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**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, 1990**



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

## AUDITOR'S REPORT

### The Legislative Assembly of the Northwest Territories

I have examined the consolidated balance sheet of the Government of the Northwest Territories as at March 31, 1990 and the consolidated 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 consolidated financial statements present fairly the financial position of the Territories as at March 31, 1990 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 Notes 2 and 3 to the financial statements applied, after giving retroactive effect to the change in reporting entity as explained in Note 2 to the financial statements, on a basis consistent with that of the preceding year.

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

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

Ottawa, Canada  
September 28, 1990

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Balance Sheet  
as at March 31, 1990

| <u>ASSETS</u>                    | <u>1990</u>            | <u>1989</u>       | <u>LIABILITIES</u>             | <u>1990</u>            | <u>1989</u>       |
|----------------------------------|------------------------|-------------------|--------------------------------|------------------------|-------------------|
|                                  | (thousands of dollars) |                   |                                | (thousands of dollars) |                   |
| Current                          |                        |                   | Current                        |                        |                   |
| Cash and short-term deposits     | \$ 39,254              | \$ 40,559         | Accounts payable (note 12)     | \$ 124,510             | \$ 97,483         |
| Due from Canada (note 4)         | 95,320                 | 79,886            | Current portion of             |                        |                   |
| Accounts receivable (note 5)     | 35,453                 | 38,883            | long-term liabilities          |                        |                   |
| Inventories                      | 689                    | 676               | - employee leave and           |                        |                   |
| Current portion of               |                        |                   | termination benefits           | 10,071                 | 8,350             |
| long-term receivables            |                        |                   | - note payable                 | 5,350                  | 5,350             |
| - loans                          | 2,379                  | 1,736             | - debt                         | 293                    | 329               |
| - promissory note                | <u>5,350</u>           | <u>5,350</u>      |                                |                        |                   |
|                                  | 178,445                | 167,090           |                                | <u>140,224</u>         | <u>111,512</u>    |
| Long-term                        |                        |                   | Long-term                      |                        |                   |
| Loans receivable (note 6)        | 30,631                 | 16,397            | Pension liability (note 13)    | 1,863                  | -                 |
| Promissory note                  |                        |                   | Employee leave and termination |                        |                   |
| receivable (note 7)              | 42,800                 | 48,150            | benefits (note 14)             | 12,341                 | 14,482            |
| Mortgages receivable (note 8)    | 2,243                  | 2,142             | Note payable (note 15)         | 42,800                 | 48,150            |
| Notes receivable                 | 328                    | 328               | Long-term debt (note 16)       | 95,002                 | 95,413            |
| Business Loans and Guarantees    |                        |                   |                                |                        |                   |
| Fund (note 9)                    | 18,210                 | 14,093            | <u>EQUITY</u>                  |                        |                   |
| Students Loan Fund (note 10)     | 5,577                  | 4,737             | Business Loans and Guarantees  |                        |                   |
| Investments (note 11a)           | 106,684                | 106,562           | Fund (note 9)                  | 20,000                 | 16,000            |
| Fixed assets, at a nominal value | <u>1</u>               | <u>1</u>          | Students Loan Fund (note 10)   | 10,000                 | 9,000             |
|                                  | <u>\$ 384,919</u>      | <u>\$ 359,500</u> | Surplus                        | <u>62,689</u>          | <u>64,943</u>     |
|                                  |                        |                   |                                | <u>\$ 384,919</u>      | <u>\$ 359,500</u> |

Approved:

  
Minister of Finance

  
Comptroller General

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Statement of Operations  
for the year ended March 31, 1990

|  | <u>1990</u>            | <u>1989</u>             |
|--|------------------------|-------------------------|
|  | (thousands of dollars) |                         |
| Revenues (schedule A)                                |                        |                         |
| - From Canada  | \$ 863,880             | \$ 809,399              |
| - Generated revenues                                 | <u>161,543</u>         | <u>120,554</u>          |
|  | <u>1,025,423</u>       | <u>929,953</u>          |
| Expenditures   |                        |                         |
| - Operations and maintenance<br>(schedule B)         | 893,371                | 810,305                 |
| - Capital (schedule C)                               | <u>146,296</u>         | <u>115,679</u>          |
|  | <u>1,039,667</u>       | <u>925,984</u>          |
| Net (expenditures) revenues before undermoted        | <u>(14,244)</u>        | <u>3,969</u>            |
| Net revenues of investments (note 11a)               | 13,959                 | 7,392                   |
| Recoveries of prior years'<br>expenditures (note 17) | <u>3,031</u>           | <u>3,371</u>            |
|  | <u>16,990</u>          | <u>10,763</u>           |
| Projects on behalf of Canada and others              |                        |                         |
| Expenditures   | 44,641                 | 38,578                  |
| Recoveries   | <u>44,641</u>          | <u>38,578</u>           |
|  | <u>-</u>               | <u>-</u>                |
| <b>Net revenues</b>                                  | <b><u>\$ 2,746</u></b> | <b><u>\$ 14,732</u></b> |

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Statement of Surplus  
for the year ended March 31, 1990

|                                    | <u>1990</u><br>(thousands of dollars) | <u>1989</u>      |
|------------------------------------|---------------------------------------|------------------|
| Balance at beginning of the year   | \$ 64,943                             | \$ 50,711        |
| Net revenues                       | <u>2,746</u>                          | <u>14,732</u>    |
|                                    | <u>67,689</u>                         | <u>65,443</u>    |
| Transfer to:                       |                                       |                  |
| Business Loans and Guarantees Fund | 4,000                                 | -                |
| Students Loan Fund                 | <u>1,000</u>                          | <u>500</u>       |
|                                    | <u>5,000</u>                          | <u>500</u>       |
| Balance at end of the year         | <u>\$ 62,689</u>                      | <u>\$ 64,943</u> |

**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**Consolidated Statement of Changes in Financial Position  
for the year ended March 31, 1990**

|  | <u>1990</u><br>(thousands of dollars) |
|--|---------------------------------------|
| <b>Operating activities</b>                                  |                                       |
| <b>Operations</b>  |                                       |
| Net revenues   | \$ 2,746                              |
| <b>Items not requiring funds</b>                             |                                       |
| Bad debts and loan remissions                                | <u>743</u>                            |
|  | 3,489                                 |
| <b>Changes in operating assets and liabilities</b>           |                                       |
| Current assets other than cash and short-term deposits       | (26,011)                              |
| Current liabilities  | 14,621                                |
| Grant due to Canada  | 28,377                                |
| Long-term employee leave and termination benefits            | <u>(2,141)</u>                        |
| <b>Financial resources from operating activities</b>         | <u>18,335</u>                         |
| <b>Investing activities</b>                                  |                                       |
| Loans advanced   | (23,630)                              |
| Cash allocated to loan funds                                 | (2,372)                               |
| Payments received on loans                                   | 5,133                                 |
| Payment received on promissory note                          | 5,350                                 |
| Mortgages receivable   | (101)                                 |
| Investments  | <u>(122)</u>                          |
| <b>Financial resources used for investing activities</b>     | <u>(15,742)</u>                       |
| <b>Financing activities</b>                                  |                                       |
| Long-term pension liability                                  | 1,863                                 |
| Repayment of long-term debt                                  | <u>(5,761)</u>                        |
| <b>Financial resources used for financing activities</b>     | <u>(3,898)</u>                        |
| <b>Decrease in cash and short-term deposits</b>              | (1,305)                               |
| <b>Cash and short-term deposits at beginning of the year</b> | <u>40,559</u>                         |
| <b>Cash and short-term deposits at end of the year</b>       | <u>\$ 39,254</u>                      |

## GOVERNMENT OF THE NORTHWEST TERRITORIES

### Notes to Consolidated Financial Statements March 31, 1990

#### 1. Authority and operations

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

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

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

#### 2. Change in accounting policy

##### (a) Accounting change

The Canadian Institute of Chartered Accountants recently issued new recommendations on accounting for the government reporting entity on a consolidated basis. The Government has chosen to adopt these recommendations and implement them on a retroactive basis. Accordingly, the current years figures and comparative figures for 1989 have been presented on a consolidated basis with the exception of the Statement of Changes in Financial Position which does not include comparative figures.

This change in accounting policy has resulted in an increase in net revenues of \$9,465,000 and an increase in surplus of \$7,512,000 for the year ended March 31, 1990.

##### (b) 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

##### Modified equity:

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

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1990

**2. Change in accounting policy (continued)**

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

Public Stores Revolving Fund  
Fur Marketing Service Revolving Fund

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

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

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

**3. Significant accounting policies**

(a) Inventories

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

(b) Fixed assets

Fixed assets are charged to expenditures at the time of acquisition or construction. Fixed assets are recorded at a nominal value.

(c) 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.

(d) 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.

(e) 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.



## GOVERNMENT OF THE NORTHWEST TERRITORIES

### Notes to Consolidated Financial Statements March 31, 1990

#### 3. Significant accounting policies (continued)

Fuel and tobacco taxes are levied under the authority of the Petroleum Products Tax and the Tobacco Tax acts and are received on a monthly basis from collectors. Revenues are recognized 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.

##### (f) 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.

##### (g) Other revenues

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

##### (h) 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.

##### (i) Operations, maintenance and capital expenditures

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

##### (j) Pensions

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

##### (k) Contributions to local housing organizations

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

**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**Notes to Consolidated Financial Statements  
March 31, 1990**

**4. Due from Canada**

|  | <u>1990</u>             | <u>1989</u>             |
|--|-------------------------|-------------------------|
|  | (thousands of dollars)  |                         |
| Cost sharing agreements and projects on behalf of Canada | \$ 64,856               | \$ 51,077               |
| Grant receivable (note 12.a)                             | -                       | 14,286                  |
| Income Tax and Established Program Financing shortfall   | 3,360                   | -                       |
| Other, net of allowance of nil (1989 - \$411,000)        | <u>27,104</u>           | <u>14,523</u>           |
|  | <b><u>\$ 95,320</u></b> | <b><u>\$ 79,886</u></b> |

**5. Accounts receivable**

|   | <u>1990</u>             | <u>1989</u>             |
|---|-------------------------|-------------------------|
|   | (thousands of dollars)  |                         |
| Revolving funds   | <u>\$ 451</u>           | <u>\$ 503</u>           |
| Related parties   |                         |                         |
| Divisional Boards of Education  | 5,890                   | 2,152                   |
| Regional Health Boards  | 2,014                   | 1,556                   |
| Northwest Territories Power Corporation   | 1,936                   | 2,600                   |
| Board of Secondary Education  | 254                     | 418                     |
| Petroleum Products  | 65                      | -                       |
| Workers' Compensation Board   | <u>24</u>               | <u>271</u>              |
|   | <u>10,183</u>           | <u>6,997</u>            |
| Other accounts receivable, net of allowance for doubtful accounts of \$937,464 (1989 - \$915,354) | 17,736                  | 27,561                  |
| Accrued interest  | <u>7,083</u>            | <u>3,822</u>            |
|   | <u>24,819</u>           | <u>31,383</u>           |
|   | <b><u>\$ 35,453</u></b> | <b><u>\$ 38,883</u></b> |

During the year, uncollectable amounts of \$110,435 (1989 - \$396,896) were written off with proper authority and no accounts receivable were forgiven (1989 - \$90,000).

During the year, there were no uncollectable loans written off (1989 - nil).

**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**Notes to Consolidated Financial Statements  
March 31, 1990**

**6. Loans receivable**

|  | <u>1990</u>            | <u>1989</u>      |
|--|------------------------|------------------|
|  | (thousands of dollars) |                  |
| Loans to municipalities and school districts,<br>due in annual amounts to the year 2009, bearing<br>interest at rates between 6.94% and 11.5%  | \$ 32,788              | \$ 17,831        |
| Other loans, due in monthly or annual instalments<br>to the year 1993, bearing interest at rates<br>between nil and 11.75%, net of allowance for<br>doubtful loans of \$197,170 (1989 - \$197,170) | <u>222</u>             | <u>302</u>       |
|  | 33,010                 | 18,133           |
| Less current portion   | <u>2,379</u>           | <u>1,736</u>     |
|  | <u>\$ 30,631</u>       | <u>\$ 16,397</u> |

**7. Promissory note receivable**

|  | <u>1990</u>            | <u>1989</u>      |
|--|------------------------|------------------|
|  | (thousands of dollars) |                  |
| Promissory note of the Northwest Territories<br>Power Corporation, receivable in ten equal<br>annual instalments, plus interest at 11% payable<br>semi-annually, maturing June 23, 1998. | \$ 48,150              | \$ 53,500        |
| Less current portion   | <u>5,350</u>           | <u>5,350</u>     |
|  | <u>\$ 42,800</u>       | <u>\$ 48,150</u> |

**8. Mortgages receivable**

|   | <u>1990</u>            | <u>1989</u>     |
|---|------------------------|-----------------|
|   | (thousands of dollars) |                 |
| <b>Mortgages receivable consist of:</b>   |                        |                 |
| First mortgages, rural and remote housing,<br>bearing interest at rates varying between<br>9.88% and 21% per annum, repayable over<br>a maximum period of 25 years. | \$ 1,174               | \$ 1,248        |
| Other mortgages, bearing interest at rates<br>varying between 0% and 12% per annum,<br>repayable over a maximum period of 25 years.                                 | 732                    | 329             |
| Interim financing loans, bearing interest at<br>rates varying between 13.75% and 14.75%<br>for indeterminate periods.   | <u>337</u>             | <u>565</u>      |
|   | <u>\$ 2,243</u>        | <u>\$ 2,142</u> |

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1990

**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 \$20,000,000 for business loans and guarantees up to March 31, 1990 (1989 - \$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>1990</u>             | <u>1989</u>             |
|---|-------------------------|-------------------------|
|   | (thousands of dollars)  |                         |
| Loans receivable                        | \$ 13,261               | \$ 11,245               |
| Cash committed in support of guarantees | 84                      | 384                     |
| Cash available for loans and guarantees | <u>6,655</u>            | <u>4,371</u>            |
| <b>Authorized balance</b>               | <b>20,000</b>           | <b>16,000</b>           |
| Less provision for doubtful loans       | <u>1,790</u>            | <u>1,907</u>            |
| <b>Total fund assets</b>                | <b><u>\$ 18,210</u></b> | <b><u>\$ 14,093</u></b> |

The loans are repayable in instalments to the year 2015 and bear interest at rates between 10.75% and 15.5%. During the year, uncollectable amounts of \$43,868 (1989 - \$81,944) 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 \$10,000,000 for student loans up to March 31, 1990 (1989 - \$9,000,000). Interest earned is credited to general revenues (interest income) and provisions for doubtful loans and loan remissions are charged to expenditures (Department of Education).

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

|                              | <u>1990</u>            | <u>1989</u>            |
|------------------------------|------------------------|------------------------|
|                              | (thousands of dollars) |                        |
| Loans receivable             | \$ 8,840               | \$ 8,228               |
| Cash available for new loans | <u>1,160</u>           | <u>772</u>             |
| <b>Authorized balance</b>    | <b><u>10,000</u></b>   | <b><u>9,000</u></b>    |
| Less provisions for:         |                        |                        |
| Loan remissions              | 2,786                  | 2,784                  |
| Doubtful loans               | <u>1,637</u>           | <u>1,479</u>           |
|                              | <u>4,423</u>           | <u>4,263</u>           |
| <b>Total fund assets</b>     | <b><u>\$ 5,577</u></b> | <b><u>\$ 4,737</u></b> |

**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**Notes to Consolidated Financial Statements  
March 31, 1990**

**10. Students Loan Fund (continued)**

The loans are repayable in instalments to the year 2001 and bear interest at rates between 8.75% and 12.5%. During the year, uncollectable loans of \$81,619 (1989 - \$22,929) were written off with proper authority and remissions of \$864,887 (1989 - \$853,601) were granted to students who met the criteria established in the Regulations.

**11. Investments**

(a) Summary financial statements of the associated government entities accounted for by the modified equity method are presented below. With the exception of the Workers' Compensation Board, all entities have a common fiscal year end of March 31. The Worker's Compensation Board has a fiscal year end of December 31.

|                                       | <u>Northwest<br/>Territories<br/>Power<br/>Corporation</u><br>(as at March 31, 1990) | <u>Northwest<br/>Territories<br/>Liquor<br/>Commission</u> | <u>Petroleum<br/>Products<br/>Revolving<br/>Fund</u> | <u>Workers'<br/>Compensation<br/>Board</u><br>(as at<br>December 31,<br>1989) | <u>Total</u>      |
|---------------------------------------|--|--|--|---|-------------------|
|                                       | (thousands of dollars)   |  |  |   |                   |
| <b>Balance Sheet</b>                  |  |  |  |   |                   |
| <b>Assets</b>                         |  |  |  |   |                   |
| Current                               | \$ 33,690  | \$ 1,599   | \$ 8,109   | \$ 10,680   | \$ 54,078         |
| Other                                 | <u>126,508</u>   | <u>3,355</u>   | <u>22,148</u>  | <u>101,865</u>  | <u>253,876</u>    |
|                                       | <b>\$ 160,198</b>  | <b>\$ 4,954</b>  | <b>\$ 30,257</b>                                     | <b>\$ 112,545</b>   | <b>\$ 307,954</b> |
| <b>Liabilities</b>                    |  |  |  |   |                   |
| Current                               | \$ 21,364  | \$ 958   | \$ 2,502   | \$ 1,999  | \$ 26,823         |
| Long-term debt<br>and other           | 70,400   | 84   | 121  | 103,842   | 174,447           |
| <b>Surplus</b>                        | <u>68,434</u>  | <u>3,912</u>   | <u>27,634</u>  | <u>6,704</u>  | <u>106,684</u>    |
|                                       | <b>\$ 160,198</b>  | <b>\$ 4,954</b>  | <b>\$ 30,257</b>                                     | <b>\$ 112,545</b>   | <b>\$ 307,954</b> |
| <b>Statement of Operations</b>        |  |  |  |   |                   |
| Revenues                              | \$ 82,191  | \$ 28,725  | \$ 43,466  | \$ 30,522   | \$ 184,904        |
| Expenditures                          | <u>83,562</u>  | <u>16,036</u>  | <u>43,722</u>  | <u>27,625</u>   | <u>170,945</u>    |
| <b>Net revenue<br/>(expenditures)</b> | <b>\$ (1,371)</b>  | <b>\$ 12,689</b>   | <b>\$ (256)</b>                                      | <b>\$ 2,897</b>   | <b>\$ 13,959</b>  |

**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**Notes to Consolidated Financial Statements  
March 31, 1990**

**11. Investments (continued)**

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

|   | <u>Northwest<br/>Territories<br/>Power<br/>Corporation</u><br>(as at March 31, 1990) | <u>Northwest<br/>Territories<br/>Liquor<br/>Commission</u> | <u>Petroleum<br/>Products<br/>Revolving<br/>Fund</u> | <u>Workers'<br/>Compensation<br/>Board</u><br>(as at<br>December 31,<br>1989) |
|---|--|--|--|---|
|   | (thousands of dollars)   |  |  |   |
| <b>Accounts receivable:</b>                               |  |  |  |   |
| From:   |  |  |  |   |
| Government of the Northwest<br>Territories - Consolidated | \$ 1,630   | \$ -   | \$ 7   | \$ 1,924  |
| Northwest Territories Liquor<br>Commission                | -  | -  | 1  | -   |
| Northwest Territories Power<br>Corporation                | <u>-</u>   | <u>-</u>   | <u>1,196</u>   | <u>59</u>   |
|   | <u>\$ 1,630</u>  | <u>\$ -</u>  | <u>\$ 1,204</u>                                      | <u>\$ 1,983</u>   |
| <b>Accounts payable:</b>                                  |  |  |  |   |
| To:   |  |  |  |   |
| Government of the Northwest<br>Territories - Consolidated | \$ 1,941   | \$ 54  | \$ 65  | \$ 39   |
| Petroleum Products Revolving Fund                         | <u>452</u>   | <u>-</u>   | <u>-</u>   | <u>-</u>  |
|   | <u>\$ 2,393</u>  | <u>\$ 54</u>   | <u>\$ 65</u>   | <u>\$ 39</u>  |
| <b>Long-term debt:</b>                                    |  |  |  |   |
| To:   |  |  |  |   |
| Government of the Northwest<br>Territories - Consolidated | \$ 48,150  | \$ -   | \$ -   | \$ -  |
|   | <u>\$ 48,150</u>   | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ -</u>   |

**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**Notes to Consolidated Financial Statements  
March 31, 1990**

**11. Investments (continued)**

|   | <u>Northwest<br/>Territories<br/>Power<br/>Corporation</u> | <u>Northwest<br/>Territories<br/>Liquor<br/>Commission</u> | <u>Petroleum<br/>Products<br/>Revolving<br/>Fund</u> | <u>Workers'<br/>Compensation<br/>Board</u> |
|---|--|--|--|--|
|   | (as at March 31, 1990)                                     |  |  | (as at<br>December 31,<br>1989)            |
|   | (thousands of dollars)                                     |  |  |  |
| <b>Revenues:</b>  |  |  |  |  |
| From:   |  |  |  |  |
| Government of the Northwest<br>Territories - Consolidated | \$ 16,682  | \$ 1   | \$ 6,119   | \$ 1,816                                   |
| Northwest Territories Power<br>Corporation                | -  | -  | 8,628  | 102  |
|   | <u>\$ 16,682</u>   | <u>\$ 1</u>  | <u>\$ 14,747</u>                                     | <u>\$ 1,918</u>                            |
| <b>Expenditures:</b>                                      |  |  |  |  |
| To:   |  |  |  |  |
| Government of the Northwest<br>Territories - Consolidated | \$ 7,232   | \$ 76  | \$ 1,325   | \$ 320                                     |
| Northwest Territories Power<br>Corporation                | -  | 62   | -  | -  |
| Petroleum Products Revolving Fund                         | 8,793  | 3  | -  | -  |
| Workers' Compensation Board                               | 190  | -  | -  | -  |
|   | <u>\$ 16,215</u>   | <u>\$ 141</u>  | <u>\$ 1,325</u>                                      | <u>\$ 320</u>                              |

**12. Accounts payable**

|   | <u>1990</u>            | <u>1989</u>      |
|---|------------------------|------------------|
|   | (thousands of dollars) |                  |
| <b>Due to Canada</b>  |                        |                  |
| Excess Income Tax and Established<br>Programs Financing advanced            | \$ -                   | \$ 7,065         |
| Grant payable (see 12.a)  | 14,091                 | -                |
| Unapplied balance of advances under agreements                              | 990                    | 1,381            |
|   | <u>15,081</u>          | <u>8,446</u>     |
| <b>Accounts payable</b>   | 94,770                 | 76,493           |
| <b>Other liabilities, payroll deductions<br/>and contractors' holdbacks</b> | 14,659                 | 12,544           |
|   | <u>109,429</u>         | <u>89,037</u>    |
|   | <u>\$ 124,510</u>      | <u>\$ 97,483</u> |

**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**Notes to Consolidated Financial Statements  
March 31, 1990**

**12. Accounts payable (continued)**

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

|   | <u>1990</u>            | <u>1989</u>      |
|---|------------------------|------------------|
|   | (thousands of dollars) |                  |
| Grant per agreement with Canada                 | \$ 710,802             | \$ 642,728       |
| Adjustments for:                                |                        |                  |
| Income tax collections                          | (13,312)               | 12,028           |
| EPF contributions                               | 3,822                  | (986)            |
| Operating revenues                              | (9,407)                | (12,138)         |
| Escalation                                      | <u>5,407</u>           | <u>15,869</u>    |
| Per Schedule of Revenues by Source (schedule A) | 697,312                | 657,501          |
| Received from Canada during the year            | <u>725,689</u>         | <u>666,191</u>   |
|   | (28,377)               | (8,690)          |
| Due from (to) Canada                            |                        |                  |
| At beginning of the year                        | <u>14,286</u>          | <u>22,976</u>    |
| At end of the year                              | <u>\$ (14,091)</u>     | <u>\$ 14,286</u> |

**13. Pension Liability**

The Government of the Northwest Territories sponsors a Supplementary Retiring Allowance which is a non-contributory defined benefit pension plan for members of its Legislature. Effective February 1990, 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 45. Also, there are 5 former members who are entitled to deferred pension benefits. However, at this time, none have elected to exercise their buy-back option.

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

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

The pension liability at March 31, 1990 includes the following components:

|                                   | (thousands of dollars) |
|-----------------------------------|------------------------|
| Accrued benefit obligation        | \$ 1,654               |
| Unamortized estimation adjustment | <u>209</u>             |
| <b>Pension liability</b>          | <b><u>\$ 1,863</u></b> |



**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**Notes to Consolidated Financial Statements  
March 31, 1990**

**13. Pension Liability (continued)**

The most recent actuarial valuation was prepared at March 31, 1990, using the projected benefit method pro-rated on service. The value of accrued pension benefits attributed to services rendered up to March 31, 1990 is \$4,601,000 of which \$3,737,000 relates to past service. Past service benefits are amortized over six years. The estimation adjustment is a net loss amortized on a straight line basis over the expected average remaining service life of the related member group (6 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:

|   | (thousands of dollars) |
|---|------------------------|
| Cost of improvements  |                        |
| - current service   | \$ 743                 |
| - past service  | <u>535</u>             |
|   | 1,278                  |
| Cost of financing unfunded pension obligation<br>(net pension interest expenditure) | <u>376</u>             |
| <b>Total pension related expenditures</b>   | <b><u>\$ 1,654</u></b> |

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

**14. Employee leave and termination benefits**

|                      | <u>1990</u>             | <u>1989</u>             |
|----------------------|-------------------------|-------------------------|
|                      | (thousands of dollars)  |                         |
| Termination          | \$ 7,365                | \$ 5,426                |
| Leave                | 7,169                   | 5,816                   |
| Removal              | 6,970                   | 7,581                   |
| Retirement           | <u>908</u>              | <u>4,009</u>            |
|                      | 22,412                  | 22,832                  |
| Less current portion | <u>10,071</u>           | <u>8,350</u>            |
|                      | <b><u>\$ 12,341</u></b> | <b><u>\$ 14,482</u></b> |

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.

**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**Notes to Consolidated Financial Statements  
March 31, 1990**

**15. Note payable**

|   | <u>1990</u>            | <u>1989</u>      |
|---|------------------------|------------------|
|   | (thousands of dollars) |                  |
| To finance the purchase of the Northwest Territories Power Corporation, the Government issued \$53,500,000 in 11% sinking fund notes. These notes are redeemable in equal annual instalments with interest payable semi-annually. | \$ 48,150              | \$ 53,500        |
| Less current portion  | <u>5,350</u>           | <u>5,350</u>     |
|   | <u>\$ 42,800</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> |
|------|------------------------|-----------------|--------------|
|      | (thousands of dollars) |                 |              |
| 1991 | \$ 5,350               | \$ 4,414        | \$ 9,764     |
| 1992 | 5,350                  | 3,825           | 9,175        |
| 1993 | 5,350                  | 3,237           | 8,587        |
| 1994 | 5,350                  | 2,648           | 7,998        |
| 1995 | 5,350                  | 2,060           | 7,410        |

**16. Long-term debt**

|   | <u>1990</u>            | <u>1989</u>      |
|---|------------------------|------------------|
|   | (thousands of dollars) |                  |
| Section 43 loans from Canada Mortgage and Housing Corporation, repayable in annual instalments until the year 2033, bearing interest at an average weighted rate of 13.3%   | \$ 94,173              | \$ 94,380        |
| 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 9.8% | 362                    | 480              |
| 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 8.5%   | 565                    | 647              |
| Loans from Canada, repayable in annual amounts through 1996, bearing interest at an average weighted rate of 8.2%   | <u>195</u>             | <u>235</u>       |
|   | 95,295                 | 95,742           |
| Less current portion  | <u>293</u>             | <u>329</u>       |
|   | <u>\$ 95,002</u>       | <u>\$ 95,413</u> |

**GOVERNMENT OF THE NORTHWEST TERRITORIES**

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

**16. Long-term debt (continued)**

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

|      | <u>Principal</u>       | <u>Interest</u> | <u>Total</u> |
|------|------------------------|-----------------|--------------|
|      | (thousands of dollars) |                 |              |
| 1991 | \$ 294                 | \$ 13,046       | \$ 13,340    |
| 1992 | 311                    | 13,014          | 13,325       |
| 1993 | 337                    | 12,973          | 13,310       |
| 1994 | 365                    | 12,939          | 13,304       |
| 1995 | 390                    | 12,895          | 13,285       |

**17. 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 (April 1, 1987), these amounts cannot be used to increase the amount appropriated for expenditures for the current year.

**18. 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>1990</u>            | <u>1989</u>     |
|---------------------------|------------------------|-----------------|
|                           | (thousands of dollars) |                 |
| Public Trustee            | \$ 3,705               | \$ 3,229        |
| Supreme Court             | 403                    | 414             |
| Territorial Court         | 54                     | 41              |
| Correctional institutions | 66                     | 101             |
| Other                     | 44                     | 53              |
|                           | <b>\$ 4,272</b>        | <b>\$ 3,838</b> |

**19. Pension plans**

**(a) Public Service Superannuation Plan**

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

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1990

19. Pension plans (continued)

(b) Legislative Retiring Allowance Fund

During the year the Government made contributions of \$594,656 (1989 - \$570,652) 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, 1990 the surplus of the fund was \$1,063,137.

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) |
|------|------------------------|
| 1991 | \$ 22,278              |
| 1992 | 19,716                 |
| 1993 | 14,954                 |
| 1994 | 13,301                 |
| 1995 | 12,006                 |

The Government also enters into operating leases for equipment. Ongoing commitments for these leases are approximately \$1,134,142 per year.

In addition, the Government has committed funds for the completion of the following construction projects:

|  | (thousands of dollars) |
|--|------------------------|
| <b>Government Services</b>             |                        |
| Fuel storage facilities                | \$ 3,096               |
| <b>Renewable Resources</b>             |                        |
| Air Tanker Base                        | 932                    |
| <b>Municipal and Community Affairs</b> |                        |
| Recreational facilities                | 744                    |
| <b>Health</b>                          |                        |
| Health care centres                    | 1,370                  |
| <b>Education</b>                       |                        |
| Schools                                | <u>2,612</u>           |
|  | <u>\$ 8,754</u>        |

At March 31, 1990 the estimated cost to complete housing and land assembly projects in progress was \$12,832,000 of which Canada Mortgage and Housing Corporation will share in the approved cost to the extent of \$9,225,000.

**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**Notes to Consolidated Financial Statements  
March 31, 1990**

**21. Related parties**

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

|  | <u>1990</u>            | <u>1989</u>       |
|--|------------------------|-------------------|
|  | (thousands of dollars) |                   |
| Contributions                                  |                        |                   |
| Hospitals and health facilities                | \$ 77,366              | \$ 69,030         |
| Educational boards                             | 76,613                 | 50,634            |
| Science Institute of the Northwest Territories | <u>1,477</u>           | <u>738</u>        |
|  | 155,456                | 120,402           |
| Grants   |                        |                   |
| Science Institute of the Northwest Territories | <u>89</u>              | <u>79</u>         |
|  | <u>\$ 155,545</u>      | <u>\$ 120,481</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 \$79,761,708 were incurred on behalf of the related parties and service fees of \$21,817 were charged for indirect costs.

**22. Over-expenditures**

As of March 31, 1990, the Government had overspent \$1,533,240 in operations and maintenance activities and \$12,522 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".

**23. Restrictions on use of net assets**

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.

**24. Contingencies**

The Government is contingently liable for the following:

|   | (thousands of dollars) |
|---|------------------------|
| Debenture issue by Northwest Territories Power Corporation, maturing March 9, 2009. | \$ 20,000              |
| Other, including pending litigation   | <u>2,398</u>           |
|   | <u>\$ 22,398</u>       |

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1990

**24. Contingencies (continued)**

Included in the Government's assets is a \$10,831,096 receivable from Canada which is under negotiation. The outcome of the negotiation has not been determined. No provision has been made for any of this amount. The Government is vigorously pursuing its claim.

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.

During the year, the Government ceased making lease payments on a managed property as a result of the property being closed by order of the Territorial Fire Marshall. This action may impact on the value of the \$221,873 note receivable and purchase option currently reported as an asset by the Government.

In addition, the Canada Mortgage and Housing Corporation has sued the owners of this property for the amount of the remaining mortgage plus accrued interest (approximately two million dollars) and the owners claimed contribution and indemnity from the Northwest Territories Housing Corporation.

It is management's opinion that, at this time, the outcome of this litigation and an appropriate estimate of contingent liabilities, if any, cannot be determined. The Government does not admit liability in this case and no provision for loss is included in these financial statements. Should the litigation result in a payment, then the charge will be applied to operations in the year in which settlement occurs.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Schedule of Revenues by Source  
for the year ended March 31, 1990

Schedule A

|  | <u>1990</u><br>(thousands of dollars) | <u>1989</u>       |
|--|---------------------------------------|-------------------|
| <b>From Canada</b>                                     |                                       |                   |
| Grant - per Financing Agreement<br>- to Arctic College | \$ 697,312                            | \$ 657,501        |
| Established Program Financing                          | 87,661                                | 63,432            |
| Transfer payments                                      | <u>78,907</u>                         | <u>88,416</u>     |
| <b>Total from Canada</b>                               | <u>863,880</u>                        | <u>809,399</u>    |
| <b>Generated revenues</b>                              |                                       |                   |
| Taxation   | 96,398                                | 64,554            |
| General  | 30,263                                | 26,677            |
| Other  | 27,240                                | 21,843            |
| Capital  | <u>7,642</u>                          | <u>7,480</u>      |
| <b>Total generated revenues</b>                        | <u>161,543</u>                        | <u>120,554</u>    |
| <b>Total</b>   | <u>\$ 1,025,423</u>                   | <u>\$ 929,953</u> |

**GOVERNMENT OF THE NORTHWEST TERRITORIES**  
**Consolidated Schedule of Operations and Maintenance Expenditures**  
**for the year ended March 31, 1990**

Schedule B

|                          | <u>1990</u>              | <u>1989</u>              |
|--------------------------|--------------------------|--------------------------|
|                          | (thousands of dollars)   |                          |
| Salaries and wages       | \$ 212,208               | \$ 193,393               |
| Grants and contributions | 294,658                  | 247,124                  |
| Valuation allowances     | 1,474                    | 1,685                    |
| Other                    | <u>385,031</u>           | <u>368,103</u>           |
| <b>Total</b>             | <b><u>\$ 893,371</u></b> | <b><u>\$ 810,305</u></b> |



GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Schedule of Capital Expenditures  
for the year ended March 31, 1990

|                          | Schedule C             |                   |
|--------------------------|------------------------|-------------------|
|                          | <u>1990</u>            | <u>1989</u>       |
|                          | (thousands of dollars) |                   |
| Buildings and works      | \$ 120,511             | \$ 89,048         |
| Equipment                | 10,521                 | 18,767            |
| Grants and contributions | <u>15,264</u>          | <u>7,864</u>      |
| Total                    | <u>\$ 146,296</u>      | <u>\$ 115,679</u> |