

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 1999

HONOURABLE JOE HANDLEY
Minister of Finance

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**THE HONOURABLE GLENNA F. HANSEN
COMMISSIONER OF THE NORTHWEST TERRITORIES**

I have the honour to present the Public Accounts of the Northwest Territories in accordance with Sections 27 through 31 of the Northwest Territories Act (Canada), R.S.C. 1985, c. N-22, and Sections 72 through 74 of the Financial Administration Act, S.N.W.T. 1987(1), c. 16, for the fiscal year ended March 31, 1999.

Joe Handley
Minister of Finance

Financial Management Board Secretariat
Yellowknife, N.W.T.
May 29, 2000

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**Public Accounts of the
Government of the Northwest Territories**

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SECTION I
CONSOLIDATED FINANCIAL STATEMENTS

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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 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 stated accounting policies set out in Note 2 to the consolidated financial statements and comply with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants wherever applicable and practical. When alternative accounting methods exist, management has chosen those that are most appropriate. Where required, management's best estimates and judgment have been applied in the preparation of these statements.

The Government fulfills its accounting and reporting responsibilities, through the Office of the Comptroller General, by maintaining systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information, to safeguard and control the Government's assets, and to ensure all transactions are in accordance with the *Financial Administration Act*.

The Public Accounts are referred to the Standing Committee on Accountability and Oversight 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.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly the financial position of the Government, results of its operations and its cash flows for the year. 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. The Auditor General's opinion is included with the consolidated financial statements.

After completion of the audit, the Auditor General includes additional information, comments and recommendations in his annual report to the Legislative Assembly of the Northwest Territories.

Lew Voytilla, F.C.G.A.
Comptroller General
Government of the Northwest Territories

May 29, 2000

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AUDITOR'S REPORT

To the Legislative Assembly of the Northwest Territories

I have audited the consolidated statement of financial position of the Government of the Northwest Territories as at March 31, 1999 and the consolidated statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Government. 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 the Government, 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, 1999 and the results of its operations and its cash flows for the year then ended in accordance with the stated accounting policies of the Government set out in note 2 to the consolidated financial statements. As required by the *Northwest Territories Act*, I report that, in my opinion, these stated accounting policies have been applied on a basis consistent with that of the preceding year.

As disclosed in note 20, the Government exceeded its appropriations in three instances during the year ended March 31, 1999. Under the *Financial Administration Act (FAA)*, departments are not allowed to overspend their appropriations. Three departments overspent their operations and maintenance appropriations by \$3,095,000, \$949,000 and \$99,000 respectively. Additionally, the Government made payments totalling \$10,111,000 to settle individual pay equity liabilities without any appropriation. As at March 31, 1998 a \$25 million provision for pay equity settlement was recorded as an expenditure. However, because the accrual of this amount exceeded an appropriation, an interim appropriation was created for the year ended March 31, 1998. The *FAA* required the Minister of Finance to submit the interim appropriation as a bill not later than 15 days after the March 31, 1998 Public Accounts were tabled. Since the Minister did not submit this as a bill, in our view, the interim appropriation expired. Consequently, pay equity payments of \$10,111,000 made in March 1999 contravened section 31(1) of the *FAA*, which states that "no person shall make a disbursement from the Consolidated Revenue Fund unless it is in respect of an expenditure incurred pursuant to an appropriation".

Further, in my opinion, proper books of account have been kept by the Government, the consolidated financial statements are in agreement therewith and, except for the overexpenditures as described in the previous paragraph, the transactions of the Government and of those organizations included in the consolidation, as disclosed in note 1, that have come to my notice during my audit of these consolidated financial statements have, in all significant respects, been in accordance with the *Northwest Territories Act*, the *Northwest Territories Financial Administration Act* and regulations and the specific operating authorities disclosed in note 1.

Additional information and comments on the consolidated financial statements and this opinion will be included in my annual report to the Legislative Assembly of the Northwest Territories.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 29, 2000

Government of the Northwest Territories**Notes to Consolidated Financial Statements**

March 31, 1999

4. DUE FROM CANADA (continued)

The amounts due from Canada are non-interest bearing. The carrying amounts approximate fair market value because of the short term to maturity.

5. ACCOUNTS RECEIVABLE

	1999	1998
	(thousands of dollars)	
Related parties		
Hospitals and Regional Health Boards	\$ 1,814	\$ 7,914
Northwest Territories Power Corporation	8,533	8,465
Divisional Education Councils	3,148	2,994
Local Housing Associations and Authorities	1,201	2,083
District Education Authorities	24	134
Workers' Compensation Board	13	14
	<hr/> 14,733	<hr/> 21,604
Other accounts receivable	43,837	40,508
Accrued interest	1,006	1,149
	<hr/> 44,843	<hr/> 41,657
Less: Allowance for doubtful accounts	4,347	2,645
	<hr/> 40,496	<hr/> 39,012
	<hr/> \$ 55,229	<hr/> \$ 60,616

During the year, accounts receivable of \$317,745 (1998 - \$192,000) were written off with proper authority and \$23,000 (1998 - \$22,000) were forgiven with proper authority.

6. INVENTORIES

	1999	1998
	(thousands of dollars)	
Bulk fuels	\$ 27,788	\$ 28,785
Granular products	4,555	6,164
Lumber, arts and crafts	3,549	3,698
Liquor products	2,916	2,868
Others	163	153
	<hr/> \$ 38,971	<hr/> \$ 41,668

Government of the Northwest Territories**Notes to Consolidated Financial Statements**

March 31, 1999

7. DESIGNATED CASH AND INVESTMENTS

	1999	1998
	(thousands of dollars)	
Investment portfolio		
Marketable securities (market value: \$20,058,000, 1998-\$20,178,000)	\$ 16,626	\$ 16,402
Cash and other assets (market value equals cost)	382	26
Treasury bills (market value equals cost)	-	348
	<hr/> 17,008	<hr/> 16,776
Students Loan Fund		
Authorized limit	22,000	21,000
Less: Loans receivable	20,699	19,848
Cash available for new loans	<hr/> 1,301	<hr/> 1,152
Northwest Territories Development Corporation		
Preferred share investment	4,118	2,744
Capital Reserve Fund	510	90
Venture Reserve Fund	475	222
Sinking Fund Investment	54	-
	<hr/> 5,157	<hr/> 3,056
Less: Allowance for loss	1,880	1,755
	<hr/> 3,277	<hr/> 1,301
	<hr/> <hr/> \$ 21,586	<hr/> <hr/> \$ 19,229

The cash and marketable securities held in the investment portfolio while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplementary Retiring Allowance and cannot be used to discharge obligations incurred by the Government. The assets in the investment portfolio are managed by Canada Trust. Supplementary Retiring Allowance Regulations restrict the investments that Canada Trust can make to those investments listed in the Pension Benefits Standards Act.

The proportionate asset mix in the investment portfolio as at March 31 is as follows :

	1999	1998
	%	%
Provincial Bonds	33.34	35.74
Federal Bonds	23.01	21.36
Canadian Stocks	27.31	18.31
Corporate Bonds	12.11	15.63
Foreign Stocks	1.03	7.20
Cash and Other Assets	<hr/> 3.20	<hr/> 1.76
	<hr/> <hr/> 100.00	<hr/> <hr/> 100.00

The average market yields on the federal, provincial, and corporate bonds were 3.18%, 1.77% and 6.0% (1998 - 5.31%, 5.61% and 5.83%), respectively, with maturity dates ranging from May 1999 to June 2020 (1998 to June 2020). The gain on investments sold was \$795,000 (1998- \$1,974,000).

Government of the Northwest Territories**Notes to Consolidated Financial Statements**

March 31, 1999

10. BANK OVERDRAFT AND SHORT-TERM LOANS**(a) Bank overdraft**

The bank overdraft is a line of credit provided to the Government by the Chartered Banks. There are no fixed repayment terms and the overdraft limits are negotiated over the year based on the forecasted cash flows and borrowing requirements of the Government. The overdraft interest rate is at prime and collateral is the Consolidated Revenue Fund of the Government. Interest is charged on the net balance of the Government and its pool participants.

(b) Short-term loans

Short-term loans of \$50,964,000 (1998: \$49,301,000) bear interest at varying rates between 5.0 % to 5.88%. The short-term loans were repaid as of April 1, 1999. The borrowing limit under the Borrowing Authorization Act was \$175,000,000 as of March 31, 1999.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1999	1998
	(thousands of dollars)	
Related parties		
Hospitals and Regional Health Boards	\$ 15,549	\$ 14,258
Northwest Territories Power Corporation	2,986	2,041
Divisional Education Councils	4,358	1,366
Workers' Compensation Board	596	993
District Education Authorities	2,152	322
Local Housing Associations and Authorities	2,568	1,525
	28,209	20,505
Other		
Accounts payable	73,559	90,876
Other liabilities, payroll liabilities and contractors' holdbacks	27,193	13,084
Employee leave benefits	10,659	8,962
Accrued interest	1,543	1,567
Deferred revenue	1,425	1,864
	\$ 142,588	\$ 136,858

12. PENSIONS**(a) Pension liabilities**

	1999	1998
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance	\$ 15,083	\$ 14,879
Judges' Supplemental Pension Plan	747	618
	\$ 15,830	\$ 15,497

The Government also maintains the Legislative Assembly Retiring Allowances Fund and the Territorial Court Judges' Registered Pension Plan. The two pension plans are fully funded, consequently the Government has no liabilities as at March 31, 1999 (1998 - nil). The funds related to the plans are administered by independent trust companies.

Government of the Northwest Territories**Notes to Consolidated Financial Statements**

March 31, 1999

12. PENSIONS (continued)**(a) Pension Liabilities**

The Legislative Assembly Retiring Allowances Fund is a contributory defined benefit pension plan. The other three 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.

Actuarial valuations were completed for the Legislative Assembly and Judges' plans as of March 31, 1997 and January 1, 1998 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, 1999 if they were not valued at the balance sheet date.

(b) Pension Expense

	1999	1998
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance and Judges' Supplemental Pension Plan:		
Benefit cost accruals		
Current service	\$ 97	\$ 386
Interest on accrued benefits	1,125	1,057
Amortization of estimation adjustment	(363)	(381)
	859	1,062
Legislative Assembly Retiring Allowances Fund	110	125
	\$ 969	\$ 1,187

(c) Public Service Superannuation Plan

The Government and its employees make contributions to the Public Service Superannuation Plan administered by Canada. These employer contributions of \$9,662,000 (1998 - \$10,066,000), represent the total obligation of the Government for this pension plan. 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, 1999

16. COMMITMENTS (continued)

The portfolio assets and mortgages, held in trust, are recorded only as a commitment in these financial statements. Additionally, since CMHC retains the annual mortgage-related funding to make the mortgage payments, neither the funding nor the mortgage payments are recorded by the Government.

The Government has entered into fuel delivery contracts for 45 communities. All contracts expire by 2006. Under these contracts, fixed commission rates are paid. The value of this commitment cannot reasonably be determined.

17. CONTINGENCIES**(a) Equal Pay Complaint**

In March 1989 the Public Service Alliance of Canada, on behalf of the Union of Northern Workers, filed an equal pay complaint, against the Government, under the Canada Human Rights Act. The equal pay complaint is currently before a Canadian Human Rights Tribunal. Notwithstanding that the complaint is still outstanding the Government accrued \$25 million last year and \$8 million this year. Of the total \$33 million provision, \$27 million is the Government's best estimate of the amount needed to settle the equal pay complaint and \$6 million, the best estimate for equal pay costs for non-unionized employees.

The Government has paid out \$10 million of the pay equity provision at March 31, 1999 with an additional \$17 million having been paid out by February 29, 2000. The balance will continue to be paid as eligible recipients are located and accept the Government's offer.

The amounts paid are based on legally binding agreements with individual employees and ex-employees. For those employees who have not accepted the Government's offer, the complaint remains outstanding. As such there exists a possibility that equal pay costs could exceed or be lower than the amount accrued. In the event there is an additional or lesser liability, the change will be charged to or recovered from operations in the year when it is determined.

(b) Environmental Restoration Costs

As circumstances and funding have permitted, the Government has been addressing the problem of environmental liabilities. This process has consisted, in a number of departments, of identifying sites of potential liability, if necessary on an ongoing basis, remediating the site. Costs of remediating the sites are charged to operations as incurred.

Sites in, or in close proximity to, communities have been identified where environmental liabilities may exist. Assessments are being done on an ongoing basis and remediation plans are in place for those sites where environmental hazards have been identified. In addition, fuel caches outside communities have been identified and a program of ongoing site inspection, and where necessary drum removal and remediation is in place. There are however, a significant number of existing sites where, due to remoteness or the small number of drums involved (with the potential for only limited local contamination), formal site inspections have yet to be made.

The Government will continue with its program of site inspection, assessment and remediation on an ongoing basis. While estimates of the costs attributable to the Government are not yet available, the Government will continue to work, in a practical manner, towards the determination and recognition of environmental liabilities.

(c) Guarantees

The Government has guaranteed an operating credit line to Sirius Diamonds Ltd. of up to \$5,000,000 (subsequently increased to \$7,000,000). In addition, the Government has guaranteed residential housing loans totalling \$3,200,000.

(d) Canadian Blood Agency / Canadian Blood Services

The Government of the Northwest Territories is a party, along with the Federal Government, the provinces and territories, to agreements with the Canadian Blood Agency and Canadian Blood Services for access to the national blood supply. Our exposure to any liability under these agreements is limited to our percentage of the Canadian population. An estimate of any potential liability cannot be determined.

Government of the Northwest Territories**Notes to Consolidated Financial Statements**

March 31, 1999

18. RELATED PARTIES

Transactions with related parties and balances at year end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government made contributions and grants to the following related parties:

	1999	1998
	(thousands of dollars)	
Hospitals and Regional Health Boards	\$ 187,121	\$ 170,214
Divisional Education Councils and District Education Authorities	145,904	146,047
Local Housing Associations and Authorities	84,454	82,059
	\$ 417,479	\$ 398,320

The Government funds communities, other 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 communities, other boards and agencies. Estimates of these potential liabilities cannot be determined.

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot 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 \$106,706,000 (1998 - \$108,870,000) were incurred and recovered from related parties.

19. SUBSEQUENT EVENT**a) Division of Assets and Liabilities**

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force. On that date, Nunavut and the Government of Nunavut came into being. The Nunavut Act consequently amended the Northwest Territories Act to redefine the Northwest Territories to exclude the geographic Nunavut Territory as of April 1, 1999.

Notwithstanding this significant change in the operations of the Government, these financial statements have been prepared on a going concern basis, including all operations that were transferred to, or taken over by, the Government of Nunavut as of April 1, 1999.

The creation of Nunavut requires the transfer of Government assets and liabilities. On March 29, 1999, an agreement between the Government of the Northwest Territories and the Interim Commissioner of Nunavut, set out an approach for the division of the assets, liabilities and surplus of the Government. The approach as applied to the Government is as follows:

1. Allocate the capital assets on an as is, where is, basis.
2. Apportion the accumulated surplus using the agreed upon ratio of 55.66% to the Government of the Northwest Territories and 44.34% to the Government of Nunavut.
2. Allocate the remaining assets and liabilities on a basis that the two Governments agree to be practical, using a geographic basis where possible.
3. Adjust any difference, between the value of the assets and liabilities allocated and the accumulated surplus apportioned, on a basis that the two Governments agree to be practical.

Applying the approach described above to the March 31, 1999 financial statements of the Governments results in the following allocations, of the assets and liabilities, as approved by representatives of both Governments:

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

1. AUTHORITY AND OPERATIONS

- (a) 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.

On April 1, 1999, subsequent to the fiscal year end **The Nunavut Act** came into force. As a result, all operations in Nunavut will be taken over by the Government of **Nunavut**. Notwithstanding this significant change in future operations, these financial statements have been prepared on a going concern basis. It is not practical to determine the potential impact on future operations of the two **Governments**. Note 19 provides further information about this subsequent event.

- (b) The Main Estimates are those tabled before the **Legislative Assembly** during the January 1998 session. They represent the Government's original fiscal plan for the **year** and do not reflect Supplementary Appropriations.
- (c) The estimated supplementary requirements and the **estimated** appropriation authority lapse are included in the Main Estimates on the statement of operations and surplus. **They** are included for the purpose of comparing the actual net revenue (expenditure) to the estimated net revenue (**expenditure**).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) **Financial Statements**

The Government also prepares consolidated financial **statements**. They are presented in Section I of the Public Accounts and provide an accounting of the full nature **and extent** of the financial affairs and resources for which the Government is responsible. The consolidated reporting **entity** is defined in those statements.

(b) **Reporting Entity**

These financial statements include the assets, liabilities **and** operating results of the Government and the following revolving funds:

Fur Marketing Service Revolving Fund
Granular Program Revolving Fund
Northwest Territories Liquor Commission
Petroleum Products Revolving Fund
Public Stores Revolving Fund
Students Loan Fund

Revolving funds are established by the Government to **provide** the required working capital to deliver goods and services to the general public and to Government departments.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Reporting Entity (continued)

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

Aurora College
Nunavut Arctic College
Divisional Educational Councils and District Education Authorities
Hospitals and Health Boards
Legislative Assembly Retiring Allowances Fund
Territorial Court Judges' Registered Pension Plan
Northwest Territories Business Credit Corporation
Northwest Territories Development Corporation
Northwest Territories Housing Corporation

Detailed financial information, on revolving funds and other boards and agencies, is included in Section III of the Public Accounts.

(c) Measurement Uncertainty

The preparation of financial statements in accordance with stated accounting policies requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable. Some of the more significant management estimates based on past experience relate to employee termination benefits, contingencies, revenue accruals and Students Loan Fund allowances for both forgivable and bad loans. Past experience is not all ways the best indicator of current experience. Other estimates, such as Canada Health and Social Transfer payments, Corporate and Personal Income Tax revenue are based on estimates made by the Federal Department of Finance and are subject to adjustments in future years. Another significant estimate is the Grant from Canada, which incorporates best estimates as supplied by Statistics Canada and the Federal Department of Finance. Many of the statistical estimates are not finalized until three to seven years later.

(d) Short-Term Investments/Designated Cash and Investments

Investments are valued at the lower of cost or market value. Interest income is recorded on the accrual basis and dividend income is recognized when it is received or declared. Investment in securities denominated in foreign currencies are translated into Canadian dollars at the year end exchange rate. Foreign currency transactions during the year are translated into Canadian dollars at the exchange rate at the transaction date.

(e) Inventories

Inventories for resale consist of bulk fuel, liquor products and granular products. Bulk fuels and granular products are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at replacement value. Other inventories are valued at the lower of cost and net realizable value.

(f) Loans Receivable

Loans receivable and advances are stated at the lower of cost and net recoverable value.

Valuation allowances, which are recorded to reduce loans receivable, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized when earned. Interest revenue is not accrued when the collectibility of either principal or interest is not reasonably assured.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

3. CASH, BANK OVERDRAFT AND SHORT TERM INVESTMENTS (continued)

The bank balance of \$55,470 is comprised of cash balances (overdrafts) the Government has with the following Chartered Banks:

	1999	1998
	(thousands of dollars)	
Short-term investments	\$ 88,443	\$ -
Canadian Imperial Bank of Commerce	(34,105)	15,942
Bank of Montreal	51	107
Toronto Dominion Bank	5	5
Bank of Nova Scotia	5	5
Clearing Accounts - transactions in transit o/s cheques	(1,241)	(83)
Royal Bank of Canada	2,312	(28,288)
	\$ 55,470	\$ (12,312)

4. DUE FROM CANADA

	1999	1998
	(thousands of dollars)	
Grant Receivable		
Grant per Financing Agreement - Schedule A	\$ 911,577	\$ 969,064
Less Payments Received	996,311	848,000
	(84,734)	121,064
Balance Receivable (Payable) at Beginning of Year	116,417	(4,647)
	31,683	116,417
Indian and Inuit Hospital and Medical Care	8,388	16,438
Cost Sharing Agreements and Projects on Behalf of Canada	11,893	7,053
Other Receivables	26,833	19,407
	78,797	159,315
Less:		
Unapplied Balance of Advances Under Agreements	854	1,364
Excess Income Tax Advanced	12,336	15
Other Payables	11,000	-
	24,190	1,379
	\$ 54,607	\$ 157,936

The amounts due from Canada are non-interest bearing. The carrying amounts approximate fair market value because of the short term to maturity.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

5. ACCOUNTS RECEIVABLE

	1999	1998
	(thousands of dollars)	
Revolving Fund Receivables		
Petroleum Products	\$ 12,698	\$ 16,343
Fur Auction	1,110	901
Reforestation	699	674
Public Stores	16	19
Granular Program	3	22
Northwest Territories Liquor Commission	4	21
	<hr/> 14,530	<hr/> 17,980
Less: Allowance for Doubtful Accounts	195	147
	<hr/> 14,335	<hr/> 17,833
<hr/>		
Receivables from Related Parties		
Northwest Territories Housing Corporation	11,175	3,602
Northwest Territories Power Corporation	6,647	7,129
Divisional Education Councils	3,148	2,994
Hospitals and Regional Health Boards	1,814	7,914
Nunavut Arctic College	1,191	919
Aurora College	750	962
District Education Authorities	24	134
Workers' Compensation Board	13	14
Northwest Territories Development Corporation	2	-
Northwest Territories Liquor Commission	1	58
	<hr/> 24,765	<hr/> 23,726
<hr/>		
Other Accounts Receivable	28,266	21,632
Accrued Interest	730	823
	<hr/> 28,996	<hr/> 22,455
Less: Allowance for Doubtful Accounts	4,152	2,498
	<hr/> 24,844	<hr/> 19,957
	<hr/>	<hr/>
	\$ 63,944	\$ 61,516

During the year, accounts receivable of \$317,745 (1998 - \$192,000) were written off with proper authority and \$137,188 (1998 - \$21,000) were forgiven with proper authority.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

6. INVENTORIES

	1999	1998
	(thousands of dollars)	
Bulk Fuels	\$ 27,788	\$ 28,699
Granular Products	4,744	6,374
Liquor Products	2,916	2,868
Public Stores	163	153
	\$ 35,611	\$ 38,094

7. DESIGNATED CASH AND INVESTMENTS

	1999	1998
	(thousands of dollars)	
Investment Portfolio		
Marketable Securities (market value equals \$20,058,523)	\$ 16,626	\$ 16,402
Cash and Other Assets (market value equals cost)	382	26
Treasury Bills (market value equals cost)	-	348
	17,008	16,776
Students Loan Fund		
Authorized Limit	22,000	21,000
Less: Loans Receivable	20,699	19,848
Cash Available for New Loans	1,301	1,152
	\$ 18,309	\$ 17,928

The cash and marketable securities held in the investment portfolio, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplementary Retiring Allowance and cannot be used to discharge obligations incurred by the Government. The assets in the investment portfolio are managed by Canada Trust. Supplementary Retiring Allowances Regulations restrict the investments Canada Trust can make to those investments listed in the Pension Benefits Standards Act.

The proportionate asset mix in the investment portfolio as at March 31 is as follows :

	1999	1998
	%	%
Provincial Bonds	33.34	35.74
Federal Bonds	23.01	21.36
Canadian Stocks	27.31	18.31
Corporate Bonds	12.11	15.63
Foreign Stocks	1.03	7.20
Cash and Other Assets	3.20	1.76
	<u>100.00</u>	<u>100.00</u>

The average market yields on the federal, provincial, and corporate bonds are 3.18%, 1.77% and 6.0%, respectively, with maturity dates ranging from May 1999 to June 2020. The gain on investments sold was \$794,514 (1998 - \$1,974,000).

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

8. LOANS RECEIVABLE

	1999	1998
	(thousands of dollars)	
Working Capital advances to the Northwest Territories Business Credit Corporation. The term is indeterminate with the option to repay any portion of principal on any interest payment date. Interest is calculated at selected Government of Canada three year bond rates at the end of the month	\$ 31,372	\$ 28,269
Students Loan Fund loans due in installments to 2004, bearing interest between 3.75% and 12.5%, net of allowance for doubtful accounts and loan remissions of \$11,617,000 (1998 - \$10,981,000)	9,082	8,867
Loans to municipalities due in installments to 2026, bearing interest between 0.00% and 11.27%, net of valuation allowances of \$779,522 (1998 - \$876,000)	8,944	10,503
Other	533	754
Promissory note due from the Northwest Territories Power Corporation, repaid June 1998.	-	5,350
	49,931	53,743
Less: Current Portion	1,673	7,878
	\$ 48,258	\$ 45,865

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

	1999	1998
	(thousands of dollars)	
Students Loan Fund		
Forgivable loan remissions, including interest	\$ 1,614	\$ 1,323
Write-offs	98	74
	\$ 1,712	\$ 1,397

9. SHORT-TERM LOANS

Short-term loans of \$50,964,400 (1998 - \$49,301,000) bear interest at varying rates between 5.00% to 5.88%. The short-term loans were repaid as of April 1, 1999. The borrowing limit under the Borrowing Authorization Act was \$175,000,000 as of March 31, 1999.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1999	1998
	(thousands of dollars)	
Payables to Related Parties		
Hospitals and Regional Health Boards	\$ 15,549	\$ 14,258
Northwest Territories Housing Corporation	8,356	2,207
Northwest Territories Power Corporation	2,863	1,608
Divisional Education Councils and District Education Authorities	4,358	1,688
Workers' Compensation Board	596	993
Aurora College	1,919	714
Nunavut Arctic College	958	942
Northwest Territories Development Corporation	-	329
	34,599	22,739
<hr/>		
Accounts Payable	64,085	82,039
Other Liabilities, Payroll Deductions and Contractors' Holdbacks	26,547	11,721
Employee Leave Benefits	8,702	7,535
Deferred Revenue	1,414	992
	100,748	102,287
	\$ 135,347	\$ 125,026

11. PENSIONS

(a) Pension Liabilities

	1999	1998
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance	\$ 15,083	\$ 14,879
Judges' Supplemental Pension Plan	747	618
	\$ 15,830	\$ 15,497

The Government also maintains the Legislative Assembly Retiring Allowances Fund and the Territorial Court Judges' Registered Pension Plan. The two pension plans are fully funded, consequently the Government has no liabilities as at March 31, 1999 (1998 - nil). The funds related to the plans are administered by independent trust companies.

The Legislative Assembly Retiring Allowances 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.

Actuarial valuations were completed for the Legislative Assembly and Judges' plans as of March 31, 1997 and January 1, 1998 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, 1999, if they were not valued at the balance sheet date.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

11. PENSIONS (continued)

(b) Pension Expense

	1999		1998
	(thousands of dollars)		
Legislative Assembly Supplementary Retiring Allowance and Judges' Supplemental Pension Plan:			
Benefit Cost Accruals			
Current Service	\$ 97	\$	386
Interest on Accrued Benefits	1,125		1,057
Amortization of Estimation Adjustment	(363)		(381)
	859		1,062
Legislative Assembly Retiring Allowances Fund	110		125
	\$ 969	\$	1,187

(c) Public Service Superannuation Plan

The Government and its employees make contributions to the Public Service Superannuation Plan administered by Canada. The employer's contribution of \$7,900,000 (1998 - \$8,055,000) represents 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.

12. EMPLOYEE TERMINATION BENEFITS

	1999		1998
	(thousands of dollars)		
Termination	\$ 11,292	\$	11,695
Removal	6,859		8,502
Retirement	2,194		1,939
	20,345		22,136
Less: Current Portion	4,435		5,366
	\$ 15,910	\$	16,770

13. PETROLEUM PRODUCTS STABILIZATION FUND

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

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

16. CONTINGENCIES (continued)

(d) Canadian Blood Agency / Canadian Blood Services

The Government of the Northwest Territories is a party, along with the Federal Government, the provinces and territories, to agreements with the Canadian Blood Agency and Canadian Blood Services for access to the national blood supply. Our exposure to any liability under these agreements is limited to our percentage of the Canadian population. An estimate of any potential liability cannot be determined.

17. RELATED PARTIES

Transactions with related parties and balances at year-end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government made grants and contributions to or funded other costs for the following related parties.

	1999	1998
	(thousands of dollars)	
Hospitals and Regional Health Boards	\$ 185,493	\$ 170,214
Divisional Education Councils and District Education Authorities	146,012	146,047
Northwest Territories Housing Corporation	107,174	98,385
Aurora College and Nunavut Arctic College	32,745	30,110
Northwest Territories Development Corporation	6,111	9,037
Northwest Territories Business Credit Corporation	889	1,068
	\$ 478,424	\$ 454,861

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

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot 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 \$106,706,000 (1998 - \$108,870,000) were incurred and recovered from related parties.

Revenue from the Northwest Territories Power Corporation:

	1999	1998
	(thousands of dollars)	
Dividend related to the Power Subsidy Program	\$ 6,603	\$ 6,261
Interest on the Promissory Note Receivable	136	718
	\$ 6,739	\$ 6,979

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

18. UNCERTAINTY DUE TO YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after 1 January 2000 and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Government's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Government including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.

19. SUBSEQUENT EVENT

a) Division of Assets and Liabilities

The Nunavut Act came into full force on April 1, 1999. On that date, Nunavut and the Government of Nunavut came into being. The Nunavut Act consequently amended the Northwest Territories Act to redefine the Northwest Territories to exclude the geographic Nunavut Territory as of April 1, 1999.

Notwithstanding this significant change in the operations of the Government, these financial statements have been prepared on a going concern basis, including all operations that were transferred to, or taken over by, the Government of Nunavut as of April 1, 1999.

The creation of Nunavut requires the transfer of Government assets and liabilities. On March 29, 1999 an agreement between the government of the Northwest Territories and the Interim Commissioner of Nunavut set out an approach for the division of the assets, liabilities and surplus of the Government. The approach as applied to the Government is as follows:

1. Allocate the capital assets on an as is, where is, basis.
2. Apportion the accumulated surplus using the agreed upon ratio of 55.66% to the Government of the Northwest Territories and 44.34% to the Government of Nunavut.
3. Allocate the remaining assets and liabilities on a basis that the two Governments agree to be practical, using a geographic basis where possible.
4. Adjust any difference, between the value of the assets and liabilities allocated and the accumulated surplus apportioned, on a basis that the two Governments agree to be practical.

Applying the approach described above to the March 31, 1999 financial statements of the Governments results in the following allocations, of the assets and liabilities, as approved by representatives of both Governments:

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

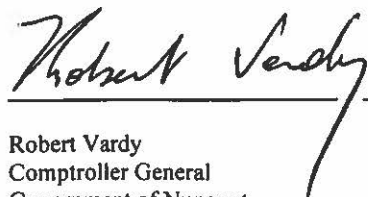
19. SUBSEQUENT EVENT (continued)

Statement of Financial Position (unaudited)

(thousands of dollars)	March 31, 1999	Northwest Territories	April 1, 1999	Nunavut
Assets				
Current				
Cash and Short Term Investments	\$ 55,470	\$ 55,470	\$ -	
Due From Canada	54,607	48,158	6,449	
Accounts Receivable	63,944	45,040	18,904	
Inventories	35,611	8,767	26,844	
Prepaid Expenses	5,696	5,493	203	
	215,328	162,928	52,400	
Designated Cash and Investments	18,309	18,309	-	
Loans Receivable	49,931	38,237	11,694	
Investment in Northwest Territories Power Corporation, at nominal value of one dollar	-	-	-	
	\$ 283,568	\$ 219,474	\$ 64,094	
Liabilities				
Current				
Short-term Loans	\$ 50,964	\$ 50,964	\$ -	
Accounts Payable and Accrued Liabilities	135,347	125,876	9,471	
Current Portion of Long-term Liabilities	4,435	3,917	518	
Due to Government of the Northwest Territories/ (Due from the Government of Nunavut)	-	(35,313)	35,313	
	190,746	145,444	45,302	
Pension Liabilities	15,830	15,830	-	
Employee Termination Benefits	15,910	14,053	1,857	
Provision for Pay Equity Settlement	22,889	22,889	-	
	245,375	198,216	47,159	
Accumulated Surplus	38,193	21,258	16,935	
	\$ 283,568	\$ 219,474	\$ 64,094	



Lew Voytilla
Comptroller General
Government of the Northwest Territories



Robert Vardy
Comptroller General
Government of Nunavut

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

19. SUBSEQUENT EVENT (continued)

b) Chargeback of Services

The Government has entered into 61 service agreements with the Government of Nunavut for the provision of various corporate and program delivery services worth an estimated total value of \$ 24,522,772 for the fiscal year 1999-2000.

c) Northwest Territories Power Corporation

The Government of the Northwest Territories and the Government of Nunavut entered into a transition agreement on March 29, 1999 that governs the operation of the Northwest Territories Power Corporation through March 31, 2001. The transition agreement details the process to be followed for the assets and liabilities of the Northwest Territories Power Corporation should the ultimate decision be to divide the Northwest Territories Power Corporation. It also governs the split of any dividends declared during the period that the transition agreement is in force.

Subsequent to the year end the Government of Nunavut decided that it would operate its own Power Corporation. As such, the assets and liabilities of the Northwest Territories Power Corporation will have to be divided between the Government of the Northwest Territories and the Government of Nunavut at March 31, 2001. The method by which this will take place is consistent with the provisions contained in the Agreement on the Division of Assets and Liabilities between the Government and the Office of the Interim Commissioner. The only exception is that the equity of the Northwest Territories Power Corporation will be apportioned using the east/west ratio of its Revenue Requirement as at March 31, 1999 rather than the Historical Expenditure Ratio as calculated by the Northern Representatives Committee. An inter-governmental committee including representatives of the Northwest Territories Power Corporation will be formed that will work towards the ultimate division of the Northwest Territories Power Corporation at March 31, 2001.

20. OVEREXPENDITURES

Three departments exceeded the amounts appropriated to them for operations and maintenance activities by \$3,095,000, \$949,000 and \$99,000 respectively. This contravenes the *Financial Administration Act (FAA)* section 32, 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".

As at March 31, 1998 a \$25 million provision for pay equity settlement was recorded as an expenditure pursuant to section 36(1) of the FAA. However, because the accrual of this amount exceeded an appropriation, FAA section 36(2) created an interim appropriation. FAA section 36(4) then required the Minister of Finance to submit the interim appropriation as a bill not later than 15 days after the March 31, 1998 Public Accounts were tabled. This was not done.

Schedule of Revenues by Source

for the year ended March 31, 1999
(thousands of dollars)

	1999		1998
	Main Estimates (note 1b)	Actual	Actual
From Canada			
Grant per Financing Agreement	\$ 826,315	\$ 848,175	\$ 849,509
Adjustments for:			
Income Tax Collections	-	28,851	3,988
Escalation	-	31,180	110,150
Canadian Health and Social Transfer	-	(10,586)	(861)
Operating Revenues	-	13,567	4,032
Keep Up Factor	-	390	2,246
	826,315	911,577	969,064
Established Programs Financing			
Health Insured Services	-	1,042	642
Post Secondary Education	-	248	-
	-	1,290	642
Transfer Payments			
Canada Health and Social Transfer	37,632	50,699	36,726
Health Care - Indian and Inuit	37,306	29,005	36,744
Health Related Services	14,700	15,433	12,878
Young Offenders Act	3,792	3,660	3,791
Legal and Correctional Services	3,404	2,956	3,532
Other	1,972	23	2,296
Continuing Education	1,000	1,757	820
	99,806	103,533	96,787
Total from Canada	926,121	1,016,400	1,066,493
Generated Revenues			
Taxation			
Individual	69,647	51,734	70,461
Corporate	40,541	20,023	36,511
Fuel	15,677	13,565	18,777
Tobacco	16,626	16,099	16,045
Payroll tax	12,570	12,102	12,178
Property and School	7,276	7,501	6,975
Insurance	1,735	1,860	1,955
	164,072	122,884	162,902

Schedule of Revenues by Sourcefor the year ended March 31, 1999
(thousands of dollars)

	1999		1998
	Main Estimates (note 1b)	Actual	Actual
General Revenue			
Liquor Commission - Net Revenues	16,178	16,534	16,217
Licenses, Fees and Permits	9,942	8,981	9,219
Interest Income	5,190	3,204	4,758
Arctic Airport - Rentals and Fees	2,851	3,440	2,851
Gain on Investment	-	839	1,974
	34,161	32,998	35,019
Other Recoveries			
Insured and Third Party	5,510	10,587	(268)
Power Subsidy	7,433	6,602	6,261
Staff Housing	6,000	4,623	4,835
Miscellaneous	1,337	7,658	2,063
Rentals	2,184	2,178	2,981
Utilities	2,050	1,906	1,776
Medical	1,885	1,516	1,603
Debt Financing	136	136	718
Sale of Commercial Goods	367	205	192
	26,902	35,411	20,161
Capital			
Sale of Land, Houses and Other Assets	6,600	6,148	9,997
Other	155	896	5,052
Recoveries from Canada	22	-	2,851
	6,777	7,044	17,900
Total Generated Revenues	231,912	198,337	235,982
Total Revenues by Source	\$ 1,158,033	\$ 1,214,737	\$ 1,302,475

Schedule of Operations and Maintenance Expenditures

for the year ended March 31, 1999
(thousands of dollars)

	1999					1998	
	Main Estimates (note 1b)	Salaries and Wages	Grants and Contributions	Valuation Allowances	Other	Total Expenditures	Total Expenditures
Legislative Assembly	\$ 12,515	\$ 4,875	\$ -	\$ (1)	\$ 9,784	\$ 14,658	\$ 12,353
Executive	55,551	23,483	10,051	(11)	33,032	66,555	54,524
Finance	8,898	2,923	-	1,464	6,218	10,605	8,658
Municipal and Community Affairs	81,487	11,659	63,438	(26)	8,234	83,305	78,474
Public Works and Services	59,626	20,974	270	64	37,359	58,667	54,022
Health and Social Services	255,259	11,580	188,647	1,183	67,271	268,681	253,082
Justice	73,581	27,036	2,932	-	49,974	79,942	74,633
NWT Housing Corporation	55,240	-	51,816	-	-	51,816	55,168
Education, Culture and Employment	273,048	17,942	198,993	2,349	58,947	278,231	272,726
Transportation	56,162	21,830	98	(11)	36,981	58,898	56,444
Resources, Wildlife and Economic Development	96,442	33,201	31,219	403	50,407	115,230	102,247
	\$ 1,027,809	\$ 175,503	\$ 547,464	\$ 5,414	\$ 358,207	\$ 1,086,588	\$ 1,022,331

Schedule of Capital Expendituresfor the year ended March 31, 1999
(thousands of dollars)

	1999				1998	
	Main Estimates (note 1b)	Buildings and Works	Acquisition of Equipment	Grants and Contributions	Total Expenditures	Total Expenditures
Legislative Assembly	\$ 282	\$ 267	\$ -	\$ -	\$ 267	\$ 631
Executive	-	697	-	-	697	1,331
Finance	-	-	-	-	-	-
Municipal and Community Affairs	24,651	11,154	521	15,510	27,185	22,703
Public Works and Services	1,726	2,416	224	72	2,712	4,186
Health and Social Services	6,108	5,244	436	3,569	9,249	6,963
Justice	1,154	1,156	204	123	1,483	2,555
NWT Housing Corporation	43,542	-	-	55,358	55,358	43,217
Education, Culture and Employment	30,519	33,154	-	5,257	38,411	40,762
Transportation	29,857	23,510	2,332	736	26,578	31,852
Resources, Wildlife and Economic Development	3,969	2,713	1,106	302	4,121	3,675
	\$ 141,808	\$ 80,311	\$ 4,823	\$ 80,927	\$ 166,061	\$ 157,875

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Legislative Assembly					
Gain on Investments	\$ -	\$ -	\$ -	\$ 839	\$ 839
	-	-	-	839	839
Other Recoveries					
Cafeteria Rental Fee	8	-	8	1	(7)
Government Publications	4	-	4	9	5
Lapel Pin Sales	1	-	1	-	(1)
Sundry	-	-	-	20	20
	13	-	13	30	17
	13	-	13	869	856
Executive					
Financial Management Board Secretariat					
General Revenues					
Nunavut Secondment Administration Fees	-	-	-	50	50
Occupational Health Fees	-	-	-	41	41
Non-Sufficient Funds Handling Fees	6	-	6	5	(1)
	6	-	6	96	90
Other Recoveries					
Power Subsidy	7,433	-	7,433	6,602	(831)
Staff Housing	6,000	-	6,000	4,623	(1,377)
Leases - Staff Housing	200	-	200	237	37
Interest Revenue - Staff Housing	48	-	48	36	(12)
Tenant Damage	10	-	10	56	46
Ration Repayments	39	-	39	-	(39)
NWT Housing Corporation	-	5,000	5,000	5,000	-
P3 Recoveries	-	3,400	3,400	-	(3,400)
Sundry	-	-	-	2	2
	13,730	8,400	22,130	16,556	(5,574)
	13,736	8,400	22,136	16,652	(5,484)
Finance					
Grant from Canada	826,315	-	826,315	911,577	85,262
Taxation Revenue					
Personal Income Tax	69,647	-	69,647	51,734	(17,913)
Corporate Income Tax	40,541	-	40,541	20,023	(20,518)
Fuel Tax	15,677	-	15,677	13,565	(2,112)
Tobacco Tax	16,626	-	16,626	16,099	(527)
Payroll Tax	12,570	-	12,570	12,102	(468)
Property Taxes and School Levies	7,276	-	7,276	7,501	225
Insurance Company Taxes	1,735	-	1,735	1,860	125
	164,072	-	164,072	122,884	(41,188)
General Revenues					
Liquor Profits	16,178	-	16,178	16,534	356
Municipal Interest	2,047	-	2,047	837	(1,210)
Investment Interest	1,420	-	1,420	446	(974)
Insurance Licenses	124	-	124	162	38
Vital Statistics	-	-	-	1	1
	19,769	-	19,769	17,980	(1,789)

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Finance (continued)					
Other Recoveries					
NWT Power Corporation	136	-	136	136	-
Investment Pool Costs	140	-	140	174	34
Sundry	-	-	-	5	5
Insured and Third Party	5,510	-	5,510	10,587	5,077
	5,786	-	5,786	10,902	5,116
	1,015,942	-	1,015,942	1,063,343	47,401
Municipal and Community Affairs					
General Revenues					
Lottery Licenses	265	-	265	132	(133)
Quarry Fees	10	-	10	30	20
Business Licenses	65	-	65	64	(1)
Land Document Fees	20	-	20	12	(8)
Vender/Direct Seller Licenses	3	-	3	8	5
Real Estate Licenses	6	-	6	3	(3)
	369	-	369	249	(120)
Transfer payments					
Emergency Measures	-	154	154	154	-
Other Recoveries					
Land Leases	796	-	796	912	116
MOU with Nunavut Hamlets	61	-	61	3	(58)
Sundry	-	-	-	(3)	(3)
Land Administration	16	-	16	-	(16)
	873	-	873	912	39
	1,242	154	1,396	1,315	(81)
Public Works and Services					
General Revenues					
Electrical Permits	600	-	600	382	(218)
Boiler Registration	300	-	300	281	(19)
Document Fees	30	-	30	31	1
Gas Permits	60	-	60	31	(29)
Elevator Permits	25	-	25	25	-
	1,015	-	1,015	750	(265)
Transfer Payments					
Labour Canada Agreement	188	-	188	98	(90)

* Payments to Collection Agencies

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Public Works and Services (continued)					
Other Recoveries					
Water/Sewer Maintenance Services	2,000	-	2,000	1,856	(144)
Rental to Others	1,100	-	1,100	993	(107)
Sale of Heat Supply	50	-	50	50	-
Parking Stall Rentals	80	-	80	35	(45)
Sale of Publications	-	-	-	1	1
Sale of Furniture	-	-	-	17	17
Sundry	-	-	-	*(2)	(2)
	3,230	-	3,230	2,950	(280)
	4,433	-	4,433	3,798	(635)
Health and Social Services					
General Revenues					
Professional Licenses	70	-	70	112	42
Vital Statistics Fees	55	-	55	51	(4)
	125	-	125	163	38
Established Programs Financing					
Health Insured Services	-	-	-	992	992
Extended Health Care	-	-	-	50	50
	-	-	-	1,042	1,042
Transfer Payments					
Canada Health and Social Transfer	37,632	-	37,632	50,699	13,067
Hospital Care - Indian and Inuit	29,177	-	29,177	20,436	(8,741)
Provision of Non-Insured Services	12,425	-	12,425	12,166	(259)
Medical Care - Indian and Inuit	8,129	-	8,129	8,569	440
Medical Transportation	2,275	-	2,275	3,267	992
Vocational Rehabilitation of Disabled Persons	1,733	-	1,733	** (527)	(2,260)
	91,371	-	91,371	94,610	3,239
Other Recoveries					
Reciprocal Billing - Inpatient Services	1,629	-	1,629	1,249	(380)
Special Allowances	-	-	-	353	353
Reciprocal Billing - Medical Services	256	-	256	278	22
Sundry	-	-	-	*** (11)	(11)
Workers' Compensation Board	100	-	100	-	(100)
	1,985	-	1,985	1,869	(116)
	93,481	-	93,481	97,684	4,203

* Funds incorrectly credited in 1997/1998

** Over-Accrual for a 1997/1998 claim

*** Adjustments to prior year's revenues

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Justice					
General Revenues					
Land Title and Legal Registries	2,060	-	2,060	2,225	165
Court Fines and Fees	694	-	694	604	(90)
Public Trustee Fees	-	-	-	80	80
Firearm Acquisition Certificates	-	34	34	45	11
Public Trustee Management Fees	118	-	118	57	(61)
	2,872	34	2,906	3,011	105
Transfer Payments					
Young Offenders Act	3,792	50	3,842	3,660	(182)
Access to Justice	2,032	-	2,032	2,031	(1)
Exchange of Services Agreement	1,160	-	1,160	687	(473)
Firearm Acquisition Certificates Program	-	80	80	75	(5)
Community Constable Pilot Project	-	195	195	195	-
Air Charters Recoveries	152	-	152	168	16
Community Parole	60	-	60	70	10
	7,196	325	7,521	6,886	(635)
Other Recoveries					
Legal Aid Repayments	65	-	65	54	(11)
NWT Housing Corporation Lawyer	75	-	75	74	(1)
Special Allowances Young Offenders	32	-	32	70	38
Government Publications	30	-	30	24	(6)
Room and Board	12	-	12	15	3
Library Fees	-	-	-	8	8
Sundry	-	-	-	(5)	(5)
	214	-	214	240	26
	10,282	359	10,641	10,137	(504)
Education, Culture and Employment					
General Revenues					
Student Loan Fund Interest	275	-	275	365	90
Teacher Certification Fees	4	-	4	10	6
Library Fees	1	-	1	1	-
	280	-	280	376	96
Established Programs Financing					
Post Secondary Education	-	-	-	248	248
Transfer Payments					
Canada Student Loans Program	1,000	-	1,000	1,757	757

* Allowance for Doubtful Account adjustment

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

CAPITAL	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Public Works and Services					
Sale of Assets	500	-	500	874	374
Other Recoveries	-	-	-	22	22
Construction Recoveries	-	-	-	67	67
	500	-	500	963	463
Health and Social Services					
Justice					
Young Offenders Act -Minor Capital	22	-	22	-	(22)
Education, Culture and Employment					
Building and Learning Strategy	120	255	375	416	41
	120	255	375	416	41
Transportation					
Strategic Transportation Improvement	-	-	-	-	-
Deline Runway Extension	-	-	-	-	-
Sale of Assets	-	119	119	119	-
Other Recoveries	-	330	330	330	-
	-	449	449	449	-
Total Capital	\$ 6,777	\$ 764	\$ 7,541	\$ 7,044	\$ (497)
Total Revenues	\$ 1,158,033	\$ 10,696	\$ 1,168,729	\$ 1,214,737	\$ 46,008

Schedule of Expenditures

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Legislative Assembly						
Office of the Clerk	\$ 7,472	\$ 2,127	\$ 173	\$ 9,772	\$ 9,319	\$ 453
Expenditures on Behalf of Members	4,357	-	-	4,357	4,025	332
Office of the Chief Electoral Officer	178	1,101	(173)	1,106	808	298
Commissioner of Official Languages	351	-	-	351	314	37
Office of the Speaker	157	91	-	248	192	56
	12,515	3,319	-	15,834	14,658	1,176
Executive						
Executives Offices						
Cabinet Secretariat	5,607	593	-	6,200	6,759	(559)
Ministers' Offices	4,011	-	250	4,261	4,227	34
Public Utilities Board	482	-	-	482	253	229
Commissioner's Office	226	-	-	226	153	73
	10,326	593	250	11,169	11,392	(223)
Ministry of Aboriginal Affairs	2,765	668	(250)	3,183	3,134	49
Financial Management Board Secretariat						
Directorate	20,651	65	50	20,766	23,772	(3,006)
Government Accounting	11,469	785	118	12,372	12,246	126
Labour Relations	6,187	2,827	406	9,420	10,066	(646)
Audit, Budget and Evaluation	4,153	5,117	(574)	8,696	5,945	2,751
	42,460	8,794	-	51,254	52,029	(775)
	55,551	10,055	-	65,606	66,555	(949)
Finance						
Treasury	6,327	1,600	-	7,927	7,756	171
Directorate	1,007	207	(135)	1,079	1,181	(102)
Fiscal Policy	701	-	65	766	735	31
Bureau of Statistics	863	-	70	933	933	-
	8,898	1,807	-	10,705	10,605	100
Municipal and Community Affairs						
Regional Operations	64,865	1,070	(569)	65,366	65,018	348
Community Operations	10,756	-	(703)	10,053	9,995	58
Corporate Affairs	1,959	556	135	2,650	2,844	(194)
Community Development	1,520	-	816	2,336	2,334	2
Directorate	753	-	235	988	956	32
Community Monitoring and Evaluation	924	-	19	943	971	(28)
Emergency Services	710	413	67	1,190	1,187	3
	81,487	2,039	-	83,526	83,305	221

Schedule of Expenditures

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Public Works and Services						
Asset Management Directorate	42,577	(1,433)	161	41,305	41,213	92
Project Management	8,839	1,414	(687)	9,566	9,174	392
Systems and Communications	7,609	-	327	7,936	7,641	295
	601	-	199	800	639	161
	59,626	(19)	-	59,607	58,667	940
Health and Social Services						
Primary & Acute Care Programs	129,158	431	9,467	139,056	141,091	(2,035)
Health Insurance Programs	59,435	-	(3,010)	56,425	60,393	(3,968)
Community Health Programs	27,437	622	1,052	29,111	29,323	(212)
Children's Programs	9,691	75	2,548	12,314	12,846	(532)
Administration	29,538	9,199	(10,057)	28,680	25,028	3,652
	255,259	10,327	-	265,586	268,681	(3,095)
Justice						
Law Enforcement	28,015	1,795	-	29,810	29,131	679
Community Justice and Corrections	25,162	3,181	1,423	29,766	30,014	(248)
Registries and Court Services	9,479	80	150	9,709	9,586	123
Legal Services Board	4,852	560	6	5,418	5,301	117
Directorate	3,801	1,900	(1,727)	3,974	3,757	217
Lawyer Support Services	2,272	(70)	148	2,350	2,153	197
	73,581	7,446	-	81,027	79,942	1,085
NWT Housing Corporation	55,240	1,080	-	56,320	51,816	4,504
Education, Culture and Employment						
Educational Development	158,180	2,048	(313)	159,915	160,828	(913)
Culture and Careers	109,584	3,471	8	113,063	109,596	3,467
Directorate and Administration	5,284	4,013	305	9,602	7,807	1,795
	273,048	9,532	-	282,580	278,231	4,349
Transportation						
Airports	24,975	1,447	336	26,758	26,296	462
Highways	16,628	-	289	16,917	16,857	60
Corporate Services	8,141	1,190	(673)	8,658	9,224	(566)
Ferries	3,900	-	20	3,920	4,110	(190)
Motor Vehicles	2,218	-	28	2,246	2,244	2
Community Marine	225	-	(41)	184	78	106
Community Access Roads	75	-	41	116	89	27
Planning and Development	-	-	-	-	-	-
	56,162	2,637	-	58,799	58,898	(99)

Schedule of Expenditures

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Resources, Wildlife and Economic Development						
Resource Management and Economic Development	54,669	4,567	(295)	58,941	59,287	(346)
Forest Management	27,761	11,212	(74)	38,899	38,687	212
Corporate Management	12,221	3,463	314	15,998	15,570	428
Environmental Protection Services	1,791	-	55	1,846	1,686	160
	96,442	19,242	-	115,684	115,230	454
Total Operations and Maintenance	\$ 1,027,809	\$ 67,465	\$ -	\$ 1,095,274	\$ 1,086,588	\$ 8,686
CAPITAL						
Legislative Assembly	\$ 282	\$ 90	\$ -	\$ 372	\$ 267	\$ 105
Executive						
Aboriginal Affairs	-	30	-	30	24	6
Financial Management Board Secretariat	-	788	-	788	673	115
	-	818	-	818	697	121
Municipal and Community Affairs						
Community Operations	24,551	8,095	5	32,651	27,055	5,596
Emergency Services	100	5	25	130	130	-
Sports and Recreation	-	-	-	-	-	-
Directorate	-	-	-	-	-	-
Community Planning and Lands	-	-	-	-	-	-
Regional Operations	-	30	(30)	-	-	-
	24,651	8,130	-	32,781	27,185	5,596
Public Works and Services						
Asset Management	611	2,748	84	3,443	1,789	1,654
Directorate	-	-	69	69	74	(5)
Petroleum Products	1,115	180	(153)	1,142	849	293
	1,726	2,928	-	4,654	2,712	1,942
Health and Social Services	6,108	3,515	-	9,623	9,249	374
Justice	1,154	720	-	1,874	1,483	391
NWT Housing Corporation	43,542	11,816	-	55,358	55,358	-

Schedule of Expenditures

for the year ended March 31, 1999
(thousands of dollars)

CAPITAL	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Education, Culture and Employment						
Educational Development	25,239	7,046	(6)	32,279	31,370	909
Culture and Careers	5,280	2,653	6	7,939	7,041	898
	30,519	9,699	-	40,218	38,411	1,807
Transportation						
Highways	17,580	2,000	(1,163)	18,417	11,311	7,106
Airports	8,472	3,301	634	12,407	10,773	1,634
Community Marine	2,000	-	326	2,326	2,309	17
Community Access Roads	735	131	93	959	854	105
Motor Vehicles	1,000	79	50	1,129	1,127	2
Ferries	70	75	60	205	204	1
	29,857	5,586	-	35,443	26,578	8,865
Resources, Wildlife and Economic Development						
Corporate Management	25	73	-	98	94	4
Forest Management	400	245	27	672	659	13
Resource Management and Economic Development	3,134	460	4	3,598	2,995	603
Environmental Protection	410	-	(31)	379	373	6
	3,969	778	-	4,747	4,121	626
Total Capital	\$ 141,808	\$ 44,080	\$ -	\$ 185,888	\$ 166,061	\$ 19,827
Total Expenditures	\$ 1,169,617	\$ 111,545	\$ -	\$ 1,281,162	\$ 1,252,649	\$ 28,513

Schedule of Recoveries of Prior Years' Expenditures

for the year ended March 31, 1999
(thousands of dollars)

DEPARTMENT	Over-Accruals	Recoveries of Valuation Allowances	Other Recoveries	Total
Legislative Assembly	\$ 34	\$ 1	\$ 5	\$ 40
Executive	281	12	240	533
Finance	-	-	(626)	(626)
Municipal and Community Affairs	280	28	96	404
Public Works and Services	-	-	542	542
Health and Social Services	(1,258)	-	1,738	480
Justice	1,773	-	102	1,875
Education, Culture and Employment	1,084	-	181	1,265
Transportation	55	-	174	229
Resources, Wildlife and Economic Development	185	-	123	308
TOTAL	\$ 2,434	\$ 41	\$ 2,575	\$ 5,050

Schedule of Grants

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Executive						
Executive Offices						
Women's Initiatives	\$ 95	\$ -	\$ -	\$ 95	\$ 95	\$ -
Inaugural Day of Nunavut	-	130	2	132	132	-
	95	130	2	227	227	-
Aboriginal Affairs						
Metis Nation	225	-	-	225	225	-
	225	-	-	225	225	-
	320	130	2	452	452	-
Municipal and Community Affairs						
Grant in Lieu of Taxes	4,208	-	(158)	4,050	4,046	4
Senior Citizens' & Disabled Property Tax	155	-	40	195	241	(46)
NWT Association of Municipalities	131	-	-	131	131	-
NWT Association of Municipal Administrators	5	-	(5)	-	-	-
	4,499	-	(123)	4,376	4,418	(42)
Public Works and Services						
Management services for Rockhill Apartments (grant in kind)	260	-	-	260	260	-
Justice						
Aboriginal Court Challenges	40	-	-	40	10	30
Uniform Law Conference	3	-	-	3	3	-
Canadian Association of Provincial Court Judges	3	-	-	3	-	3
	46	-	-	46	13	33
Education, Culture and Employment						
Student Grants	12,515	129	(500)	12,144	9,430	2,714
Community Broadcasting	117	-	-	117	126	(9)
Cultural Organizations	8	-	-	8	-	8
	12,640	129	(500)	12,269	9,556	2,713

Schedule of Grants

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Resources, Wildlife and Economic Development						
Small Business Grants	735	-	(42)	693	670	23
Fur Price Program	495	-	(47)	448	324	124
Fire Damage Compensation	100	-	150	250	240	10
NWT Tourism Association (grant in kind)	86	-	-	86	23	63
Disaster Compensation Program	15	-	31	46	46	-
Humane Trap Development	5	-	-	5	-	5
	1,436	-	92	1,528	1,303	225
Total Operations and Maintenance	\$ 19,201	\$ 259	\$ (529)	\$ 18,931	\$ 16,002	\$ 2,929
CAPITAL						
Public Works and Services						
Sale of old Warehouse - Inuvik (grant in kind)	\$ -	\$ -	\$ 72	\$ 72	\$ 72	\$ -
Education, Culture and Employment						
Allain St Cyr School (grant in kind)	67	-	-	67	-	67
Inuvik, office building (grant in kind)	-	127	-	127	127	-
Hamlet of Rankin Inlet (grant in kind)	-	100	-	100	-	100
	67	227	-	294	127	167
Transportation						
Tandem trucks (grant in kind)	-	50	-	50	50	-
Resources, Wildlife and Economic Development						
Energy Conservation	-	-	305	305	302	3
Total Capital	\$ 67	\$ 277	\$ 377	\$ 721	\$ 551	\$ 170
Total Grants	\$ 19,268	\$ 536	\$ (152)	\$ 19,652	\$ 16,553	\$ 3,099

Schedule of Debenture Loans Receivable from Municipalities

for the year ended March 31, 1999
(thousands of dollars)

	Year of Maturity	Interest Rate	Original Amount	Principal Balance March 31, 1998	New Loans	Principal Repayments	Principal Balance March 31, 1999
Municipality of Yellowknife							
224 Trails End water and sewer replacement	2005	9.25	\$ 750	\$ 109	\$ -	\$ 109	\$ -
Municipality of Fort Smith							
43 Personal care facility, Amalgamation of debentures #39 and #41	2026	11.27	2,765	2,706	-	17	2,689
46 West Grove subdivision	2005	9.15	350	302	-	302	-
			3,115	3,008	-	319	2,689
Municipality of Fort Simpson							
6 Fire hall addition; refinance debenture #5	2006	9.00	136	99	-	10	89
7 Fire truck and alarm system	2008	9.00	67	52	-	3	49
8 Wildrose Acres sub-division	2007	6.50	150	150	-	11	139
			353	301	-	24	277
Municipality of Inuvik							
5 Town hall / fire hall	2000	9.00	350	66	-	30	36
33 Refinance previous debentures	2005	8.25	944	557	-	89	468
34 Refinance previous debentures	2010	8.34	1,657	1,270	-	187	1,083
35 Recreation centre	2007	7.30	400	372	-	31	341
36 Recreation centre completion	2012	8.05	690	664	-	29	635
37 Recreation centre completion	2017	7.80	150	150	-	4	146
			4,191	3,079	-	370	2,709
Municipality of Norman Wells							
6 MacKenzie Drive Road upgrade; refinance	2010	9.00	183	157	-	7	150
7 Residential sub-division	1998	6.95	250	27	-	27	-
8 Refinance previous debentures	2011	8.25	490	431	-	20	411
9 Residential subdivision	2001	7.40	350	290	-	65	225
			1,273	905	-	119	786

Government of the Northwest Territories

Schedule 8
Continued

Schedule of Debenture Loans Receivable from Municipalities

for the year ended March 31, 1999
(thousands of dollars)

	Year of Maturity	Interest Rate	Original Amount	Principal Balance March 31, 1998	New Loans	Principal Repayments	Principal Balance March 31, 1999
Municipality of Iqaluit							
13 Local improvements; refinance	2011	9.00	298	252	-	24	228
14 Refinance previous debentures	2008	0.00	4,868	2,604	-	114	2,490
15 New expansion area, Phase IV (#1)	2013	9.50	750	434	-	34	400
17 Expansion area, Phase IV	2005	9.65	300	63	-	63	-
18 Expansion area, Phase IV	2005	9.65	650	331	-	331	-
			6,866	3,684	-	566	3,118
Less : Valuation Allowance				876			780
			6,866	2,808	-	566	2,338
Municipality of Broughton Island							
1 Land development	2007	7.50	193	193	-	193	-
Municipality of Kimmirut							
1 Land development	2003	7.50	45	-	45	-	45
Municipality of Pond Inlet							
1 Land development	2007	7.50	100	100	-	-	100
			\$ 16,886	\$ 10,503	\$ 45	\$ 1,700	\$ 8,944

Schedule of Other Long-term Receivables

for the year ended March 31, 1999
(thousands of dollars)

	Principal Balance March 31, 1998	New Loans	Principal Repayments	Principal Balance March 31, 1999
Agreements for Sale	\$ 554	\$ -	\$ 190	\$ 364
Offer to Purchase - Kekortak Co-Op, Gjoa Haven	200	-	31	169
	\$ 754	\$ -	\$ 221	\$ 533

Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

for the year ended March 31, 1999

ACCOUNTS RECEIVABLE WRITTEN OFF

Executive		All Departments - Other Miscellaneous	
Atagoyuk, Soloman	\$ <u>663</u>	Accounts Less Than \$500	3,772
	<u>663</u>		
Finance		Student Loan Interest Written Off	34,885
House of Signs	<u>1,445</u>		
	<u>1,445</u>	Accounts Forgiven, Not Previously	
		Written Off 1998/99 Forgiveness	<u>137,188</u>
Municipal and Community Affairs		Total Accounts Written Off	<u>317,745</u>
Beaulieu, Melanie, Estate of	710		
Senych, William, Estate of	<u>500</u>	Student Loan Fund	
	<u>1,210</u>	Bethwith, Melinda	1,175
Public Works and Services		Cockney, Georgina	7,500
Arctic Ice Builders	4,724	Edkins, Gavin	15,980
Condex Heat Transfer Corporation	600	Foote, Cheryl	2,850
Data Tel	770	Hein, Dayl	1,600
Dillion & Sons	4,736	Hill, Tracy	2,200
Fort Franklin Sewer	5,239	Kilabuk, Eliyah	1,260
Great Bear Contractor	3,854	Lafferty, Corinne	1,394
Mack Services	8,039	Lindberg, Mary	750
MacLeod, Ellen	12,934	Mailhot, Brenda	4,000
Menicoche-Moses, Lorayne	<u>6,543</u>	McPherson, Dolly Ann	1,560
	<u>47,439</u>	Nakashuk, Salia	7,500
		Pambrun, Debra	2,200
Health and Social Services		Reid, Stephen	9,240
Beguner, Patricia	13,476	Ryan, Cynthia	8,236
Katimavik Society	57,289	Sherman, Patricia	1,100
McNabb, Joseph	<u>3,490</u>	Shewan, Mary Ann	7,653
	<u>74,255</u>	Simmard, Michelle	6,770
		Thompson, Arlene	2,200
Justice		Ungalaq, Sidonie	7,500
Nowdluk, Josaphee	<u>4,574</u>	Wright, Jason	<u>5,400</u>
	<u>4,574</u>		
		Total Loans Written Off	<u>98,068</u>
Transportation			
C & C Riling	<u>718</u>	Total Accounts and Loans Written Off	<u>\$ 415,813</u>
	<u>718</u>		
Resources, Wildlife and Economic Development			
Pangnirtung Chamber of Commerce	902		
Western Arctic Craft Society	<u>10,694</u>		
	<u>11,596</u>		
Total Accounts Written Off Over \$500	\$ 141,900		

FORGIVENESS

Accounts Forgiven, Not Previously Written	
Off 1998/99 Forgiveness	<u>137,188</u>

Govern

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Legislati
Fraser, I

Finance
Aklavik
Arreak,
Davidee
De Fabr
Nowdial

Municipa
Angutiqj
Beaulieu
Camsell,
Charlo, C
Gardebo
Gaudet, '
Omatto
Parr, Nur
Sanderso
Taylor, R
Wetrade,
Yakelya,

Public We
Appaqaq,
Emikotail
Enterpris
Evaglok,
Ford, Nor
Fraser, El
Gruben, E
Kittosuk,
Kipling, J
Komok, P
Kudluarik
Kudluarol
Kudluarol
Kunnuk, I
Novalinge
Parr, Jolly
Yakeleya,

Health an
Aklavik A
Beaulieu,
Bourke, D
Collinson,
Desnoime,
Duchesne,
Firth, Chri
Harris, Ala
Hessdorfer
Kakfwi, B
Lancaster,
Langlois, C
MacDonal
Masuzumi
Morton, W
Sanderson,
Schab, Roy

Government of the Northwest Territories

Schedule of Overdue Travel Advances

as at March 31, 1999

Overdue travel advances represent travel advances which have not been accounted for by an expense claim within 10 working days return date given on the travel authorization.

Municipal and Community Affairs

McQueen, Scott \$ 900
900

Public Works and Services

Dewar, John 3,300
Gordon, Tommy 240
Naukatsik, Robert 150
3,690

Justice

Kusugak, Sally 130
130

Education, Culture and Employment

Lepine, Jason E. 300
Painchaud, Lionel 200
500

Resources, Wildlife and Economic Development

Aliqatuqtuq, Jason Moses 536
Ekootak, Mark Karl 150
Hicks, Jack 600
Isiah, Mary 350
Kuliktana, Simon 130
1,766

Total Overdue Travel Advances \$ 6,986

Schedule of Lease Commitments

for the year ended March 31, 1999
(thousands of dollars)

		2000	2001	2002	2003	2004	2005-2018	Total
Yellowknife	Commercial Residential	\$ 6,123	\$ 5,368	\$ 4,269	\$ 3,974	\$ 3,964	\$ 20,340	\$ 44,038
		301	279	279	279	279	1,409	2,826
		6,424	5,647	4,548	4,253	4,243	21,749	46,864
Fort Smith	Commercial Residential	1,071	1,045	913	606	511	4,867	9,013
		-	-	-	-	-	-	-
		1,071	1,045	913	606	511	4,867	9,013
Inuvik	Commercial Residential	921	728	665	531	477	2,915	6,237
		410	410	410	410	410	3,882	5,932
		1,331	1,138	1,075	941	887	6,797	12,169
Baffin	Commercial Residential	574	505	227	129	48	276	1,759
		3,094	3,093	2,750	1,777	1,777	12,435	24,926
		3,668	3,598	2,977	1,906	1,825	12,711	26,685
Keewatin	Commercial Residential	769	765	702	418	330	3,643	6,627
		3,183	3,151	3,040	2,894	2,774	16,390	31,432
		3,952	3,916	3,742	3,312	3,104	20,033	38,059
Kitikmeot	Commercial Residential	931	924	870	870	870	1,947	6,412
		953	926	883	840	840	3,180	7,622
		1,884	1,850	1,753	1,710	1,710	5,127	14,034
		\$ 18,330	\$ 17,194	\$ 15,008	\$ 12,728	\$ 12,280	\$ 71,284	\$ 146,824

Schedule of Guarantees and Indemnities

for the year ended March 31, 1999
(thousands of dollars)

	1999	1998
Loans payable by the Northwest Territories Housing Corporation to Canada Mortgage and Housing Corporation and Canada	\$ 87,000	\$ 88,400
Sinking fund debentures issued by the Northwest Territories Power Corporation		
a) maturing March 9, 2009	20,000	20,000
b) maturing June 6, 2011	15,000	15,000
c) maturing May 28, 2012	20,000	20,000
d) maturing May 12, 2014	20,000	20,000
e) maturing October 27, 2018	10,000	-
f) maturing February 27, 2026	20,000	20,000
Debenture series issued by the Northwest Territories Power Corporation		
a) maturing May 1, 2025	7,779	7,838
b) maturing October 1, 2025	7,797	7,856
c) maturing September 1, 2026	8,823	8,893
	\$ 216,399	\$ 207,987

Schedule of Projects for Canada and Others - Expenditures Recovered

for the year ended March 31, 1999

Legislative Assembly

Electoral Boundaries	\$	115,108
Nunavut First Election		649,315
French Language Services		8,342
		772,765

Executive**Executive Offices**

French Language Services		4,405
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Ministry of Aboriginal Affairs

Nunavut Land Claim Implementation		203,842
Gwich'in Land Claim Implementation		84,103
Employees on Secondment		346,874
Sahtu Land Claim Implementation		75,101
Inuvialuit Land Claim Implementation		100,854
		810,774

Financial Management Board Secretariat

PeopleSoft Polar Project		1,239,745
French Language Services		2,015
Nunavut / OIC Secondments		9,385,432
		10,627,192

11,442,371**Finance**

Children's Health Survey		344,000
French Languages Services		6,000
		350,000

Municipal and Community Affairs

Nunavut Territory Incremental Costs		15,998,000
Nunavut Land Claim Implementation		1,152,656
Canadian Rural Partnership		115,500
Employees on Secondment		114,280
Recovery Sand & Gravel Royalties		37,023
Search and Rescue Education		90,750
French Languages Services		5,297
Gwich'in Land Claim Implementation		5,490
Sahtu Land Claim Implementation		4,934
Hall Beach Water Supply Improvements		1,071,997
		18,595,927

Government of the Northwest TerritoriesSchedule 16
(Continued)**Schedule of Projects for Canada and Others - Expenditures Recovered**

for the year ended March 31, 1999

Public Works and Services

Accommodation Services, Building and Vehicle Maintenance, and Utilities for Aurora and Nunavut Arctic College	1,113,414
Divisional Education Councils	435,540
Employees on Secondment	57,355
French Languages Services	46,486
Inuvik regional Hospital	205,809
Baffin Regional Hospital	206,139
	<hr/>
	2,064,743

Health and Social Services

The Brighter Futures Program	6,497,375
Pre-natal Nutrition Program	739,115
Northern Native Alcohol and Drug Addiction Program	518,738
Health Centres and Hospitals	226,000
Lands and Building Agreement	2,082
French Language Services	45,493
Training for Medical Interpreting	36,778
Keewatin Non-Insured Dental	1,002,115
	<hr/>
	9,067,696

Justice

French Language Services	452,244
Statue Revision	146,929
TFN Implementation	241,050
Estates Clerk	73,700
CSG Implementation	30,000
Maintenance Enforcement	54,229
Lawyer for the NWT Housing Corporation	50,000
Sahtu Implementation	22,646
Law Foundation	25,000
Public Legal Education	9,795
Gwich'in Implementation	7,740
Law Society	20,000
Court Administration	60,000
Nunavut File Work	74,000
	<hr/>
	1,267,333

Transportation

Community Aerodrome Radio Services	5,039,057
Coast Guard Facilities Maintenance Services	422,385
Road Maintenance	67,459
NavCan Occupancy Agreement	15,000
Small Boating Awareness Program	200,000
National Safety Code Funding Agreement	128,985
Right of Way Clean Up	25,000
Cambridge Bay Chipseal Project	100,800
French Language Services	15,341
Hay River Corridor	5,714
	<hr/>
	6,019,741

Schedule of Projects for Canada and Others - Expenditures Recovered

for the year ended March 31, 1999

Education, Culture and Employment

Heritage Canada - French Funding	883,140
Nunavut Human Resource Development Strategy	7,005,889
Canada / NWT Co-operation Agreement	3,707,744
Alain St. Cyr	1,994,384
University and College Entrance Program	474,018
SAIP Program	32,500
Sahtu Agreement	24,613
Museum Exhibit Upgrading	88,354
Conservation Assistant	10,000
Archives Conservation Project	19,487
Archives Backlog	18,718
Collection Management	685
Gwich'in Agreement	3,894
WIN Program	34,149
Labour Market Development Program	1,932,102
Literacy	5,779
Archaeology	4,221
Inuit Employment Plan	25,552

16,265,229

Resources, Wildlife and Economic Development

Employees on Secondment	220,829
Inuvialuit Land Claim Implementation	3,084,967
Nunavut Land Claim Implementation	473,537
Nunavut Wildlife Management Board Projects	294,203
West Kitikmeot Slave Study Projects	428,600
Sahtu Land Claim Implementation	230,438
Gwich'in Land Claim Implementation	127,380
AES Community Based Monitoring	78,000
Protected Areas - GIS	25,000
Bison Control Program	17,111
Waterfowl Banding Program	23,289
White fronted Goose Banding Program	17,195
Aboriginal Languages	7,500
Gwich'in Renewable Resources Board Grizzly Bear Project	4,000
French Language Services	5,838
Tundra Science Camp	3,500
Walker Bay Science Camp	18,400
WWF Davis Strait Polar Bear	5,000

5,064,787

\$ 70,910,592

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AURORA COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Aurora College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed by the Board of Governors. The financial statements have been prepared in accordance with generally accepted accounting principles. Management's best estimates and judgements have been used in the preparation of these statements, where appropriate. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance Committee of the Board, which is composed of a majority of Members who are not employees of the College. The Finance Committee meets regularly with management and the external auditors have full and free access to the Finance Committee.

The College's external auditor, the Auditor General of Canada, audits the financial statements and issues his report thereon to the Minister of Education, Culture and Employment.

Maurice Evans
President

Edith Weber
Bursar/Chief Financial Officer

Fort Smith, Canada
August 27, 1999

AUDITOR'S REPORT

To the Minister of Education, Culture and Employment
Government of the Northwest Territories

I have audited the balance sheet of the Aurora College as at June 30, 1999 and the statements of operations and equity, and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an audit 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 financial statements present fairly, in all material respects, the financial position of the College as at June 30, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied, after giving retroactive effect to the change in the method of accounting for government contributions for depreciable capital assets as explained in Note 3 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 College and the financial statements are in agreement therewith and the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Public Colleges Act* and regulations and by-laws of the College.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 27, 1999

AURORA COLLEGE

**BALANCE SHEET
as at June 30, 1999
(thousands of dollars)**

	<u>1999</u>	<u>1998</u> (Restated Note 3)
<u>ASSETS</u>		
Current assets		
Cash	\$ 661	\$ 705
Accounts receivable (Note 4)	2,387	1,720
Prepaid expenses	42	159
	<u>3,090</u>	<u>2,584</u>
Capital assets (Note 5)	<u>2,816</u>	<u>3,238</u>
	<u>\$ 5,906</u>	<u>\$ 5,822</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 1,112	\$ 1,384
Employee leave liability	828	666
Due to the Government of the Northwest Territories	446	939
Deferred revenue	122	7
Deferred capital contributions	77	128
Professional development fund (Note 6)	168	189
Employee termination benefits	1,009	847
	<u>3,762</u>	<u>4,160</u>
<u>EQUITY</u>		
Equity (Note 7)	<u>2,144</u>	<u>1,662</u>
	<u>\$ 5,906</u>	<u>\$ 5,822</u>

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

Approved by Management:

Danny Yakeleya
Chairperson of the Board

Maurice Evans
President

Earl Jacobson
Chairperson of the Finance Committee

Edith Weber
Bursar/Chief Financial Officer

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1999

1. AUTHORITY AND MANDATE

The Aurora College operates under the authority of the Public Colleges Act. The College is a Schedule B Public Agency as listed in the Financial Administration Act.

Under a contribution agreement with the Government of the Northwest Territories (GNWT) dated January 25, 1995, the College receives contributions for its operations and capital requirements for the administration and delivery of its adult and post-secondary education programs. Under the terms of this agreement, the College is allowed to retain all surpluses and is responsible for all deficits.

Aurora College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories. The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities in the western Northwest Territories. Through the work of the Aurora Research Institute, the College is also responsible for the facilitation and preparation of research activity in the region.

The College is exempt under Section 149 of the Income Tax Act from payment of income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles. A summary of significant accounting policies follows:

a) Capital assets

Capital assets transferred to the College from the former Arctic College and the Science Institute of the Northwest Territories, effective January 1, 1995, were recorded at the fair market value at that date, determined as the original cost less accumulated amortization, or estimated market value. Subsequent acquisitions are recorded at cost. Capital assets are amortized over their estimated remaining lives on a straight-line basis at the following annual rates:

Furniture and equipment	20 - 40%
Mobile equipment	10 - 33.33%
Leasehold improvements	10 - 33.33%
Building additions and renovations	5%

b) Deferred revenue

Deferred revenue represents payments received under contract for which the development and delivery of programs has not been completed. These amounts are recorded in income as obligations are fulfilled.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1999

c) Employee termination benefits

On termination of employment, employees are entitled to benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

d) Government Contributions

Contributions from the Government of the Northwest Territories are the amounts set out in the Government's Main Estimates, as adjusted by supplementary appropriations, and represent the majority of the funding for the College to cover its expenditures. Contributions for operating expenses are recognized on the statement of operations and equity in the College's fiscal year for which it is approved. Contributions for depreciable capital assets are deferred and amortized on the same basis and in the same periods as the underlying capital assets.

e) Project income

The College provides education and research services to outside parties through contractual arrangements. Project income is deferred and recognized in the year in which the related expenses are recognized.

f) Investment income

The College earns investment income through an agreement whereby the Government of the Northwest Territories invests the College's available cash balances. The nature of this agreement is such that the College is not exposed to any credit risk or potential for loss of capital. Investment income is recorded in the year it is earned.

g) Contract services

Contract services are acquired by the College through contractual arrangements. They include printing services, advertising, building and equipment repairs, software development, curriculum development, food service contracts, janitorial contracts, instruction contracts, leases and rental agreements. These amounts are charged as an expense in the year the service is used.

h) Pension plan

Employees of the College participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the College contribute equally to the cost of the plan. The College's contributions are charged as an expenditure on a current year basis, and represent the total pension obligations of the College. The College is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1999

3. CHANGE IN ACCOUNTING POLICY

Prior to 1999, contributions received from the Government of the Northwest Territories, for depreciable capital assets, were recorded as revenue in the period the related capital assets were purchased. Contributions for depreciable capital assets are now recorded as deferred capital contributions on the Balance Sheet and are amortized on the same basis and over the same periods as the related capital assets. The effect of this change in accounting policy, which has been applied retroactively, is a decrease in equity and an increase in deferred capital contributions on the Balance Sheet of \$77,000 (1998 – \$128,000), and an increase in the net surplus for the year of \$50,000 (1998 – no effect).

4. ACCOUNTS RECEIVABLE

	(thousands of dollars)		1999	1998
	Accounts Receivable	Allowance	Net	Net
Government contributions	\$1,362	-	\$1,362	\$ 636
Project income				
- GNWT	457	2	455	472
- Other	523	68	455	465
Students	284	181	103	129
Advances	12	-	12	18
	<u>\$2,638</u>	<u>\$ 251</u>	<u>\$ 2,387</u>	<u>\$ 1,720</u>

All receivables are currently due and the fair value of these receivables approximates their carrying value.

AURORA COLLEGE

**NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999**

5. CAPITAL ASSETS

	(thousands of dollars)		<u>1999</u>	<u>1998</u>
Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Furniture and equipment	\$ 506	\$ 405	\$ 101	\$ 191
Mobile equipment	1,112	723	389	562
Leasehold improvements	700	216	484	544
Building additions and renovations	1,991	149	1,842	1,941
	<u>\$ 4,309</u>	<u>\$ 1,493</u>	<u>\$2,816</u>	<u>\$3,238</u>

6. PROFESSIONAL DEVELOPMENT FUND

The amount represents funds for professional development to be provided to instructors under collective bargaining agreements. Under these agreements, the College is required annually to make available a specific amount of funding, against which approved professional development expenses are charged. The balance represents the cumulative unspent amount available for professional development.

7. EQUITY

The equity balance includes the book value of capital assets transferred from the former Arctic College and Science Institute of the Northwest territories and capital assets contributed by the Government of the Northwest Territories as of January 1, 1995 and the results of operations since that date. The following appropriations have been made from equity:

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

(thousands of dollars)

<u>Appropriated equity:</u>	<u>Balance, opening</u>	<u>Net surplus</u>	<u>Appropriated</u>	<u>Used</u>	<u>Balance, ending</u>
a) Program delivery	\$ 117	\$ -	\$ -	\$ -	\$ 117
b) Research & development	46	-	8	-	54
c) HEO Replacement & Maintenance	126	-	1	-	127
d) Donations	15	-	-	(5)	10
<u>Unappropriated equity:</u>	<u>1,358</u>	<u>482</u>	<u>(9)</u>	<u>5</u>	<u>1,836</u>
Total equity	<u>\$1,662</u>	<u>\$ 482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,144</u>

a) Appropriated for Program Delivery

This appropriation was established in 1997-98 to be applied to program costs contemplated in the annual Programs and Services Proposal prepared by the College, for which funding has not been approved by the Department of Education, Culture and Employment. Allocations to and from this appropriation must be approved by the Board of Governors, upon review of a submission from management.

b) Appropriated for Research & Development

This appropriation was established in 1995-96 to help fund future research and development under both the Research Associate and the Research Fellowship programs at the Aurora Research Institute (ARI). All unencumbered administration revenue that is earned through the fulfillment of third party contracts in any given year at the ARI is transferred to this account.

c) Appropriated for HEO Replacement & Maintenance

This appropriation was established in 1996-97 to help fund ongoing replacement and maintenance of the heavy equipment used in delivering the Heavy Equipment Operator program (HEO). The Board of Governors must approve the replenishment and use of the reserve, which is funded by equipment rental fees charged to third party contractors when delivering HEO courses.

d) Appropriated for Donations

From time to time, the College receives donations from individuals and corporations with conditions attached to them. In order to ensure that the wishes of the contributors are carried out, the donations are appropriated from equity.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS June 30, 1999

8. RELATED PARTIES

The College is related in terms of common ownership to all Government of the Northwest Territories (GNWT) created departments, agencies and Crown corporations. Under the transfer policy of the GNWT, certain support services are provided to the College by various government departments. The College enters into transactions with these entities in the normal course of business at the same rates and terms as those with similar unrelated parties.

The College is required to reimburse the Department of Public Works and Services (PWS) for the actual utility and operating costs of the facilities that the College uses in its activities. The Financial Management Board Secretariat (FMBS) is reimbursed for the actual employee benefits of the College's employees. The Department of Education, Culture and Employment (ECE) provides base operating contributions, capital contributions and project income to the College. Other GNWT departments also provide project income to the College. Transactions with departments not disclosed elsewhere in the financial statements are as follows:

	<u>Expenses charged by service departments during the year</u>		<u>Project income charged to departments during the year</u>	
	<u>(thousands of dollars)</u>			
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
PWS	\$ 890	\$1,745	\$ -	\$ -
FMBS	105	136	-	-
ECE	-	-	1,551	2,207
Other departments	295	118	1,271	1,292
	<u>\$1,290</u>	<u>\$1,999</u>	<u>\$2,822</u>	<u>\$3,499</u>

9. SERVICES PROVIDED WITHOUT CHARGE

The College receives the following services without charge from various GNWT departments:

- a) payroll processing from the FMBS;
- b) insurance and risk management from the Department of Finance;
- c) legal counsel from the Department of Justice;
- d) construction management, records storage, computer operations, asset disposal and project management from the PWS; and,
- e) translation services from the ECE.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS June 30, 1999

These services, if the departments charged for them, would have cost the College an estimated \$603,000 in fiscal year 1998-99.

The College also receives from the GNWT, without any rental charges, the use of facilities for two campuses, student housing units and community learning centres.

10. COMMITMENTS

The College has leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to basic payments as follows:

	(thousands of dollars)
2000	\$ 1,757
2001	1,712
2002	1,642
2003	1,612
2004	1,592
thereafter	5,167
	<u>\$ 13,482</u>

11. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of the Government of the Northwest Territories, customers, suppliers, or other third parties will be fully resolved.

12. COMPARATIVE FIGURES

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

**Northwest Territories
Business Credit Corporation**

Financial Statements

**for the year ended
March 31, 1999**

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NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Northwest Territories Business Credit Corporation were prepared by management in accordance with generally accepted accounting principles. When alternative accounting policies exist, management has chosen those it deems most appropriate in the circumstances. Financial statements include amounts requiring estimates, which have been made based upon informed judgment as to the expected results of current transactions and events. Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the financial statements.

The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, and that assets are acquired prudently, used to further the Corporation's aims, and are protected from loss.

The Corporation is subject to the Northwest Territories Business Credit Corporation Act and the Financial Administration Act. It also receives ministerial directives establishing policy guidelines. Management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable legislation and for maintaining standards of conduct that are appropriate to a territorial Crown corporation.

The Board of Directors appoints certain of its members to serve on the Management Sub-Committee. This Sub-Committee oversees management's responsibility for financial reporting and reviews and recommends the financial statements to the Board for approval.

The Auditor General of Canada annually provides an independent audit for the purpose of expressing his opinion on the financial statements. He also considers whether the transactions that come to his notice in the course of this audit are, in all significant aspects, in accordance with the specified legislation.

Afzal Currimbhoy,
Chief Executive Officer.

June 4, 1999

AUDITOR'S REPORT

To the Minister of the
Northwest Territories Business Credit Corporation

I have audited the balance sheet of the Northwest Territories Business Credit Corporation as at March 31, 1999 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, 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 Corporation, and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Northwest Territories Business Credit Corporation Act* and regulations and the by-laws of the Corporation.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 4, 1999

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

**BALANCE SHEET
MARCH 31, 1999**

	<u>\$ 000's</u>	
ASSETS	<u>1999</u>	<u>1998</u>
Cash (Note 3)	\$ 17	\$ 139
Loans Receivable (Note 4)	34,224	30,999
Accrued Interest Receivable (Note 4)	276	326
	<u>34,500</u>	<u>31,325</u>
Less: Allowance for Losses on Impaired Loans (Note 5)	5,082	5,080
	<u>29,418</u>	<u>26,245</u>
Accounts Receivable	-	122
Capital Assets (net of accumulated amortization of \$38 (1998: \$36))	10	10
	<u>\$ 29,445</u>	<u>\$ 26,516</u>
LIABILITIES		
Accounts Payable	\$ -	\$ 122
Deferred Capital Contribution	10	10
Advance from the Government of the Northwest Territories (Note 6)	31,373	28,287
	<u>31,383</u>	<u>28,419</u>
DEFICIT		
Deficit	<u>(1,938)</u>	<u>(1,903)</u>
	<u>\$ 29,445</u>	<u>\$ 26,516</u>

CONTINGENT LIABILITIES (NOTE 7)

APPROVED:

Kimberly Staples
Chairperson of the Board of Directors

Afzal Currimbhoy
Chief Executive Officer

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

**STATEMENT OF OPERATIONS AND DEFICIT
For the Year Ended March 31, 1999**

	<u>\$ 000's</u>	
	<u>1999</u>	<u>1998</u>
LENDING ACTIVITIES		
Interest Income on Loans Receivable	\$ 1,959	\$ 1,823
Interest Expense on Advance from the Government of the Northwest Territories (Note 6)	<u>1,520</u>	<u>1,299</u>
Net Interest Income	439	524
Provision for Losses on Impaired Loans (Note 5)	<u>474</u>	<u>377</u>
Net (Loss) Income on Lending Activities	<u>(35)</u>	<u>147</u>
ADMINISTRATIVE EXPENSES		
Salaries and Benefits	493	427
Professional Fees & Legal Claims	60	179
Board Meetings	53	68
Office	43	50
Computer Services	34	33
Communications	23	17
Amortization	<u>7</u>	<u>11</u>
	<u>713</u>	<u>785</u>
Net (Loss) before Government Contribution	(748)	(638)
Less: Administrative Contribution - Government of the Northwest Territories	<u>713</u>	<u>785</u>
NET (LOSS) INCOME FOR THE YEAR	(35)	147
DEFICIT AT THE BEGINNING OF THE YEAR	<u>(1,903)</u>	<u>(2,050)</u>
DEFICIT AT THE END OF THE YEAR	<u>\$ (1,938)</u>	<u>\$ (1,903)</u>

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

**STATEMENT OF CASH FLOWS
For the Year Ended March 31, 1999**

	<u>\$ 000's</u>	
	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Income on Loans Receivable	\$ 1,981	\$ 1,783
Administrative Contribution Received	836	663
Administrative Expenses Paid	(829)	(653)
Interest Received on Bank Account	26	9
	<u>2,014</u>	<u>1,802</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans Receivable Repaid	7,147	5,141
Loans Receivable Disbursed	(10,842)	(9,829)
Purchase of Capital Assets	(7)	(8)
	<u>(3,702)</u>	<u>(4,696)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from the Government of the Northwest Territories	2,789	3,473
Repayment of Advance from the Government of the Northwest Territories	(1,223)	(722)
	<u>1,566</u>	<u>2,751</u>
NET DECREASE IN CASH	<u>\$ (122)</u>	<u>\$ (143)</u>
Cash at Beginning of the Year	<u>\$ 139</u>	<u>\$ 282</u>
Cash at End of the Year	<u>\$ 17</u>	<u>\$ 139</u>

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

1. AUTHORITY, OBJECTIVE AND OPERATION

The Corporation was established in 1991 pursuant to the Northwest Territories Business Credit Corporation Act (Act). It is subject to the Financial Administration Act and is a Crown corporation of the Government of the Northwest Territories (the Government).

The Corporation's objective is to stimulate economic development and employment in the Northwest Territories to resident business enterprises, by providing loans, guaranteeing loans made by financial institutions, providing bonds and indemnifying bonding companies which have provided bonds. In addition, the Corporation is responsible for making business development loans to Northern businesses to create economic development opportunities in communities where conventional lending institutions are not prepared to participate. The Corporation's role is a blend of being a last resort lender and a developmental agency for higher risk entrepreneurial ventures.

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force. As a result, all operations in Nunavut will be taken over by the Government of Nunavut and its crown corporations. Notwithstanding this significant change in future operations, these financial statements have been prepared on a going concern basis. It is not practical to determine the potential impact on future operations of the two Business Credit Corporations. Note 9 provides further information about this subsequent event.

Economic dependency

The Corporation is economically dependent upon the Government's continuing contributions for direct administrative expenses and advances.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in accordance with generally accepted accounting principles. The significant accounting policies followed by the Corporation in the preparation of these financial statements are summarized below.

Loans

Loans are stated at the lower of principal amounts or estimated realizable amounts receivable. Accrued interest receivable and an allowance for loan impairment are recorded separately.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Allowance for loan impairment

The allowance for loan impairment represents management's best estimate of probable losses on loans at the end of the fiscal year. The allowance has a specific and general component.

a) Specific allowance: A loan is classified as impaired when one or more of the following conditions exist:

- in the opinion of management, there is reasonable doubt to the ultimate collectability of principal or interest, or
- principal or interest is six months past due, unless the loan is well secured, or
- the loan has been previously restructured and principal or interest is three months past due, or
- principal or interest is twelve months past due regardless of whether or not the loan is well secured.

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated realizable amount. This is the lower of the recorded amount of the loan or the estimated net fair market value of the underlying security of the loan. The amount of initial impairment and any subsequent changes in the amount of impairment are recorded as a charge or credit to the specific allowance for loan impairment.

b) General allowance: In addition to the specific allowance, the Corporation maintains a general allowance, established at two percent (2%) of loans receivable, net of the specific provision, to reflect management's estimate for losses on those impaired loans which cannot yet be specifically identified. The general allowance is determined based on historical loss experience, aggregate exposure in particular industries or geographical regions, and prevailing economic conditions.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition

Interest revenue on loans receivable is normally recognized on an accrual basis. The Corporation ceases to accrue interest once a loan is classified as impaired. Payments received on impaired loans are credited to loan principal and recognized as revenue only when either the principal has been repaid or the loan is no longer classified as impaired. Payments received on any previously written off loans are recognized as revenue.

Capital assets

Capital assets are recorded at cost. Amortization is calculated on a straight line basis over the estimated useful life of the assets as follows:

Computers	3 years
Furniture and Equipment	4 years

Pension contributions

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation matches employees' contributions for current or prior service. These contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation.

3. CASH

The Corporation's cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. The cash can be withdrawn at any time, and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service or A-3 or better from the Canadian Bond Rating Service. The Corporation's average investment yield was 4.6% during the year (1998: 3.4%).

Net investment income of \$26,000 (1998: \$9,000) is included in Interest Income on Loans Receivable.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

4. LOANS AND ACCRUED INTEREST RECEIVABLE

<u>Region</u>	<u>Range of Annual Interest Rates</u>		<u>\$ 000's</u>	
	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Loans Receivable				
Baffin	6.75- 9.25%	6.75-11.75%	\$ 2,430	\$ 1,913
Deh Cho	6.75-14.25%	6.75-14.25%	2,655	2,893
Inuvik	6.75- 9.25%	6.75-10.00%	1,943	1,616
Keewatin	6.75- 9.50%	6.75-11.50%	2,016	2,198
Kitikmeot	6.75-10.75%	6.75-10.75%	2,929	2,889
North Slave	6.75- 9.25%	6.75-12.00%	8,668	8,512
Sahtu	6.75- 8.75%	6.75-10.00%	2,634	1,686
South Slave	6.75-10.25%	6.75-10.75%	10,949	9,292
			<u>34,224</u>	<u>30,999</u>
Accrued Interest Receivable				
Current			140	190
Arrears			136	136
			<u>276</u>	<u>326</u>
			<u>\$ 34,500</u>	<u>\$ 31,325</u>

Loans receivable and accrued interest include \$7,692,000 (1998: \$7,278,000) that the Corporation has specifically classified as impaired.

In 1999, interest not accrued on impaired loans totalled \$692,000 (1998: \$726,366).

Write-offs

Under the provisions of the Financial Administration Act, a loan (outstanding principal and interest) can only be approved for write-off by either the Legislative Assembly (over \$20,000) or the Board of Directors (\$20,000 or less). A loan written off is still subject to collection action.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

7. CONTINGENT LIABILITIES

One legal proceeding against the Corporation is pending related to steps taken by the Corporation to call and enforce rights in collateral security of a loan.

The Corporation is named as co-defendant in the proceeding. The amount of the claim is \$11,000,000 plus costs. The Corporation's share of potential liability, if any, resulting from this action is not determinable and consequently no liability has been reflected in these financial statements. Liability, if any, will be reflected as an expense when determined.

8. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed, the Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

Administrative contribution

Under the terms of administrative agreements between the Corporation and the Government, direct administrative expenses paid by the Government are recorded by the Corporation as an administrative contribution from the Government.

Services provided without charge

The Corporation does not record the value of other capital assets or services provided by the Government without charge in these financial statements. Services provided by the Government include accounting support, employee long term benefits, regional and personnel services as well as office accommodation and some capital assets. Their values are estimated as follow:

	<u>\$ 000's</u>	
	<u>1999</u>	<u>1998</u>
Staff support	\$ 206	\$ 199
Accommodation	42	42
Employee long term benefits	<u>2</u>	<u>5</u>
	<u>\$ 250</u>	<u>\$ 246</u>

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

8. RELATED PARTY TRANSACTIONS (CONT'D)

Furthermore, the Corporation receives audit services without charge from the Auditor General of Canada.

9. SUBSEQUENT EVENTS

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force.

a) Division of assets and liabilities

The creation of Nunavut requires the transfer of Government assets and liabilities. On March 29, 1999, an agreement between the Government of the Northwest Territories and the Interim Commissioner of Nunavut, set out an approach for the division of the assets, liabilities and surplus/deficit of the Government, including the Northwest Territories Business Credit Corporation. The approach, as applied to the Corporation, is as follows:

1. Apportion the accumulated deficit using the agreed upon ratio of 55.66% to the Corporation and 44.34% to the Nunavut corporation.
2. Allocate assets and liabilities on a basis that the two Corporations and Governments agree to be practicable, where possible on a geographic basis.
3. Adjust any difference, between the value of assets and liabilities allocated and the accumulated deficit apportioned, on a basis that the two Corporations and Governments agree to be practical.

Applying this approach to the March 31, 1999 financial statements of the Corporation results in the following allocation:

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

9. SUBSEQUENT EVENTS (CONT'D)

a) Division of assets and liabilities (cont'd)

BALANCE SHEET

\$ 000's

April 1, 1999
Corporation in

ASSETS	<u>March 31, 1999</u>	<u>N.W.T.</u>	<u>Nunavut</u>
Cash	\$ 17	\$ 9	\$ 8
Loans Receivable	34,224	26,848	7,376
Accrued Interest Receivable	276	195	81
	<u>34,500</u>	<u>27,043</u>	<u>7,457</u>
Less: Allowance for Losses on Impaired Loans	5,082	4,440	642
	<u>29,418</u>	<u>22,603</u>	<u>6,815</u>
Capital Assets (net of accumulated amortization of \$38 (1998: \$36))	10	10	-
	<u>\$ 29,445</u>	<u>\$ 22,622</u>	<u>\$ 6,823</u>
 LIABILITIES			
Deferred Capital Contribution	\$ 10	\$ 10	\$ -
Advances from the Government of the Territories	31,373	23,691	7,682
	<u>31,383</u>	<u>23,701</u>	<u>7,682</u>
 DEFICIT			
Deficit	(1,938)	(1,079)	(859)
	<u>\$ 29,445</u>	<u>\$ 22,622</u>	<u>\$ 6,823</u>

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

9. SUBSEQUENT EVENTS (CONT'D)

b) Chargeback of services

The Corporation has entered into a service agreement with the Nunavut corporation. In this agreement, the Corporation will provide various corporate and program delivery services to the Nunavut corporation for the fiscal year 1999-2000. The estimated charge for this service is approximately \$159,750.

10. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Corporation's ability to conduct normal business operations. Management has developed and is implementing a plan designed to identify and address the expected effects of the Year 2000 Issue on the Corporation. As at March 31, 1999, the Corporation has commenced the identification of computer systems that will require modification or replacement. An assessment of the readiness of third parties such as customers, suppliers and others is ongoing. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

11. COMPARATIVE FIGURES

Certain comparative financial information has been reclassified to conform with this year's presentation.

LOAN ACCOUNTS APPROVED FOR WRITE OFF

Loan Accounts Approved by the Legislative Assembly

Active Service and Maintenance Ltd.	\$ 99,639.11
Arctic Foto Lab	43,332.43
Marathon Waterworks Ltd.	<u>206,077.90</u>
	<u>\$ 349,049.44</u>

LOAN ACCOUNT APPROVED FOR FORGIVENESS

Loan Accounts Approved by the Legislative Assembly

943558 N.W.T. Ltd.	\$ 31,241.08
Datascan International	7,486.93
Hay River Taxi Ltd.	55,664.21
Infonet Services	6,576.05
Repulse Bay Coffee Shop	<u>22,861.91</u>
	<u>\$ 123,830.18</u>

**Northwest Territories
Liquor Commission**

Financial Statements

**for the year ended
March 31, 1999**

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flows

Year ended March 31, 1999, with comparative figures 1998

	1999	1998
Cash flows from operating activities:		
Cash received from customers	\$ 32,424	\$ 31,619
Cash paid to suppliers	(14,631)	(14,370)
Net cash provided by operating activities	17,793	17,249
Cash flows from financing and investing activities:		
Purchase of capital assets	(8)	(408)
Cash transferred to the Government of the Northwest Territories	(16,775)	(16,915)
Net cash used in financing and investing activities	(16,783)	(17,323)
Increase (decrease) in cash	1,010	(74)
Cash, beginning of year	513	587
Cash, end of year	\$ 1,523	\$ 513

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 1999

1. Authority and operations:

The Northwest Territories Liquor Commission is responsible for the operation of liquor stores and the purchase and distribution of liquor in the Northwest Territories under Part II of the Northwest Territories Liquor Act. It is named in Schedule A to the Financial Administration Act. The Commission is authorized by the Legislative Assembly to receive interest free working capital advances from time to time not exceeding \$6,500,000 to finance its operations.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the Liquor Act.

These financial statements include the operations of the Liquor Licensing Board of the Northwest Territories.

The Commission is non-taxable under the Income Tax Act, Canada.

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force. As a result, all operations in Nunavut will be taken over by the Government of Nunavut. Notwithstanding this significant change in future operations, these financial statements have been prepared on a going concern basis. It is not practical to determine the potential impact on future operations of the two Governments, including the Commission. Note 9 provides further information about this subsequent event.

2. Significant accounting policies:

(a) Inventories:

Inventories are valued at replacement cost which is not materially different than cost. Cost includes invoiced cost, freight, duties and taxes.

(b) Capital assets:

Recycling equipment is stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 10%.

Leasehold improvements are stated at cost. Amortization is provided on the straight-line basis at an annual rate of 20%.

Furniture and fixtures are stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 20%.

Computer equipment represents hardware and software and is stated at cost. Amortization is provided on the straight-line basis at an annual rate of 20%.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 1999

6. Commitment:

The Commission has entered into a lease agreement for premises that commenced on September 1, 1995 for an initial term of five years to August 31, 2000. The Commission has an option to renew for one additional term. The minimum annual lease payments are:

		(\$000's)
March 31:		
2000	\$	50
2001		21
	\$	71

Annual lease payments include operating costs which are subject to annual increases based on the consumer price index and adjustments for tax assessments.

7. Financial instruments:

The fair value of the Commission's financial instruments approximates their carrying amounts due to their short-term nature.

8. Uncertainty due to the Year 2000 Issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Commission's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Commission, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 1999

9. Subsequent event:

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force.

Division of assets and liabilities:

The creation of Nunavut requires the transfer of Government, and consequentially the Commission's, assets and liabilities. An agreement has been reached between the Government of the Northwest Territories and the Interim Commissioner for Nunavut regarding the division of assets and liabilities.

The approach set out in the agreement requires the Government, not the Commission, to apportion its accumulated surplus/deficit and allocate its assets and liabilities. The Commission's assets and liabilities will be allocated at the same time the Government allocates all its assets and liabilities.

Chargeback of services:

The Government has entered into a service agreement with the Nunavut Government. In this agreement the Government will provide various corporate and program delivery services to the Nunavut commission for fiscal year 1999-2000. The estimated charge for this service is approximately \$90,000.

NORTHWEST TERRITORIES POWER CORPORATION

**Consolidated Cash Flow Statement
For the year ended March 31, 1999
(\$000's)**

	1999	1998
Cash flows from operating activities		
Cash receipts from customers	\$ 98,441	\$ 100,293
Cash paid to suppliers and employees	(65,795)	(72,358)
Interest received	1,226	1,129
Interest paid	(13,289)	(13,471)
Cash flows from operating activities	20,583	15,593
Cash flows used in investing activities		
Purchase of capital assets	(16,944)	(12,596)
Proceeds from sale of equipment	581	233
Cash flows used in investing activities	(16,363)	(12,363)
Cash flows used in financing activities		
Proceeds from long term borrowings	10,000	375
Net proceeds from short term borrowings	335	4,810
Repayment of net lease obligation	(227)	(791)
Sinking fund installments	(2,571)	(2,661)
Repayment of long term debt	(5,719)	(5,038)
Dividend paid	(6,261)	(5,854)
Cash flows used in financing activities	(4,443)	(9,159)
Net increase (decrease) in cash and short-term investments	(223)	(5,929)
Cash and short-term investments at beginning of period	935	6,864
Cash and short-term investments at end of period	\$ 712	\$ 935

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION

**Consolidated Balance Sheet
As at March 31, 1999
(\$000's)**

	1999	1998
Assets		
Capital assets (Note 7)		
Capital assets in service	\$ 367,745	\$ 364,781
Less accumulated amortization	(143,770)	(143,420)
	223,975	221,361
Construction work in progress	8,360	3,036
	232,335	224,397
Current assets		
Cash and short-term investments	712	935
Accounts receivable	17,177	15,859
Prepaid expenses	1,054	1,199
Inventories	12,984	15,484
	31,927	33,477
Other assets		
Deferred charges and other assets (Note 4)	7,437	3,870
Sinking fund investments (Note 8)	8,156	5,585
	15,593	9,455
	\$ 279,855	\$ 267,329
Liabilities and Shareholder's Equity		
Long-term debt		
Long-term debt (Note 9)	\$ 129,680	\$ 120,075
Net lease obligation (Note 10)	2,446	2,673
	132,126	122,748
Current liabilities		
Bank indebtedness and short-term debt	5,145	4,810
Accounts payable and accrued liabilities	16,381	13,137
Capital Replacement Reserve Fund (Note 11)	2,472	2,583
Current portion of long-term debt (Note 9)	395	5,719
Dividend payable (Note 6)	6,603	6,261
	30,996	32,510
Other liabilities		
Deferred credits and other liabilities (Note 12)	10,615	10,845
Shareholder's equity (Note 13)		
	106,118	101,226
	\$ 279,855	\$ 267,329
Commitments & contingencies (Notes 14, 17 and 18)		

Approved on behalf of the Board:

Pierre R. Alvarez
Chairman of the Board

Gordon Stewart
Chairman of the Audit Committee

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION

13. Shareholder's equity

	1999	1998
Capital Stock		
Authorized: unlimited number of voting common shares without par value		
Issued: 431,288 common shares	\$ 43,129	\$ 43,129
Retained earnings	62,989	58,097
	\$ 106,118	\$ 101,226

14. Commitments and contingencies

Capital projects

The estimated cost to complete capital projects in progress as at March 31, 1999, was \$13,574 (1998 - \$9,100).

Operating leases

The Corporation has leased property and equipment under various long-term operating leases. The minimum annual payments for these leases are as follows:

2000	\$ 871
2001	508
2002	148
2003	58
2004	39
2005-2038	100
	\$ 1,724

Supply contracts

The Corporation has entered into contracts to purchase refined oil products. The contracts extend to October 2001, reflect minimum purchase commitments consistent with the Corporation's operational requirements, and are based on market prices.

Hedging

The Corporation entered into a commodity swap for heating fuel. Although the Corporation purchases diesel fuel, no instrument is readily available for the Corporation to directly hedge against the price fluctuation of diesel fuel. Heating fuel prices however have a very close correlation to diesel fuel prices.

The Corporation typically purchases in excess of 75 million litres of diesel fuel annually. As at March 31, 1999, the Corporation has hedged a total of 37 million litres to be purchased in June, July and August 1999 using a swap contract. The average price for the swap contract on 37 million litres is US\$0.12/litre (US\$0.468/US gallon).

This hedging instrument is used only to manage risk and not for trading purposes. The Corporation did not obtain any security to mitigate credit risk but mitigates this risk by dealing only with a AA financial institution and accordingly, does not anticipate loss for non-performance.

Loan guarantee

The Corporation has guaranteed a loan made by the Aurora Fund to Aadrii Limited in the total amount of \$750. This guarantee has been made jointly and severally with another party.

NORTHWEST TERRITORIES POWER CORPORATION

Natural gas purchase commitment

The Corporation has entered into an agreement to purchase natural gas to supply Inuvik with fuel for production of electricity. The minimum obligation is to purchase 5,622,900m³ of natural gas per annum for the next 15 years, beginning on July 1, 1999. The future price shall be calculated annually on the anniversary of the Initial Delivery Date and will depend on the Edmonton Average Unbranded Regular Diesel Price as posted in the Bloomberg Oil Buyers Guide on the anniversary date.

15. Related party transactions

The Corporation is a Territorial Crown corporation and consequently is related to the Government of the Northwest Territories and its agencies and Crown corporations.

The Corporation provides utility services to, and purchases fuel and other services from, these related parties. These transactions are at the same rates and terms as those with similar unrelated customers.

Transactions with related parties and balances at year end, not disclosed elsewhere in the financial statements, are as follows:

		1999		1998
Sale of power, heat, water and other	\$	23,669	\$	23,463
Purchase of fuel		9,773		10,792
Fuel Tax		1,846		1,942
Other		695		1,121
 Balances at year end:				
Accounts Receivable		3,113		3,801
Accounts Payable		1,863		2,030

16. Financial instruments

	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	\$ 130,075	\$ 178,657	\$ 125,794	\$ 170,480
Net lease obligation	2,446	6,604	2,673	6,922
Sinking fund investments	8,156	8,213	5,585	5,853

The fair value of cash and short-term investments and other current accounts receivable and payable, excluding the current portion of loan receivable and long-term debt, approximates the carrying amount of these instruments due to the short period to maturity. The Corporation has received a guarantee for a significant outstanding receivable. The fair value of employee termination benefits approximates carrying value. The fair values for the long-term debt and net lease obligation, are determined using market prices for similar instruments. The fair value of the sinking fund investments was determined using market prices.

The Corporation invests in a conservative short-term investment fund which is restricted to investments of very low risk. The average term of the fund will generally be less than 90 days. Investments earned an average of 5% interest.

NORTHWEST TERRITORIES POWER CORPORATION

**Schedule of Write-offs
For the year ended
March 31, 1999
(unaudited)**

The following are those assets, debt or obligations, in excess of \$500, that the Corporation has written off in the year pursuant to section 84 of the Financial Administration Act.

Accounts Receivable

Plant	Name	Amount	
Cambridge Bay	Aitaok, Cathy	\$ 637.51	
	Robinson, Alan	835.68	
Deline	Laviolette, Tom	605.79	
	Tatti, Tony	796.66	
Fort Smith	Boulet, Sarah	704.92	
	Vermillion, Alberta	549.50	
Hall Beach	Foxe Basin Contractors	1,337.69	
Inuvik	Chicken Chef	10,610.00	
	Dillion, Corrine	695.83	
	Elliot, Gordon	870.15	
	Joujan, Harry	739.90	
	Kikoak, Sharon	744.05	
	Peffer, Harry	829.59	
	Rayven Mechanical	543.66	
	Stabler, Linda	862.05	
	Iqaluit	Csisely, Andrew (Estate of)	710.61
		Csisely, Andrew (Estate of)	793.41
Lutsel K'e	Guilboard, Jamie	1,406.84	
	Hatt, Linn	779.35	
Lutsel K'e	Boucher, Joe	779.84	
Norman Wells	Top Guns	2,249.09	
Pangnirtung	Mullin, Nastania	711.12	
Rankin Inlet	Kalaserk, Joan	1,170.84	
Yellowknife	Arny's General Store	2,727.03	
	Arnys Freezer	1,177.11	
	Rae Café	1,957.31	
		<hr/> \$ 35,825.53 <hr/>	
 Cash			
Plant		Amount	
Fort Simpson		1,015.55	
Resolute Bay		2,581.95	
		<hr/> \$ 3,597.50 <hr/>	

**Workers' Compensation Board
(Northwest Territories)**

Financial Statements

**for the year ended
December 31, 1998**

Auditor's Report

To the Minister of the
Workers' Compensation Board

I have audited the balance sheet of the Workers' Compensation Board (Northwest Territories) as at December 31, 1998 and the statements of operations, reserves and cash flows for the year then ended. These financial statements are the responsibility of the Board'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 financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1998 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, 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 Board, and the financial statements are in agreement therewith and the transactions of the Board that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations and the *Workers' Compensation Act* and regulations.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
March 19, 1999

WORKERS' COMPENSATION BOARD (Northwest Territories)

Balance Sheet

as at December 31, 1998

(thousands of dollars)

ASSETS

	<u>1998</u>	<u>1997</u>
Cash and short-term investments (note 3a)	\$ 1,306	\$ 2,965
Assessments receivable	1,586	3,602
Accrued interest receivable	3,592	4,289
Other accounts receivable	1,470	997
Investments (note 3)	228,899	203,094
Property and equipment (note 4)	5,084	5,228
	<u>\$ 241,937</u>	<u>\$ 220,175</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 1,510	\$ 1,822
Deferred revenue (note 11c)	115	240
Lease obligations payable (note 5a)	3,240	3,410
Assessments refundable	1,588	2,026
Benefits liability (note 6)	166,218	162,025
	<u>\$ 172,671</u>	<u>\$ 169,523</u>

RESERVES

Catastrophe reserve	18,000	\$ 9,800
Safety incentive rate reduction reserve	225	642
Operating reserve	44,541	35,710
Special Reserve	6,500	4,500
	<u>69,266</u>	<u>50,652</u>
	<u>\$ 241,937</u>	<u>\$ 220,175</u>

CONTINGENCIES (Note 9)

Approved by Management:

John W. Doyle

Director, Financial Services

Approved by the Board of Directors:

JoAnne Deneron

Chairperson, Board of Directors

Gordon Wray

Chairperson, Finance Committee

The accompanying notes form an integral part of the financial statements.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Statement of Operations
for the year ended December 31, 1998
(thousands of dollars)

REVENUES	1998	1997
Investment revenue	\$ 27,553	\$ 23,929
Assessments	20,165	23,255
GNWT contribution (note 11c)	607	1,077
Recoveries (note 11b)	1,175	461
	\$ 49,500	\$ 48,722
EXPENSES		
Cost of claims (note 6)		
Current year's claims	17,172	\$ 17,619
Prior years' claims	4,805	(2,238)
Actuarial Revaluation	-	5,033
Total Claims	21,977	20,414
Administration and general (schedule)	8,909	8,083
	\$ 30,886	\$ 28,497
INCOME FROM OPERATIONS	\$ 18,614	\$ 20,225
TRANSFERS		
Transfer to catastrophe reserve	\$ 8,200	\$ 4,900
Transfer to safety incentive rate reduction reserve	258	279
Transfer to operating reserve	8,156	10,546
Transfer to special reserve	2,000	4,500
	\$ 18,614	\$ 20,225

The accompanying notes form an integral part of the financial statements.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Statement of Reserves
for the year ended December 31, 1998
(thousands of dollars)

CATASTROPHE RESERVE	<u>1998</u>	<u>1997</u>
Balance at the beginning of the year	9,800	\$ 4,900
Transfer from operations	8,200	4,900
Balance at the end of the year (note 8)	<u>\$ 18,000</u>	<u>\$ 9,800</u>
OPERATING RESERVE		
Balance at the beginning of the year	\$ 35,710	\$ 25,164
Transfer from operations	8,156	10,546
Transfer from SIRR reserve	675	
Balance at the end of the year (note 8)	<u>\$ 44,541</u>	<u>\$ 35,710</u>
SAFETY INCENTIVE RATE REDUCTION RESERVE		
Balance at beginning of the year	\$ 642	\$ 363
Transfer from Operations	258	279
Transfer to Operating Reserve	(675)	
Balance at the end of the year	<u>\$ 225</u>	<u>\$ 642</u>
SPECIAL RESERVE		
Balance at beginning of year	\$ 4,500	\$ -
Transfer from Operations	2,000	4,500
Balance at the end of the year	<u>\$ 6,500</u>	<u>\$ 4,500</u>

The accompanying notes form an integral part of the financial statements.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Statement of Cash Flows
for the year ended December 31, 1998
(thousands of dollars)

	1998	1997
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from:		
Employers, for assessments	\$ 21,500	\$23,350
Investment revenue - short term	125	77
	21,625	\$23,427
Cash paid to:		
Claimants or third parties on their behalf	\$ 14,131	\$ 14,946
Suppliers, for administration and other goods and services	11,156	9,222
	\$ 25,287	\$ 24,168
Net cash provided by operating activities	\$ (3,662)	\$ (741)
CASH FLOW FROM INVESTING ACTIVITIES		
Transfers to investment managers	\$ (16,268)	\$ (6,178)
Transfers from investment managers	18,741	5,224
Purchases of capital assets	(470)	(1,139)
	\$ 2,003	\$ (2,093)
Net cash provided (used) by investing activities	\$ 2,003	\$ (2,093)
Net increase (decrease) in cash and cash equivalents	\$ (1,659)	\$ (2,834)
Cash and short term investments, beginning of year	\$ 2,965	\$ 5,799
Cash and short term investments, end of year	\$ 1,306	\$ 2,965

The accompanying notes form an integral part of the financial statements.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

1. Authority, Mandate and Operations

The Workers' Compensation Board (the Board) was established by, and is responsible for the administration of the *Workers Compensation Act*. Effective April 16, 1996, the Board also assumed responsibility for safety enforcement under the *Mine, Health and Safety Act*, the *Safety Act* and the *Explosives Use Act*.

The mandate of the Board is to protect workers against the result of work injury. The Board provides compensation for injury or death by accident arising out of, and in the course of, employment. Assessments required to meet the costs of compensation, pension awards and administration are levied upon employers on the basis of a percentage of their assessable payroll. In addition, the mandate of the Board includes accident prevention. The Prevention Services Division is responsible for developing safety awareness and for monitoring safety in the workplace.

The Nunavut Act will create the Nunavut Territory effective April 1, 1999, resulting in the division of the Northwest Territories. The Government of the Northwest Territories has negotiated a Transition Agreement to allow the Workers' Compensation Board to remain as a single entity serving both territories until December 31, 2002.

2. Accounting Policies

The significant accounting policies are as follows:

(a) Accounts receivable and payable

Fair value approximates carrying value as these amounts are short term.

(b) Investments

Equity investments are valued using a moving average market value method, using a five year amortization of gains and losses that arise on the sale of investments, or that arise as a result of changes in the market value of those investments.

Fixed term investments are recorded at cost at the time of purchase. The realized gain or loss on the sale of an investment is amortized over the remaining period to maturity of the investment, based on the average period for these securities disposed of during the year. For pooled funds, the amortization period is five years.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income is translated at the rate in effect at the time of receipt.

Exchange gains and losses resulting from the translation of foreign currency balances and transactions are amortized into investment income over a five year period.

The Board's international investment manager uses derivative financial instruments to manage operating exposure to foreign exchange fluctuations. These contracts are carried on a market value basis. Premiums paid or received on these instruments are treated as revenue at the time of purchase. Net receipts or payments are recognized in income on an accrual basis in the same period and the same financial statement category to which the contract is related.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

(c) Property and equipment

Property and equipment are recorded at cost and amortized over their estimated useful life under the straight-line method as follows:

· Furnishings	10 years
· Equipment	5 years
· Leasehold improvements and office space (leased)	Over the term of the lease

Assets recorded as capital leases are amortized on the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest.

(d) Administration and general expenses

A portion of administration and general expenses is allocated as claims management costs between current years' claims and prior years' claims based on the proportion of claims expenditures processed. The costs allocated are the direct costs related to the managing of claims, pensions and rehabilitation services.

(e) Benefit Liability

The Benefits Liability is estimated annually using an actuarial valuation and is comprised of:

- i. the future pension liability which represents the present value of future payments in respect of approved pension awards;
- ii. the future claims liability which represents the present value of future payments in respect of medical aid benefits, compensation payments and the capitalized value of future pension awards for all claims arising from accidents occurring prior to the end of the fiscal year; and
- iii. provision for claims management expenses, at 12% of the future claims liability and 3.6% of the future pension liability.

Many assumptions are required in the calculation of the liability, including estimates of future inflation, interest rates and mortality rates. The amount of liability is determined on a basis which allows for future inflationary increases by using a discount rate of 3% per annum. Actual claims expenses are not predictable with certainty and, accordingly, may vary from the actuarial valuation of the liability.

(f) Funding Policy

The funding policy of the Board is to maintain both the future pension liability and the future claims liability at a fully funded level at each year end.

(g) Catastrophe and operating reserves

The catastrophe and operating reserves are maintained to provide a margin of protection against adverse financial experience which could unduly burden future employers. The catastrophe reserve was created by the Board of Directors whereas the operating reserve was created by the *Workers Compensation Act*. Such adverse experience could arise in respect of the following risk:

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

- i. disasters and catastrophes
- ii. lower than expected investment results
- iii. other unanticipated events such as lower than anticipated assessment revenues or higher than anticipated claims costs.

Assessment rates are adjusted to bring the reserve to its target level over a period of between 2 years and 10 years depending on the margin by which the operating reserve is above or below the target range.

(h) Safety Incentive Rate Reduction reserve

Under the Safety Incentive and Rate Reduction (SIRR) policy, implemented by the Board in 1996 and cancelled effective January 1, 1999, special assessments are levied on employers whose claims costs exceeded assessment revenues over a three year period. These special assessment revenues were transferred to the SIRR reserve. By Board approval, 75% of these revenues were transferred to the operating reserve on December 31, 1998, while the remaining 25% will be used in 1999 to deliver safety programs.

(i) Special reserve

In addition to the Catastrophe and Operating reserves, the Board created a special reserve of \$6,500,000 for the one time impact of events such as division of the Territories, other legislative amendments or court challenges, which are not catastrophic but are beyond the Board's control.

(j) Employee benefits

The Board and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Board. These contributions represent the total pension obligation of the Board and are recognized in the accounts on a current basis.

Under the conditions of employment, employees earn employment benefits for annual leave, retirement and severance pay. The costs are accrued as the benefits are earned. Accrued termination benefits are paid upon resignation or retirement of employees.

(k) Assessment revenues

Current year revenues are estimated at February 28 of the following year based on actual payrolls submitted by employers. Adjustments to assessment revenues are accounted for in the year received. An allowance is included in assessments refundable for potential adjustments of current and prior years' payrolls.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

3 (a) Cash and Investments

The Board invests in the short term money market. The overall yield of this portfolio is 5.6% at December 31, 1998 (1997 2.7%) All instruments held in short term investments are in high quality debt obligations issued or guaranteed by Canadian, Provincial, or Territorial governments, Canadian Chartered banks or Loan or Trust companies registered in Canada.

The Board's investment policy limits investment in cash and short term investments to a maximum of 10% of the total investment portfolio. Included is C\$244,093 (1997 - \$925,613) in foreign currencies. Fair value approximates carrying value due to their short term nature.

The Board's investment target and actual asset mix at December 31 is as follows:

	(Fair Value)		Actual	
	Maximum	Minimum	1998	1997
Fixed term (including cash & short term)	65%	55%	58.1%	57.2%
Canadian equities	25%	15%	19.6%	21.6%
U.S. equities	12%	8%	11.0%	12.2%
Non Canadian and U.S. equities	12%	8%	11.0%	9.1%
Cash and short term (includes Investments maturing in 1 year)	10%	0%	2.2%	5.1%

(b) Investments

	1998		1997	
	(thousands of dollars)			
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed term investments				
Pooled funds	\$ 91,901	\$ 98,640	\$ 84,960	\$ 90,262
Other	48,545	55,092	27,057	33,792
	<u>140,446</u>	<u>153,732</u>	<u>112,017</u>	<u>124,054</u>
Equity investments	83,517	114,204	79,955	109,938
Investments maturing within one year	<u>4,936</u>	<u>4,936</u>	<u>11,122</u>	<u>11,122</u>
TOTAL	<u>\$ 228,899</u>	<u>\$ 272,872</u>	<u>\$ 203,094</u>	<u>\$ 245,114</u>

Included in the carrying values are unamortized gains of \$39,985 for 1998 (1997 - \$38,721).

Fair values for equity investments and marketable fixed term investments are the closing value on the appropriate exchange at December 31.

The maturity periods of the other fixed investment portfolio as at December 31, 1998 are as follows:

	Fair Value
	(thousands of dollars)
One to five years	25,676
Five to ten years	13,021
Over ten years	<u>16,395</u>
	<u>55,092</u>

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

(c) Investment Revenue

	1998		1997	
	(thousands of dollars)			
	Interest/ Dividends Revenue	Gains/ (Losses)	Interest/ Dividends Revenue	Gains/ (Losses)
Fixed term investments	10,668	\$ 3,019	\$ 9,264	\$ 2,096
Equity investments	2,230	11,985	2,798	10,234
Investments maturing within one year	436	-	219	-
TOTAL	\$ 13,334	\$ 15,004	\$ 12,281	\$ 12,330
Total Investment Revenue		\$ 28,338		\$ 24,611
Less: Investment Fees		(910)		(759)
Add: Interest on Cash and Short Term Investments		125		77
Total Investment Revenue		\$ 27,553		\$ 23,929

Investments are managed by the Board's external investment managers. The market yield of the portfolio (as provided by our performance measurement service) is as follows:

	1998	1997
Fixed term investments	9.1%	10.3%
Foreign equities	25.9%	24.0%
Canadian equities	4.0%	22.6%

(d) Foreign Currency Balances

The Board has assets in U.S. dollars and other currencies. In addition, the board has derivative financial instruments (DFI) denominated in various currencies. The purpose of these derivative financial instruments is to optimize yields for the Board, while sustaining acceptable levels of risk.

The only derivative financial instruments used are forward foreign exchange contracts, which all mature within 90 days of the year end. The total unrealized losses at December 31, 1998 are \$104,440 (1997 - \$10,734) which is included in gains and losses of the corresponding investments in accordance with the investment policy (note 2(b)).

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

The following chart shows where the Board has limited its exposure to foreign currency risk:

(thousands of dollars)

Currency	Total Investments in \$Cdn (fair value)	DFI	1998 Net Exposure	1997 Net Exposure
United States dollar	\$ 31,165	\$ -	\$ 31,165	31,311
Australian dollar	1,333	-	1,333	1,337
Danish krone	199	-	199	-
French franc	2,489	-	2,489	544
Deutsche mark	2,869	(222)	2,647	1,249
Hong Kong dollar	-	-	-	395
Indonesian rupiah	-	-	-	231
Irish pound	-	-	-	231
Italian lira	825	-	825	415
Japanese yen	4,480	(2,594)	1,886	2,396
Malaysian ringgit	32	-	32	130
Mexican peso	48	-	48	176
Netherlands guilder	2,930	-	2,930	1,830
Phillipine peso	59	-	59	59
Portuguese escudo	88	-	88	38
Pound sterling	9,442	(727)	8,715	6,597
Singapore dollar	653	-	653	977
Spanish peseta	558	-	558	319
Swiss franc	3,996	(707)	3,289	1,885
Thailand baht	133	-	133	-
Totals	\$ 61,299	\$ (4,250)	\$ 57,049	\$ 50,120

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

4. Property and Equipment

	1998		1997	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	(thousands of dollars)			
Furnishings	\$ 1,754	\$ 1,405	\$ 1,505	\$ 1,168
Equipment - Purchased	466		249	-
Leasehold improvements	2,508	624	2,503	458
Office space - Leased	4,242	1,857	4,242	1,645
	\$ 8,970	\$ 3,886	\$ 8,499	\$ 3,271
Less accumulated amortization	\$ (3,886)		\$ (3,271)	
Net Book Value	\$ 5,084		\$ 5,228	

5. Leases

(a) Capital Lease Obligations

The Board is committed to payments of \$435,765 per annum under a 13 year office space lease agreement which is based on an implicit interest rate of 8% and expires in 2010. The Board is also responsible for a proportional share of operating and maintenance expenses based on its share of space occupied. Fair value approximates carrying value of the liability.

	(thousands of dollars)
Nominal Value of Payments	\$ 4,940
Less: Imputed interest at 8%	(1,700)
Lease Obligation	3,240

(b) Operating Lease

The office space lease agreement was amended in 1996 to add office space in the same building. The costs for the additional space are treated as an operating lease in the financial statements as the lease is for a five year term with no guaranteed renewal payments. The Board is committed to payments of \$152,588 per annum until August 13, 2001. The Board is also responsible for a proportional share of operating and maintenance expenses based on its share of space occupied.

The Board acquired office space in Rankin Inlet and Iqaluit in 1998.

The office space lease agreement for Rankin Inlet is treated as an operating lease as the lease is for a five year term with an option for renewal at prevailing market rent for an additional five-year term. The Board is committed to payments of \$87,996 per annum until June 30, 2003.

The office space lease agreement for Iqaluit is treated as an operating lease as the lease is for a five year term with an option for renewal at market rent for an additional five year term. The Board is committed to payments of \$81,183 per annum until July 31, 2003.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

6. Benefits Liability

	1998					1997
	(thousands of dollars)					
	Medical Aid	Compensation	Pension Capitalization	Pension Awards	Total	Total
Balance, Beginning of Year	\$ 16,696	\$ 16,721	\$ 24,383	\$ 104,225	\$ 162,025	\$ 159,406
Claims Expenses						
Current year	4,380	6,592	6,041	159	17,172	17,619
Prior year	(155)	(3,421)	(3,218)	11,599	4,805	(2,238)
Liability transfer - capitalizations	-	-	(4,344)	4,344	-	-
Actuarial Revaluation	-	-	-	-	-	5,033
Recoveries from third parties	-	23	-	-	23	522
	20,921	19,915	22,862	120,327	184,025	180,342
Less: Claims payments made						
Current year injuries						
Claims payments	638	967	-	4	1,609	2,059
Claims management	949	1,438	-	6	2,393	2,188
Prior years' injuries						
Claims payments	2,687	2,515	-	7,702	12,904	13,149
Claims management	322	302	-	277	901	921
	4,596	5,222	-	7,989	17,807	18,317
Balance, End of Year	\$ 16,325	\$ 14,693	\$ 22,862	\$ 112,338	\$ 166,218	\$ 162,025

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

7. Actuarial Valuation

The benefits liability has been verified by an independent actuary.

8. Catastrophe and Operating Reserve

The Board is fully funded at the end of 1998 to meet its obligations for the future pension and future claims liability.

The target level for the catastrophe reserve, set by the Board, provides for the average cost of a disaster. The target level of the reserve at the end of 1998 is \$18,000,000 (1997 - \$9,800,000).

The target level for the operating reserve is based on a number of factors relating to the financial risks which could impact on the financial position of the board. A range of 75% to 125% of the target level has been set as a target range. The target level at the end of 1998 is \$4,700,295 and the target range is \$3,525,221 to \$5,875,369.

The funding policy of the Board provides for discounts on assessment rates when the operating reserve exceeds its target range. In 1998, a discount of 5% (1997- 6%) was applied to assessment rates.

9. Contingencies

(a) Widow's Pensions

Under current legislation, widows' pension payments terminate after remarriage. An allowance of \$3,534,000 for continuation of pensions to widows currently receiving pensions who remarry is included in the Benefits Liability. A opinion from the Board's legal counsel and recent litigation in other provinces suggests that the actual liability could be higher. The amount of any additional liability cannot be determined at this time.

(b) Legal Claims

The Board has a number of legal claims outstanding for recovery of compensation expenses from third parties. These claims are not recorded in the accounts because of their contingent nature. In the opinion of management and the Board's legal representatives, it is expected that the Board could recover approximately \$682,000 (1997 - \$696,538). Settlement of legal claims are recognized in the year in which the settlement occurs. Legal claims settled during 1998 resulted in recoveries of \$22,895 (1997 - \$522,000).

The Board has commenced an action against third parties as a result of the deaths of nine miners in an explosion on a worksite. At this time potential recoveries cannot be determined.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

10. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Board's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Board, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

11. Related Party Transactions

(a) The following table summarizes the Board's assessments revenue from related parties entered into in the normal course of operations in 1998.

	1998	1997
	(thousands of dollars)	
Government of the Northwest Territories	\$ 1,613	\$ 1,537
Public Agencies	\$ 260	\$ 255

(b) The Government of the Northwest Territories provided a reimbursement to the Board for hunters and trappers claims of \$1,175,252 (1997 - \$461,496).

(c) On April 16, 1996 the Government of the Northwest Territories transferred responsibility for the administration and enforcement of the *Safety Act*, *Explosive Use Act*, and *Mine Health and Safety Act* from the Government of the Northwest Territories to the Board.

The Government will be compensating the Board for part of the cost of the transfer from April 16, 1996 to March 31, 1999 as shown below. Additional and future costs will be covered from employer assessments. The estimated annual costs of administering these programs is \$2,100,000.

- April 16, 1996 - March 31, 1997 - 75% of the agreed cost
- April 1, 1997 - March 31, 1998 - 50% of the agreed cost
- April 1, 1998 - March 31, 1999 - 25% of the agreed cost

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

Amounts received as contributions are as follows:

	1998	1997
	(thousands of dollars)	
Revenue	\$ 607	\$ 1,077
Deferred revenue	115	240
Total paid in 1998	\$ 722	\$ 1,317

(d) The Board's investments include bonds (at market value) of:

	1998	1997
	(thousands of dollars)	
Government of the Northwest Territories		
11.00% maturing June 23, 1998	\$ -	\$ 152
Northwest Territories Power Corporation		
11.00% maturing March 9, 2009	\$ 663	\$ 666
11.125% maturing June 6, 2011	\$ 1,382	\$ 1,382
9.375% maturing May 12, 2014	\$ 1,252	\$ 1,248
Northwest Territories Legislative Assembly Building Society		
13.00% Series A, maturing August 31, 2013	\$ 609	\$ 609

(e) In addition to those related party transactions disclosed elsewhere in these financial statements, the Board is related to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Board enters into transactions with these entities in the normal course of business.

12. Comparatives

Certain comparative amounts have been reclassified to be consistent with the current year.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Schedule of Administration and General Expenses
for the year ended December 31, 1998

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Salaries, wages and allowances	5,912	\$ 5,414
Professional services	1,975	1,672
Office lease and renovations	939	878
Travel	817	671
Employer's share of benefits	760	785
Amortization office space/leasehold	379	231
Board Members	344	404
Communications	248	275
Amortization furnishings and equipment	236	192
Office services and supplies	233	200
Office furnishings and equipment (non-capital)	138	154
Advertising and public information	129	128
Grants	63	122
Miscellaneous	27	44
Computer lease and services	3	22
	<u>\$ 12,203</u>	<u>\$ 11,192</u>
 Less:		
Allocations to claims management	3,294	3,109
	<u>\$ 8,909</u>	<u>\$ 8,083</u>

**Public Trustee for the
Northwest Territories**

Financial Statements

**for the year ended
March 31, 1999**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Public Trustee for the Northwest Territories is responsible for the preparation, integrity and objectivity of the financial statements. The financial statements have been prepared in accordance with generally accepted accounting principles considered appropriate in the circumstances. Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

The Public Trustee for the Northwest Territories has developed and maintained books of account, records, financial and management controls and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Public Trustee Act.

It is the responsibility of the auditors to provide an independent, objective audit for the purpose of expressing their opinion on the financial statements.

Public Trustee for the Northwest Territories

June 4, 1999

AUDITORS' REPORT

Commissioner

We have audited the Balance Sheet of the Estate and Trust Fund as at March 31, 1999 and the Statements of Operations and Changes in Fund Balance for the year then ended. These financial statements are the responsibility of the Office of the Public Trustee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly in all material respects, the financial position of the Fund as at March 31, 1999, the results of operations and the changes in the Estate and Trust Fund Balance for the year then ended in accordance with accounting policies of the Public Trustee as outlined in Note 2 to the financial statements and as required by the Public Trustee Act and Regulations.

We further report that in our opinion, proper books of account have been kept by the Public Trustee, the financial statements are in agreement therewith and the transactions that have come under our notice have in all significant respects, been within the statutory powers of the Public Trustee.

AVERY, COOPER & CO.
Certified General Accountants
Yellowknife, N.W.T.

June 4, 1999

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND**

**BALANCE SHEET
March 31, 1999**

ASSETS

	<u>1999</u>	<u>1998</u>
Cash (Note 3)	\$4,609,123	\$4,743,389
Other assets at nominal value	<u>1</u>	<u>1</u>
	<u>\$4,609,124</u>	<u>\$4,743,390</u>

LIABILITIES

Undistributed Common Fund earnings per Statement II (Note 4)	\$ 91,138	\$ 74,058
Estate and Trust Fund per Statement III (Note 5)	<u>4,517,986</u>	<u>4,669,332</u>
	<u>\$4,609,124</u>	<u>\$4,743,390</u>

APPROVED:

Larry Pontus

Public Trustee for the Northwest Territories

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND**

STATEMENT OF OPERATIONS
For the year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
Undistributed Common Fund earnings, opening	\$ 74,058	\$ 77,131
Add		
Common Fund earnings	<u>232,729</u>	<u>163,420</u>
	<u>306,787</u>	<u>240,551</u>
Less		
Interest paid to estates and trusts	150,195	121,732
Management fees	46,629	41,688
Excess interest paid to the Government of the Northwest Territories	18,825	1,945
Miscellaneous accounts	<u>-</u>	<u>1,128</u>
	<u>215,649</u>	<u>166,493</u>
Undistributed Common Fund earnings, closing	<u>\$ 91,138</u>	<u>\$ 74,058</u>

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND**

**STATEMENT OF CHANGES IN ESTATE AND TRUST
FUND BALANCE**

For the year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
Estate and trust funds provided:		
Estate and trust assets received	\$1,317,370	\$1,839,252
Common Fund interest paid to estates and trusts	<u>150,195</u>	<u>121,732</u>
	<u>1,467,565</u>	<u>1,960,984</u>
Estate and trust funds applied:		
Payments to beneficiaries	1,320,751	1,091,607
Disbursements made on behalf of estates and trusts	210,359	203,406
Administration fees	80,087	85,793
GST on Administration fees	5,606	6,005
Court fees	<u>2,108</u>	<u>4,940</u>
	<u>1,618,911</u>	<u>1,391,751</u>
Increase (Decrease) in Estate and Trust Fund balance	(151,346)	569,233
Estate and Trust Fund balance, opening	<u>4,669,332</u>	<u>4,100,099</u>
Estate and Trust Fund balance, closing	<u>\$4,517,986</u>	<u>\$4,669,332</u>

See the accompanying notes.

AUDITORS'REPORT

To the Management and Services Board
Legislative Assembly Retiring Allowance Fund

We have audited the Balance Sheet of the Legislative Assembly Retiring Allowance Fund as at March 31, 1999, the Statement of Changes in Net Assets Available for Benefits for the year then ended and the Statement of Obligations for Pension Benefits as at March 31, 1999. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly in all material respects the financial position of the Fund as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

AVERY, COOPER & CO.
Certified General Accountants
Yellowknife, NT

September 3, 1999

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

BALANCE SHEET

March 31, 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
CURRENT		
Accrued Investment Income	4,541	4,541
Accounts Receivable	<u>1,241</u>	<u>11,755</u>
	5,782	16,296
INVESTMENTS		
Retiring Allowance Fund (Notes 2 and 3)	<u>16,109,287</u>	<u>15,816,519</u>
	<u>\$ 16,115,069</u>	<u>\$ 15,832,815</u>
LIABILITIES		
CURRENT		
Accounts Payable	\$ 12,513	\$ 13,237
FUND BALANCE		
RETIRING ALLOWANCE FUND BALANCE		
Net Assets Available for Benefits (per page 204)	<u>16,102,556</u>	<u>15,819,578</u>
	<u>\$16,115,069</u>	<u>\$15,832,815</u>

APPROVED

Sam Gargan _____ Director

David Hamilton _____ Director

See the accompanying notes.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the Year Ended March 31, 1999

	<u>1999</u>	<u>1998</u>
INCREASE IN ASSETS		
Contributions	\$ 36,333	\$ 129,294
Interest and Dividends	<u>889,769</u>	<u>1,091,436</u>
	926,102	1,220,730
Current Period Change in Fair Market Value of Investments	<u>(197,422)</u>	<u>2,065,711</u>
Total Increase in Assets	<u>728,680</u>	<u>3,286,441</u>
DECREASE IN ASSETS		
Benefits		
Pension Payments	380,673	553,268
Administrative		
Actuary Fees	<u>65,029</u>	<u>72,237</u>
Total Decrease in Assets	<u>445,702</u>	<u>625,505</u>
INCREASE IN NET ASSETS	282,978	2,660,936
NET ASSETS AVAILABLE FOR BENEFITS		
- BEGINNING OF YEAR	<u>15,819,578</u>	<u>13,158,642</u>
- END OF YEAR	<u>\$ 16,102,556</u>	<u>\$15,819,578</u>

See the accompanying notes.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

STATEMENT OF OBLIGATIONS FOR PENSION BENEFITS

March 31, 1999

	<u>1999</u>	<u>1998</u>
ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS		
Active Members	\$ 2,699,000	\$ 2,083,000
Pensioners	<u>7,734,000</u>	<u>7,528,000</u>
Total Ongoing Plan Liabilities (Note 4)	10,433,000	9,611,000
ACTUARIAL VALUE OF NET ASSETS AVAILABLE FOR BENEFITS		
Net Assets available for benefits (per page 204)	<u>16,102,556</u>	<u>15,819,578</u>
EXCESS OF ACTUARIAL VALUE OF NET ASSETS OVER ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS		
	<u>\$ 5,669,556</u>	<u>\$6,208,578</u>

See the accompanying notes.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE I DESCRIPTION OF PLANS

a) General

The fund was established pursuant to the Legislative Assembly Retiring Allowances Act and is administered by the Management and Services Board. The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time for six or more years prior to October 16, 1995 or four or more years after October 16, 1995, commencing March 10, 1975, the date of the first fully elected Legislative Assembly.

b) The following description of the Legislative Assembly Retiring Allowance Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

1) Funding Policy

The Legislative Assembly Retiring Allowance Act requires that the plan sponsor, the Government of the Northwest Territories, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of a triennial actuarial valuation for the fund (See Note 4).

In accordance with the Trust agreement, Plan members are required to contribute 6.5% of their salary and per diem allowances to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any surplus existing in the Plan may be used to reduce the required employer contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements of the Pension Benefits Standards Act.

2) Normal Retirement Age

a. Service Prior to 1992

- Age 55

b. Service After 1991

The earliest of :

- age 60

- 30 years of service

- age plus service equals 80

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE 1 DESCRIPTION OF PLANS - cont'd

3) Retirement Pension

A retirement pension is payable to a member, based on 2% of the average best earnings over four consecutive years as an MLA multiplied by Credited Service as an MLA.

PLUS

2% of the average best earnings over four consecutive years in each positions of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

4) Early Retirement

A member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

A pension which is actuarially equivalent to the pension calculated as if the member was age 55.

b. Service after 1991.

A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

5) Late Retirement

Up to age 69.

6) Maximum Allowance

For benefits earned after 1991, the annual retirement pension payable shall not exceed the lessor of:

a. the defined limit as prescribed under the Income Tax Act of Canada for the year in which the pension commences, times the years of credited service after 1991 or

b. 2% of the average annual indexed pensionable remuneration, times the years of credited service after 1991.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE 1 DESCRIPTION OF PLANS - cont'd

7) Form of Pension

a. Service Prior to 1992

The normal form of payment is a joint and 75% survivor pension reducing on the death of the Member.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent.

b. Service After 1991

The normal form of payment for service after 1991 is a joint and 66-2/3% survivor pension reducing on the death of the Member with a guarantee of 100% of the first 60 monthly payments in any event.

Each Dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 100% shall be divided by the number of children for the first 60 monthly payments after the Member's pension commencement and then 25% of the benefit thereafter.

8) Increases in Pension

Pensions in pay and deferred pensions are increased every January 1st based on increases in the Consumer Price Index up to the preceding September 30th.

9) Pre-Retirement death Benefits

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If he was eligible to receive a pension, it will be assumed that the Member retired on the day preceding his death and elected the normal form of pension.

10) Withdrawal Benefits

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

- a) These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan nor the benefit security of individual plan members.
- b) Contributions are recognized in the accounts on an accrual basis based on earnings as reported by the members' employers.
- c) Pension and termination benefits are shown as expenditures in the year of payment.
- d) Investments for the Legislative Assembly Retiring Allowance Fund are stated at fair market value.

NOTE 3 INVESTMENTS - RETIRING ALLOWANCE FUND

	<u>1999</u>	%	<u>1998</u>	%
<u>Funds Managed by Investment Counsellors</u>				
Cash and Cash Equivalents	37,717	0.2	27,456	0.2
RT Capital Balance Fund (Cost \$12,496,915; 1998-\$11,833,114)	15,555,100	96.6	15,260,066	96.5
Confederation Life Real Estate Board (Cost \$49,873; 1998-\$143,749)	68,095	0.4	80,622	0.5
NWT Legislative Assembly Building Society Series A Bonds (Cost \$389,338; 1998-\$396,602)	448,375	2.8	448,375	2.8
	<u>\$ 16,109,287</u>	<u>100</u>	<u>\$15,816,519</u>	<u>100</u>

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**Northwest Territories
Housing Corporation**

Financial Statements

**for the year ended
March 31, 1999**

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

2. Significant accounting policies con't

(j) New accounting standards

In October 1998, the Public Sector Accounting Board of the Canadian Institute Chartered Accountants (CICA) issued Handbook Section PS 3800 dealing with government assistance. This section provides recommendations for the accounting of government assistance received by government entities. Government assistance for depreciable capital assets should be deferred and amortized to income over the life of the asset and assistance for non-depreciable capital assets should be accounted for in equity. Presently, legislative appropriations received by the Corporation for depreciable and non-depreciable capital assets are credited to equity of the Government of the Northwest Territories. Management is aware of PS 3800 and intends to fully adopt it in 1999-2000 but it is not practical to implement it this fiscal year. The impact on the balance sheet cannot be determined at this time.

3. Short-term investments

The Corporation invests in the short-term money market. The portfolio yield for the year ended March 31, 1999 varied from 2.50% to 5.50% (1998 - 2.00% to 4.60%). All instruments held in short-term investments have an R-2 high or an AA rating or higher from either the Dominion Bond Rating Service or the Canadian Bond Rating Service. Investments are diversified by limiting them to a maximum of 5% to 50% of the total portfolio and a maximum dollar value of \$10 million depending on the issuer of the investment. There is no significant concentration in any one investment. The average term to maturity is 35 days.

4. Investment in housing projects - land and buildings

	1999			1998
	Cost	Accumulated Amortization	Net	Net
	(thousands of dollars)			
Land	\$ 876	\$ -	\$ 876	\$ 971
Social housing	484,300	135,015	349,285	357,691
Northern rental housing	2,652	2,629	23	728
Senior citizens' housing	27,920	4,324	23,596	8,567
Lease/Purchase housing	21,692	3,487	18,205	17,608
Staff housing	1,003	145	858	1,163
Construction in progress	28	-	28	20,539
	\$ 538,471	\$ 145,600	\$ 392,871	\$ 407,267

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

5. Investments in housing projects - mortgages receivable

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
First mortgages, rural and remote housing, bearing interest at rates varying between 0% and 14.25% per annum, repayable over a maximum period of 25 years	\$ 3,224	\$ 3,125
Less: allowance	<u>(2,955)</u>	<u>(2,631)</u>
	<u>269</u>	<u>494</u>
Other mortgages, bearing interest at rates varying between 6% and 14.25% per annum, repayable over a maximum period of 25 years	38,061	33,468
Less: allowance	<u>(26,330)</u>	<u>(17,045)</u>
	<u>11,731</u>	<u>16,423</u>
Interim financing, direct lending and land acquisition loans bearing interest at rates varying between 7.75% and 13.25% per annum, repayable over a maximum period of 25 years	1,172	2,327
Less: allowance	<u>(630)</u>	<u>(302)</u>
	<u>542</u>	<u>2,025</u>
	<u>\$ 12,542</u>	<u>\$ 18,942</u>

The recorded value of those mortgages specifically identified as being impaired is \$ 29,915,000 (1998 - \$19,978,000).

6. Property and equipment

	1999			1998
	Cost	Accumulated Amortization	Net	Net
	(thousands of dollars)			
Warehouses	\$ 14,135	\$ 6,587	\$ 7,548	\$ 8,240
Office furniture and equipment	3,312	2,174	1,138	1,009
Staff housing	531	515	16	43
Office buildings	163	163	-	-
Leasehold improvements	5	-	5	-
	<u>\$ 18,146</u>	<u>\$ 9,439</u>	<u>\$ 8,707</u>	<u>\$ 9,292</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

7. <u>Due to the Government of the Northwest Territories</u>	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Balance at beginning of the year	\$ 7,393	\$ 5,438
Repayment	<u>(5,000)</u>	<u>0</u>
	2,393	5,438
Operating contributions	56,320	55,168
Contributions provided for loan principal repayments of long-term debt	(609)	(618)
Capital contributions used for repairs, maintenance, grants and other cost (Note 8)	<u>40,285</u>	<u>21,694</u>
	95,996	76,244
Cost of operations net of unfunded items	<u>93,885</u>	<u>74,289</u>
	<u>2,111</u>	<u>1,955</u>
Balance at end of year	<u>\$ 4,504</u>	<u>\$ 7,393</u>

The Government of the Northwest Territories makes advances to the Corporation for funding operations and principal repayments of long-term debt. Approved contributions recorded in the financial statements are dependent upon actual expenditures incurred for the year. Amounts advanced in excess of actual expenditures are due to the Government of the Northwest Territories at year-end carried forward as a non-interest bearing advance for the following year.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

8. Unapplied contributions related to capital

		<u>1999</u>	<u>1998</u>
		(thousands of dollars)	
Balance at beginning of the year	\$	828	\$ 28,439
Repayment		-	(4,500)
Capital contributions received		<u>54,465</u>	<u>43,217</u>
		<u>55,293</u>	<u>67,156</u>
Capital expenditures		19,412	44,634
Capital contribution from equity		(4,404)	-
Capital contributions used for repairs, maintenance, grants and other costs (Note 7)		<u>40,285</u>	<u>21,694</u>
		<u>55,293</u>	<u>66,328</u>
Balance at end of the year	\$	<u>-</u>	\$ <u>828</u>
Representing unapplied capital contributions for			
1998	\$	-	\$ 705
1997		<u>-</u>	<u>123</u>
	\$	<u>-</u>	\$ <u>828</u>

The GNWT makes advances to the Corporation for capital expenditures and for repairs, maintenance, grants and other costs. Approved contributions recorded in the financial statements are dependant upon actual expenditures incurred for the year. As the Corporation has a two year delivery for its capital programs, effective April 1, 1997, any amounts advanced in excess of actual expenditures at year end, are carried forward as a non-interest bearing advance for the following year.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

9. <u>Long-term debt</u>	<u>1999</u> <u>1998</u> (thousands of dollars)
Loans from Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (1998 - 6.97%). The loans are guaranteed by the Government of the Northwest Territories.	\$ 87,019 \$ 88,390
Mortgages payable to Canada Mortgage and Housing Corporation for units transferred under the new Social Housing Agreement, maturing between the years 2003 and 2038, at interest rates ranging from 4.5% to 21.5% (1998 - 4.5% - 21.5%)	<u>236,449</u> <u>241,701</u> 323,468 330,091
Loan from the Government of the Northwest Territories for the provision of Direct Lending Mortgages which is repayable when the program is terminated	1,000 1,000
Loans from the Government of the Northwest Territories for the provision of Interim Financing which is repayable when the program is terminated	<u>1,100</u> <u>1,100</u> 325,568 332,191
Portion included in current liabilities	<u>7,804</u> <u>6,570</u> \$ <u>317,764</u> \$ <u>325,621</u>

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

	<u>Principal</u>	<u>Interest</u> (thousands of dollars)	<u>Total</u>
2000	\$ 7,804	\$ 33,292	\$ 41,096
2001	8,676	32,420	41,096
2002	9,564	31,532	41,096
2003	10,613	30,483	41,096
2004	11,721	29,368	41,089

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

10. Fair value of financial instruments

The fair value of cash and short-term investments, accounts receivable and accounts payable and accruals approximates the carrying amount of these instruments due to the short period to maturity.

The carrying amounts of mortgages receivable of \$ 12,542,000 (1998 - \$18,942,000), which is based on discounted cash flows, approximates fair value. This should not be interpreted as the realizable value on immediate settlement of these mortgages due to the uncertainty associated with such a settlement.

For other financial instruments, the carrying amounts and the fair values are as follows:

	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(thousands of dollars)			
Loans payable	\$ 89,119	\$ 100,660	\$ 90,490	\$ 103,539
Mortgages payable	236,449	383,322	241,701	389,059
	<u>\$ 325,568</u>	<u>\$ 483,982</u>	<u>\$ 332,191</u>	<u>\$ 492,598</u>

The fair value of loans and mortgages payable is based on an estimation of the market value of the debt. This is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

11. Recoveries from Canada Mortgage and Housing Corporation

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Recoveries in respect of:		
Operations and maintenance		
Contributions to local housing organizations including interest expense	\$ 85,683	\$ 90,270
Repairs, maintenance, grants and other costs	<u>6,845</u>	<u>6,554</u>
	<u>\$ 92,528</u>	<u>\$ 96,824</u>

On April 24, 1997, the Corporation signed an agreement with Canada Mortgage and Housing Corporation (CMHC) replacing all existing social housing program agreements between the two parties relating to social housing programs.

Under the terms of this agreement, effective April 1, 1997, the Corporation assumes full responsibility and liability for the management and administration of the programs specified in the Agreement, including some programs that were previously managed unilaterally by CMHC. In return for assuming these responsibilities and managing the programs in accordance with the Agreement, the Corporation will receive annual funding over the term of the Agreement which expires on March 31, 2038.

Effective April 1, 1997, CMHC's ownership interest in the rental and loan portfolio affected by the Agreement is transferred to NWT HC as Trustee, in accordance with a Declaration of Trust Agreement signed by both parties. Over the term of the Agreement, NWT HC shall pay CMHC monthly and quarterly installments of principal and interest in return for CMHC's share of the book values of the respective assets. Consistent with previous agreements, the Corporation must pay CMHC for its respective share of any gains realized upon the disposal of any assets that CMHC has an ownership interest.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

12. Net cost of operations

The net cost is represented by the following unfunded expenses and recoveries:

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Mortgage write down	\$ 5,853	\$ 18,911
Amortization	21,042	21,191
Contribution for mortgage payable	(5,253)	(5,190)
Provision for mortgage impairment (principal portion)	9,938	12,618
Long-term portion of leave and termination benefits	404	(110)
Recovery of small capital program grants	(2,364)	(162)
Recovery of prior year grants	(1,947)	(951)
Gain/Loss on disposal of land and buildings	2,084	(3,673)
Contribution for risk reserve	-	(6,300)
	<u>\$ 29,757</u>	<u>\$ 36,334</u>

13. Contingencies

During 1998-99, the Corporation provided guarantees to lenders financing certain new or renovated residential housing construction. As at March 31, 1999 a total of 39 loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$3,555,000 (1998-\$2,262,000).

14. Commitments

The Corporation leases office space and rent supplement public housing units under long-term operating lease agreements and is committed to basic rental payments over the next five years. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. The basic rental payments are as follows:

	<u>Total</u>
	(thousands of dollars)
2000	8,587
2001	7,931
2002	7,867
2003	7,516
2004	7,195

Rent Supplement leases are renewable after five years for three further five year periods at rates to be determined when renewing.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

15. Related party transactions

The Corporation's relationship with the various local housing organizations (Authorities, Associations, Bands, and Hamlets) is as a "partner" in the delivery of social housing, as provided under individual management agreements. The housing authorities are incorporated under the Northwest Territories Housing Corporation Act and the Minister responsible for the Corporation appoints the members.

The Corporation funds the operating costs of the local housing organizations based on a funding formula. Details of contribution amounts, by district, are provided in Schedule 1. In addition the local housing organizations complete Modernization & Improvement projects on various social housing units, as approved and funded by the Corporation.

The Corporation is also related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

16. Division of the N.W.T.

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came in force.

(a) Division of Assets and Liabilities

The creation of Nunavut requires the transfer of Government assets and liabilities. On March 29, 1999, an agreement between the Government of the Northwest Territories and the Interim Commissioner of Nunavut, set out an approach for the division of the assets, liabilities and surplus/deficit of the Government, including the Northwest Territories Housing Corporation. The approach, as applied to the Corporation, is as follows:

(i) Allocate capital assets and related liabilities on an as is, where is, basis. Adjust equity for the net amount allocated.

(ii) Apportion the remaining equity using the agreed upon ratio of 55.66% to the Corporation and 44.34% to the Nunavut corporation.

(iii) Allocate assets and liabilities, except capital assets and related liabilities, on a basis that the two Corporations and Governments agree to be practicable, where possible on a geographic basis.

(iv) Adjust any difference, between the value of assets and liabilities allocated and the equity apportioned, on a basis that the two Corporations and Governments agree to be practical.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements March 31, 1999

16. Division of the N.W.T. con't.

Applying this approach to the March 31, 1999 financial statements of the Corporation results in the following allocation:

Balance Sheet	March 31,		April 1, 1999	
ASSETS	1999		NWT	Nunavut
Current				
Cash	\$	957	\$	533
Short-term investments		25,314		14,090
Accounts receivable				11,224
GNWT		2,366		2,366
Canada Mortgage and Housing Corporation		1,328		989
Other		2,724		67
		<u>32,689</u>		<u>20,635</u>
Investment in housing projects				12,054
Land and buildings		392,871		120,643
Mortgages receivable		12,542		2,961
		<u>405,413</u>		<u>123,604</u>
Property and equipment		<u>8,707</u>		<u>3,902</u>
	\$	<u>446,809</u>	\$	<u>148,141</u>
			\$	<u>298,668</u>
LIABILITIES				
Current				
Accounts payable				
Trade	\$	6,586	\$	6,586
Local Housing Organizations		1,367		1,842
Accrued interest		1,543		517
Due to the Government of the Northwest Territories		4,504		4,504
Contractor's holdbacks		1,120		332
Current portion of long-term debt		7,804		2,659
Current portion of leave and termination benefits		729		625
Due to (from) NWTHC/NHC		-		(4,390)
		<u>23,653</u>		<u>12,675</u>
Long-term debt		317,764		102,576
Leave and termination benefits		1,003		873
		<u>318,767</u>		<u>103,449</u>
EQUITY				
Government of the Northwest Territories		104,389		32,017
Government of Nunavut		-		-
		<u>-</u>		<u>72,372</u>
	\$	<u>446,809</u>	\$	<u>148,141</u>
			\$	<u>298,668</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

16. Division of the N.W.T. con't

(b) Chargeback of Services

The Corporation has entered into service agreements with the Nunavut Corporation and the Department of Public Works, Telecommunications and Technical Services, Government of Nunavut. In these agreements, the Corporation will provide various corporate and program delivery services to the Nunavut Corporation for the fiscal year 1999-2000. The estimated charge for these services is approximately \$1,074,000.

(c) Social Housing Agreement

The Corporation and the Nunavut Corporation have agreed on an allocation of Canada Mortgage and Housing corporation (CMHC) funding provided under the 1997 Social Housing Agreement. Effective April 1, 1999, the funding amount of \$91,140,290 per annum will be allocated \$33,172,244 to the Corporation and \$57,968,046 to the Nunavut Corporation. The allocation was based on a geographical costing approach at the community level. Separate agreements are in the process of being developed between CMHC and each corporation, but in the interim the Corporation will assign the benefits and obligations under the current Social Housing Agreement to the Nunavut Corporation.

17. Uncertainty due to the Year 2000 Issue

The year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Corporation's ability to conduct normal business operations. Management has developed and is implementing a plan designed to identify and address the expected effects of the Year 2000 Issue on the Corporation. As at March 31, 1999, the Corporation has commenced the identification of computer systems that will require modification or replacement. An assessment of the readiness of third parties such as customers, suppliers and others is ongoing. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

18. Comparison with prior year

Certain of the 1998 figures have been reclassified to conform to the presentation adopted.

NORTHWEST TERRITORIES HOUSING CORPORATION

Contributions to Local Housing Organizations for
Social Housing

For the year ended March 31, 1999

(thousands of dollars)	North Slave	South Slave	Western Arctic	Kitikmeot	Keewatin	Baffin	1999 Total	1998 Total
Revenue								
Rental Assessments	\$1,000	\$ 699	\$ 1,243	\$ 1,017	\$ 1,486	\$ 2,927	\$ 8,372	\$ 8,658
Doubtful Accounts	(87)	(78)	(134)	(67)	8	(154)	(512)	(490)
Miscellaneous Income	196	43	273	101	85	243	941	717
Total Revenue	1,109	664	1,382	1,051	1,579	3,016	8,801	8,885
Expenditures								
Administration	1,167	1,338	2,479	1,629	2,057	3,447	12,117	11,772
Leasing	2,145	734	620	974	1,633	3,336	9,442	9,133
Maintenance and Repairs	1,461	2,038	4,861	3,745	4,331	6,723	23,159	21,106
Power	518	647	2,401	2,567	2,756	5,418	14,307	15,103
Fuel	279	567	1,558	1,796	2,113	2,973	9,286	9,928
Water and Sanitation	1,105	891	2,523	4,300	5,429	6,951	21,199	20,939
Taxes	224	334	396	192	264	980	2,390	2,463
Total Expenditures	6,899	6,549	14,838	15,203	18,583	29,828	91,900	90,444
Deficiency of Revenue over Expenditures	5,790	5,885	13,456	14,152	17,004	26,812	83,099	81,559
Deficits paid by Local Housing Organizations	(22)	-	(186)	(31)	(329)	(362)	(930)	(1,482)
Surpluses retained by Local Housing Organizations	62	437	365	239	725	457	2,285	1,982
Total Local Housing Organization Contribution	5,830	6,322	13,635	14,360	17,400	26,907	84,454	82,059
Contributions to Sponsor Groups	3,565	844	315	-	166	373	5,263	3,882
Total Contributions to Local Housing Organizations for Social Housing	\$9,395	\$7,166	\$13,950	\$14,360	\$17,566	\$27,280	\$89,717	\$85,941

NORTHWEST TERRITORIES HOUSING CORPORATION

Schedule of Administration Expenses
For the year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Salaries and benefits	\$ 9,549	\$ 9,840
Travel and relocation	1,828	2,225
Building and equipment rentals	1,429	1,410
Professional and special services	1,720	942
Communications	361	336
Materials and supplies	335	304
Computer services	232	171
Workshops & studies	165	185
Land title fees and expenses	76	100
Miscellaneous	21	13
	<u>\$ 15,716</u>	<u>\$ 15,526</u>

Nunavut Arctic College

Financial Statements

**for the year ended
June 30, 1999**

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NUNAVUT ARCTIC COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Office of the Nunavut Arctic College ("the College") are the responsibility of the College's management and have been approved by the Board of Governors. The financial statements have been prepared in accordance with generally accepted accounting principles. Management's best estimates and judgements have been used in the preparation of these statements, where appropriate. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent with the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled, and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. It exercises this responsibility through the Finance Committee of the Board, which is composed of a majority of Governors who are not employees of the College. The Finance Committee meets with management and the external auditors, who have full and free access to the Finance Committee.

The external auditor, the Auditor General of Canada, conducts an independent examination of the financial statements and reports to the Minister of Education of the Government of Nunavut.

Johnny Kusugak
President

David Kolot
Bursar/CFO

October 21, 1999



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Minister of Education

I have audited the balance sheet of the Nunavut Arctic College as at June 30, 1999 and the statements of operations and equity (deficit) and changes in financial position for the year then ended. These financial statements are the responsibility of the College'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 financial statements present fairly, in all material respects, the financial position of the Nunavut Arctic College as at June 30, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, 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 College and the financial statements are in agreement therewith and the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Public Colleges Act* and regulations and the by-laws of the College.

John Wiersema, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
October 21, 1999

Nunavut Arctic College

Balance Sheet as at June 30
(thousands of dollars)

	1999	1998
<u>ASSETS</u>		
Current		
Cash	\$ 1,684	\$ 795
Accounts receivable (Note 3)	2,886	1,488
Prepaid expenses	95	115
	<u>4,665</u>	<u>2,398</u>
Capital Assets (Note 4)	421	556
	<u>\$ 5,086</u>	<u>\$ 2,954</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 2,707	\$ 1,494
Deferred revenue	300	385
Due to the Government of Nunavut	86	--
Due to the Government of the Northwest Territories	--	466
	<u>3,093</u>	<u>2,345</u>
Provision for employee termination benefits	732	764
Professional development liability	92	148
	<u>3,917</u>	<u>3,257</u>
<u>EQUITY</u>		
Equity (Deficit)	<u>1,169</u>	<u>(303)</u>
	<u>\$ 5,086</u>	<u>\$ 2,954</u>

Commitments (Note 7)

See accompanying notes to the financial statements

Approved by the Board:

Joe Ohokannoak
Chairperson of the Board

NUNAVUT ARCTIC COLLEGE

Statement of Operations and Equity (Deficit)
for the year ended June 30
(thousands of dollars)

	1999	1998
Revenues		
Contract Income	\$ 6,768	\$ 9,265
Room and Board	869	600
Other	596	190
Tuition Fees	434	517
Investment Income	123	96
Donations	28	77
	<hr/>	<hr/>
	8,818	10,745
	<hr/>	<hr/>
Expenses		
Salaries and employee benefits	11,777	12,610
Fees for professional services	2,727	2,816
Utilities	1,482	1,738
Travel and accommodation	1,462	1,581
Materials and supplies	814	1,161
Rent	772	944
Telecommunications, postage and freight	538	639
Building and equipment repairs	511	574
Printing and publishing	206	248
Furniture and equipment	191	376
Amortization	135	149
Bad debts	6	199
Total Expenses	<hr/>	<hr/>
	20,621	23,035
	<hr/>	<hr/>
(Deficiency) of Revenue Over Expenses before government contributions	(11,803)	(12,290)
Government Contributions (Note 2)		
Government of the Northwest Territories	9,376	12,248
Government of Nunavut	3,899	--
	<hr/>	<hr/>
	13,275	12,248
	<hr/>	<hr/>
Surplus (Deficiency) of Revenue Over Expenses	1,472	(42)
(Deficit) at Beginning of Year	<hr/>	<hr/>
	(303)	(261)
	<hr/>	<hr/>
Equity (Deficit) at End of Year	\$ 1,169	\$ (303)
	<hr/>	<hr/>

See accompanying notes to the financial statements

NUNAVUT ARCTIC COLLEGE

Statement of Changes in Financial Position
for the year ended June 30
(thousands of dollars)

	1999	1998
Operating activities		
Surplus (deficiency) of revenue over expenses	\$ 1,472	\$ (42)
Items not requiring an outlay of cash		
Amortization	<u>135</u>	<u>149</u>
	1,607	107
Net change in non-cash working capital items	(630)	209
Increase (decrease) in the professional development liability	(56)	18
Increase (decrease) in the provision for employee termination benefits	<u>(32)</u>	<u>44</u>
	889	378
Investing activities		
Acquisition of capital assets	<u>0</u>	<u>(98)</u>
Increase in Cash for the Year	889	280
Cash, beginning of year	795	515
Cash, end of year	<u>\$ 1,684</u>	<u>\$ 795</u>

See accompanying notes to the financial statements

NUNAVUT ARCTIC COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

1. AUTHORITY AND ACTIVITIES

Pursuant to the federal *Nunavut Act*, the Nunavut Territory and the Government of Nunavut came into existence on April 1, 1999. This *Act* also continued legislation of the Northwest Territories in the new Nunavut Territory. An agreement between the two territories on the Division of the Assets and Liabilities of the Government of the Northwest Territories as of March 31, 1999 considers that the Nunavut Arctic College is allocated in its entirety to the new Government of Nunavut. The effect is that the College reported to the Government of the Northwest Territories' Minister of Education, Culture and Employment until March 31, 1999, and the Government of Nunavut's Minister of Education thereafter.

The Nunavut Arctic College ("the College") operates under the authority of the Public Colleges Act. The College is a Schedule B Public Agency as listed in the *Financial Administration Act*.

The College receives contributions for the administration and delivery of its adult and post-secondary education programs. The Government of the Northwest Territories provided this funding until March 31, 1999. Effective April 1, 1999 the Government of Nunavut undertook this role.

The College is an institution designed to provide a wide variety of educational services to adult learners. The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities across Nunavut. Through the work of the Nunavut Research Institute, the College is also responsible for the facilitation and preparation of research activity in the region.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles. A summary of significant accounting policies follows:

Contributions

Contributions from the Government of the Northwest Territories and Government of Nunavut represent the majority of the base funding for the College to cover its expenditures. Contributions are received monthly based on a predetermined cash flow schedule and are recorded on an accrual basis.

NUNAVUT ARCTIC COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

Contract income

The College enters into contracts with private companies, government departments and agencies to develop and deliver courses across Nunavut. Revenue is recognized over time by matching to the expenses incurred for the development and delivery of services provided.

Investment income

The College earns investment income through an arrangement with the Government of the Northwest Territories whereby the government invests the College's available cash balances. These amounts are recorded as income in the year they are earned. Investments are made in conservative investments, with the risk of loss of capital assessed as low.

Deferred revenue

Deferred revenue represents contract payments and donations received in advance. Deferred contract payments are recognized as revenue when the related services are provided. Deferred donation payments are recognized as revenue when the monies are expended in accordance with the specific purpose.

Capital assets

Capital assets transferred to the College from the former Arctic College and the Nunavut Research Institute, effective January 1, 1995, were recorded at the fair market value at that date. Subsequent acquisitions are recorded at cost. Capital assets are amortized over their estimated lives on a straight-line basis at the following annual rates:

Computers and printers	25%
Furniture and equipment	10%
Building improvements	5%
Mobile equipment	10%

Leasehold improvements are amortized over the remaining term of the leases.

Employee termination benefits

Employee termination benefits represents accrued annual leave, lieu time, severance and ultimate removal costs. The cost of these benefits is expensed in the year in which they are earned by the employees.

NUNAVUT ARCTIC COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

Professional development liability

The College's collective agreements require the College to annually set aside a percentage of teachers' salaries for professional development activities. The professional development liability represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses.

Pension Plan

Employees of the College participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the College contribute equally to the cost of the plan. The College's contributions are charged to expenditures on a current year basis, and represent the total pension obligation of the College. The College is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

3. ACCOUNTS RECEIVABLE

The accounts receivable of \$2,886,000 (1998 - \$1,488,000) are net of allowances for doubtful accounts of \$772,000 (1998 - \$791,000). These receivables include \$1,732,000 (1998 - \$320,000) due from the Governments of Nunavut and the Northwest Territories.

There is no concentration of accounts receivable with any customer, except with the Government of the Northwest Territories and the Government of Nunavut, and, consequently, the credit risk is low.

4. CAPITAL ASSETS

	1999		1998	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Computers and printers	\$ 454	\$ 387	\$ 67	\$ 153
Furniture and equipment	247	131	116	135
Building improvements	136	29	107	113
Mobile equipment	179	55	124	140
Leasehold improvements	56	49	7	15
	<u>\$ 1,072</u>	<u>\$ 651</u>	<u>\$ 421</u>	<u>\$ 556</u>

NUNAVUT ARCTIC COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

5. RELATED PARTY TRANSACTIONS

The College was related in terms of common ownership to all Government of Northwest Territories created departments, agencies and crown corporations until March 31, 1999. After this date, the College is related to the Government of Nunavut. The College entered into transactions with these entities in the normal course of business. These transactions were as follows:

Contract income

The College received contract income of \$4,672,000 (1998 - \$7,186,000) for courses delivered on behalf of the Government of the Northwest Territories, and contract income of \$212,000 (1998 - \$0) for courses delivered on behalf of the Government of Nunavut.

Expenses

Under the transfer Policy of the Government of the Northwest Territories, certain support services are provided to the College by various government departments.

The Government of the Northwest Territories' Department of Public Works and Services charged the College \$952,000 (1998 - \$990,000) for the utility of federal buildings only and operating costs of all facilities, and the Financial Management Board Secretariat charged \$137,000 (1998 - \$124,000) for employee dental and other benefits.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The transactions related to cash, accounts receivable, accounts payable and accrued liabilities and the amounts due to Governments are incurred in the normal course of business. The carrying amounts of each of these accounts approximate their fair value because of their short-term maturity.

7. COMMITMENTS

The College has entered into leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to basic payments over the next years as follows:

	(thousands of dollars)
2000	\$ 654
2001	398
2002	335
	<u>\$ 1,387</u>

NUNAVUT ARCTIC COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

8. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problem may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of the Governments of the Northwest Territories and Nunavut, customers, suppliers, or other third parties, will be fully resolved.

9. COMPARATIVE FIGURES

Certain 1998 amounts have been reclassified to conform with the current year's presentation.

Government of the Northwest Territories

Petroleum Products Revolving Fund

Financial Statements

**for the year ended
March 31, 1999**

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Northwest
Territories Public Works and Services

PETROLEUM PRODUCTS REVOLVING FUND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Petroleum Products Revolving Fund (the "Fund") is the responsibility of the Fund's management.

The financial statements have been prepared in accordance with generally accepted accounting principles. The financial statements include some amounts that are necessarily based on management's best estimates and judgement.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal control is augmented by the Territorial Audit Bureau, which conducts periodic reviews of different aspects of the Fund's operations.

An independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Fund and for issuing his report thereon.

Brian Austin, Director
Petroleum Products Division

Rankin Inlet, NT
June 18, 1999

AUDITOR'S REPORT

To the Minister of Public Works and Services

I have audited the balance sheet of the Petroleum Products Revolving Fund of the Government of the Northwest Territories as at March 31, 1999 and the statements of operations and amount due to the Government of the Northwest Territories for the year then ended. These financial statements are the responsibility of the Fund'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 financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, 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 Fund, and the financial statements are in agreement therewith and the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations and the *Revolving Funds Act*.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 18, 1999

Petroleum Products Revolving Fund

Balance Sheet

as at March 31 (thousands of dollars)	1999	1998
Assets:		
Current		
Accounts receivable (Note 3)	\$ 12,503	\$ 16,195
Inventories (Note 4)	27,787	28,785
	\$ 40,290	\$ 44,980
Liabilities:		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,361	\$ 4,534
Employee leave and termination benefits	144	159
	1,505	4,693
Long-Term		
Employee termination benefits	108	101
Due to the Government of the Northwest Territories	38,677	40,186
	38,785	40,287
	\$ 40,290	\$ 44,980

Commitments and contingencies (Note 10)

The accompanying notes are an integral part of the financial statements.

Approved by management:

Brian Austin
Director

Roy Green
Comptroller

Petroleum Products Revolving Fund

Statement of Operations

for the year ended March 31 (thousands of dollars)	1999	1998
Revenue		
Sale of petroleum products (Note 6)	\$ 67,670	\$ 71,597
Cost of goods sold	53,958	58,437
Gross profit	13,712	13,160
Rent and other revenue	1,562	1,096
	15,274	14,256
Expenses		
Distribution charges	8,087	8,653
Salaries, wages and employee benefits	2,818	2,421
Maintenance, supplies & utilities	1,787	1,344
Insurance and consulting fees	1,455	914
Travel	753	673
Computer Services	457	410
Miscellaneous	268	408
Communication charges	393	330
Office equipment rental	313	303
	16,331	15,456
Net loss from operations	\$ (1,057)	\$ (1,200)

The accompanying notes are an integral part of the financial statements.

Northwest Territories Development Corporation

Consolidated Statement of Cash Flow

For the years ended March 31,	1999	1998
Operating activities		
Net income (loss)	\$ (2,043,723)	\$ 237,323
Items not affecting cash		
Amortization	1,045,874	1,536,630
Amortization of deferred capital contributions - GNWT	(136,739)	(715,267)
Gain on disposal of capital assets	(274,788)	-
Provision for loss on investments	1,075,125	137,250
Change in non-cash operating working capital (Note 11a)	(276,287)	(522,867)
Cash flows from operating activities	(610,538)	673,069
Financing activities		
Contribution from the Government of the Northwest Territories (Note 11b)	1,186,252	2,454,944
Issue of long-term debt	2,005,923	-
Contribution to sinking fund	(54,000)	-
Cash flows from financing activities	3,138,175	2,454,944
Investing activities		
Investment in venture investments	(2,337,200)	(124,000)
Investment in capital assets	(1,217,403)	(1,513,670)
Proceeds from disposal of capital assets	280,608	-
Dividends on venture investments	80,190	54,415
Cash flows from investing activities	(3,193,805)	(1,583,255)
Increase (Decrease) in cash	(666,168)	1,544,758
Cash, beginning of year	2,231,027	686,269
Cash, end of year	\$ 1,564,859	\$ 2,231,027
Represented by		
Cash	\$ 1,850,735	\$ 2,907,425
Reserve funds	985,159	511,617
Bank indebtedness	(1,271,035)	(1,188,015)
	\$ 1,564,859	\$ 2,231,027

Northwest Territories Development Corporation**Consolidated Balance Sheet**

As at March 31,	1999	1998
Assets		
Current		
Cash	\$ 1,850,735	\$ 2,907,425
Accounts receivable	870,134	542,209
Due from - GNWT	-	329,000
Dividends receivable	5,250	31,463
Inventory	3,549,016	3,000,184
Deposits and prepaid expenses	63,111	49,153
	6,338,246	6,859,434
Reserve funds (Note 6)	985,159	511,617
Venture investments (Note 7)	2,237,950	975,875
Capital assets (Note 8)	1,193,301	1,027,592
Sinking fund investment (Note 10)	54,000	-
	\$ 10,808,656	\$ 9,374,518
Liabilities		
Current		
Bank indebtedness (Note 9)	\$ 1,271,035	\$ 1,188,015
Accounts payable and accrued liabilities	1,476,891	1,617,676
Deferred capital contributions - GNWT (Note 5)	4,723,053	4,367,740
Deferred subsidies - GNWT	-	23,000
Provision for site restoration (Note 12b)	400,000	-
Current portion of long term debt	109,567	-
	7,980,546	7,196,431
Long term-debt (Note 10)	1,896,356	-
	9,876,902	7,196,431
Equity		
Contributed surplus - GNWT	715,253	715,253
Contributed equity - Venture Investments	5,349,819	4,552,429
Deficit	(5,133,318)	(3,089,595)
	931,754	2,178,087
	\$ 10,808,656	\$ 9,374,518

Approved by the Board

Daniel McNeely
Chairman of the Board

Elizabeth Wyman
Chairperson of the Audit Committee

Northwest Territories Development Corporation**Consolidated Statement of Deficit and Contributed Equity**

For the years ended March 31,

1999**1998**

Deficit

Balance, beginning of year	\$ (3,089,595)	\$ (3,326,918)
Net loss	(2,043,723)	237,323
Balance, end of year	\$ (5,133,318)	\$ (3,089,595)

Contributed Equity - Venture Investments

Balance, beginning of year	\$ 4,552,429	\$ 4,218,614
Contribution from the Government of the Northwest Territories	717,200	279,400
Dividends earned	80,190	54,415
Balance, end of year	\$ 5,349,819	\$ 4,552,429

Northwest Territories Development Corporation

Consolidated Statement of Operations

For the years ended March 31,	1999	1998
Revenue		
Sales	\$ 7,284,024	\$ 6,571,334
Cost of goods sold	6,685,013	6,551,045
Gross margin	599,011	20,289
Interest	217,315	159,780
Other revenue	121,834	259,797
Management fees	7,500	11,250
	945,660	451,116
Expenses		
Selling and administrative (Schedule)	6,295,905	6,024,231
Amortization	1,045,874	1,536,630
Provision for loss on investments	1,075,125	137,250
Business development	154,208	60,296
Site restoration expenses (Note 12b)	400,000	-
	8,971,112	7,758,407
Net income (loss) from operations	(8,025,452)	(7,307,291)
Other Items		
Gain on disposal of assets	274,788	-
Loss allocated to non-controlling interests	260,245	4,900
	535,033	4,900
Net income (loss) before government contributions	(7,490,419)	(7,302,391)
Government contributions (Note 4a)	5,446,696	6,237,314
Net income (loss) before extraordinary item	(2,043,723)	(1,065,077)
Extraordinary Item		
Proceeds from insurance claims (Note 4b)	-	1,302,400
Net income (loss)	\$ (2,043,723)	\$ 237,323

AUDITOR'S REPORT

To the Minister of
Resources, Wildlife, and Economic Development

I have audited the consolidated balance sheet of the Northwest Territories Development Corporation as at March 31, 1999 and the consolidated statements of operations, deficit, contributed equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation'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 Corporation as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion these principles have been applied on a basis consistent with that of the preceding year.

I wish to draw to your attention that, as disclosed in note 3, the Corporation has not collected information to ensure that operating subsidies or investments have not exceeded amounts stipulated by the Financial Management Board. Under sections 16(4) of the Northwest Territories Development Corporation Act, the Corporation may pay subsidies to cover operating costs to its subsidiaries based on jobs created directly or indirectly. Sections 16(3) and 17(3) of the Act allow the Corporation to invest in subsidiaries and business enterprises up to an amount prescribed, again based on jobs created directly or indirectly. The Financial Management Board has the authority to prescribe the limits in the absence of required regulations under the Act. A Financial Management Board Directive set a limit of \$10,000 per annum in operating subsidies for the subsidiaries and an investment of \$100,000 in its subsidiaries and business enterprises, for each job created. The Corporation has not collected information on jobs created to demonstrate that the operating subsidies, or investments have not exceeded the maxima stipulated. These financial statements do not reflect any excess subsidies or investments that may be recoverable and repayable to the Government of Northwest Territories.

In my opinion, proper books of account have been kept by the Corporation and its subsidiaries. The consolidated financial statements are in agreement therewith. Except for the failure of the Corporation to ensure that operating subsidies and investments have not exceeded the limits stipulated by the Financial Management Board, as described in the preceding paragraph, the transactions of the Corporation and its subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Northwest Territories Development Corporation Act*, the *Northwest Territories Business Corporations Act* and by-laws of the Corporation and its subsidiaries.

Sheila Fraser, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
November 10, 1999, except for Note 14, which is as of March 30, 2000.

Northwest Territories Development Corporation

Management's Responsibility for Financial Reporting

November 10, 1999

To the Minister Responsible for the Northwest Territories Development Corporation

Management is responsible for the preparation and presentation of the consolidated financial statements. The accompanying consolidated financial statements were prepared by management in accordance with generally accepted accounting principles appropriate in the circumstances. Where appropriate, the preparation of financial information includes estimates and judgements based on careful consideration of information available to management.

The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Corporation acts in accordance with the laws of the Northwest Territories and Canada. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The President and CEO, and the Vice President & Comptroller in place during the year under audit are no longer with the Corporation. The current President was appointed in late March, 1999 and the Acting Vice President & Comptroller has been engaged under a short term contract effective mid-June, 1999.

The Board of Directors, through the Audit Committee which is comprised of Directors who are not employees of the Corporation, is responsible for reviewing and approving the audited annual financial statements and oversees management's responsibilities for financial reporting. The Audit Committee meets with management to discuss the financial reporting process as well as accounting and reporting issues. The external auditors have full and free access to the Audit Committee.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. He also considers whether transactions which come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

Fred Koe
President

William Graham
Acting Vice President & Comptroller

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**Northwest Territories
Development Corporation**

Consolidated Financial Statements

**for the year ended
March 31, 1999**

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Petroleum Products Revolving Fund

Notes to the Financial Statements

as at March 31, 1999

9. Related Party Transactions

In addition to those transactions with related parties disclosed elsewhere in the financial statements, the Fund is related in terms of common ownership to all Government created departments, agencies and Crown corporations. The Fund enters into transactions with these entities in the normal course of business, with the exception of the Northwest Territories Power Corporation (NTPC). In accordance with an agreement with the Government, NTPC is charged the landed cost to purchase and deliver petroleum products to its facilities in the NWT.

10. Commitments and Contingencies

a. Fuel Resupply Contracts

The Government has entered into contracts for the resupply of petroleum products with the Northern Transportation Company Ltd. for the NWT and Nunavut. The contracts expire in 2001 and can be renewed for an additional 2 years. Under the terms of the contracts, the Government has committed to purchase certain volumes of petroleum products for each year.

b. Wholesale Resupply Contracts

Iqaluit

The Government has entered into a 10 year agreement, expiring August 15, 2006, with a group of private contractors to lease the fuel storage facilities in Iqaluit and to purchase and deliver the annual fuel resupply under the existing fuel resupply contract for Nunavut. The contractors are charged the landed cost of the petroleum products.

Cambridge Bay

The distribution of petroleum products in the community of Cambridge Bay was privatized in 1997. The Government has entered into a 10 year agreement, expiring September 31, 2007, to purchase and deliver the annual fuel resupply under the existing fuel resupply contract for the NWT. The private contractor is charged the landed cost of the petroleum products.

Resolute Bay

The Government has entered into an agreement, expiring March 31, 2001, with a private contractor to purchase and deliver the annual fuel resupply of aviation fuel under the existing fuel resupply contract for Nunavut. The contractors are charged the landed cost of the product.

c. Community Fuel Delivery Contracts

The Fund provides community fuel delivery services in 45 communities in the NWT and Nunavut. These services are carried out through formal fuel delivery contracts which are awarded by the Government to individuals residing in the community or local businesses. There are 28 long-term contracts which expire in 2001 and can be renewed for an additional 5 years, and 18 short-term contracts which must be renewed annually. Under the terms of the contracts, the private contractors are paid a fixed rate of commission for their services. The value of this commitment cannot be reasonably determined.

Petroleum Products Revolving Fund

Notes to the Financial Statements

as at March 31, 1999

6. Sale of Petroleum Products (thousands of dollars)

	1999	1998
Commercial/Private	\$ 21,816	\$ 22,582
Wholesale revenue	18,067	17,783
Territorial Municipalities & Housing Associations	14,779	15,713
Government of the Northwest Territories:		
Northwest Territories Power Corporation	9,126	10,706
Departments and Agencies	2,685	3,502
Government of Canada	1,197	1,311
	<u>\$ 67,670</u>	<u>\$ 71,597</u>

7. Services Provided Without Charge

a. Capital Assets

The accounting policies of the Fund do not require the capitalization of capital assets. However, internal controls are maintained to safeguard assets. Donated capital assets are valued at management's best estimates of original cost. Capital assets are amortized over the estimated useful life of the related asset at the following rates:

Fuel storage facilities	3% declining balance
Fuel delivery vehicles	30% declining balance

(thousands of dollars)	1999			1998
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Fuel storage facilities	\$ 93,837	\$ 28,036	\$ 65,801	\$ 67,667
Fuel delivery vehicles	1,329	1,233	96	507
Construction in progress	745	-	745	99
	<u>\$ 95,911</u>	<u>\$ 29,269</u>	<u>\$ 66,642</u>	<u>\$ 68,273</u>

During the year, 27 fuel delivery vehicles with a total net book value of \$310,000 were sold to private contractors. The proceeds from the sales were deposited into the CRF and recorded in the Government's accounts.

b. Financing Costs

Management estimated that the Fund required up to \$60 million in working capital with an estimated financing cost of \$2,497,000 (1998 - \$60 million and \$1,930,000 respectively) for the year. The financing cost is based upon the average monthly balance due to the Government at a monthly average borrowing rate applicable to the Government ranging from 5.2% to 5.6% (1998 - 3.5% to 5.0%).

8. Fair Value of Financial Instruments

The carrying values of accounts receivable, accounts payable and accrued liabilities are reasonable estimates of fair value due to the relatively short period to maturity of the financial instruments.

Petroleum Products Revolving Fund

Notes to the Financial Statements

as at March 31, 1999

2. Significant Accounting Policies (continued)

Other Services Provided Without Charge

The Fund does not record the following services provided without charge by the Government: the procurement of goods and services, the processing of payroll, personnel services, legal counsel, internal audit and translation services. Furthermore, the Fund receives audit services without charge from the Auditor General of Canada.

c. Pensions

The Fund and its employees, who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute equally to the cost of the Plan. These contributions represent the total pension obligation of the Fund and are expensed on a current year basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

d. Employee Leave and Termination Benefits

Under the terms and conditions of employment, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs. The estimated liability for these benefits is recorded as the benefits are earned by the employees.

3. Accounts Receivable

(thousands of dollars)

	1999	1998
Commercial/Private	\$ 5,205	\$ 8,210
Territorial Municipalities & Housing Associations	4,500	4,019
Government of the Northwest Territories:		
Northwest Territories Power Corporation	1,886	2,715
Departments and Agencies	778	1,130
	<u>2,664</u>	<u>3,845</u>
Government of Canada	329	267
	<u>12,698</u>	<u>16,341</u>
Less: Allowance for doubtful accounts	(195)	(146)
	<u>\$ 12,503</u>	<u>\$ 16,195</u>

4. Inventories

(thousands of dollars)

	1999	1998
Heating fuel	\$ 17,394	\$ 17,369
Gasoline	5,630	5,240
Other fuel	4,763	6,176
	<u>\$ 27,787</u>	<u>\$ 28,785</u>

5. Accounts Payable and Accrued Liabilities

(thousands of dollars)

	1999	1998
Accounts payable and accrued liabilities	\$ 187	\$ 2,010
Distribution charges payable	693	1,098
Fuel and sales taxes payable	481	1,426
	<u>\$ 1,361</u>	<u>\$ 4,534</u>

Petroleum Products Revolving Fund

Notes to the Financial Statements

as at March 31, 1999

1. Authority and Operations

The Petroleum Products Revolving Fund (the "Fund") was established in 1973 for the distribution of petroleum products in the Northwest Territories (the "NWT"). The Fund operates under the authority of the *Revolving Funds Act* (the "Act") and the *Financial Administration Act*. The Petroleum Products Division of the Department of Public Works and Services of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund receives working capital advances from the Government's Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The Fund's purchases of petroleum products and operating expenses are paid from the CRF and funds received by the Fund are deposited in the CRF. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities, is \$60 million.

The prices for the Fund's petroleum products are approved by the Government. It is the expectation of the Government that the Fund's cost of goods sold and operating expenses will be recovered through the price structure to achieve a break-even operation. Under the Act, there is a special account in the CRF called the Petroleum Products Stabilization Fund to which profits of the Fund shall be credited and losses shall be charged. The accumulated surplus or deficit balance in the Stabilization Fund shall not exceed \$5,000,000 at the end of any fiscal year. The accumulated deficit balance in the Stabilization Fund at March 31, 1999 is \$5,287,000 (1998 - \$4,230,000). In accordance with the Act, the excess deficit balance of \$287,000 has been charged to the Department of Public Works and Service's appropriation for the fiscal year ended March 31, 1999.

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force. As a result, all operations in Nunavut will be taken over by the Government of Nunavut. Notwithstanding this significant change in future operations, these financial statements have been prepared on a going concern basis. It is not practical to determine the potential impact on future operations of the two Governments, including the Fund. Note 11 provides further information about this subsequent event.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles. A summary of significant accounting policies of the Fund are as follows:

a. Inventories

Inventories are valued at the lower of weighted average cost and net realizable value.

b. Services Provided Without Charge

Capital Assets and Environmental Restoration Costs

The Fund does not record the value of the capital assets used in its operations and any related environmental restoration costs. The capital assets include fuel storage facilities and fuel delivery vehicles. The capital assets are provided without charge to the Fund by the Government. The Fund is responsible for the maintenance of the capital assets used in its operations.

Financing Costs

The Fund does not record the financing cost on the working capital advances provided from the CRF.

Further information on capital assets and environmental restoration costs and financing costs is provided in Notes 7 and 10.

Petroleum Products Revolving Fund

Statement of Amount Due to the Government of the Northwest Territories

for the year ended March 31 (thousands of dollars)	1999	1998
Balance, beginning of the year	\$ 40,186	\$ 36,572
Plus:		
Payments made by the Government		
Purchases of petroleum products	52,960	59,420
Operating expenses	19,512	14,580
Less:		
Transfers to the Government		
Sales proceeds	(72,924)	(69,186)
Net loss from operations	(1,057)	(1,200)
Balance, end of the year (Note 1)	\$ 38,677	\$ 40,186

The accompanying notes are an integral part of the financial statements.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

1. Authority and operations

(a) Authority

The Corporation is a crown corporation of the Government of the Northwest Territories and operates under the authority of the Northwest Territories Development Corporation Act which came into effect August 24, 1990 and the Financial Administration Act.

(b) Operations

The Corporation directly invests in or operates business enterprises in accordance with the economic objectives of the Government of the Northwest Territories through equity investments, loans and subsidies. These economic objectives are to create employment and income opportunities for residents of the Northwest Territories, primarily in small communities, to stimulate growth of businesses in the Northwest Territories and to promote economic diversification and stability. It is the intention of the Corporation to divest itself of its subsidiary investments once the subsidiary has attained a sustainable level of profitability.

(c) Economic Dependency

The Corporation is economically dependent upon the Government of the Northwest Territories continuing contributions for operations and investments.

(d) Taxes

The Corporation and its subsidiaries are exempt from municipal and territorial taxes pursuant to Section 27 of the Northwest Territories Development Corporation Act. Furthermore, the Corporation and its subsidiaries are exempt from federal income taxes, pursuant to Paragraph 149(1)(d) of the Income Tax Act (Canada).

(e) Division

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force. As a result, all operations in Nunavut will be taken over by the Government of Nunavut and its crown corporations. Notwithstanding this significant change in future operations, these financial statements have been prepared on a going concern basis. It is not practical to determine the potential impact on future operations of the two Development Corporations. Note 14 provides further information relevant to this subsequent event.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

2. Accounting Principles

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the parent company, Northwest Territories Development Corporation, and its subsidiaries. At March 31, 1999 these subsidiaries were:

Subsidiary	Location	Percentage Ownership	Incorporation Date
Arctic Foods			
Kitikmeot Foods Ltd.	Cambridge Bay, NWT	98%	April 9, 1992
Pangnirtung Fisheries Ltd.	Pangnirtung, NWT	51%	September 11, 1992
Keewatin Meat & Fish Ltd.	Rankin Inlet, NWT	100%	October 2, 1992
933261 N.W.T. Ltd.	Whale Cove, NWT	51%	February 1, 1993
Light Manufacturing			
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	Fort McPherson, NWT	100%	September 25, 1991
Jessie Oonark Ltd.	Baker Lake, NWT	100%	September 25, 1991
Ivalu Ltd.	Rankin Inlet, NWT	100%	October 2, 1992
963904 N.W.T. Ltd. (o/a Dene Creations)	Lutsel K'e NWT	51%	March 21, 1996
Aklavik and Tuktoyaktuk Furs Ltd.	Aklavik, NWT	100%	June 30, 1997
Muskox Leather Inc.	Yellowknife, NWT	100%	August 25, 1998
Fine Arts and Souvenirs			
Acho Dene Native Crafts Ltd.	Fort Liard, NWT	100%	October 15, 1992
Uqurmiut Arts & Crafts (1993) Ltd.	Pangnirtung, NWT	51%	March 1, 1994
Taluq Designs Ltd.	Taloyoak, NWT	51%	April 12, 1995
Kiluk Ltd.	Arviat, NWT	100%	April 3, 1996
Lumber			
Great Slave Lake Forest Products Ltd.	Fort Resolution, NWT	100%	December 13, 1993
Wholesale/Retail Stores			
Nahanni Butte General Store Ltd.	Nahanni Butte, NWT	51%	October 15, 1992
Rae Lakes General Store Ltd.	Rae Lakes, NWT	100%	October 14, 1992
Arctic Canada Trading Co. Ltd.	Yellowknife, NWT	100%	June 28, 1997

On January 1, 1996, Northern Forest Products Ltd. ceased active operation. Effective April 1, 1997 all transactions flowed through Great Slave Lake Forest Products Ltd. The amalgamation of Northern Forest Products Ltd. with Great Slave Lake Forest Products Ltd. was completed March 31, 1999.

On March 6, 1996, Jessie Oonark Ltd. ceased active operations.

On April 12, 1999, 963904 NWT Ltd. (o/a Dene Creations) commenced operations.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

2. Accounting Principles (continued)

(a) Principles of Consolidation (continued)

The Corporation controls all of its subsidiaries but does not hold 100% interest in all of them. The non-controlling interest in the subsidiaries has been reduced by the losses applicable to the non-controlling interest. The excess, and any further losses, applicable to the non-controlling interest are allocated only to the parent's interest. Subsequent earnings will be allocated proportionately to the non-controlling interest when the parent's previously absorbed losses are recovered.

These consolidated statements include the assets and liabilities of the above named subsidiaries as at March 31, 1999 and the results of their operations for the year then ended.

(b) Financial Instruments

The Corporation's financial instruments consist of cash, reserve funds, accounts receivable, due from GNWT, accounts payable and accrued liabilities, sinking fund, long-term debt and bank indebtedness. These financial instruments may be exposed to significant interest rate and credit risks. The financial statements and accompanying notes contain, according to management's best efforts, the relevant information necessary for a reasonable assessment of these risks. The fair values of these financial instruments, where determinable, approximate their carrying amounts unless otherwise noted.

(c) Cash and Reserve Funds

The Corporation's cash and reserve funds are pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short term income producing assets. The cash can be withdrawn at any time and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-2 or better from the Dominion Bond Rating Service or A-3 or better from the Canadian Bond Rating Service. The Corporation's investment yield at March 31, 1999 was 4.60%. (1998: 4.07%)

(d) Inventory

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis.

(e) Venture Investments

Loans receivable which relate to capital items are carried at the amount of the funds advanced less accumulated provision. When conditions of the loan agreement are not met, the loan becomes immediately due and receivable.

Investments in preferred shares are carried at cost, or at cost less an allowance for loss on realization where there has been a decline in value.

Investments in which the Corporation exercises significant influence are accounted for using the equity method.

Northwest Territories Development Corporation**Notes to Consolidated Financial Statements**

March 31, 1999

8. Capital Assets

	Cost	Accumulated Amorization	1999 Net Book Value	1998 Net Book Value
Land	\$ 3,197	\$ -	\$ 3,197	\$ 3,197
Buildings	13,188,641	12,485,598	703,043	749,133
Equipment	3,994,150	3,760,206	233,944	24,952
Leasehold improvements	587,757	565,442	22,315	72,662
Office and equipment	429,490	413,188	16,302	16,305
Computer equipment	365,250	199,437	165,813	161,343
Vehicles	210,547	167,500	43,047	-
Trailers	197,765	197,765	-	-
Vessel	26,137	20,497	5,640	-
	\$ 19,002,934	\$ 17,809,633	\$ 1,193,301	\$ 1,027,592

9. Bank Indebtedness

Bank indebtedness represents bank overdrafts and demand loans secured by a debenture over inventory and capital assets. Interest on demand loans is at prime plus 0.5%.

	1999	1998
Bank loans	\$ 1,125,000	\$ 955,000
Bank overdrafts	146,035	233,015
	\$ 1,271,035	\$ 1,188,015

Northwest Territories Development Corporation**Notes to Consolidated Financial Statements**

March 31, 1999

10. Long-term Debt

	1999	1998
Aurora Fund loan repayable at end of term. Simple interest of 7.00% is payable monthly. Due January 2004.	\$ 1,620,000	\$ -
Komatsu International Credit term loans repayable in monthly installments of \$10,558, interest at 5.65%. Due July 2002.	385,923	-
	\$ 2,005,923	\$ -
Less: Current portion of long-term debt	\$ 109,567	\$ -
	\$ 1,896,356	\$ -

Estimated aggregate repayments of long-term debt are as follows:

2000	109,567
2001	114,004
2002	120,615
2003	41,737
2004	1,620,000

\$ 2,005,923

In relation to the Aurora Fund loan, the Corporation is required to make monthly payments into a sinking fund held by a trustee, the Pacific & Western Group of Companies, for the redemption of long-term debt. The required monthly payment is \$27,000 less interest of 6.00% earned on the outstanding monthly balance. At the end of the five year term the balance of the sinking fund will be used to repay the full amount of the loan.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

14. Subsequent Events

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force.

(a) Division of assets and liabilities - procedure

The creation of Nunavut requires the transfer of Government assets and liabilities. On March 29, 1999, an agreement between the Government of the Northwest Territories and the Interim Commissioner of Nunavut, set out an approach for the division of the assets, liabilities and surplus/deficit of the Government, including the Northwest Territories Development Corporation. The approach as applied to the Corporation is as follows:

- (i). Allocate the capital assets and the related liabilities of the subsidiaries and venture investments on an as is, where is, basis. Adjust equity for the net amount allocated.
- (ii). Apportion the remaining equity using the agreed upon ratio of 55.66% to the NWT Development Corporation and 44.34% to the Nunavut Development Corporation.
- (iii). Allocate the remaining assets and liabilities on a basis that the two Corporations and Governments agree to be practical, trying to use a geographical basis where possible.
- (iv). Adjust any difference, between the value of assets and liabilities allocated and the equity apportioned, on a basis that the two Corporations and Governments agree to be practical.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

14. Subsequent Events (continued)

(b) Division of assets and liabilities

Applying the approach described above to the March 31, 1999 financial statements of the Corporation results in the following allocations of the balance sheet:

	March 31, 1999	April 1, 1999 Corporation In	
		NWT	Nunavut
Assets			
Current			
Cash	\$ 1,850,735	\$ 1,430,466	\$ 420,269
Accounts receivable	870,134	422,140	447,994
Dividends receivable	5,250	5,250	-
Inventory	3,549,016	2,271,544	1,277,472
Deposits and prepaids	63,111	41,021	22,090
	6,338,246	4,170,421	2,167,825
Reserve funds	985,159	644,285	340,874
Venture investments	2,237,950	2,050,450	187,500
Capital assets	1,193,301	968,637	224,664
Sinking fund investment	54,000	54,000	-
Total Assets	\$ 10,808,656	\$ 7,887,793	\$ 2,920,863
Liabilities			
Current			
Bank indebtedness	\$ 1,271,035	\$ 758,646	\$ 512,389
Accounts payable	1,476,891	1,057,316	419,575
Deferred capital contribution	4,723,053	2,689,754	2,033,299
Due to Nunavut / (from GNWT)	-	143,962	(143,962)
Provision for site restoration	400,000	400,000	-
Current portion of long term debt	109,567	109,567	-
	7,980,546	5,159,245	2,821,301
Long term debt	1,896,356	1,896,356	-
	9,876,902	7,055,601	2,821,301
Equity			
Contributed surplus - GNWT	715,253	715,253	-
Contributed equity - Venture Inv.	5,349,819	3,744,799	1,605,020
Deficit	(5,133,318)	(3,627,860)	(1,505,458)
	931,754	832,192	99,562
Total Liabilities and Equity	\$ 10,808,656	\$ 7,887,793	\$ 2,920,863

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

15. Segmented Information

	Arctic Foods	Light Manufacturing	Fine Arts & Souvenirs	Lumber	Wholesale Retail Stores	Subsidiaries Total	Inter- Segment	Corporate	1999 TOTAL	1998 TOTAL
Sales	\$ 2,194,645	\$ 942,376	\$ 942,503	\$ 692,502	\$ 3,938,002	\$ 8,710,028	\$ (1,426,004)	\$ -	\$ 7,284,024	\$ 6,571,334
Net loss from operations	\$ 915,069	\$ 928,847	\$ 641,617	\$ 1,689,391	\$ 1,578,326	\$ 5,753,250	-	\$ 2,272,202	\$ 8,025,452	\$ 7,307,291
Amortization	\$ 263,650	\$ 38,622	\$ 6,113	\$ 525,883	\$ 122,495	\$ 956,763	-	\$ 89,111	\$ 1,045,874	\$ 1,536,630
Assets										
Current	\$ 932,855	\$ 992,446	\$ 594,654	\$ 817,063	\$ 1,981,456	\$ 5,318,474	-	\$ 1,019,772	\$ 6,338,246	\$ 6,859,434
Capital & other	97,318	136,120	11,908	-	151,559	396,905	-	4,073,505	4,470,410	2,515,084
	\$ 1,030,173	\$ 1,128,566	\$ 606,562	\$ 817,063	\$ 2,133,015	\$ 5,715,379	-	\$ 5,093,277	\$ 10,808,656	\$ 9,374,518
Capital expenditures	\$ 360,970	\$ 174,743	\$ 14,824	\$ 525,883	\$ 87,831	\$ 1,164,251	-	\$ 53,152	\$ 1,217,403	\$ 1,513,670

Inter-segment sales are accounted for at prices comparable to open market prices for similar products and services.

Northwest Territories Development Corporation**Schedule - Consolidated Selling and Administrative Expenses**

For the years ended March 31,	1999	1998
Salaries and wages	\$ 3,357,546	\$ 2,958,695
Office and general	402,217	477,243
Bank charges and interest	156,502	140,016
Rent	444,104	426,743
Utilities	444,701	371,595
Travel	419,457	345,733
Advertising and promotion	341,546	125,775
Bad debts	42,392	23,981
Board members	80,139	71,713
Building expense	-	2,532
Professional fees	174,036	631,470
Telephone	161,954	171,312
Workshops	271,311	277,423
	\$ 6,295,905	\$ 6,024,231

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Government of the Northwest Territories
Department of Public Works and Services
Granular Program Revolving Fund
Financial Statements
for the year ended
March 31, 1999

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Granular Program Revolving Fund

Balance Sheet
as of March 31, 1999

	<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Current			
Accounts Receivable			
Government of the Northwest Territories Departments		-	-
Northwest Territories Housing Corporation		1,815	1,815
Commercial Enterprises		-	19,292
Municipalities		209	210
Individuals		1,012	459
		<u>3,036</u>	<u>21,776</u>
Prepaid Expenses		<u>-</u>	<u>-</u>
		3,036	21,776
Fixed Assets			
Screeners		425,533	425,533
Less: Accumulated Depreciation (Note 1)		<u>236,417</u>	<u>215,478</u>
		189,116	210,055
Granular Inventories (Note 2)		<u>4,743,316</u>	<u>6,164,215</u>
		<u>4,935,468</u>	<u>6,396,046</u>
	<u>LIABILITIES</u>		
Current			
Accounts payable and accrued liabilities		-	1,095
Holdback payable		<u>-</u>	<u>-</u>
		-	1,095
Long-term			
Retained earnings		-	-
Due to the Government of the Northwest Territories		<u>4,935,468</u>	<u>6,394,951</u>
		4,935,468	6,394,951
		<u>4,935,468</u>	<u>6,396,046</u>

Approved by Management:

Bruce Cates
Director, Corporate Services

Bruce Rattray
Deputy Minister

GOVERNMENT OF THE NORTHWEST TERRITORIES

Granular Program Revolving Fund

Income Statement
as of March 31, 1999

	<u>1999</u>	<u>1998</u>
Sales		
Government of the Northwest Territories	188,194	20,095
Northwest Territories Housing Corporation	-	-
Commercial enterprises	15,425	18,676
Municipalities	18,570	18,143
Individuals	<u>888</u>	<u>184</u>
	<u>223,077</u>	<u>57,098</u>
Opening inventory	6,164,215	6,196,950
Operating costs		
Depreciation of screeners	20,940	23,342
Surveys	-	-
Rental of equipment	-	-
Duty travel-Investigations & Surveys/Production costs	-	-
Production costs	<u>-</u>	<u>1,021</u>
	<u>20,940</u>	<u>24,363</u>
Cost of Goods Available for Sale	6,185,155	6,221,313
Less inventory revaluation (Note 3)	323,276	-
Less inventory writedown/write-off (Note 4)	895,486	-
Less closing inventory	<u>4,743,316</u>	<u>6,164,215</u>
Cost of goods sold	<u>223,077</u>	<u>57,098</u>
Net operating profit (loss)	<u>-</u>	<u>-</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Granular Program Revolving Fund

**Notes to Financial Statements
as of March 31, 1999**

Significant accounting policies

1. Fixed assets (screeners) are depreciated at the rate of 10% per year.
2. Inventories are valued at market value less sales which is assumed to equal net realizable value.
3. Net Inventory Revaluation:
 - a) Production value adjusted incorrectly. Taloyoak pile increased by 1408m³, with adjusting \$ value of \$59,840.
 - b) Volume adjustment, (report by Stanley Associates Engineering Ltd.) due to handling losses & natural losses (embankment losses, base consolidation, freeze/ thaw cycles, water/ice contamination, age of stockpile), decreasing volume by 8998m³, and \$ value by \$383,116.
4. Inventory writedown/write-off as per FMB Record of Decision FB-98-25-11(a) approving the writedown of the existing inventory of the Community Granular Program in the \$ value of \$657,716, and the write-off of \$237,770, for some of the Western Arctic stockpiles.

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Government of the Northwest Territories
Department of Education, Culture and Employment
Student Loan Revolving Fund
for the year ended
March 31, 1999
(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

**Student Loan Revolving Fund
for the year ending March 31, 1999**

STATEMENT OF OPERATIONS

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Loans receivable, opening balance	\$ 19,847	\$ 18,411
Add: Loans granted during the year	3,910	3,950
Reversal of previous loan remissions	<u>3</u>	<u>0</u>
	23,760	22,361
Less: Principal amount of loans repaid	1,438	1,194
Principal amount of loans written off	98	74
Principal amount of loan remissions	<u>1,525</u>	<u>1,245</u>
Loans receivable, closing balance	20,699	19,848
Less: Estimated provision for remission and written off accounts	<u>11,617</u>	<u>10,980</u>
Net loans receivable, closing balance	<u>\$ 9,082</u>	<u>\$ 8,868</u>

**Effect of Student Loan Revolving Fund
on Government Operations**

Interest earned and credited to general revenues	365	398
Less: Financial Collection Agency fees	12	12
Estimated provision for remission and written off accounts	<u>2,257</u>	<u>2,278</u>
Operating deficiency for the year	<u>\$ 1,904</u>	<u>\$ 1,892</u>

- (1) During the fiscal year the allowance for remission and written off accounts was increased by \$2,257,000 (1997-98 - \$2,278,000). These allowances represent estimated accrued expenses charged against the Consolidated Revenue Fund. These expenses represent loans that are unlikely to be collected, or loans which qualify for remission.
- (2) During the fiscal year, loans totalling \$98,068 (1997-98 - \$74,234) were written off due to uncollectability, \$1,524,914 (1997-98 - \$1,245,322) were remitted, and \$35,903 (1997-98 - \$35,361) were funds collected by the FCA.
- (3) No costs for administration of the Student Loan Fund are included.

APPROVED:

Mark Cleveland
Deputy Minister
Department of Education, Culture and Employment

Paul Devitt
Director, Financial & Mgmt. Services
Department of Education, Culture and Employment

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Government of the Northwest Territories

**Department of Resources, Wildlife and
Economic Development**

Fur Marketing Service Revolving Fund

**for the year ended
March 31, 1999**

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

**Fur Marketing Service Revolving Fund
March 31, 1999**

	<u>1999</u>	<u>1998</u>
Receivable balance, beginning of the year	\$ 206,787	\$ 197,260
Add: Total amount of receivables issued	231,427	303,656
Less: Total amount of receivables repaid	<u>241,487</u>	<u>294,128</u>
Fund Balance, end of the year	<u>\$ 196,727</u>	<u>\$ 206,787</u>

Note: The purpose of this fund is to provide working capital for the operation of a fur receivable system. Trappers receive interest free loans on fur sent to southern auction houses. The authorized limit of the fund is \$900,000 (1998 - \$900,000).

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Government of the Northwest Territories

**Department of Resources, Wildlife and
Economic Development**

Reforestation Special Purpose Fund

**for the year ended
March 31, 1999**

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

**Reforestation Special Purpose Fund
March 31, 1999**

	<u>1999</u>	<u>1998</u>
Receivable balance, beginning of the year	\$ 908,863	\$ 1,012,261
Add: 1998-99 Revenues	385,452	31,024
1998-99 Accrued Fees	443,000	664,271
1996-97 Additional Expenditure	(8,859)	0
1998-99 Reversal of Expenditure	6,554	0
1998-99 Additional Revenue from Consolidated Revenue	34,373	0
Less: 1998/99 Expenditures	604,342	743,473
Reversal of Prior Year Accrued Fee	664,271	0
1996-97 Accrued Receivables Overstated	<u>0</u>	<u>55,220</u>
Accumulated Surplus as at March 31, 1999	<u>\$ 500,770</u>	<u>\$ 908,863</u>

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Government of the Northwest Territories

Department of Public Works and Services

Public Stores Revolving Fund Inventories

**for the year ended
March 31, 1999**

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

**Schedule of Public Stores Revolving Fund Inventories
for the year ended March 31, 1999**

Public Stores	Balance March 31, 1998	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 1999
Yellowknife	\$ 131,761	\$ 415,302	\$ 383,623	\$ -	\$ -	\$ 163,440
Iqaluit	21,737	17,017	38,747	-	-	7
	\$ 153,498	\$ 432,319	\$ 422,370	\$ -	\$ -	\$ 163,447

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