

Office of the Auditor General of Canada  
Bureau du vérificateur général du Canada



# Financial Statements États financiers

**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**March 31, 1993**



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of the Northwest Territories and related information, contained in Volumes I (Consolidated Financial Statements) and Volume II (Non-Consolidated Financial Statements) of the Public Accounts, is the responsibility of management through the Office of the Comptroller General.

The consolidated financial statements have been prepared in accordance with the accounting policies set out in Note 2 to the Consolidated Financial Statements and comply with the recommendations of the Public Sector Accounting and Auditing Board. When alternative accounting methods exist, management has chosen those that are most appropriate. Where required, management's best estimates and judgement have been applied in the preparation of these statements.

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

The Public Accounts are referred to the Standing Committee on Public Accounts after they have been tabled in the Legislative Assembly. The recommendations of this committee are reviewed and acted on to improve the financial systems and controls.

Annually, the Auditor General of Canada performs an independent audit on the consolidated financial statements in order to express an opinion on the fairness with which they present the financial position, results of operations and changes in financial position. During the course of the audit, he also examines transactions, that have come to his notice, to ensure they are, in all significant respects, within the statutory powers of the Government and those organizations included in the consolidation.

After completion of the audit, the Auditor General prepares his "Report on Other Matters", which is presented to the Legislative Assembly and the Standing Committee on Public Accounts. The Report on Other Matters contains the Auditor General's Recommendations.

Dew Voytilla  
Comptroller General



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

## AUDITOR'S REPORT

To the Legislative Assembly of the Northwest Territories

I have audited the consolidated balance sheet of the Government of the Northwest Territories as at March 31, 1993 and the consolidated statements of operations and surplus and changes in financial position for the year then ended. These financial statements are the responsibility of the Government's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in note 2 to the consolidated financial statements. As required by the Northwest Territories Act (Canada), I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Government, the consolidated financial statements are in agreement therewith and the transactions of the Government and of those organizations included in the consolidation as discussed in note 1 that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been within their statutory powers, except for the overexpenditures identified in Note 19.

In accordance with the Northwest Territories Act (Canada) Section 30(2), additional comments on these financial statements and this auditor's report will be included in my annual report to the Legislative Assembly of the Northwest Territories.

A handwritten signature in cursive script, reading "L. Denis Desautels".

L. Denis Desautels, FCA  
Auditor General of Canada

Ottawa, Canada  
December 3, 1993

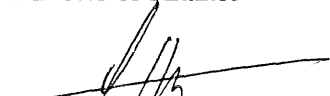
GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Balance Sheet  
as at March 31, 1993  
(thousands of dollars)

ASSETS			LIABILITIES		
	1993	1992		1993	1992
<b>Current</b>			<b>Current</b>		
Cash and short-term deposits	\$ 45,075	\$ 336	Short-term loan (note 9)	\$ 16,500	\$ 24,000
Due from Canada (note 3)	46,355	89,149	Accounts payable and		
Accounts receivable (note 4)	31,528	34,498	accrued liabilities (note 10)	101,740	104,044
Inventories (note 5)	7,049	5,960	Current portion of long-term		
Prepaid expenses	4,416	5,102	liabilities	8,036	8,246
Current portion of long-term			Deferred revenue	2,119	1,460
receivables and loans	<u>19,384</u>	<u>8,770</u>			
	153,807	143,815		128,395	137,750
Segregated cash and			Pension liabilities (note 11a)	10,171	6,532
investments (note 6)	12,147	12,949	Employee termination benefits (note 12)	17,578	16,315
Long-term receivables and loans (note 7)	88,789	96,444	Long-term debt (note 13)	<u>120,455</u>	<u>126,210</u>
				276,599	286,807
Investment in associated			Commitments (note 15)		
entities (note 8)	109,495	116,904	Contingencies (note 16)		
			Subsequent events (note 18)		
			<b>EQUITY</b>		
			Business Loans and Guarantees		
			Fund	-	20,000
			Students Loan Fund	12,000	11,000
Capital assets	1	1	Surplus	<u>75,640</u>	<u>52,306</u>
				87,640	83,306
				<u>\$ 364,239</u>	<u>\$ 370,113</u>

Approved: 

Minister of Finance

  
Comptroller General

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Statement of Operations and Surplus  
for the year ended March 31, 1993  
(thousands of dollars)

	1993	1992
Revenues (schedule A)		
From Canada	\$ 993,758	\$ 982,638
Generated revenues	<u>207,139</u>	<u>200,243</u>
	1,200,897	1,182,881
Expenditures (schedule B)		
Operations and maintenance	1,042,013	1,035,372
Capital	<u>173,309</u>	<u>190,578</u>
	1,215,322	1,225,950
Net expenditures before undernoted	(14,425)	(43,069)
Net revenues from investment in associated entities (note 8)	11,076	14,443
Recoveries of prior years' expenditures (note 2i)	<u>7,683</u>	<u>5,252</u>
	4,334	(23,374)
Projects on behalf of Canada and others		
Expenditures	35,651	40,597
Recoveries	<u>35,651</u>	<u>40,597</u>
	-	-
<b>Net revenues (expenditures)</b>	<b>4,334</b>	<b>(23,374)</b>
Surplus at beginning of the year	52,306	72,136
Transfer from Business Loans and Guarantees Fund	20,000	-
Transfer to Students Loan Fund	(1,000)	-
Transfer of inventory to Granular Program Revolving Fund	<u>-</u>	<u>3,544</u>
<b>Surplus at end of the year</b>	<b>\$ 75,640</b>	<b>\$ 52,306</b>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Consolidated Statement of Changes in Financial Position  
for the year ended March 31, 1993  
(thousands of dollars)

	1993	1992
<b>Operating activities</b>		
Operations		
Net revenues (expenditures)	\$ 4,334	\$ (23,374)
Items not requiring funds:		
Bad debts and loan remissions	15,905	25,790
Employee leave and termination benefits	1,153	195
Amortization of pension estimation adjustment	60	60
Granular Program Revolving Fund	-	3,544
	<u>21,452</u>	<u>6,215</u>
Changes in operating assets and liabilities		
Current assets <sup>1</sup>	2,536	(13,324)
Current liabilities <sup>2</sup>	(1,773)	(8,818)
Due from Canada	35,230	(361)
Pension liabilities	<u>3,579</u>	<u>1,727</u>
<b>Financial resources provided (used) by operating activities</b>	<u>61,024</u>	<u>(14,561)</u>
<b>Investing activities</b>		
Investment in associated entities	7,409	(3,801)
Segregated cash and investments	802	(2,462)
Long-term receivables and loans		
Advances	(39,420)	(17,587)
Repayments	<u>28,151</u>	<u>15,061</u>
<b>Financial resources provided (used) by investing activities</b>	<u>(3,058)</u>	<u>(8,789)</u>
<b>Financing activities</b>		
Repayment of long-term debt	<u>(5,727)</u>	<u>(5,779)</u>
Increase (decrease) in cash and cash equivalents	52,239	(29,129)
Cash and cash equivalents at beginning of year	<u>(23,664)</u>	<u>5,465</u>
<b>Cash and cash equivalents at end of year<sup>3</sup></b>	<u>\$ 28,575</u>	<u>\$ (23,664)</u>

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

<sup>2</sup>Other than short-term loan and current portion of long-term liabilities.

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

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

**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 Government of the Northwest Territories (the Government) operates under the authority of the Northwest Territories Act (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

The following chart lists the other entities, how they are accounted for in the consolidated financial statements and their specific operating authority.

**Fully Consolidated:**

Arctic College	Arctic College Act
Northwest Territories Housing Corporation	Northwest Territories Housing Corporation Act
Northwest Territories Development Corporation	Northwest Territories Development Corporation Act
Northwest Territories Business Credit Corporation	Northwest Territories Business Credit Corporation Act
Students Loan Fund	Student Financial Assistance Act
Granular Program Revolving Fund, Public Stores Revolving Fund, Fur Marketing Services Revolving Fund	Revolving Funds Act

**Modified equity:**

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

The Workers' Compensation Board has a December 31 fiscal year end. All other entities are March 31.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

**1. AUTHORITY AND OPERATIONS** (continued)

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Principles of consolidation**

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

Education boards  
Hospitals and health boards  
Legislative Assembly Retiring Allowances Fund  
Territorial Court Judges' Registered Pension Plan  
Science Institute of the Northwest Territories

**(b) Capital assets and leases**

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

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

**(c) Grant from Canada**

The grant is subject to the terms of a financial agreement with Canada. Periodic adjustments are made to the grant for income taxes, Established Programs Financing contributions and operating revenues collected by the Government which differ from the estimated amounts used to determine the grant for the fiscal year. Adjustments are also made in accordance with escalation clauses in the agreement.



GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements

March 31, 1993

**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)

**(c) Grant from Canada** (continued)

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).

**(d) Projects on behalf of Canada and Others**

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

**(e) Taxes**

Taxes, under the Income Tax Act, are collected by Canada under a tax collection agreement and are remitted to the Government monthly. The remittances are based on estimates for the taxation year which are periodically adjusted until the income tax assessments for that year are completed. Income tax revenue is recognized on a cash basis.

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. Revenues are recognized on an accrual basis based on the statements received from collectors. Any adjustments resulting from reassessments 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 the calendar year ends.

**(f) Other revenues**

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

**(g) Operations, maintenance and capital expenditures**

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

**(h) 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.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements

March 31, 1993

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Recoveries of prior years' expenditures

Recoveries of prior years' expenditures and reversal of excessive accruals made in prior years are reported separate from the current fiscal period operations. Under subsection 36(9) of the Financial Administration Act, these amounts cannot be used to increase the amount appropriated for current year expenditures.

3. DUE FROM CANADA

	1993	1992
	(thousands of dollars)	
Grant payable		
Grant due from Canada	\$ 780,940	\$ 784,753
Less payments received	<u>828,740</u>	<u>812,871</u>
	(47,800)	(28,118)
Balance (payable) receivable from previous year	<u>(10,171)</u>	<u>17,947</u>
	(57,971)	(10,171)
Indian and Inuit hospital care	86,682	71,539
Canada Mortgage and Housing Corporation	11,755	11,914
Cost sharing agreements and projects on behalf of Canada.	9,768	9,528
Other	<u>24,627</u>	<u>32,192</u>
	<u>74,861</u>	<u>115,002</u>
Less:		
Allowance for doubtful accounts	27,000	19,435
Unapplied balance of advances under agreements	1,506	2,266
Excess Income Tax and Established Programs Financing advanced	<u>-</u>	<u>4,152</u>
	<u>28,506</u>	<u>25,853</u>
	<u>\$ 46,355</u>	<u>\$ 89,149</u>

During the year an amount of \$217,647 was written off with proper authority.

The Government's claims to Canada for Indian and Inuit hospital care have been disputed by Canada. In November, 1992, the Government filed a Statement of Claim in Federal Court. This litigation action is in process. The Statement of Claim relates to claims for the fiscal periods 1986/87 to 1991/92.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Consolidated Financial Statements**  
**March 31, 1993**

**3. DUE FROM CANADA (continued)**

The balance of unpaid claims, included in accounts receivable as of March 31, 1993, is \$86,682,000. An additional \$35,398,000, included in the Statement of Claim, has not been recorded. The Government considers the full amount of \$122,080,000 to be due and payable by Canada. The final outcome of the litigation, and its effect on the financial statements, cannot be predicted; nonetheless, an allowance for doubtful accounts has been provided for in the amount of \$27,000,000.

Pending the outcome of the litigation action, there is possibly a gain of up to \$62,398,000. This includes recovery of the allowance for doubtful accounts and the unrecorded claims. Any gain or loss resulting from the litigation will be recorded when the amount can be reasonably determined.

**4. ACCOUNTS RECEIVABLE**

	1993	1992
	(thousands of dollars)	
Related parties		
Divisional Boards of Education	10,833	9,150
Northwest Territories Power Corporation	1,209	1,303
Board of Secondary Education	180	346
Workers' Compensation Board	93	53
Science Institute of the Northwest Territories	56	117
Regional Health Boards	-	1,092
	12,371	12,061
Other accounts receivable, net of allowance for doubtful accounts of \$1,219,000 (1992 - \$1,188,000)	14,100	17,551
Accrued interest	5,057	4,886
	<b>\$ 31,528</b>	<b>\$ 34,498</b>

During the year, uncollectable amounts of \$689,000 (1992 - \$429,000) were written off with proper authority.

**5. INVENTORIES**

	1993	1992
	(thousands of dollars)	
Granular Program Revolving Fund	\$ 4,802	\$ 4,902
Northwest Territories Development Corporation	1,555	347
Public Stores Revolving Fund	538	711
Economic Development & Tourism (Expo '92 inventory)	154	-
	<b>\$ 7,049</b>	<b>\$ 5,960</b>

**6. SEGREGATED CASH AND INVESTMENTS**

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

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

6. SEGREGATED CASH AND INVESTMENTS (continued)

Investment in securities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rate at year end. Foreign currency transactions during the year are translated into Canadian dollars at the prevailing rate at the transaction date.

	1993	1992
	(thousands of dollars)	
Investment portfolio (Watt Carmichael Inc.):		
Cash and accrued interest	\$ 130	\$ 102
Treasury bills	2,142	654
Marketable securities	<u>6,686</u>	<u>5,571</u>
	<u>8,958</u>	<u>6,327</u>
Business Loans and Guarantees Fund:		
Authorized limit	-	20,000
Loans receivable	<u>-</u>	<u>14,783</u>
	<u>-</u>	<u>5,217</u>
Students Loan Fund:		
Authorized limit	12,000	11,000
Loans receivable	<u>10,362</u>	<u>9,845</u>
Cash available for new loans	<u>1,638</u>	<u>1,155</u>
Investment in preferred shares:		
Cumberland Sound Fisheries Ltd.	550	550
902848 N.W.T. Ltd (Great Bear Lake Lodges)	513	250
NCSTV Limited	600	-
Marathon Waterworks Limited	438	-
175119 Canada Inc. (Norweta)	<u>400</u>	<u>-</u>
	2,501	800
Less allowance for loss on realization	<u>950</u>	<u>550</u>
	<u>1,551</u>	<u>250</u>
<b>Total segregated cash and investments</b>	<b><u>\$ 12,147</u></b>	<b><u>\$ 12,949</u></b>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

7. LONG-TERM RECEIVABLES AND LOANS

	1993	1992
	(thousands of dollars)	
Loans to municipalities and school districts, due in instalments to 2026, bearing interest between 7% and 12%, net of allowance for doubtful loans of \$600,000 (1992 - \$600,000)	\$ 46,557	\$ 45,526
Promissory note due from the Northwest Territories Power Corporation, due in instalments to 1998, bearing interest at 11%	32,100	37,450
Northwest Territories Business Credit Corporation loans receivable, bearing interest between 8% and 16.25%, net of allowance for doubtful accounts of \$7,300,000 (1992 - \$4,712,000). (Formerly loans of the Business Loans and Guarantees Fund)	11,749	11,665
Legislative Assembly Building Society, due October 31, 1993	10,319	3,598
Students Loan Fund loans due in instalments to 2004, bearing interest between 6.25% and 12.5%, net of allowance for doubtful accounts and loan remissions of \$5,206,000 (1992 - \$4,869,000)	5,156	4,976
Northwest Territories Housing Corporation mortgage and interim financing loans repayable over a maximum of 25 years, bearing interest between 0% and 15.25%, net of allowance for doubtful accounts of \$359,000 (1992 - \$175,000)	1,741	1,966
Other, net of allowance for doubtful accounts of \$679,000 (1992 - \$876,000)	551	33
	108,173	105,214
Current portion	19,384	8,770
	<u>\$ 88,789</u>	<u>\$ 96,444</u>

During the year the following amounts were written off with proper authority:

	1993	1992
	(thousands of dollars)	
Students Loan Fund		
- loans written off	\$ 119	\$ 138
- loan remissions	942	809
Other	197	-
	<u>\$ 1,258</u>	<u>\$ 947</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

**7. LONG-TERM RECEIVABLES AND LOANS (continued)**

**Municipality of Iqaluit**

As of March 31, 1993, there is a balance of \$6,205,000 owing on debenture loans by the Municipality of Iqaluit. The loans were originally made in 1989 and 1990 for the development of the Apex Road Subdivision. The Loans are not in default as of March 31, 1993. It has subsequently been determined that proceeds from the subdivision lots will not be sufficient to repay the total scheduled principal and interest. The estimate of future sale and lease proceeds is sufficient to repay the principal.

The Municipality is negotiating with the Government to waive interest charges beyond July 19, 1993. The balance due on these loans will be \$4,248,000 after the payment of \$620,000 of excess loan proceeds on or before December 31, 1993.

If the final decision is to waive further interest charges, the outstanding principal will be discounted in 1993/94. The discount will then be treated as a grant and charged to 1993/94 appropriations.

**Town of Inuvik**

As of March 31, 1993, there is a balance of \$2,296,379 owing on debenture loans related to land development in the Town of Inuvik. The loans are in arrears. An allowance for doubtful accounts has been provided for in the amount of \$600,000 (1992 - \$600,000).

A proposal is being made to rewrite the debenture loans with no interest charges. This will require the discounting of the balance of the loans outstanding, when the decision is made. The discount will be treated as a grant in the 1993/94 year.

**8. INVESTMENT IN ASSOCIATED ENTITIES**

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

The net assets of the Workers' Compensation Board can only be used to finance the operations of the Board. Therefore, the net assets of the Workers' Compensation Board are not available to discharge existing government liabilities or to finance other government programs.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

8. INVESTMENT IN ASSOCIATED ENTITIES (continued)

	Northwest Territories Power Corporation	Northwest Territories Liquor Commission	Petroleum Products Revolving Fund	Expo '92 Revolving Fund	Workers' Compensation Board	1993 Total	1992 Total
	(thousands of dollars)						
<b>Balance Sheet</b>							
Assets	\$ 190,164	\$ 4,769	\$ 35,869	\$ -	\$ 138,058	\$ 368,860	\$ 355,337
Liabilities	\$ 115,692	\$ 972	\$ 3,758	\$ -	\$ 138,943	\$ 259,365	\$ 238,433
Surplus <sup>1</sup>	74,472	3,797	32,111	-	(885)	109,495	116,904
	\$ 190,164	\$ 4,769	\$ 35,869	\$ -	\$ 138,058	\$ 368,860	\$ 355,337

**Statement of Operations**

Revenues	\$ 98,327	\$ 29,050	\$ 47,631	\$ 1,741	\$ 32,540	\$ 209,289	\$ 203,106
Expenditures	90,532	14,671	48,104	4,081	40,825	198,213	188,663
Net revenues (expenditure)	\$ 7,795	\$ 14,379	\$ (473)	\$ (2,340)	\$ (8,285)	\$ 11,076	\$ 14,443

	Northwest Territories Power Corporation	Northwest Territories Liquor Commission	Petroleum Products Revolving Fund	Expo '92 Revolving Fund	Workers' Compensation Board
	(thousands of dollars)				
<b>Revenues from:</b>					
Government of the Northwest Territories - Consolidated	\$ 23,084	\$ 1,322	\$ 6,812	\$ -	\$ 2,068
Northwest Territories Liquor Commission	-	-	2	-	-
Northwest Territories Power Corporation	-	-	10,522	-	400
	\$ 23,084	\$ 1,322	\$ 17,336	\$ -	\$ 2,468
<b>Expenditures to:</b>					
Government of the Northwest Territories - Consolidated	\$ 2,145	\$ 16,288	\$ 999	\$ -	\$ 259
Northwest Territories Power Corporation	-	71	-	-	-
Petroleum Products Revolving Fund	11,547	3	-	-	-
Workers' Compensation Board	94	-	-	-	-
	\$ 13,786	\$ 16,362	\$ 999	\$ -	\$ 259

<sup>1</sup> Surplus represents the Government of Northwest Territories investment in the entity or revolving fund.

GOVERNMENT OF THE NORTHWEST TERRITORIES

**Notes to Consolidated Financial Statements**  
**March 31, 1993**

**9. SHORT-TERM LOAN**

The Government had a 4.75% short-term loan, of \$16,500,000, which matured and was repaid on April 1, 1993.

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	1993	1992
	(thousands of dollars)	
Accounts payable	\$ 79,420	\$ 86,675
Other liabilities, payroll deductions and contractors' holdbacks	12,847	9,705
Employee leave benefits	7,792	7,664
Regional health boards	1,681	-
	<b>\$ 101,740</b>	<b>\$ 104,044</b>

**11. PENSIONS**

**(a) Pension Liabilities**

	1993	1992
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance	\$ 9,034	\$ 6,532
Territorial Court Judges' Registered Pension Plan	909	-
Judges' Supplemental Pension Plan	228	-
Legislative Assembly Retiring Allowance Fund	-	-
	<b>\$ 10,171</b>	<b>\$ 6,532</b>

The Legislative Assembly Retiring Allowance Fund is a contributory defined benefit pension plan. The other plans are non-contributory defined benefit pension plans. Benefits provided under the plans are based on service and/or earnings. The Government is liable for all benefits.

A separate pension fund is maintained for the Legislative Assembly Retiring Allowance Fund and the Territorial Court Judges' Registered Pension Plan. The funds are administered by independent trust companies.

Actuarial valuations were completed for the Legislative Assembly and Judges' plans as of March 31, 1992 and December 31, 1992 respectively, using the projected benefit method prorated on service. The valuation is based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts. All actuarial valuations were extrapolated to March 31, 1993.

The Government has made application for the transfer of assets attributable to members of the Territorial Court Judges' Registered Pension Plan, from the Public Service Superannuation Plan. A portion of the assets transferred will be refunded to the judges and the balance will be paid to the pension fund.



GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

11. PENSIONS (continued)

(a) Pension Liabilities (continued)

The pension liability for the Legislative Assembly Supplementary Retiring Allowance at year end includes the following components:

	1993	1992
	(thousands of dollars)	
Accrued benefit obligation	\$ 10,979	\$ 9,575
Unamortized estimation adjustment	<u>(1,945)</u>	<u>(3,043)</u>
	<u>\$ 9,034</u>	<u>\$ 6,532</u>

(b) Pension Expense

	1993	1992
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance and Judges' Supplemental Pension Plan:		
Benefit costs		
Current service	\$ 841	\$ 807
Past service	<u>1,204</u>	<u>1,038</u>
	2,045	1,845
Cost of financing unfunded pension obligation (net pension interest expenditure)	853	1,014
Amortization of estimation adjustment	<u>60</u>	<u>60</u>
	2,958	2,919
Total pension related expenditures	2,958	2,919
Less: Members' contributions	(29)	(127)
Other adjustments	<u>(89)</u>	<u>-</u>
	2,840	2,792
Legislative Assembly Retiring Allowance Fund	44	618
Territorial Court Judges' Registered Pension Plan	<u>356</u>	<u>-</u>
	<u>\$ 3,240</u>	<u>\$ 3,410</u>

(c) Public Service Superannuation Plan

The Government and its employees make contributions to the Public Service Superannuation Plan administered by Canada. These contributions represent the total obligation of the Government. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

12. EMPLOYEE TERMINATION BENEFITS

	1993	1992
	(thousands of dollars)	
Termination	\$ 10,230	\$ 9,300
Removal	8,891	8,783
Retirement	<u>778</u>	<u>791</u>
	19,899	18,874
Less current portion	<u>2,321</u>	<u>2,559</u>
	<u>\$ 17,578</u>	<u>\$ 16,315</u>

13. LONG-TERM DEBT

	1993	1992
	(thousands of dollars)	
Northwest Territories Housing Corporation loans due to Canada and Canada Mortgage and Housing Corporation, repayable in instalments to the year 2033, bearing interest between 7.9% and 13.3%	\$ 94,070	\$ 94,447
Sinking fund notes redeemable in annual instalments to 1998, with interest at 11% payable semi-annually, issued to finance the purchase of the Northwest Territories Power Corporation	<u>32,100</u>	<u>37,450</u>
	126,170	131,897
Less current portion	<u>5,715</u>	<u>5,687</u>
	<u>\$ 120,455</u>	<u>\$ 126,210</u>

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)		
1994	\$ 5,715	\$ 15,549	\$ 21,264
1995	5,739	14,917	20,656
1996	5,787	14,281	20,068
1997	5,823	13,638	19,461
1998	5,883	12,991	18,874

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
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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, term deposits, investments, real estate, and other sundry assets.

	1993	1992
	(thousands of dollars)	
Public Trustee	\$ 4,449	\$ 3,960
Supreme Court	534	398
Natural Resources - Capital	315	184
Correctional institutions	113	114
Territorial Court	63	64
Other	78	77
	<u>\$ 5,552</u>	<u>\$ 4,797</u>

15. COMMITMENTS

(a) Commercial and Residential Leases

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

	(thousands of dollars)
1994	\$ 27,803
1995	26,385
1996	22,450
1997	17,634
1998	13,726
1999 and beyond	<u>111,576</u>
	<u>\$ 219,574</u>

(b) Operating Leases

Commitments for operating leases are approximately \$2,455,000 per year.

(c) Capital Commitments

The Government has committed \$28,172,000 for the completion of construction projects in progress as of March 31, 1993.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

15. COMMITMENTS (continued)

**(d) Relocation Costs**

During the year, the Government decided to decentralize certain functions and relocate them to other communities within the Northwest Territories. The projected one-time capital and operating costs that will be incurred in 1993/94 are \$4,500,000. Actual one-time costs expensed in 1992/93 were \$855,000.

**(e) City of Yellowknife Block Funding Agreement**

The agreement is effective April 1, 1993 and provides for total payments of \$12.3 million to the City of Yellowknife from April 1, 1993 to March 31, 1996. Payments will be made in equal annual instalments of \$4.1 million based on a monthly payment schedule that reflects the City's needs.

The funding will replace all previously provided capital and operating funds except for extraordinary funding requirements.

**(f) Tungavik Federation of Nunavut Wildlife Harvesters Income Support Fund**

The Tungavik Federation of Nunavut and the Government have reached an agreement on the establishment and funding of a Wildlife Harvesters Income Support Fund for the Nunavut Settlement Area. The total funding is \$15,000,000 to be paid in five annual payments of \$3,000,000 commencing in the 1993/94 fiscal period.

**(g) Northwest Territories Development Corporation - Operating Subsidies**

The Financial Management Board has authorized the Northwest Territories Development Corporation to provide operating subsidies to subsidiaries, if required. Approved subsidies to be paid in 1993/94 through to 1997/98 total \$6,465,000. Funding for the subsidies is to be provided by the Government.

**(h) Northwest Territories Housing Corporation**

At March 31, 1993, the estimated cost to complete housing projects in progress was \$37,485,000 of which Canada Mortgage and Housing Corporation will share in the approved cost to the extent of \$27,772,000.

**(i) Investments**

The Northwest Territories Development Corporation has approved, subject to funding from the Government, investments of \$5,298,000 for the 1993/94 fiscal period.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

16. CONTINGENCIES

(a) Contingent Liabilities

The Government is contingently liable for the following:

	(thousands of dollars)
Debentures issued by the Northwest Territories Power Corporation,	
a) maturing March 9, 2009	\$ 20,000
b) maturing June 6, 2011	15,000
c) maturing May 28, 2012	20,000
Litigation actions in process	4,780
Northwest Territories Power Corporation bank overdraft	2,359
Uninsured losses	<u>315</u>
	<b><u>\$ 62,454</u></b>

The Government funds boards and agencies, offering services to the public, which operate independently of normal Government operations. The Government may be held responsible for any liabilities or deficits on behalf of these boards and agencies. These potential liabilities can not be determined.

(b) Pay Equity

In March 1989, the Union of Northern Workers filed an equal pay complaint against the Government under the Canadian Human Rights Act. Negotiations to settle this complaint concluded unsuccessfully in February 1993. The Government has subsequently filed an Originating Notice of Motion in the Federal Court of Canada applying for a declaration that the Canadian Human Rights Commission has no jurisdiction to deal with the complaint.

It is not possible to reasonably determine the liability, if any, that may result from the claim. In the event that there is a liability, the expenditure will be charged to operations in the year an amount can reasonably be determined.

(c) Environmental Restoration Costs

The Government recognizes that there could be a liability for restoration of the environment. Such costs would include the clean up and restoration of oil storage facilities, mine sites, construction sites, sewage treatment facilities and the removal of hazardous goods.

In order to show the financial impact of these environmental costs, the amount of the liability and the timing of future expenditures should be recognized in the Government's financial statements. In some instances, the projected costs would be amortized over the life of the specific project, site or facility.

No reasonable estimate of the potential costs can be made at this time. The Government has, however, undertaken to review those situations involving potential liabilities and accumulate the necessary data with the expectation of full disclosure in the financial statements for the fiscal year ending March 31, 1995.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

16. CONTINGENCIES (continued)

(d) House Buy-Back Plan

In 1992/93, the Government decided to dispose of Government owned housing units. Employees who purchase these units in communities other than Yellowknife, Hay River and Fort Smith, can protect their investment by taking advantage of the House Buy-Back Plan. If an employee terminates or transfers and is unable to sell the unit, the Government agrees to purchase the unit for 90% of the appraised value at the time of the buy-back.

The total housing unit sales in 1992/93 which would be eligible for the House Buy-Back Plan were \$675,000.

17. RELATED PARTIES

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

	1993	1992
	(thousands of dollars)	
Educational boards	\$ 130,266	\$ 111,995
Hospitals and health boards	88,209	92,313
Science Institute of the Northwest Territories	<u>1,428</u>	<u>1,624</u>
	<u>\$ 219,903</u>	<u>\$ 205,932</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 \$96,566,000 (1992 - \$113,408,000) were incurred on behalf of, and recovered from, the related parties.

18. SUBSEQUENT EVENTS

(a) Privatization of Government functions

In March 1993, the Government tabled in the Legislative Assembly a report entitled "A Proposal to Privatize the Northwest Territories Power Corporation". No recommendation or decision has as yet been made concerning the potential privatization.

GOVERNMENT OF THE NORTHWEST TERRITORIES

Notes to Consolidated Financial Statements  
March 31, 1993

**18. SUBSEQUENT EVENTS** (continued)

**(a) Privatization of Government functions** (continued)

The Government has announced plans to privatize the following Government functions:

- 1) Territorial Printer operations.
- 2) Liquor warehouses in Inuvik, Hay River and Norman Wells.
- 3) Liquor store in Norman Wells.
- 4) Clyde River Hotel.

The privatization of these operations will result in the disposal of Government assets.

**(b) Nunavut Territory**

The Government has entered into an agreement to divide the existing Northwest Territories into two separate territories. The eastern portion will be known as the Nunavut Territory. The proposed date for the division is 1999. The creation of a new territory will involve the transfer of Government assets. The full financial impact on the Government has not yet been determined.

**(c) Amalgamation**

Subsequent to the year-end, the Government announced its decision to amalgamate the operations of the Science Institute of the Northwest Territories with the Arctic College.

**19. OVER-EXPENDITURES**

Four Government departments have overspent an aggregate of \$1,078,000 at the total department level for either operations and maintenance activities or capital expenditures. This contravenes section 32 of the Financial Administration Act which states... "No person shall incur an expenditure that causes the amount of the item set out in the Estimates on which the appropriation is based to be exceeded". The overexpenditures resulted from the accrual of additional expenses.

**20. 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

Consolidated Schedule of Revenues by Source  
for the year ended March 31, 1993  
(thousands of dollars)

	Schedule A	
	1993	1992
<b>From Canada</b>		
Grant per financing agreement	\$ 780,940	\$ 784,753
Established Programs Financing	108,945	98,652
Transfer payments	103,873	99,233
	<u>993,758</u>	<u>982,638</u>
<b>Generated revenues</b>		
Taxation	145,237	135,863
General	28,373	25,346
Other	26,440	36,740
Capital	7,089	2,294
	<u>207,139</u>	<u>200,243</u>
<b>Total</b>	<u>\$ 1,200,897</u>	<u>\$ 1,182,881</u>



GOVERNMENT OF THE NORTHWEST TERRITORIES

**Consolidated Schedule of Expenditures  
for the year ended March 31, 1993  
(thousands of dollars)**

Schedule B

	1993	1992
<b>Operations and Maintenance</b>		
Salaries and wages	\$ 226,722	\$ 234,796
Grants and contributions	376,420	352,484
Valuation allowances	12,611	25,620
Operations and maintenance	<u>426,260</u>	<u>422,472</u>
	<u><b>1,042,013</b></u>	<u><b>1,035,372</b></u>
<b>Capital</b>		
Buildings and works	135,784	152,601
Equipment	11,440	13,731
Grants and contributions	<u>26,085</u>	<u>24,246</u>
	<u><b>173,309</b></u>	<u><b>190,578</b></u>
<b>Total</b>	<u><b>\$ 1,215,322</b></u>	<u><b>\$ 1,225,950</b></u>