	<u>Actual 1989</u>				<u>1988</u>	
	<u>Main Estimates (note 16)</u>	<u>Salaries and Wages</u>	<u>Grants and Contributions</u>	<u>Valuation Allowances</u> (thousands of dollars)	<u>Other</u>	<u>Total Expenditures</u>	<u>Total Expenditures</u>
Legislative Assembly	\$ 5,554	\$ 2,345	\$ -	\$ -	\$ 3,537	\$ 5,882	\$ 4,562
Executive	13,919	9,812	1,613	-	3,549	14,974	14,066
Northwest Territories Housing Corporation	50,589	-	49,901	-	-	49,901	49,599
Financial Management Secretariat	1,481	1,272	-	-	380	1,652	1,373
Finance	9,986	6,633	2,391	-	8,005	17,029	9,255
Culture and Communications	7,825	4,524	1,086	-	1,959	7,569	7,606
Equal Employment Directorate	1,063	642	-	-	298	940	1,033
Personnel	21,810	4,909	-	-	19,481	24,390	20,435
Justice	33,912	8,775	1,617	-	26,356	36,748	32,251
Government Services	15,709	7,306	-	51	7,732	15,089	13,808
Public Works and Highways	123,005	33,294	-	-	89,456	122,750	114,013
Renewable Resources	37,336	15,928	3,136	-	17,993	37,057	37,615
Municipal and Community Affairs	47,648	9,501	35,499	-	4,066	49,066	47,289
Health	90,271	6,577	69,372	62	65,732	141,743	83,028
Social Services	60,797	20,739	10,636	-	36,464	67,839	56,263
Economic Development and Tourism	28,087	7,712	9,229	316	10,110	27,367	23,516
Education	<u>125,007</u>	<u>38,714</u>	<u>79,168</u>	<u>1,256</u>	<u>11,361</u>	<u>130,499</u>	<u>120,509</u>
Total	<u>\$ 673,999</u>	<u>\$ 178,683</u>	<u>\$ 263,648</u>	<u>\$ 1,685</u>	<u>\$ 306,479</u>	<u>\$ 750,495</u>	<u>\$ 636,221</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Schedule of Capital Expenditures
for the year ended March 31, 1989

Schedule C

	1989	Actual 1989			1988	
	Main Estimates (note 16)	Buildings and Works	Acquisition of Equipment	Grants and Contributions	Total Expenditures	Total Expenditures
			(thousands of dollars)			
Legislative Assembly	\$ 70	\$ 25	\$ 59	\$ -	\$ 84	\$ 546
Executive	50	45	-	-	45	-
Northwest Territories Housing Corporation	20,880	-	-	20,979	20,979	24,569
Financial Management Secretariat	-	-	20	-	20	-
Finance	-	-	-	-	-	-
Culture and Communications	191	100	29	43	172	325
Equal Employment Directorate	-	-	-	-	-	-
Personnel	1,163	1,663	87	-	1,750	3,787
Justice	433	324	134	-	458	254
Government Services	7,076	5,318	1,852	-	7,170	8,232
Public Works and Highways	13,604	10,457	2,661	-	13,118	15,643
Renewable Resources	1,486	1,112	487	-	1,599	1,970
Municipal and Community Affairs	38,197	21,372	2,580	6,512	30,464	44,846
Health	7,511	6,163	1,416	-	7,579	14,860
Social Services	6,949	5,022	176	165	5,363	5,717
Economic Development and Tourism	3,062	1,592	64	1,049	2,705	2,452
Education	16,816	15,459	361	220	16,040	38,231
Total	\$ 117,488	\$ 68,652	\$ 9,926	\$ 28,968	\$ 107,546	\$ 161,432