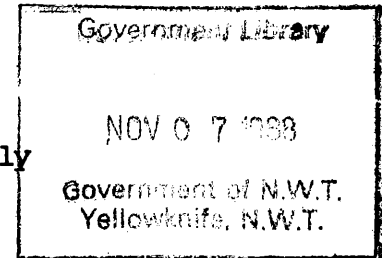


Report to the Legislative Assembly
of the Northwest Territories
on the examination of the
accounts and financial transactions of the
Government of the Northwest Territories
for the year ended March 31, 1988





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, 1988 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, 1988 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.

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

Ottawa, Canada
August 19, 1988

GOVERNMENT OF THE NORTHWEST TERRITORIES

Balance Sheet
as at March 31, 1988

<u>ASSETS</u>		<u>LIABILITIES</u>			
	<u>1988</u>	<u>1987</u>	<u>1988</u>	<u>1987</u>	
	(thousands of dollars)		(thousands of dollars)		
Current			Current		
Cash and short-term deposits	\$ 38,594	\$ 51,419	Accounts payable (note 10)	\$ 103,229	\$ 83,771
Due from Canada (note 4)	61,143	47,022	Due to Northwest Territories Housing Corporation (note 11)	1,081	489
Accounts receivable (note 5)	28,606	15,435	Employee leave and termination benefits	<u>6,755</u>	<u>6,726</u>
Inventory (note 6)	24,819	24,155		111,065	90,986
Loans receivable	<u>2,403</u>	<u>2,407</u>			
	155,365	140,438	Long-term portion of employee leave and termination benefits (note 12)	14,290	15,049
Long-term portion of due from Canada	-	15,069			
Long-term portion of loans receivable (note 7)	18,882	20,882	<u>EQUITY</u>		
Business Loans and Guarantees Fund (note 8)	14,230	11,593	Business Loans and Guarantees Fund (note 8)	16,000	13,500
Students Loan Fund (note 9)	4,541	3,550	Students Loan Fund (note 9)	8,500	7,150
			Petroleum Products Stabilization Fund (note 13)	1,321	-
Fixed assets, at a nominal value	<u>1</u>	<u>1</u>	Surplus	<u>41,843</u>	<u>64,848</u>
	<u>\$ 193,019</u>	<u>\$ 191,533</u>		<u>\$ 193,019</u>	<u>\$ 191,533</u>

Approved:


Minister of Finance


Comptroller General

GOVERNMENT OF THE NORTHWEST TERRITORIES

Statement of Operations
for the year ended March 31, 1988

	1988	1987	
	Main Estimates (note 15)	Actual	Actual
	(thousands of dollars)		
Revenues (schedule A)			
- From Canada	\$ 592,829	\$ 649,335	\$ 553,744
- Generated revenues	<u>128,468</u>	<u>119,862</u>	<u>140,333</u>
	<u>721,297</u>	<u>769,197</u>	<u>694,077</u>
Expenditures			
- Operations and maintenance (schedule B)	624,002	636,221	565,802
- Operations and maintenance reserve	6,000	-	-
- Capital (schedule C)	165,760	161,432	127,209
- Estimated appropriation authority lapse	<u>(19,090)</u>	<u>-</u>	<u>-</u>
	<u>776,672</u>	<u>797,653</u>	<u>693,011</u>
Net (expenditures) revenues before undernoted	<u>(55,375)</u>	<u>(28,456)</u>	<u>1,066</u>
Recoveries of prior years' expenditures (note 3)			
- Refund of Northwest Territories Housing Corporation surplus (note 11)	-	6,549	-
- Other	<u>-</u>	<u>4,752</u>	<u>-</u>
	<u>-</u>	<u>11,301</u>	<u>-</u>
Young Offenders Act	<u>-</u>	<u>-</u>	<u>8,848</u>
Projects for Canada and others			
Expenditures	36,374	37,552	30,827
Recoveries	<u>36,374</u>	<u>37,552</u>	<u>30,827</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Net (expenditures) revenues	<u>\$(55,375)</u>	<u>\$(17,155)</u>	<u>\$ 9,914</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Statement of Surplus
for the year ended March 31, 1988

	<u>1988</u>	<u>1987</u>
	(thousands of dollars)	
Balance at beginning of the year	\$ 64,848	\$ 60,234
Net (expenditures) revenues	<u>(17,155)</u>	<u>9,914</u>
	<u>47,693</u>	<u>70,148</u>
Transfers to:		
Business Loans and Guarantees Fund (note 8)	2,500	3,500
Students Loan Fund (note 9)	1,350	1,800
Petroleum Products Stabilization Fund (note 13)	<u>2,000</u>	<u>-</u>
	<u>5,850</u>	<u>5,300</u>
Balance at end of the year	<u>\$ 41,843</u>	<u>\$ 64,848</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Statement of Changes in Financial Position
for the year ended March 31, 1988

	<u>1988</u>	<u>1987</u>
	(thousands of dollars)	
Operating activities		
Operations		
Net (expenditures) revenues	\$ (17,155)	\$ 9,914
Items not requiring funds		
Bad debts and loan remissions	<u>1,662</u>	<u>1,795</u>
	(15,493)	11,709
Changes in operating assets and liabilities		
Current assets other than cash and short-term deposits	(8,006)	(12,684)
Grant due from Canada	(4,700)	(18,693)
Current liabilities	20,079	10,209
Long-term employee leave and termination benefits	(759)	2,808
Petroleum Products loss subsidization	<u>(679)</u>	<u>-</u>
Financial resources used for operating activities	<u>(9,558)</u>	<u>(6,651)</u>
Investing activities		
Loans advanced	(9,665)	(9,721)
Cash allocated to loan funds	(2,290)	(2,163)
Payments received on loans	<u>8,688</u>	<u>4,475</u>
Financial resources used for investing activities	<u>(3,267)</u>	<u>(7,409)</u>
Decrease in cash and short-term deposits	(12,825)	(14,060)
Cash and short-term deposits at beginning of the year	<u>51,419</u>	<u>65,479</u>
Cash and short-term deposits at end of the year	<u>\$ 38,594</u>	<u>\$ 51,419</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Financial Statements
March 31, 1988

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 in accordance with Section 23 of the Northwest Territories Act and Sections 72 to 74, inclusive, 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 currently under review by the accounting profession through the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants. Upon completion of this review, the above entities may be consolidated with future Government financial statements.

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.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Financial Statements
March 31, 1988

2. Accounting policies (continued)

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 installments. 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 installments. 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.

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.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1988**

2. Accounting policies (continued)

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.

3. Recoveries of prior years' expenditures

These amounts represent recoveries of prior years' expenditures and excessive accruals made in prior years. In previous years, these amounts have been recorded as sundry revenue.

Under subsection 36(9) of the Financial Administration Act (April 1, 1987), these amounts must be credited to an appropriate expenditure account. The credit to the expenditure cannot be used to increase the amount appropriated for the current year.

4. Due from Canada

	<u>1988</u>	<u>1987</u>
	(thousands of dollars)	
a) Under cost sharing agreements and projects on behalf of Canada	\$ 35,572	\$ 32,228
Current portion of grant receivable	22,976	3,207
Other, net of allowance of \$382,000 (1987 - \$299,000)		
for grants in lieu of taxes which are in dispute	2,595	2,739
Young Offenders Act	<u> -</u>	<u>8,848</u>
	<u>\$ 61,143</u>	<u>\$ 47,022</u>

b) The Government receives a grant from Canada pursuant to a formula financing agreement which is to be renewed in 1988-89. 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, 1988

4. Due from Canada (continued)

	<u>1988</u>	<u>1987</u>
	(thousands of dollars)	
Grant per agreement with Canada	\$548,321	\$480,241
Adjustments for:		
Income tax collections	12,888	(9,098)
EPF contributions	(5,665)	2,944
Operating revenues	1,704	3,440
Escalation	<u>14,965</u>	<u>12,614</u>
Per Schedule of Revenues by Source (schedule A)	572,213	490,141
Received from Canada during the year	<u>567,513</u>	<u>471,448</u>
	4,700	18,693
Due from (to) Canada		
At beginning of the year	<u>18,276</u>	<u>(417)</u>
At end of the year	<u>\$ 22,976</u>	<u>\$ 18,276</u>
The amounts are shown as follows:		
Current assets	\$ 22,976	\$ 3,207
Non-current assets	<u>-</u>	<u>15,069</u>
	<u>\$ 22,976</u>	<u>\$ 18,276</u>

5. Accounts receivable

	<u>1988</u>	<u>1987</u>
	(thousands of dollars)	
Revolving funds		
Petroleum products, net of allowance for doubtful accounts of \$436,000 (1987 - \$523,000)	\$ 8,638	\$ 5,498
Other	<u>646</u>	<u>719</u>
	9,284	6,217
Due from Arctic College	4,785	-
Due from Baffin Divisional Board of Education	3,367	-
Due from Workers' Compensation Board	532	422
Accrued interest	1,968	4,152
Other, net of allowance for doubtful accounts of \$1,238,000 (1987 - \$1,611,000)	<u>8,670</u>	<u>4,644</u>
	<u>\$ 28,606</u>	<u>\$ 15,435</u>

During the year, uncollectable amounts of \$395,000 (1987 - \$617,000) were written off with proper authority.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1988**

6. Inventories

	<u>1988</u>	<u>1987</u>
	(thousands of dollars)	
Petroleum products	\$ 20,727	\$ 19,891
Liquor	3,238	3,578
Other revolving funds, net of an allowance for write-down of \$30,000 (1987 - nil)	<u>654</u>	<u>686</u>
	<u>\$ 24,619</u>	<u>\$ 24,155</u>

7. Loans receivable

	<u>1988</u>	<u>1987</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%, net of allowance for doubtful loans of nil (1987 - \$405,000)	\$ 20,248	\$ 21,570
Other loans, due in monthly or annual installments to the year 1994, bearing interest at rates between nil and 11.75%, net of allowance for doubtful loans of \$201,000 (1987 - nil)	<u>1,037</u>	<u>1,719</u>
	21,285	23,289
Less current portion	<u>2,403</u>	<u>2,407</u>
	<u>\$ 18,882</u>	<u>\$ 20,882</u>

During the year, uncollectable loans of \$405,000 (1987 - \$1,464,000) were written off with proper authority.

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 \$16,000,000 for business loans and guarantees up to March 31, 1988 (1987 - \$13,500,000). 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>1988</u>	<u>1987</u>
	(thousands of dollars)	
Loans receivable	\$ 9,790	\$ 9,222
Less provision for doubtful loans	<u>1,770</u>	<u>1,907</u>
Subtotal	8,020	7,315

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Financial Statements
March 31, 1988

8. Business Loans and Guarantees Fund (continued)

	<u>1988</u>	<u>1987</u>
	(thousands of dollars)	
Subtotal	\$ 8,020	\$ 7,315
Cash committed in support of guarantees	483	556
Cash available for loans and guarantees	<u>5,727</u>	<u>3,722</u>
Total fund assets	14,230	11,593
Funds available on write-offs or recoveries of loans	<u>1,770</u>	<u>1,907</u>
Loan fund balance	<u>\$ 16,000</u>	<u>\$ 13,500</u>

The loans are repayable in installments to the year 2007 and bear interest at rates between 10.75% and 14%. During the year, uncollectable amounts of \$432,000 (1987 - \$444,000) 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 \$8,500,000 for student loans up to March 31, 1988 (1987 - \$7,150,000). 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>1988</u>	<u>1987</u>
	(thousands of dollars)	
Loans receivable	<u>\$ 7,370</u>	<u>\$ 6,378</u>
Less provisions for:		
Loan remissions	2,728	2,620
Doubtful loans	<u>1,231</u>	<u>980</u>
	<u>3,959</u>	<u>3,600</u>
	3,411	2,778
Cash available for new loans	<u>1,130</u>	<u>772</u>
Total fund assets	4,541	3,550
Funds available on remissions, write-offs, or recoveries of loans	<u>3,959</u>	<u>3,600</u>
Loan fund balance	<u>\$ 8,500</u>	<u>\$ 7,150</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1988**

9. Students Loan Fund (continued)

The loans are repayable in installments to the year 1996 and bear interest at rates between 8.75% and 12%. During the year, uncollectable loans of \$27,000 (1987 - nil) were written off with proper authority and remissions of \$762,000 (1987 - \$211,000) were granted to students who met the criteria established in the Regulations.

10. Accounts payable

	<u>1988</u>	<u>1987</u>
	(thousands of dollars)	
Due to Canada		
Excess income tax advanced	\$ 11,065	\$ -
Unapplied balance of advances under agreements	<u>1,235</u>	<u>1,277</u>
	<u>12,300</u>	<u>1,277</u>
Accounts payable	66,906	63,465
Other liabilities, payroll deductions and contractors' holdbacks	<u>24,023</u>	<u>19,029</u>
	<u>90,929</u>	<u>82,494</u>
	<u>\$103,229</u>	<u>\$ 83,771</u>

11. Due to Northwest Territories Housing Corporation

	<u>1988</u>	<u>1987</u>
	(thousands of dollars)	
(a)		
Accounts payable	\$ 1,660	\$ 1,068
Less advance arising from project cost overruns	<u>579</u>	<u>579</u>
	<u>\$ 1,081</u>	<u>\$ 489</u>

The \$579,000 in project cost overruns 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, 1988 the Government had contributed \$3,204,000 (1987 - \$6,551,000) more than was required to meet the Corporation's operating costs. In addition, \$13,619,000 (1987 - \$6,334,000) 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 \$6,549,000 of the accumulated operating surplus as at March 31, 1987.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1988**

11. Due to Northwest Territories Housing Corporation (continued)

On May 26, 1988, the Financial Management Board directed the Corporation to refund to the Government its accumulated operating surplus at the end of the 1987-88 year. In addition, on June 20, 1988, the Board directed that \$593,000 of the Corporation's accumulated capital surplus be refunded.

12. Employee leave and termination benefits

	<u>1988</u>	<u>1987</u>
	(thousands of dollars)	
Removal	\$ 8,312	\$ 8,339
Termination	4,698	5,607
Leave	4,312	4,324
Retirement	<u>3,723</u>	<u>3,505</u>
	21,045	21,775
Less portion included in current liabilities	<u>6,755</u>	<u>6,726</u>
	<u>\$ 14,290</u>	<u>\$ 15,049</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.

13. 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.

	(thousands of dollars)
Initial transfer from the Consolidated Revenue Fund	\$ 2,000
Less: Petroleum Products Revolving Fund net expenditures for the year	<u>679</u>
Balance at end of the year	<u>\$ 1,321</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Financial Statements
March 31, 1988

14. 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>1988</u> (thousands of dollars)	<u>1987</u>
Public Trustee	\$ 3,435	\$ 3,726
Supreme Court	103	173
Territorial Court	83	55
Correctional institutions	96	60
Other	<u>46</u>	<u>47</u>
	<u>\$ 3,763</u>	<u>\$ 4,061</u>

15. Main Estimates

The Main Estimates comparative figures are from the Main Estimates tabled before the Legislative Assembly during the February 1987 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.

16. Legislative Assembly Retiring Allowances Fund

During the year the Government made contributions of \$419,000 (1987 - \$418,000) 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 at March 31, 1988, the Fund had a pension liability of \$3,716,000 and assets at market value of \$4,129,000.

17. 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 \$132,741,000 in capital leases (1987 - \$84,082,000).

The Government also enters into operating leases for equipment. Ongoing commitments for these leases are approximately \$805,000 per year.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Financial Statements
March 31, 1988**

17. Commitments (continued)

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

	1988			1987
	<u>Commercial</u>	<u>Residential</u> <small>(thousands of dollars)</small>	<u>Total</u>	<u>Total</u>
1989	\$ 10,537	\$ 7,028	\$ 17,565	\$ 13,877
1990	9,438	6,832	16,270	12,558
1991	8,560	5,968	14,528	10,933
1992	7,105	5,177	12,282	8,859
1993	5,954	4,299	10,253	7,233
1994-1999	<u>33,872</u>	<u>39,219</u>	<u>73,091</u>	<u>44,168</u>
	<u>\$ 75,466</u>	<u>\$ 68,523</u>	<u>\$143,989</u>	<u>\$ 97,628</u>

In addition, the Government has committed funds for the construction of Stanton Yellowknife Hospital in the amount of \$5,004,000. Of this amount \$648,000 represents contractual obligations at March 31, 1988.

18. Contingencies

The Government is contingently liable for the following:

	(thousands of dollars)
Loans payable by the Northwest Territories Housing Corporation	\$ 97,074
Other, including pending and threatened litigation	1,473
	<u>\$ 98,547</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, 1988**

19. Related parties

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

	<u>1988</u>	<u>1987</u>
	(thousands of dollars)	
Northwest Territories Housing Corporation	\$ 74,168	\$ 64,495
Hospitals and health facilities	37,166	29,489
Educational boards	22,530	13,492
Arctic College	19,089	-
Science Institute of the Northwest Territories	<u>383</u>	<u>393</u>
	<u>\$ 153,336</u>	<u>\$ 107,869</u>

Under agreements with Arctic College, the Government provided services to the College at cost or for a service fee where direct costs could not be determined. Direct costs of \$2,892,000 were incurred on behalf of the College and service fees of \$154,000 were charged for indirect costs. 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.

The Government paid the Workers' Compensation Board premiums of \$703,000 (1987 - \$740,000). In addition, the Government provided payroll and staffing services to the board for a fee of \$32,000 (1987 - \$52,000).

20. Subsequent events

Northwest Territories Power Corporation

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. Pursuant to the Northern Canada Power Commission (Share Issuance and Sale Authorization) Act of Canada, and the Northwest Territories Power Corporation Act of the Northwest Territories, Northern Canada Power Commission was merged with the Northwest Territories Power Corporation and continued as that Corporation under the jurisdiction of the Northwest Territories.

Bond issue

To finance the purchase of Northern Canada Power Commission, the Government issued \$53,500,000 in 11% sinking fund notes. These notes mature on June 23, 1998. The principal will be redeemed on each anniversary date through a sinking fund payment of \$5,350,000.

21. Over-expenditures

As of March 31, 1988, the Government had overspent \$1,559,000 in operations and maintenance activities and \$633,000 in capital 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".

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Financial Statements
March 31, 1988

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, 1988

Schedule A

	<u>1988</u>		<u>1987</u>
	<u>Main</u> <u>Estimates</u> <u>(note 15)</u>	<u>Actual</u>	<u>Actual</u>
	(thousands of dollars)		
From Canada			
Grant (note 4)	<u>\$ 520,453</u>	<u>\$ 572,213</u>	<u>\$ 490,141</u>
Established Programs Financing			
Insured health services	11,700	15,492	10,375
Post-secondary education	4,956	6,616	4,426
Extended health care	<u>2,400</u>	<u>2,597</u>	<u>2,261</u>
	<u>19,056</u>	<u>24,705</u>	<u>17,062</u>
Transfer Payments			
Hospital and medical care			
- Indians and Inuit	20,416	18,793	17,603
Canada Assistance Plan	13,900	15,384	11,772
Canada Assistance Plan			
- Spousal Assault	829	829	294
Health related services	5,748	5,922	3,842
Economic Development Agreement	4,655	1,629	2,401
Continuing education	4,284	4,210	5,401
Legal and correctional services	2,165	2,291	1,724
Young Offenders Act	-	1,557	2,221
Other	<u>1,323</u>	<u>1,802</u>	<u>1,283</u>
	<u>53,320</u>	<u>52,417</u>	<u>46,541</u>
Total from Canada	<u>592,829</u>	<u>649,335</u>	<u>553,744</u>
Generated revenues			
Taxation			
Individual income	40,351	39,550	38,528
Corporate income	15,945	5,542	19,760
Fuel	10,585	8,982	9,670
Tobacco	5,454	5,362	4,698
Property	2,000	2,527	2,400
School	1,600	1,620	1,346
Insurance	525	636	643
Grants in lieu of property taxes	-	780	30
	<u>76,460</u>	<u>64,999</u>	<u>77,075</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Schedule of Revenues by Source
for the year ended March 31, 1988

Schedule A
Continued

	<u>1988</u>		<u>1987</u>
	<u>Main</u> <u>Estimates</u> (note 15)	<u>Actual</u>	<u>Actual</u>
	(thousands of dollars)		
General revenues			
Liquor Commission - net revenues	\$ 10,472	\$ 10,484	\$ 10,181
Interest income	9,282	9,475	10,881
Licences, fees and permits	<u>4,731</u>	<u>4,430</u>	<u>4,112</u>
	<u>24,485</u>	<u>24,389</u>	<u>25,174</u>
Other recoveries			
Rentals	14,476	14,110	13,596
Medical	1,995	2,591	2,519
Sale of commercial goods	1,478	1,524	1,770
Utilities	890	2,793	1,000
Expo '86	-	21	3,985
Miscellaneous	<u>2,022</u>	<u>2,390</u>	<u>3,289</u>
	<u>20,861</u>	<u>23,429</u>	<u>26,159</u>
Capital			
Recoveries from Canada			
Stanton Yellowknife Hospital	4,229	4,668	6,386
Correctional Institutes	1,100	-	3,000
Federal sales tax rebate	275	617	173
Other	755	877	475
Sale of land, houses and other assets	303	640	1,049
Other recoveries	-	243	842
	<u>6,662</u>	<u>7,045</u>	<u>11,925</u>
Total generated revenues	<u>128,468</u>	<u>119,862</u>	<u>140,333</u>
Total revenues by source	<u>\$ 721,297</u>	<u>\$ 769,197</u>	<u>\$ 694,077</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Schedule of Operations and Maintenance Expenditures
for the year ended March 31, 1988

Schedule B

	<u>1988</u>	<u>Actual 1988</u>				<u>1987</u>	
	<u>Main Estimates (note 15)</u>	<u>Salaries and Wages</u>	<u>Grants and Contributions</u>	<u>Valuation Allowances</u>	<u>Other</u>	<u>Total Expenditures</u>	<u>Total Expenditures</u>
			(thousands of dollars)				
Legislative Assembly	\$ 4,844	\$ 1,879	\$ -	\$ -	\$ 2,683	\$ 4,562	\$ 4,336
Executive	13,703	9,460	632	-	3,974	14,066	13,435
Northwest Territories Housing Corporation	46,855	-	49,599	-	-	49,599	44,645
Financial Management Secretariat	1,465	1,148	-	-	225	1,373	1,339
Finance	9,305	5,949	-	-	3,306	9,255	8,364
Culture and Communications	7,780	4,679	1,255	-	1,672	7,606	7,036
Equal Employment Directorate	1,116	621	-	-	412	1,033	816
Personnel	18,902	3,563	-	-	16,872	20,435	22,303
Justice	33,213	7,612	1,528	-	23,111	32,251	29,249
Government Services	14,479	6,847	-	30	6,931	13,808	13,500
Public Works and Highways	121,736	31,236	-	75	82,702	114,013	103,182
Renewable Resources	15,936	15,037	3,632	11	18,935	37,615	14,695
Municipal and Community Affairs	49,189	8,698	34,702	-	3,889	47,289	45,187
Health	85,589	4,251	39,505	37	39,235	83,028	74,685
Social Services	52,780	18,746	6,255	-	31,262	56,263	47,782
Economic Development and Tourism	28,829	6,553	5,499	394	11,070	23,516	26,768
Education	118,281	63,865	44,476	1,154	11,014	120,509	108,480
Total	\$ 624,002	\$ 190,144	\$ 187,083	\$ 1,701	\$ 257,293	\$ 636,221	\$ 565,802

GOVERNMENT OF THE NORTHWEST TERRITORIES

Schedule of Capital Expenditures
for the year ended March 31, 1988

Schedule C

	<u>1988</u>	<u>Actual 1988</u>			<u>1987</u>
	<u>Main Estimates</u> (note 15)	<u>Buildings and Works</u>	<u>Acquisition of Equipment</u>	<u>Contributions</u>	<u>Total Expenditures</u>
			(thousands of dollars)		
Legislative Assembly	\$ 547	\$ 484	\$ 62	\$ -	\$ 546
Executive	-	-	-	-	-
Northwest Territories Housing Corporation	20,991	-	-	24,569	24,569
Financial Management Secretariat	-	-	-	-	-
Finance	-	-	-	-	-
Culture and Communications	328	20	141	164	325
Equal Employment Directorate	-	-	-	-	-
Personnel	5,619	2,860	927	-	3,787
Justice	266	-	254	-	254
Government Services	9,093	5,190	3,042	-	8,232
Public Works and Highways	16,534	14,907	736	-	15,643
Renewable Resources	365	1,091	879	-	1,970
Municipal and Community Affairs	47,306	34,990	3,166	6,690	44,846
Health	15,158	10,269	3,359	1,232	14,860
Social Services	6,266	4,269	432	1,016	5,717
Economic Development and Tourism	5,422	1,592	76	784	2,452
Education	37,865	31,722	861	5,648	38,231
Total	\$ 165,760	\$ 107,394	\$ 13,935	\$ 40,103	\$ 161,432
					\$ 127,209