

PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 1998

HONOURABLE JOHN TODD

Minister of Finance

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**THE HONOURABLE HELEN M. MAKSAGAK
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, 1998.

John Todd
Minister of Finance

Financial Management Board Secretariat
Yellowknife, N.W.T.
October 23, 1998

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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 and Auditing Board of the Canadian Institute of Chartered Accountants wherever applicable. 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 Government Operations 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, results of operations and changes in financial position 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

October 23, 1998

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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, 1998 and the consolidated statements of operations, 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, 1998 and the results of its operations and the changes in its financial position 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, after giving retroactive effect to the change in method of accounting for the Northwest Territories Liquor Commission, the Petroleum Products Revolving Fund and the Workers' Compensation Board as explained in Note 3 to the consolidated 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 Government, the consolidated financial statements are in agreement therewith and 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 the 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
October 23, 1998

Government of the Northwest Territories

Consolidated Statement of Financial Position

as at March 31, 1998 (thousands of dollars)	1998	1997 Restated (note 3)
Assets		
Current		
Cash and short-term investments (note 4)	\$ 47,809	\$ 111,677
Due from Canada (note 5)	163,274	10,045
Accounts receivable (note 6)	60,616	59,617
Inventories (note 7)	41,668	40,429
Prepaid expenses	5,165	4,103
Current portion of loans receivable	11,678	23,432
	330,210	249,303
Designated cash and investments (note 8)	19,229	18,525
Loans receivable (note 9)	58,642	64,246
Investment in government business enterprise (note 10)	101,226	96,977
Capital assets, at nominal value of one dollar		
	\$ 509,307	\$ 429,051

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

Government of the Northwest Territories

Consolidated Statement of Financial Position (Continued)

as at March 31, 1998 (thousands of dollars)	1998	1997 Restated (note 3)
Liabilities		
Current		
Bank overdraft (note 11a)	\$ 29,441	\$ 53,575
Short-term loans (note 11b)	49,301	60,761
Accounts payable and accrued liabilities (note 12)	136,858	131,014
Current portion of long-term liabilities	12,316	15,443
	<hr/>	<hr/>
	227,916	260,793
Pension liabilities (note 13a)	15,497	15,249
Employee termination benefits (note 14)	18,958	20,001
Long-term debt (note 15)	87,020	93,789
Provision for pay equity settlement (note 18a)	25,000	-
	<hr/>	<hr/>
	374,391	389,832
<hr/>		
Commitments and contingencies (notes 17 and 18)		
<hr/>		
Accumulated surplus	134,916	39,219
	<hr/>	<hr/>
	\$ 509,307	\$ 429,051

Approved:

John Todd
Minister of Finance

Lew Voytilla
Comptroller General

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

Government of the Northwest Territories

Consolidated Statement of Operations

for the year ended March 31, 1998
(thousands of dollars)

	Budget (note 1b)	1998	1997 Restated (note 3)
Revenues (Schedule A)			
From Canada	\$ 980,722	\$ 1,129,859	\$ 1,012,424
Generated revenues	272,346	303,893	297,796
	1,253,068	1,433,752	1,310,220
Recoveries of prior years' expenditures (note 2n)	-	8,113	2,787
	1,253,068	1,441,865	1,313,007
Expenditures (Schedule B)			
Operations and maintenance	1,099,164	1,168,272	1,144,925
Capital	145,974	163,406	166,477
	1,245,138	1,331,678	1,311,402
Net revenue before undemoted	7,930	110,187	1,605
Net revenue from investment in government business enterprise (note 10)	11,000	10,510	9,106
Projects for Canada and others			
Expenditures	(36,714)	(49,456)	(43,477)
Recoveries	36,714	49,456	43,477
Provision for pay equity settlement (note 18a)	-	(25,000)	-
Net revenue for the year	\$ 18,930	\$ 95,697	\$ 10,711

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

Government of the Northwest Territories

Consolidated Statement of Surplus

for the year ended March 31, 1998 (thousands of dollars)	1998	1997 Restated (note 3)
Accumulated surplus at beginning of the year	\$ 67,091	\$ 47,179
Change in accounting policy (note 3)	(27,872)	(18,671)
Balance as restated	39,219	28,508
Net revenue for the year	95,697	10,711
Accumulated surplus at end of the year	\$ 134,916	\$ 39,219

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

Government of the Northwest Territories

Consolidated Statement of Cash Flows

for the year ended March 31, 1998 (thousands of dollars)	1998	1997 Restated (note 3)
Cash provided by (used in)		
Operating activities		
Net revenue for the year	\$ 95,697	\$ 10,711
Items not affecting cash:		
Provision for pay equity settlement	25,000	-
Mortgage receivable write-down	21,368	31,002
Provision for bad debts and forgivable loans	13,632	8,302
Net revenue from investment in government business enterprise	(10,510)	(9,106)
Employee leave and termination benefits	(4,899)	2,180
Provision for loss on investments	-	85
	140,288	43,174
Changes in non-cash assets and liabilities		
Current assets	(3,613)	(4,846)
Current liabilities	6,482	5,475
Due from Canada	(153,229)	87,422
Pension liabilities	248	(1,296)
Net cash provided by (used in) operating activities	(9,824)	129,929
Investing activities		
Dividend from government business enterprise	6,261	5,854
Designated cash and investments	(704)	(731)
Loans receivable		
Advances	(53,499)	(68,962)
Repayments	36,170	35,318
Net cash used in investing activities	(11,772)	(28,521)
Financing activities		
Repayment of long-term debt	(6,678)	(6,860)
Increase (decrease) in cash and cash equivalents	(28,274)	94,548
Cash and cash equivalents at beginning of the year	(2,659)	(97,207)
Cash and cash equivalents at end of the year*	\$ (30,933)	\$ (2,659)

* Cash and cash equivalents include cash and short-term investments less bank overdraft and short-term loans.

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

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 1998

1. AUTHORITY AND OPERATIONS

(a) Authority and reporting entity

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

The consolidated financial statements have been prepared in accordance with the Northwest Territories Act (Canada) and the Financial Administration Act of the Northwest Territories.

The following chart lists the organizations comprising the consolidated Government reporting entity, how they are accounted for in the consolidated financial statements and their specific operating authority.

Fully Consolidated:

Aurora College	Public Colleges Act
Nunavut Arctic College	Public Colleges Act
Northwest Territories Housing Corporation	Northwest Territories Housing Corporation Act
Northwest Territories Development Corporation	Northwest Territories Development Corporation Act
Northwest Territories Business Credit Corporation	Northwest Territories Business Credit Corporation Act
Petroleum Products Revolving Fund	Revolving Funds Act
Northwest Territories Liquor Commission	Northwest Territories Liquor Act

Modified Equity:

Northwest Territories Power Corporation	Northwest Territories Power Corporation Act
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These organizations have a March 31 fiscal year end except for the colleges which have a fiscal year end of June 30. Trusts administered by the Government on behalf of other parties (note 16) are excluded from the consolidated Government reporting entity.

(b) Budget

The budget figures are the Government's Main Estimates, tabled before the Legislative Assembly, and the approved budgets for the consolidated entities, adjusted to eliminate budgeted inter-entity revenues and expenditures.

(c) Nunavut territory

The Nunavut Act comes into full force on April 1, 1999. On that date, Nunavut and the Government of Nunavut come into being. The Nunavut Act consequentially amends 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 future operations of the Government, these financial statements have been prepared on a going concern basis, and include all operations which will be transferred to, or taken over by, the future Nunavut Government.

The creation of Nunavut will require the transfer of Government assets and liabilities. Section 73(1)(c) of the Nunavut Act, allows the Interim Commissioner, with the approval of the Governor in Council, to enter into agreements with the Government of the Northwest Territories for the division of its assets and liabilities between Nunavut and the Northwest Territories, including rights and obligations arising under a contract entered into by the Government of the Northwest Territories.

A Northern Representatives Committee has been formed, bringing together representatives of the Government, the Office of the Interim Commissioner for Nunavut, Nunavut Tunngavik Incorporated and the Western Leaders Coalition. This Committee has been tasked to produce a report and make recommendations, which will form the basis for an agreement between the Government and the Office of the Interim Commissioner for Nunavut.

March 31, 1998

1. AUTHORITY AND OPERATIONS

(c) Nunavut territory (continued)

An agreement has not yet been reached, nor has Governor in Council approval been sought to authorize the Interim Commissioner to accept assignment of any contractual obligations. However, a contracting protocol has been agreed to whereby the Government is providing the Interim Commissioner listings of existing contracts which will extend past Division. Also the Government is providing the Interim Commissioner with an opportunity to review any new contracts which will extend past Division, and provide his consent prior to finalizing those new contracts, subject to the terms of the agreement.

The full impact on the Government of the division of assets and liabilities has not yet been determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The Government complies with the recommendations of the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants wherever applicable, and in particular with respect to the preparation of consolidated financial statements.

The consolidated financial statements include the accounts of the Government and organizations accountable to, and owned or controlled by the Government. The entities that exist to deliver the executive functions of the Government are fully consolidated in these financial statements. The entity, which is deemed to be a government business enterprise, is accounted for using the modified equity method.

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

- Divisional Education Councils
- District Education Authorities
- Hospitals and Regional Health Boards
- Local Housing Associations and Authorities
- Legislative Assembly Retiring Allowances Fund
- Territorial Court Judges' Registered Pension Plan

(b) 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 relate to employee termination benefits, contingencies, revenue accruals and Students Loan Fund allowances for both forgivable and bad loans. Another significant estimate is the Grant from Canada, which incorporates estimates supplied by Statistics Canada and the Federal Department of Finance.

(c) 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 as it is received or declared.

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

March 31, 1998

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) 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 replacement value.

(e) 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.

(f) Capital assets and leases

Capital assets are charged to expenditures at the time of acquisition or construction and reported on the consolidated statement of financial position at a nominal value of one dollar. Lease payments under capital and operating leases are charged to operations and maintenance expenditures. No assets or long-term liabilities are recognized for capital leases.

(g) Employee leave and termination benefits

Under the terms and conditions of employment, government employees may qualify and earn benefits for annual leave, retirement, severance and removal costs upon termination of employment. The estimated liability for these benefits is recorded as the benefits are earned by employees. Severance liabilities are also recorded when employees are identified for lay-off.

(h) Commitments and Contingencies

The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditures. Contractual commitments pertain to block funding agreements with municipalities, operating, commercial and residential leases, capital projects, and operational funding commitments.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed. Contingent liabilities result from potential environmental contingencies, pending or threatened litigation and like items.

(i) Grant from Canada

The grant is subject to the terms of the Formula Financing Agreement with Canada. The grant entitlement is dependent on a number of variables, including population growth, the growth of provincial-local government spending, tax revenues and other federal transfers.

The initial payments of the grant are based on estimates of these variables, supplied by Statistics Canada, the Federal Department of Finance and the Government. Adjustments are made as final data becomes available. These adjustments can be significant. Population figures are initially based on Statistics Canada's post-censal estimates, which are adjusted to census data every five years. All adjustments relating to both the current year and prior years occurring in the current year are reflected in the current year when known.

(j) Projects for Canada and Others

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

March 31, 1998

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(k) Taxes**

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

Fuel, tobacco and payroll taxes are levied under the authority of the Petroleum Products Tax Act, the Tobacco Tax Act and the Payroll Tax Act respectively. Payroll taxes are received on a regular basis, based on employer's self-assessments. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified. Property tax and school levies are assessed on a calendar year basis and are recognized on an accrual basis in the fiscal year in which the calendar year ends.

(l) Other revenues

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

(m) Operations, maintenance and capital expenditures

Operations, maintenance and capital expenditures are recorded on an accrual basis. Government grants and contributions are recorded on an accrual basis as expenditures when paid or when the recipient has fulfilled the terms of a contractual agreement.

(n) Recoveries of prior years' expenditures

Recoveries of prior years' expenditures and reversal of prior years' accruals are reported separately from other revenues on the consolidated statement of operations. Pursuant to the Financial Administration Act, these recoveries cannot be used to increase the amount appropriated for current year expenditures.

3. CHANGE IN ACCOUNTING POLICY

(a) Effective April 1, 1997, the Government changed its method of accounting for the Northwest Territories Liquor Commission and the Petroleum Products Revolving Fund. As disclosed in note 1(a) the Northwest Territories Liquor Commission and the Petroleum Products Revolving Fund are fully consolidated in these financial statements. Previously, both were accounted for under the modified equity method as government business enterprises. This change was made to conform with accounting recommendations issued by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. This change in accounting policy has been applied retroactively and the financial statements of the prior year have been restated.

	1998	1997
	(thousands of dollars)	
The effect on operations is as follows:		
Decrease in net revenue from investment in government business enterprise	\$ 15,015	\$ 15,379
Increase in generated revenues	33,970	32,885
Increase in operations and maintenance expenditures	18,955	17,506
Increase in capital expenditures	408	115

The effect on the financial position is as follows:

Decrease in investment in government business enterprise	42,358	38,523
Increase in assets (excluding investment in government business enterprise)	48,399	42,562
Increase in liabilities	6,449	4,154
Decrease in accumulated surplus	408	115

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

March 31, 1998

3. CHANGE IN ACCOUNTING POLICY (continued)

(b) Effective April 1, 1997, the Government changed its method of accounting for the Workers' Compensation Board. As disclosed in note 16, the Government administers the trust assets and liabilities of the Workers' Compensation Board. Previously, the Workers' Compensation Board was accounted for under the modified equity method as a government business enterprise. This change was made to conform with accounting recommendations issued by the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants. This change in accounting policy has been applied retroactively and the financial statements of the prior year have been restated.

	1998	1997
	(thousands of dollars)	
The effect on operations is as follows:		
Decrease in net revenue from investment in government business enterprise	\$ 20,225	\$ 9,086
The effect on the financial position is as follows:		
Decrease in investment in government business enterprise	50,652	27,757
Decrease in accumulated surplus	50,652	27,757

4. CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments represent a diversified portfolio of high grade, short-term income producing assets. The eligible classes of securities, categories of issuers, limits and terms are approved under the investments guidelines. 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.

5. DUE FROM CANADA

	1998	1997
	(thousands of dollars)	
Grant receivable		
Grant per financing agreement - Schedule A	\$ 969,064	\$ 855,012
Less: Payments received	848,000	853,425
	121,064	1,587
Balance payable at beginning of the year	(4,647)	(6,234)
	116,417	(4,647)
Indian and Inuit hospital and medical care	16,438	10,472
Canada Mortgage and Housing Corporation	5,338	(12,854)
Cost sharing agreements and projects on behalf of Canada	7,053	5,795
Other	19,407	18,628
	164,653	17,394
Less:		
Unapplied balance of advances under agreements	1,364	2,055
Excess Income Tax and Established Programs Financing advanced	15	5,294
	1,379	7,349
	\$ 163,274	\$ 10,045

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 Consolidated Financial Statements**

March 31, 1998

6. ACCOUNTS RECEIVABLE

	1998	1997 Restated (note 3)
	(thousands of dollars)	
Related parties		
Hospitals and Regional Health Boards	\$ 7,914	\$ 4,548
Northwest Territories Power Corporation	8,465	6,363
Divisional Education Councils	2,994	3,683
Local Housing Associations and Authorities	2,083	1,924
District Education Authorities	134	112
Workers' Compensation Board	14	352
	21,604	16,982
Other accounts receivable	40,508	42,499
Accrued interest	1,149	2,660
	41,657	45,159
Less: Allowance for doubtful accounts	2,645	2,524
	39,012	42,635
	\$ 60,616	\$ 59,617

During the year, accounts receivable of \$192,000 (1997 - \$241,000) were written off with proper authority and \$21,000 (1997 - \$687,000) were forgiven with proper authority.

7. INVENTORIES

	1998	1997 Restated (note 3)
	(thousands of dollars)	
Bulk fuels	\$ 28,785	\$ 27,801
Granular products	6,164	6,196
Lumber, arts and crafts	3,698	3,698
Liquor products	2,868	2,566
Others	153	168
	\$ 41,668	\$ 40,429

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

March 31, 1998

8. DESIGNATED CASH AND INVESTMENTS

	1998	1997
	(thousands of dollars)	
Investment portfolio		
Marketable securities (market value: \$20,178,000)	\$ 16,402	\$ 15,557
Treasury bills (market value equals cost)	348	-
Cash and other assets (market value equals cost)	26	78
	<hr/> 16,776	<hr/> 15,635
Students Loan Fund		
Authorized limit	21,000	20,000
Less: Loans receivable	19,848	18,411
	<hr/> 1,152	<hr/> 1,589
Northwest Territories Development Corporation		
Preferred shares	2,744	2,744
Capital Reserve Fund	90	90
Venture Reserve Fund	222	222
	<hr/> 3,056	<hr/> 3,056
Less: Allowance for loss	1,755	1,755
	<hr/> 1,301	<hr/> 1,301
	<hr/> \$ 19,229	<hr/> \$ 18,525

The cash and marketable securities held in the investment portfolio can only be used to meet 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 :

	1998	1997
	%	
Provincial Bonds	35.74	14.26
Federal Bonds	21.36	9.18
Canadian Stocks	18.31	15.45
Corporate Bonds	15.63	9.31
Foreign Stocks	7.20	8.53
Cash and Other Assets	1.76	0.50
Strip Bonds	-	42.77
	<hr/> 100.00	<hr/> 100.00

The average market yields on the federal, provincial, and corporate bonds were 5.31%, 5.61% and 5.83%, respectively, with maturity dates ranging from April 1998 to June 2020. The gain on investments sold was \$1,974,000 (1997-\$1,189,000).

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

March 31, 1998

9. LOANS RECEIVABLE

	1998	1997
	(thousands of dollars)	
Northwest Territories Business Credit Corporation loans receivable, repayable over a maximum of 25 years, bearing fixed interest between 6.75% and 14.25%, net of allowance for doubtful accounts of \$5,080,000 (1997 - \$5,069,000)	\$ 25,919	\$ 21,608
Northwest Territories Housing Corporation mortgage and interim financing loans repayable over a maximum of 25 years, bearing fixed interest between 0% and 14.25%, net of allowance for doubtful accounts of \$18,475,000 (1997 - \$7,360,000)	18,927	16,674
Loans to municipalities due in installments to 2026, bearing fixed interest between 0.00% and 11.27%, net of valuation allowances of \$876,000 (1997 - \$984,000)	10,503	29,376
Students Loan Fund loans due in installments to 2004, bearing fixed interest between 3.75% and 12.5%, net of allowance for doubtful accounts and forgivable loans of \$10,981,000 (1997 - \$10,017,000)	8,867	8,394
Promissory note due from the Northwest Territories Power Corporation, due in installments to the 1998-99 fiscal year, bearing fixed interest at 11%	5,350	10,700
Others	754	926
	70,320	87,678
Less: Current portion	11,678	23,432
	\$ 58,642	\$ 64,246

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

	1998	1997
	(thousands of dollars)	
Northwest Territories Business Credit Corporation		
Forgiven	\$ 40	\$ 624
Write-offs	326	-
Students Loan Fund		
Forgivable loan remissions, including interest	1,248	1,490
Write-offs	74	53
	\$ 1,688	\$ 2,167

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

March 31, 1998

10. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

A government business enterprise is accountable to the government, sells goods and services to the public, can contract in its own name, and can maintain itself without government support. Summary financial information of the Northwest Territories Power Corporation is presented below.

	1998	1997 Restated (note 3)
	(thousands of dollars)	
Balance Sheet		
Assets	\$ 267,370	\$ 264,271
Liabilities	\$ 166,144	\$ 167,294
Share Capital	43,129	43,129
Surplus	58,097	53,848
Shareholders' Equity	101,226	96,977
	\$ 267,370	\$ 264,271
Statement of Operations and Surplus		
Revenues	\$ 103,719	\$ 105,839
Expenditures	(93,209)	(96,733)
Net revenue	10,510	9,106
Surplus at beginning of the year	53,848	50,596
Dividend	(6,261)	(5,854)
Surplus at end of the year	\$ 58,097	\$ 53,848
Related Party Transactions		
	1998	1997 Restated (note 3)
	(thousands of dollars)	
Revenues from:		
Government of the Northwest Territories - Consolidated	\$ 23,438	\$ 23,444
Expenditures to:		
Government of the Northwest Territories - Consolidated	\$ 13,471	\$ 13,559

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

March 31, 1998

11. 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 cashflows and borrowing requirements of the Government. The overdraft interest rate is at prime and the collateral is on 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 \$49,301,000 (1997: 60,761,000) bear interest at varying rates between 3.99% to 4.85%. The short-term loans were repaid as of April 1, 1998. The borrowing limit under the Borrowing Authorization Act was \$175,000,000 as of March 31, 1998.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1998	1997 Restated (note 3)
	(thousands of dollars)	
Related parties		
Hospitals and Regional Health Boards	\$ 14,258	\$ 4,664
Northwest Territories Power Corporation	2,041	1,242
Divisional Education Councils	1,366	782
Workers' Compensation Board	993	2,360
Local Housing Associations and Authorities	1,525	969
District Education Authorities	322	155
	20,505	10,172
Accounts payable	90,876	93,318
Other liabilities, payroll deductions and contractors' holdbacks	13,084	13,396
Employee leave benefits	8,962	9,600
Deferred revenue	1,864	2,937
Accrued interest	1,567	1,591
	\$ 136,858	\$ 131,014

13. PENSIONS**(a) Pension Liabilities**

	1998	1997
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance	\$ 14,879	\$ 14,626
Judges' Supplemental Pension Plan	618	623
	\$ 15,497	\$ 15,249

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, 1998 (1997 - 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, 1998

13. 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, 1998 if they were not valued at the balance sheet date.

(b) Pension Expense

	1998	1997
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance and Judges' Supplemental Pension Plan:		
Benefit cost accruals		
Current service	\$ 386	\$ 272
Interest on accrued benefits	1,057	1,014
Amortization of estimation adjustment	(381)	(84)
	1,062	1,202
Gain on curtailment of Legislative Assembly Supplementary Retiring Allowance benefits	-	(2,005)
	1,062	(803)
Territorial Court Judges' Registered Pension Plan	-	92
Legislative Assembly Retiring Allowances Fund	125	(20)
	\$ 1,187	\$ (731)

(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 \$8,055,000 (1997 - \$8,300,000), represent the total obligation of the Government. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

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

March 31, 1998

14. EMPLOYEE TERMINATION BENEFITS

	1998	1997 Restated (note 3)
	(thousands of dollars)	
Termination	\$ 13,226	\$ 15,933
Removal	9,389	11,162
Retirement	1,939	1,720
	24,554	28,815
Less: Current portion	5,596	8,814
	\$ 18,958	\$ 20,001

15. LONG-TERM DEBT

	1998	1997
	(thousands of dollars)	
Northwest Territories Housing Corporation loans due to Canada Mortgage and Housing Corporation, repayable in installments to the year 2033, bearing interest at a rate of 6.97% (1997 : 6.97%)	\$ 88,390	\$ 89,718
Sinking fund notes redeemable in annual installments to the 1998-99 fiscal year, with fixed interest at 11% payable semi-annually, issued to finance the purchase of the Northwest Territories Power Corporation	5,350	10,700
	93,740	100,418
Less: Current portion	6,720	6,629
	\$ 87,020	\$ 93,789

Principal and interest amounts due in each fiscal year for the next five years:

	Principal	Interest	Total
	(thousands of dollars)		
1999	\$ 6,720	\$ 6,856	\$ 13,576
2000	1,467	6,171	7,638
2001	1,571	6,067	7,638
2002	1,683	5,955	7,638
2003	1,802	5,836	7,638

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

March 31, 1998

16. TRUST ASSETS AND LIABILITIES

The Government administers trust accounts on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	1998	1997 Restated (note 3)
	(thousands of dollars)	
Workers' Compensation Board (Northwest Territories)	\$ 220,175	\$ 197,412
Public Trustee	4,743	4,177
Inuvik utilidor	900	900
Natural Resources - Capital	331	329
Other	139	135
Correctional institutions	133	166
Territorial Court	93	284
Supreme Court	26	449
	\$ 226,540	\$ 203,852

The Workers' Compensation Board (Northwest Territories) has a fiscal year end of December 31. Its most recent financial statements are reproduced in Section III of the Public Accounts of the Government.

17. COMMITMENTS

The Government has entered into agreements for, or is contractually committed to, the following expenditures payable subsequent to March 31, 1998:

	Expiry Date	Total (thousands of dollars)
Canada Mortgage and Housing Corporation	2038	\$ 241,701
Commercial and residential leases	2017	225,250
Capital commitments - projects in progress at March 31, 1998	2000	55,806
RCMP Policing Agreement	2000	55,346
Operational commitments	2001	40,401
Block Funding Agreements with tax based municipalities	2000	22,795
Western Harvesters' Assistance Program	2001	2,798
Equipment leases	2003	2,462
Northwest Territories Development Corporation - operating subsidies	1999	2,425
Workers' Compensation Board - transfer of responsibility	1999	460
		\$ 649,444

On April 24, 1997, the Northwest Territories Housing Corporation (NWT HC) signed an agreement with the Canadian Mortgage and Housing Corporation (CMHC) replacing all existing social housing program agreements between the two parties. In accordance with a Declaration of Trust Agreement signed by both parties effective April 1, 1997 the CMHC transferred its ownership interest in all rental and loan portfolios affected by the new Agreement to the NWT HC. 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 portfolios, \$245,453,000 at April 1, 1997. The mortgages payable to the CMHC from the NWT HC mature between 2003 and 2038, at interest rates ranging from 4.5% to 21.5%. The NWT HC will receive annual funding from CMHC to make annual mortgage installments.

March 31, 1998

17. COMMITMENTS (continued)

In 1988, the Government and Canada agreed to a cost sharing formula to build and renovate hospitals in Inuvik and Iqaluit, respectively. The agreement provides a cost sharing formula to be used in the future, if and when construction or renovation commitments are made. However, the amount of the Government's share of costs increases and Canada's share decreases as each year passes.

The Government has entered into fuel delivery contracts for 44 communities. All contracts expire by 2006. Under these contracts, fixed commission rates are paid. The value of this commitment cannot reasonably be determined.

18. CONTINGENCIES

(a) Pay Equity Settlement

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. Notwithstanding that the complaint is still outstanding, the Government has accrued a \$25 million provision for a pay equity settlement. This amount is the Government's best estimate of the amount needed to negotiate a settlement to the pay equity complaint.

However, as the complaint is outstanding, there exists a possibility that pay equity 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

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

In order to show the financial impact of these environmental costs, the amount of the liability and the timing of future expenditures should be recognized in the Government's financial statements. In some instances, the projected costs would be amortized over the life of the specific project, site or facility. However, the ultimate responsibility may rest with different levels of Government and the private sector.

A reasonable estimate of costs attributable to the Government cannot be fully determined at this time. The determination of these costs will be subject to, and depend upon, evolving public policy, legislation and waste disposal methods. The Government will continue to work toward a reasonable determination and disclosure of environmental costs and liabilities in accordance with generally accepted accounting principles.

The Government has an inventory of 624 sites where possible environmental contamination may exist. These sites identified include waste/sewage disposal facilities, fuel storage facilities (including tank farms, fuel caches and underground fuel tanks), power generating plants and garages/workyards. Although not included in this inventory, the Government also recognizes that there may be tertiary responsibility for environmental restoration in the case of Commissioner's land leased to third parties should these third parties not fulfill their responsibility for restoration.

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

March 31, 1998

19. 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:

	1998	1997
	(thousands of dollars)	
Hospitals and Regional Health Boards	\$ 170,214	\$ 97,303
Divisional Education Councils and District Education Authorities	146,047	139,585
Local Housing Associations and Authorities	82,059	80,483
	\$ 398,320	\$ 317,371

The Government funds communities, 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, 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 \$108,870,000 (1997 - \$118,572,000) were incurred and recovered from related parties.

20. UNCERTAINTY DUE TO YEAR 2000 ISSUE

The Year 2000 Issue arises because many old computerized systems use two digits rather than four digits to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the 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 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.

21. COMPARATIVE FIGURES

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

Consolidated Schedule of Revenues by Source

for the year ended March 31, 1998 (thousands of dollars)	Budget (note 1b)	1998	1997 Restated (note 3)
From Canada			
Grant per financing agreement (note 5)	\$ 835,689	\$ 969,064	\$ 855,012
Transfer payments	145,033	160,795	157,412
	980,722	1,129,859	1,012,424
Generated Revenues			
Taxes	155,147	163,071	136,957
General	50,607	40,007	44,633
Sales:			
Liquor Commission (net of cost of goods sold) (\$11,263; 1997: \$11,031)	19,278	19,443	19,017
Petroleum Products (net of cost of goods sold) (\$55,566; 1997: \$51,065)	14,234	12,530	12,761
Capital Recoveries	18,749	51,019	55,492
Other Recoveries	14,331	17,823	28,936
	272,346	303,893	297,796
Total	\$ 1,253,068	\$ 1,433,752	\$ 1,310,220

Consolidated Schedule of Expenditures

for the year ended March 31, 1998 (thousands of dollars)	Budget (note 1b)	1998	1997 Restated (note 3)
Operations and Maintenance			
Grants and contributions	\$ 511,053	\$ 532,150	\$ 476,969
Operations and maintenance	398,469	405,399	395,212
Salaries and wages	189,642	197,770	232,477
Valuation allowances	-	32,953	40,267
	1,099,164	1,168,272	1,144,925
Capital			
Building and works	126,235	131,859	132,948
Grants and contributions	14,226	23,731	26,292
Equipment	5,513	7,816	7,237
	145,974	163,406	166,477
Total	\$ 1,245,138	\$ 1,331,678	\$ 1,311,402



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SECTION II
NON-CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Government of the Northwest Territories

Non-Consolidated Statement of Financial Position

as at March 31, 1998
(thousands of dollars)

1998

1997

Assets

Current

Due From Canada (Note 3)	\$ 157,936	\$ 22,899
Accounts Receivable (Note 4)	61,516	59,493
Inventories (Note 5)	38,094	36,903
Prepaid Expenses	5,247	4,140
Current Portion of Loans Receivable	6,678	18,432

269,471 141,867

Designated Cash and Investments (Note 6) 17,928 17,224

Loans Receivable (Note 7) 47,065 55,198

Investment in Northwest Territories Power Corporation, at
Nominal Value of One Dollar

Capital Assets, at Nominal Value of One Dollar

\$ 334,464 \$ 214,289

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

Government of the Northwest Territories

Non-Consolidated Statement of Financial Position (continued)

as at March 31, 1998
(thousands of dollars)

1998

1997

Liabilities

Current

Bank Overdraft (Note 8a)	\$ 12,312	\$ 7,199
Short-term Loans (Note 8b)	49,301	59,691
Accounts Payable and Accrued Liabilities (Note 9)	124,034	116,486
Current Portion of Long-term Liabilities	10,716	13,162
Deferred Revenue	992	2,053

197,355

198,591

Pension Liabilities (Note 10a)	15,497	15,249
Employee Termination Benefits (Note 11)	16,770	19,455
Note Payable (Note 12)	-	5,350
Provision for Pay Equity Settlement (Note 16b)	25,000	-

254,622

238,645

Commitments and Contingencies (Notes 15 and 16)

Accumulated Surplus (Deficit)	79,842	(24,356)
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\$ 334,464

\$ 214,289

Accumulated Surplus (Deficit) Represented by:

Petroleum Products Stabilization Fund (Note 13)	\$ (4,213)	\$ (3,029)
Accumulating Operating Surplus (Deficit)	84,055	(21,327)

\$ 79,842 \$ (24,356)

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

Government of the Northwest Territories

Non-Consolidated Statement of Operations and Surplus

for the year ended March 31, 1998
(thousands of dollars)

	1998		1997
	Main Estimates (note 1b)	Actual	Actual
Revenues (Schedule A)			
From Canada	\$ 933,739	\$ 1,066,493	\$ 962,565
Generated Revenues	230,517	235,982	216,591
	1,164,256	1,302,475	1,179,156
Recoveries of Prior Years' Expenditures (Note 2p)	-	8,113	2,787
	1,164,256	1,310,588	1,181,943
Expenditures			
Operations and Maintenance (Schedule B)	1,005,986	1,022,331	1,018,064
Capital (Schedule C)	139,377	157,875	176,032
Estimated Supplementary Requirements (Note 1c)	55,000	-	-
Estimated Appropriation Authority Lapse (Note 1c)	(45,000)	-	-
	1,155,363	1,180,206	1,194,096
Net Revenue (Expenditure) Before Undernoted	8,893	130,382	(12,153)
Projects for Canada and Others			
Expenditures	(36,714)	(49,456)	(43,477)
Recoveries	36,714	49,456	43,477
Provision for Pay Equity Settlement (Note 16b)	-	(25,000)	-
Net Revenue (Expenditure)	<u>\$ 8,893</u>	<u>105,382</u>	<u>(12,153)</u>
Deficit at Beginning of Year		(21,327)	(9,174)
Surplus (Deficit) at End of Year		<u>\$ 84,055</u>	<u>\$ (21,327)</u>

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

Government of the Northwest Territories

Non-Consolidated Statement of Cash Flows

for the year ended March 31, 1998 (thousands of dollars)	1998	1997
Cash Provided (Used) By		
Operating Activities		
Net Revenue (Expenditure)	\$ 105,382	\$ (12,153)
Items Not Affecting Cash:		
Provision for Doubtful Receivables, Loans, and Loan Remissions	977	611
Amortization of Pension Estimation Adjustment	-	(84)
Employee Leave and Termination Benefits	(5,126)	2,944
Provision for Pay Equity Settlement	25,000	-
	126,233	(8,682)
Changes in Non-cash Assets and Liabilities		
Current Assets	(4,442)	(1,363)
Current Liabilities	6,482	6,737
Due From Canada	(135,037)	55,282
Petroleum Products Stabilization Fund	(1,184)	(375)
Pension Liabilities	248	(1,212)
Net Cash Provided (Used) By Operating Activities	(7,700)	50,387
Investing Activities		
Designated Cash and Investments	(704)	(790)
Loans Receivable		
Advances	(9,396)	(11,050)
Repayments	28,427	26,181
Net Cash Provided By Investing Activities	18,327	14,341
Financing Activities		
Repayment of Long-term Debt	(5,350)	(5,350)
Increase in Cash and Cash Equivalents	5,277	59,378
Cash and Cash Equivalents at Beginning of Year	(66,890)	(126,268)
Cash and Cash Equivalents at End of Year*	\$ (61,613)	\$ (66,890)

* Cash and cash equivalents are represented by cash and short-term investments less bank overdraft and short-term loans.

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

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements

March 31, 1998

1. AUTHORITY AND OPERATIONS

- (a) The Government of the Northwest Territories (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.
- (b) The Main Estimates figures are those tabled before the Legislative Assembly during the January 1997 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 column on the statement of operations and surplus. They are included for the purpose of comparing the actual net revenue (expenditures) to the estimated net revenue (expenditures).
- (d) The Nunavut Act comes into full force on April 1, 1999. On that date, Nunavut and the Government of Nunavut come into being. The Nunavut Act consequently amends 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 future operations of the Government, these financial statements have been prepared on a going concern basis, including all operations that will be transferred to, or taken over by, the future Government of Nunavut.

The creation of Nunavut will require the transfer of Government assets and liabilities. Section 73(1)(c) of the Nunavut Act, allows the Interim Commissioner, with approval of the Governor in Council, to enter into agreements with the Government of the Northwest Territories for the division of its assets and liabilities between Nunavut and the Northwest Territories, including rights and obligations arising under a contract entered into by the Government of the Northwest Territories.

A Northern Representatives Committee has been formed, bringing together representatives of the Government, the Office of the Interim Commissioner for Nunavut, Nunavut Tunngavik Incorporated and the Western Leaders Coalition. This Committee has been tasked to produce a report and make recommendations, which will form the basis for an agreement between the Government and the Office of the Interim Commissioner for Nunavut.

An agreement has not yet been reached, nor has Governor in Council approval been sought to authorize the Interim Commissioner to accept assignment of any contractual obligations. However, a contracting protocol has been agreed to whereby the Government is providing the Interim Commissioner listings of existing contracts which will extend past Division. Also the Government is providing the Interim Commissioner with an opportunity to review any new contracts which will extend past Division, and provide his consent prior to finalizing those new contracts, subject to the terms of the agreement.

The full impact on the Government of the division of assets and liabilities has not yet been determined.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Statements

These financial statements have been prepared on a non-consolidated basis to show the operating results of the Government separate from the entities included in the consolidated financial statements.

The Government complies with the recommendations of the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants wherever applicable, and in particular with respect to the preparation of consolidated financial statements.

The Government has prepared 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.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements

March 31, 1998

2. SIGNIFICANT ACCOUNTING POLICIES

(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.

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
Educational Councils
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
Workers' Compensation Board

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 relate to employee termination benefits, contingencies, revenue accruals and Students Loan Fund allowances for both forgivable and bad loans. Another significant estimate is the Grant from Canada, which incorporates estimates supplied by Statistics Canada and the Federal Department of Finance.

(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 replacement value.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements

March 31, 1998

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(g) Investment in the Northwest Territories Power Corporation

The Government is the sole shareholder of the Northwest Territories Power Corporation, a Territorial Crown Corporation providing utility services to the Northwest Territories. The investment has been recorded at a nominal value.

(h) Capital Assets and Leases

Capital assets are charged to expenditures at the time of acquisition or construction. Capital assets are disclosed on the statement of financial position at a nominal value of one dollar.

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

(i) Employee Leave and Termination Benefits

Under the terms and conditions of employment, government employees may qualify and earn benefits for annual leave, retirement, severance and removal costs upon termination of employment. The estimated liability for these benefits is recorded as the benefits are earned by employees. Severance liabilities are also recorded when employees are identified for lay-off.

(j) Commitments and Contingencies

The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditures. Contractual commitments pertain to block funding agreements with municipalities, operating, commercial and residential leases, capital projects, and operational funding commitments.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed.

Contingent liabilities result from potential environment contingencies, pending or threatened litigation and like items.

(k) Grant from Canada

The grant is subject to the terms of the Formula Financing Agreement with Canada. The Grant entitlement is dependent on a number of variables, including population growth, the growth of provincial-local government spending, and tax revenues and other federal transfers.

The initial payments of the Grant are based on estimates of these variables, supplied by Statistics Canada, the Federal Department of Finance and the Government. Adjustments are made as final data becomes available. These adjustments can be significant. Population figures are initially based on Statistics Canada's post-censal estimates, which are adjusted to census data every five years. All adjustments relating to both the current year and prior years occurring in the current year are reflected in the current year when known.

(l) Projects for Canada and Others

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

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

March 31, 1998

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

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

Fuel, tobacco and payroll taxes are levied under the authority of the Petroleum Products Tax Act, the Tobacco Tax Act and the Payroll Tax Act respectively. Payroll taxes are received on a regular basis based on employer's self-assessments. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified. Property tax and school levies are assessed on a calendar year basis and are recognized on an accrual basis in the fiscal year in which the calendar year ends.

(n) Other Revenues

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

(o) Operations, Maintenance and Capital Expenditures

Operations, maintenance and capital expenditures are recorded on an accrual basis. Government grants and contributions are recorded on an accrual basis as expenditures when paid or when the recipient has fulfilled the terms of the contractual agreement.

(p) Recoveries of Prior Years' Expenditures

Recoveries of prior years' expenditures and reversals of prior years' accruals are reported separately from other revenues on the statement of operations and surplus. Pursuant to the Financial Administration Act, these recoveries cannot be used to increase the amount appropriated for current year expenditures.

3. DUE FROM CANADA

	1998	1997
	(thousands of dollars)	
Grant Receivable		
Grant per Financing Agreement - Schedule A	\$ 969,064	\$ 855,012
Less Payments Received	848,000	853,425
	121,064	1,587
Balance Payable at Beginning of Year	(4,647)	(6,234)
Grant Receivable (Payable) at End of Year	116,417	(4,647)
Indian and Inuit Hospital and Medical Care	16,438	10,472
Cost Sharing Agreements and Projects on Behalf of Canada	7,053	5,795
Other	19,407	18,628
	159,315	30,248
Less:		
Unapplied Balance of Advances Under Agreements	1,364	2,055
Excess Income Tax and Established Programs Financing Advanced	15	5,294
	1,379	7,349
	\$ 157,936	\$ 22,899

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

March 31, 1998

4. ACCOUNTS RECEIVABLE

	1998	1997
	(thousands of dollars)	
Revolving Funds		
Petroleum Products	\$ 16,343	\$ 12,768
Fur Auction	901	699
Reforestation	674	-
Granular Program	22	241
Northwest Territories Liquor Commission	21	51
Public Stores	19	25
	17,980	13,784
Less: Allowance for Doubtful Accounts	147	80
	17,833	13,704
Related Parties		
Hospitals and Regional Health Boards	7,914	4,548
Northwest Territories Power Corporation	7,129	6,363
Northwest Territories Housing Corporation	3,602	2,772
Divisional Education Councils	2,994	3,683
Aurora College	962	950
Nunavut Arctic College	919	1,025
District Education Authorities	134	112
Northwest Territories Liquor Commission	58	112
Workers' Compensation Board	14	352
Petroleum Products Revolving Fund	-	60
	23,726	19,977
Other Accounts Receivable	21,632	25,892
Accrued Interest	823	2,364
	22,455	28,256
Less: Allowance for Doubtful Accounts	2,498	2,444
	19,957	25,812
	\$ 61,516	\$ 59,493

During the year, accounts receivable of \$192,000 (1997 - \$241,000) were written off with proper authority and \$21,000 (1997 - \$687,000) were forgiven with proper authority.

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

March 31, 1998

5. INVENTORIES

	1998	1997
	(thousands of dollars)	
Bulk Fuels	\$ 28,699	\$ 27,801
Granular Products	6,374	6,368
Liquor Products	2,868	2,566
Public Stores	153	168
	<hr/>	<hr/>
	\$ 38,094	\$ 36,903

6. DESIGNATED CASH AND INVESTMENTS

	1998	1997
	(thousands of dollars)	
Investment Portfolio		
Marketable Securities (market value equals \$20,178,000)	\$ 16,402	\$ 15,557
Treasury Bills (market value equals cost)	348	-
Cash and Other Assets (market value equals cost)	26	78
	<hr/>	<hr/>
	16,776	15,635
Students Loan Fund		
Authorized Limit	21,000	20,000
Less: Loans Receivable	19,848	18,411
	<hr/>	<hr/>
Cash Available for New Loans	1,152	1,589
	<hr/>	<hr/>
	\$ 17,928	\$ 17,224

The cash and marketable securities held in the investment portfolio can only be used to meet 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 :

	1998	1997
	%	%
Provincial Bonds	35.74	14.26
Federal Bonds	21.36	9.18
Canadian Stocks	18.31	15.45
Corporate Bonds	15.63	9.31
Foreign Stocks	7.20	8.53
Cash and Other Assets	1.76	0.50
Strip Bonds	-	42.77
	<hr/>	<hr/>
	100.00	100.00

The average market yields on the federal, provincial, and corporate bonds are 5.31%, 5.61% and 5.83%, respectively, with maturity dates ranging from April 1998 to June 2020. The gain on investments sold was \$1,974,000 (1997 - \$1,189,000).

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements

March 31, 1998

7. LOANS RECEIVABLE

	1998	1997
	(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	\$ 28,269	\$ 24,234
Loans to municipalities due in installments to 2026, bearing interest between 0.00% and 11.27%, net of valuation allowances of \$876,000 (1997 - \$984,000)	10,503	29,376
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 \$10,981,000 (1997 - \$10,017,000)	8,867	8,394
Promissory note due from the Northwest Territories Power Corporation, due in installments to the 1998-99 fiscal year, bearing interest at 11%	5,350	10,700
Other	754	926
	53,743	73,630
Less: Current Portion	6,678	18,432
	\$ 47,065	\$ 55,198

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

	1998	1997
	(thousands of dollars)	
Students Loan Fund		
Forgivable loan remissions, including interest	\$ 1,248	\$ 1,490
Write-offs	74	53
	\$ 1,322	\$ 1,543

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements

March 31, 1998

8. BANK OVERDRAFT AND SHORT-TERM LOANS

- (a) The Canadian Imperial Bank of Commerce (CIBC) is the Government's primary banker. However, other chartered banks are used when the CIBC does not have a branch in a community or region. Interest is charged on the net balance of the Government and its pool participants. The bank overdraft of \$12,312,000 is comprised of cash balances(overdrafts) the Government has with the following chartered banks:

Canadian Imperial Bank of Commerce	\$ 15,942,000
Bank of Montreal	107,000
Toronto Dominion Bank	5,000
Bank of Nova Scotia	5,000
Clearing Accounts - transactions in transit	(83,000)
Royal Bank of Canada	<u>(28,288,000)</u>
	<u>\$ (12,312,000)</u>

- (b) Short-term loans of \$49,301,000 (1997 - \$59,691,000) bear interest at varying rates between 3.99% to 4.85%. The short-term loans were repaid as of April 1, 1998. The borrowing limit under the Borrowing Authorization Act was \$175,000,000 as of March 31, 1998.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1998	1997
	(thousands of dollars)	
Related Parties		
Hospitals and Regional Health Boards	\$ 14,258	\$ 4,664
Northwest Territories Housing Corporation	2,207	786
Northwest Territories Power Corporation	1,608	1,242
Divisional Education Councils	1,366	782
Workers' Compensation Board	993	2,360
Nunavut Arctic College	942	1,303
Aurora College	714	603
Northwest Territories Development Corporation	329	-
District Education Authorities	322	155
Northwest Territories Liquor Commission	18	-
Petroleum Products Revolving Fund	13	1,168
	<u>22,770</u>	<u>13,063</u>
Accounts Payable	82,008	82,963
Other Liabilities, Payroll Deductions and Contractors' Holdbacks	11,721	12,930
Employee Leave Benefits	7,535	7,530
	<u>101,264</u>	<u>103,423</u>
	<u>\$ 124,034</u>	<u>\$ 116,486</u>

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

March 31, 1998

10. PENSIONS**(a) Pension Liabilities**

	1998	1997
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance	\$ 14,879	\$ 14,626
Judges' Supplemental Pension Plan	618	623
	\$ 15,497	\$ 15,249

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, 1998 (1997 - 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, 1998 if they were not valued at the balance sheet date.

(b) Pension Expense

	1998	1997
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance and Judges' Supplemental Pension Plan:		
Benefit Cost Accruals		
Current Service	\$ 386	\$ 272
Interest on Accrued Benefits	1,057	1,014
Amortization of Estimation Adjustment	(381)	(84)
	1,062	1,202
Gain on Curtailment of Legislative Assembly Supplementary Retiring Allowance benefits	-	(2,005)
	1,062	(803)
Territorial Court Judges' Registered Pension Plan	-	92
Legislative Assembly Retiring Allowances Fund	125	(20)
	\$ 1,187	\$ (731)

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements

March 31, 1998

10. PENSIONS (continued)

(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 \$8,055,000 (1997 - \$8,300,000) to the Plan 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.

11. EMPLOYEE TERMINATION BENEFITS

	1998		1997
	(thousands of dollars)		
Termination	\$ 11,695		\$ 14,385
Removal	8,502		11,162
Retirement	1,939		1,720
	22,136		27,267
Less: Current Portion	5,366		7,812
	\$ 16,770		\$ 19,455

12. NOTE PAYABLE

	1998		1997
	(thousands of dollars)		
Sinking fund notes redeemable in annual instalments, with interest at 11% payable semi-annually, issued to finance the purchase of the Northwest Territories Power Corporation	\$ 5,350		\$ 10,700
Less: Current Portion	5,350		5,350
	\$ -		\$ 5,350

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements

March 31, 1998

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.

	1998	1997
	(thousands of dollars)	
Deficit at Beginning of the Year	\$ (3,029)	\$ (2,654)
Less: Petroleum Products Revolving Fund - Net Expenditures	(1,184)	(375)
Deficit at End of the Year	\$ (4,213)	\$ (3,029)

14. TRUST ASSETS AND LIABILITIES

The Government administers trust accounts on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	1998	1997
	(thousands of dollars)	
Public Trustee	\$ 4,743	\$ 4,177
Inuvik Utilidor	900	900
Natural Resources - Capital	331	329
Other	139	135
Correctional Institutions	133	166
Territorial Court	93	284
Supreme Court	26	449
	\$ 6,365	\$ 6,440

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

March 31, 1998

15. COMMITMENTS

The Government has entered into agreements for, or is contractually committed to, the following expenditures payable subsequent to March 31, 1998:

	Expiry Date	Total (thousands of dollars)
Commercial and Residential Leases	2017	\$ 175,573
RCMP Policing Agreement	2000	55,346
Operational Commitments	2001	40,401
Capital Commitments - Projects in Progress at March 31, 1998	2000	28,136
Northwest Territories Development Corporation - Operating Subsidies	1999	2,425
Block Funding Agreements with Tax Based Municipalities	2000	22,795
Equipment Leases	2003	2,462
Western Harvesters' Assistance Program	2001	2,798
Workers' Compensation Board - Transfer of Responsibility	1999	460
		<hr/> \$ 330,396 <hr/>

In 1988, the Government and Canada agreed to a cost sharing formula to build and renovate hospitals in Inuvik and Iqaluit. The agreement provides a cost sharing formula to be used in the future, if and when construction or renovation commitments are made. However, the amount of the Government's share of costs increases and Canada's share decreases as each year passes.

16. CONTINGENCIES**(a) Contingent Liabilities**

The Government is contingently liable for the following:

	(thousands of dollars)
Debentures issued by the Northwest Territories Power Corporation, maturing from 2009 to 2026	\$ 119,587
Loans payable by the Northwest Territories Housing Corporation	88,400
	<hr/> \$ 207,987 <hr/>

(b) Pay Equity Settlement

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. Notwithstanding that the complaint is still outstanding, the Government has accrued a \$25 million provision for a pay equity settlement. This amount is the Government's best estimate of the amount needed to negotiate a settlement to settle the pay equity complaint.

However, as the complaint is outstanding there exists a possibility that pay equity 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.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements

March 31, 1998

16. CONTINGENCIES (continued)

(c) Environmental Restoration Costs

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

In order to show the financial impact of these environmental costs, the amount of the liability and the timing of future expenditures should be recognized in the Government's financial statements. In some instances, the projected costs would be amortized over the life of the specific project, site or facility. However, the ultimate responsibility may rest with different levels of Government and the private sector.

A reasonable estimate of costs attributable to the Government cannot be fully determined at this time. The determination of these costs will be subject to, and depend upon, evolving public policy, legislation and waste disposal methods. The Government will continue to work toward a reasonable determination and disclosure of environmental costs and liabilities in accordance with generally accepted accounting principles.

The Government has an inventory of 624 sites where possible environmental contamination may exist. These sites include waste/sewage disposal facilities, fuel storage facilities (including tank farms, fuel caches and underground fuel tanks), power generating plants and garages/work yards. Although not included in this inventory, the Government also recognizes that there may be tertiary responsibility for environmental restoration in the case of Commissioner's land leased to third parties should these third parties not fulfill their responsibility for restoration.

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.

	1998	1997
	(thousands of dollars)	
Hospitals and Health Boards	\$ 170,214	\$ 97,303
Divisional Education Councils and District Education Authorities	146,047	139,585
Northwest Territories Housing Corporation	98,385	106,824
Aurora College and Nunavut Arctic College	30,110	28,257
Northwest Territories Development Corporation	9,037	6,011
Northwest Territories Business Credit Corporation	1,068	792
	\$ 454,861	\$ 378,772

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 \$108,870,000 (1997 - \$118,572,000) were incurred and recovered from related parties.

The Government paid the Workers' Compensation Board premiums of \$1,537,000 (1997 - \$1,689,000). The Government also reimbursed the Workers' Compensation Board for hunters and trappers claims; an adjustment of \$461,000 (1997 - \$1,670,000) was made to the reserve held by the Board for hunter and trappers claims.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements

March 31, 1998

17. RELATED PARTIES (continued)

Revenue from the Northwest Territories Power Corporation:

	1998		1997
	(thousands of dollars)		
Dividend related to the Power Subsidy Program	\$ 6,261	\$	5,854
Interest on the Promissory Note Receivable	718		1,320
	\$ 6,979	\$	7,174

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.

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. COMPARATIVE FIGURES

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

Schedule of Revenues by Source

for the year ended March 31, 1998
(thousands of dollars)

	1998		1997
	Main Estimates (note 1b)	Actual	Actual
From Canada			
Grant per Financing Agreement	\$ 835,689	\$ 849,509	\$ 853,313
Adjustments for:			
Income Tax Collections	-	3,988	1,270
Escalation	-	110,150	274
Established Program Financing Contributions	-	(861)	(3,949)
Operating Revenues	-	4,032	4,103
Keep Up Factor	-	2,246	1
	835,689	969,064	855,012
Established Programs Financing			
Health Insured Services	-	642	1,103
Post Secondary Education	-	-	138
	-	642	1,241
Transfer Payments			
Canada Health and Social Transfer	35,500	36,726	44,308
Health Care - Indian and Inuit	37,306	36,744	36,575
Health Related Services	14,700	12,882	13,966
Young Offenders Act	3,792	3,791	3,791
Legal and Correctional Services	3,264	3,576	3,326
Other	2,488	2,248	2,541
Continuing Education	1,000	820	1,805
	98,050	96,787	106,312
Total from Canada	933,739	1,066,493	962,565
Generated Revenues			
Taxation			
Individual	58,413	70,461	60,782
Corporate	40,371	36,511	24,996
Fuel	17,277	18,777	14,281
Tobacco	17,493	16,045	16,525
Payroll tax	12,966	12,178	11,833
Property and School	7,027	6,975	6,862
Insurance	1,600	1,955	1,678
	155,147	162,902	136,957

Government of the Northwest Territories

Schedule A
Continued

Schedule of Revenues by Source

for the year ended March 31, 1998
(thousands of dollars)

	1998		1997
	Main Estimates (note 1b)	Actual	Actual
General Revenue			
Liquor Commission - Net Revenues	16,000	16,217	15,755
Licenses, Fees and Permits	10,408	9,875	9,070
Interest Income	5,430	4,758	6,963
Gain on Investment	-	1,974	1,189
Arctic Airport - Rentals and Fees	2,833	1,715	1,482
	34,671	34,539	34,459
Other Recoveries			
Power Subsidy	6,820	6,261	5,854
Staff Housing	6,000	4,835	7,123
Miscellaneous	1,585	2,730	3,758
Rentals	2,653	2,981	2,553
Utilities	2,220	1,776	1,978
Medical	1,885	1,603	1,280
Debt Financing	724	718	1,320
Sale of Commercial Goods	3	5	67
Insured and Third Party	60	(268)	8,030
	21,950	20,641	31,963
Capital			
Sale of Land, Houses and Other Assets	17,300	9,997	9,053
Other	176	5,052	2,488
Recoveries from Canada	1,273	2,851	1,671
	18,749	17,900	13,212
Total Generated Revenues	230,517	235,982	216,591
Total Revenues by Source	\$ 1,164,256	\$ 1,302,475	\$ 1,179,156

Schedule of Operations and Maintenance Expenditures

for the year ended March 31, 1998
(thousands of dollars)

	1998					1997	
	Main Estimates (note 1b)	Salaries and Wages	Grants and Contributions	Valuation Allowances	Other	Total Expenditures	Total Expenditures
Legislative Assembly	\$ 11,999	\$ 4,342	\$ -	\$ -	\$ 8,011	\$ 12,353	\$ 9,866
Executive	53,445	19,459	8,604	6	26,455	54,524	61,628
Finance	9,351	2,295	-	-	6,363	8,658	8,342
Municipal and Community Affairs	75,008	10,416	61,007	-	7,051	78,474	75,783
Public Works and Services	83,672	19,121	310	48	34,543	54,022	87,300
Health and Social Services	242,204	10,195	177,390	-	65,497	253,082	237,513
Justice	71,434	24,697	2,784	12	47,140	74,633	70,161
NWT Housing Corporation	55,118	-	55,168	-	-	55,168	58,206
Education, Culture and Employment	259,421	17,947	200,792	2,379	51,608	272,726	257,002
Transportation	55,631	20,729	128	20	35,567	56,444	58,667
Resources, Wildlife and Economic Development	88,703	29,061	38,085	-	35,101	102,247	92,535
	\$ 1,005,986	\$ 158,262	\$ 544,268	\$ 2,465	\$ 317,336	\$ 1,022,331	\$ 1,017,003

The total expenditures for 1997 do not equal the total expenditures reported in the 1996-97 Public Accounts because \$1,061,000, representing the Department of Safety and Public Services' corporate structure, was not allocated to other departments.

Schedule of Capital Expenditures

for the year ended March 31, 1998
(thousands of dollars)

1998

1997

	Main Estimates (note 1b)	Buildings and Works	Acquisition of Equipment	Grants and Contributions	Total Expenditures	Total Expenditures
Legislative Assembly	\$ 540	\$ 631	\$ -	\$ -	\$ 631	\$ 41
Executive	-	1,331	-	-	1,331	459
Finance	-	-	-	-	-	-
Municipal and Community Affairs	24,962	10,063	838	11,802	22,703	31,378
Public Works and Services	3,835	4,162	24	-	4,186	7,157
Health and Social Services	5,479	3,100	417	3,446	6,963	5,432
Justice	1,154	1,814	229	512	2,555	1,911
NWT Housing Corporation	43,217	-	-	43,217	43,217	47,011
Education, Culture and Employment	26,339	33,339	189	7,234	40,762	34,484
Transportation	29,885	28,532	2,645	675	31,852	38,093
Resources, Wildlife and Economic Development	3,966	2,928	747	-	3,675	10,066
	\$ 139,377	\$ 85,900	\$ 5,089	\$ 66,886	\$ 157,875	\$ 176,032

Schedule of Revenues

for the year ended March 31, 1998
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Legislative Assembly					
General Revenues					
Gain on Investments	\$ -	\$ -	\$ -	\$ 1,974	\$ 1,974
	-	-	-	1,974	1,974
Other Recoveries					
Cafeteria Rental Fee	3	-	3	4	1
Government Publications	-	-	-	4	4
	3	-	3	8	5
	3	-	3	1,982	1,979
Executive					
Financial Management Board Secretariat					
General Revenues					
Occupational Health Fees	-	-	-	59	59
Non-Sufficient Funds Handling Fees	6	-	6	7	1
	6	-	6	66	60
Other Recoveries					
Power Subsidy	6,820	-	6,820	6,261	(559)
Staff Housing	6,000	-	6,000	4,835	(1,165)
Leases - Staff Housing	200	-	200	330	130
Interest Revenue - Staff Housing	48	-	48	55	7
Tenant Damage	10	-	10	15	5
Sundry	-	-	-	9	9
Ration Repayments	39	-	39	-	(39)
	13,117	-	13,117	11,505	(1,612)
	13,123	-	13,123	11,571	(1,552)
Finance					
Grant from Canada	835,689	-	835,689	969,065	133,376
Taxation Revenue					
Personal Income Tax	58,413	-	58,413	70,461	12,048
Corporate Income Tax	40,371	-	40,371	36,511	(3,860)
Fuel Tax	17,277	-	17,277	18,777	1,500
Tobacco Tax	17,493	-	17,493	16,045	(1,448)
Payroll Tax	12,966	-	12,966	12,178	(788)
Property Taxes and School Levies	7,027	-	7,027	6,975	(52)
Insurance Company Taxes	1,600	-	1,600	1,955	355
	155,147	-	155,147	162,902	7,755
General Revenues					
Liquor Profits	16,000	-	16,000	16,217	217
Municipal Interest	3,572	-	3,572	2,606	(966)
Investment Interest	183	-	183	339	156
Insurance Licenses	124	-	124	146	22
Vital Statistics	-	-	-	9	9
	19,879	-	19,879	19,317	(562)

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1998
(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	724	-	724	718	(6)
Investment Pool Costs	140	-	140	184	44
Sundry	-	-	-	7	7
Insured and Third Party	60	-	60	(268)	(328)
	924	-	924	641	(283)
	1,011,639	-	1,011,639	1,151,925	140,286
Municipal and Community Affairs					
General Revenues					
Lottery Licenses	245	-	245	171	(74)
Quarry Fees	20	-	20	101	81
Business Licenses	100	-	100	61	(39)
Land Document Fees	66	-	66	15	(51)
Vender/Direct Seller Licenses	10	-	10	9	(1)
Real Estate Licenses	12	-	12	9	(3)
	453	-	453	366	(87)
Transfer payments					
Emergency Measures	159	-	159	154	(5)
Other Recoveries					
Land Leases	1,183	-	1,183	1,063	(120)
MOU with Nunavut Hamlets	81	-	81	15	(66)
Sundry	-	-	-	(1)	(1)
Mapping and User Say Fees	30	-	30	-	(30)
Land Sales	50	-	50	-	(50)
Land Administration	24	-	24	-	(24)
	1,368	-	1,368	1,077	(291)
	1,980	-	1,980	1,597	(383)
Public Works and Services					
General Revenues					
Electrical Permits	500	-	500	290	(210)
Boiler Registration	250	-	250	243	(7)
Document Fees	-	-	-	32	32
Gas Permits	55	-	55	30	(25)
Elevator Permits	10	-	10	21	11
	815	-	815	616	(199)
Transfer Payments					
Labour Canada Agreement	188	-	188	100	(88)

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1998
(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	2,200	-	2,200	1,726	(474)
Rental to Others	1,100	-	1,100	1,539	439
Sale of Heat Supply	20	-	20	50	30
Parking Stall Rentals	90	-	90	45	(45)
Sale of Publications	40	(30)	10	17	7
Sale of Furniture	-	-	-	1	1
Tender Document Fees	30	-	30	-	(30)
Coin Laundry	10	-	10	-	(10)
Sundry	-	-	-	(4)	(4)
	3,490	(30)	3,460	3,374	(86)
	4,493	(30)	4,463	4,090	(373)
Health and Social Services					
General Revenues					
Professional Licenses	70	-	70	128	58
Vital Statistics Fees	55	-	55	49	(6)
	125	-	125	177	52
Established Programs Financing					
Health Insured Services	-	-	-	588	588
Extended Health Care	-	-	-	54	54
	-	-	-	642	642
Transfer Payments					
Canada Health and Social Transfer	35,500	-	35,500	36,726	1,226
Hospital Care - Indian and Inuit	29,177	-	29,177	28,615	(562)
Provision of Non-Insured Services	12,425	-	12,425	10,226	(2,199)
Medical Care - Indian and Inuit	8,129	-	8,129	8,129	-
Medical Transportation	2,275	-	2,275	2,653	378
Vocational Rehabilitation of Disabled Persons	1,733	-	1,733	1,522	(211)
	89,239	-	89,239	87,871	(1,368)
Other Recoveries					
Reciprocal Billing - Inpatient Services	1,629	-	1,629	1,350	(279)
Special Allowances	-	-	-	260	260
Reciprocal Billing - Medical Services	256	-	256	253	(3)
Sundry	-	-	-	123	123
Personal Care Unit	-	-	-	3	3
Workers' Compensation Board	100	-	100	-	(100)
	1,985	-	1,985	1,989	4
	91,349	-	91,349	90,679	(670)

Government of the Northwest Territories

Schedule I
Continued

Schedule of Revenues

for the year ended March 31, 1998
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Justice					
General Revenues					
Securities Fees	529	-	529	706	177
Land Titles	464	118	582	538	(44)
Court Fines and Fees	784	-	784	524	(260)
Companies and Societies Registration	395	41	436	424	(12)
Justice of the Peace Fines	-	-	-	144	144
Document Fees	-	30	30	132	102
Public Trustee Fees	-	-	-	86	86
Firearm Acquisition Certificates	55	-	55	63	8
Public Trustee Management Fees	118	-	118	41	(77)
PPSA Fees	278	-	278	-	(278)
	2,623	189	2,812	2,658	(154)
Transfer Payments					
Young Offenders Act	3,792	50	3,842	3,791	(51)
Access to Justice	2,032	-	2,032	2,175	143
Exchange of Services Agreement	1,160	-	1,160	1,134	(26)
Firearm Acquisition Certificates Program	185	-	185	274	89
Community Constable Pilot Project	-	195	195	192	(3)
Air Charters Recoveries	152	-	152	148	(4)
Community Parole	72	-	72	75	3
	7,393	245	7,638	7,789	151
Other Recoveries					
Legal Aid Repayments	65	-	65	87	22
NWT Housing Corporation Lawyer	75	-	75	72	(3)
Special Allowances Young Offenders	20	-	20	51	31
Government Publications	-	-	-	17	17
Room and Board	20	-	20	11	(9)
Library Fees	12	-	12	9	(3)
Sundry	-	-	-	7	7
	192	-	192	254	62
	10,208	434	10,642	10,701	59
Education, Culture and Employment					
General Revenues					
Student Loan Fund Interest	275	-	275	459	184
Teacher Certification Fees	4	-	4	9	5
Library Fees	1	-	1	1	-
University College Entrance Program	26	-	26	-	(26)
	306	-	306	469	163
Transfer Payments					
Canada Student Loans Program	1,000	-	1,000	820	(180)

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1998
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Education, Culture and Employment (Continued)					
Other Recoveries					
Northwest Territories Literacy Strategy	225	-	225	125	(100)
Investing in People	-	-	-	51	51
Sundry	-	-	-	18	18
Principal Training	-	-	-	15	15
Museum Store	3	-	3	3	-
Miscellaneous	40	-	40	-	(40)
	268	-	268	212	(56)
	1,574	-	1,574	1,501	(73)
Transportation					
General Revenues					
Motor Vehicle Plates	2,355	-	2,355	2,394	39
Lease/Rental Revenue - Airports	1,496	2	1,498	1,715	217
Landing and Others Fees - Airports	626	-	626	654	28
Drivers' Licenses	657	-	657	583	(74)
Concessions - Airports	705	-	705	449	(256)
Special Transport Permits	119	-	119	169	50
Motor Vehicle Abstracts	156	-	156	127	(29)
Driver Test Fees	111	-	111	107	(4)
Miscellaneous Revenue - Airports	6	-	6	34	28
Motor Vehicle Souvenir Plates	25	-	25	19	(6)
Motor Vehicles - Miscellaneous	1	-	1	12	11
Personalized Motor Vehicle Plates	11	-	11	6	(5)
Technical Brouchers	-	-	-	4	4
Age of Majority Cards	4	-	4	4	-
Motor Vehicle Accident Reports	1	-	1	2	1
	6,273	2	6,275	6,279	4
Transfer payments					
Administration Fees	71	51	122	56	(66)
Other Recoveries					
Rankin Inlet Forward Operations	-	400	400	400	-
Highway Maintenance - National Parks	90	5	95	69	(26)
Miscellaneous Highway Maintenance	-	-	-	19	19
Firearms Acquisition Certificate Photos	5	-	5	8	3
	95	405	500	496	(4)
	6,439	458	6,897	6,831	(66)

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1998
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Resources, Wildlife and Economic Development					
General Revenues					
Investment Interest	1,400	-	1,400	1,300	(100)
Timber Permits	1,872	-	1,872	963	(909)
Game Licences	750	-	750	866	116
Park and Visitor Sales	75	-	75	91	16
Outfitters and Guide Licenses	-	-	-	37	37
Campground User Fees	15	-	15	23	8
Establishment Licenses	35	-	35	14	(21)
Building Permits	2	-	2	4	2
Technical Brochures	-	-	-	1	1
	4,149	-	4,149	3,299	(850)
Other Recoveries					
MARS Agreement	500	-	500	333	(167)
Remote Sensing	50	-	50	55	5
Sundry	-	-	-	11	11
Yellowknife Crafts	-	-	-	1	1
	550	-	550	400	(150)
	4,699	-	4,699	3,699	(1,000)
Total Operations and Maintenance	\$ 1,145,507	\$ 862	\$ 1,146,369	\$ 1,284,576	\$ 138,207
CAPITAL					
Executive					
Financial Management Board Secretariat					
Sale of Staff Housing	\$ 17,000	\$ -	\$ 17,000	\$ 9,628	\$ (7,372)
Recoveries from the NWT Housing Corporation	-	-	-	4,089	4,089
	17,000	-	17,000	13,717	(3,283)
Municipal and Community Affairs					
Sale of Assets	-	-	-	108	108
Mobile Equipment	25	-	25	4	(21)
Road construction - Non Tax-Based	2	-	2	-	(2)
Granular Materials	6	-	6	-	(6)
Water and Sanitation	56	-	56	(10)	(66)
Site Development	-	-	-	(15)	(15)
Tundra Wetlands Sewage Treatment	-	-	-	(20)	(20)
Sport and Recreation	10	-	10	(113)	(123)
Public Buildings	9	-	9	(337)	(346)
	108	-	108	(383)	(491)

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1998
(thousands of dollars)

CAPITAL	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Public Works and Services					
Sale of Assets	300	225	525	262	(263)
Other Recoveries	-	-	-	62	62
Construction Recoveries	-	-	-	20	20
	300	225	525	344	(181)
Health and Social Services					
Other Recoveries	-	-	-	(203)	(203)
Justice					
Young Offenders Act -Minor Capital	59	-	59	-	(59)
Education, Culture and Employment					
Northern United Place Renovations	-	1,580	1,580	1,580	-
Other Recoveries	268	2,176	2,444	1,406	(1,038)
Other Construction Recoveries	-	-	-	(6)	(6)
	268	3,756	4,024	2,980	(1,044)
Transportation					
Strategic Transportation Improvement	1,014	-	1,014	1,245	231
Deline Runway Extension	-	200	200	200	-
Sale of Assets	-	-	-	-	-
	1,014	200	1,214	1,445	231
Total Capital	\$ 18,749	\$ 4,181	\$ 22,930	\$ 17,900	\$ (5,030)
Total Revenues	\$ 1,164,256	\$ 5,043	\$ 1,169,299	\$ 1,302,476	\$ 133,177

Schedule of Expenditures

for the year ended March 31, 1998
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Legislative Assembly						
Office of the Clerk	\$ 6,962	\$ 459	\$ -	\$ 7,421	\$ 7,207	\$ 214
Expenditures on Behalf of Members	4,535	-	-	4,535	4,180	355
Office of the Chief Electoral Officer	5	689	-	694	498	196
Commissioner of Official Languages	351	-	-	351	358	(7)
Office of the Speaker	146	-	-	146	110	36
	11,999	1,148	-	13,147	12,353	794
Executive						
Executives Offices						
Cabinet Secretariat	5,894	(214)	(146)	5,534	5,626	(92)
Ministers' Offices	3,646	226	266	4,138	4,082	56
Public Utilities Board	482	-	(120)	362	321	41
Commissioner's Office	226	-	-	226	148	78
	10,248	12	-	10,260	10,177	83
Ministry of Aboriginal Affairs	2,377	387	-	2,764	2,732	32
Financial Management Board Secretariat						
Directorate	21,146	183	44	21,373	22,303	(930)
Government Accounting	11,196	(701)	(79)	10,416	10,119	297
Human Resource Management	5,023	1,517	5	6,545	5,955	590
Audit, Budget and Evaluation	3,455	107	30	3,592	3,238	354
	40,820	1,106	-	41,926	41,615	311
	53,445	1,505	-	54,950	54,524	426
Finance						
Treasury	7,381	-	(300)	7,081	6,366	715
Directorate	713	133	300	1,146	1,145	1
Fiscal Policy	701	-	-	701	688	13
Bureau of Statistics	556	-	-	556	459	97
	9,351	133	-	9,484	8,658	826
Municipal and Community Affairs						
Regional Operations	-	672	62,867	63,539	62,025	1,514
Community Operations	-	691	8,977	9,668	9,578	90
Corporate Affairs	-	507	1,624	2,131	2,271	(140)
Community Development	61,622	2,770	(62,532)	1,860	1,879	(19)
Directorate	7,258	-	(6,233)	1,025	1,038	(13)
Community Monitoring and Evaluation	-	-	853	853	920	(67)
Emergency Services	-	153	572	725	763	(38)
Sports and Recreation	2,742	-	(2,742)	-	-	-
Community Planning and Lands	3,386	-	(3,386)	-	-	-
	75,008	4,793	-	79,801	78,474	1,327

Schedule of Expenditures

for the year ended March 31, 1998
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Public Works and Services						
Asset Management	64,890	(21,714)	(1,621)	41,555	39,088	2,467
Directorate	12,245	(2,850)	(345)	9,050	9,250	(200)
Project Management	5,784	(2,271)	1,859	5,372	5,024	348
Systems and Communications	753	(109)	107	751	660	91
	83,672	(26,944)	-	56,728	54,022	2,706
Health and Social Services						
Community Programs and Services	142,171	9,989	269	152,429	154,914	(2,485)
Support and Health Services Admin. Directorate	98,587	1,384	(451)	99,520	96,295	3,225
Directorate	1,446	-	182	1,628	1,873	(245)
	242,204	11,373	-	253,577	253,082	495
Justice						
Law Enforcement	28,265	195	(250)	28,210	28,178	32
Community Justice and Corrections	23,656	2,582	-	26,238	26,040	198
Registries and Court Services	9,346	310	-	9,656	8,953	703
Legal Services Board	4,852	-	-	4,852	5,395	(543)
Directorate	3,516	226	-	3,742	4,034	(292)
Lawyer Support Services	1,799	188	250	2,237	2,033	204
	71,434	3,501	-	74,935	74,633	302
NWT Housing Corporation	55,118	50	-	55,168	55,168	-
Education, Culture and Employment						
Educational Development	151,487	7,619	(233)	158,873	158,627	246
Culture and Careers	103,977	7,092	(267)	110,802	109,335	1,467
Directorate and Administration	3,957	230	500	4,687	4,764	(77)
	259,421	14,941	-	274,362	272,726	1,636
Transportation						
Airports	24,975	398	(92)	25,281	24,931	350
Highways	16,362	37	113	16,512	16,408	104
Corporate Services	7,970	638	(239)	8,369	8,557	(188)
Ferries	3,869	-	204	4,073	4,173	(100)
Motor Vehicles	2,211	-	14	2,225	2,179	46
Community Marine	169	56	-	225	106	119
Community Access Roads	75	-	-	75	90	(15)
Planning and Development	-	-	-	-	-	-
	55,631	1,129	-	56,760	56,444	316

Government of the Northwest Territories

Schedule 2
Continued

Schedule of Expenditures

for the year ended March 31, 1998
(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	50,133	11,582	2,325	64,040	62,776	1,264
Forest Management	27,484	(1,167)	(2,727)	23,590	23,444	146
Corporate Management	9,305	3,171	416	12,892	14,310	(1,418)
Environmental Protection Services	1,781	(15)	(14)	1,752	1,717	35
	88,703	13,571	-	102,274	102,247	27
Total Operations and Maintenance	\$ 1,005,986	\$ 25,200	\$ -	\$ 1,031,186	\$ 1,022,331	\$ 8,855
CAPITAL						
Legislative Assembly	\$ 540	\$ 100	\$ -	\$ 640	\$ 631	\$ 9
Executive						
Aboriginal Affairs	-	9	-	9	9	-
Financial Management Board Secretariat	-	2,110	-	2,110	1,322	788
	-	2,119	-	2,119	1,331	788
Municipal and Community Affairs						
Community Operations	-	4,980	24,912	29,892	22,656	7,236
Emergency Services	-	-	50	50	47	3
Sports and Recreation	4,974	-	(4,974)	-	-	-
Directorate	100	-	(100)	-	-	-
Community Planning and Lands	3,416	-	(3,416)	-	-	-
Community Development	16,472	-	(16,472)	-	-	-
	24,962	4,980	-	29,942	22,703	7,239
Public Works and Services						
Asset Management	1,883	861	-	2,744	2,100	644
Petroleum Products	1,952	342	-	2,294	2,086	208
	3,835	1,203	-	5,038	4,186	852
Health and Social Services	5,479	7,308	-	12,787	6,963	5,824
Justice	1,154	1,792	-	2,946	2,555	391
NWT Housing Corporation	43,217	-	-	43,217	43,217	-

Government of the Northwest Territories

Schedule 2
Continued

Schedule of Expenditures

for the year ended March 31, 1998
(thousands of dollars)

CAPITAL	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Education, Culture and Employment						
Educational Development	21,474	12,665	(193)	33,946	31,216	2,730
Culture and Careers	4,865	6,415	193	11,473	9,546	1,927
	26,339	19,080	-	45,419	40,762	4,657
Transportation						
Highways	12,572	571	161	13,304	13,277	27
Airports	13,185	2,417	(646)	14,956	13,061	1,895
Community Marine	2,828	507	207	3,542	3,600	(58)
Community Access Roads	750	121	396	1,267	1,161	106
Motor Vehicles	500	157	-	657	577	80
Ferries	50	326	(118)	258	176	82
	29,885	4,099	-	33,984	31,852	2,132
Resources, Wildlife and Economic Development						
Corporate Management	15	147	126	288	215	73
Forest Management	1,008	-	(50)	958	776	182
Resource Management and Economic Development	2,483	266	(70)	2,679	2,236	443
Environmental Protection	460	-	(6)	454	448	6
	3,966	413	-	4,379	3,675	704
Total Capital	\$ 139,377	\$ 41,094	\$ -	\$ 180,471	\$ 157,875	\$ 22,596
Total Expenditures	\$ 1,145,363	\$ 66,294	\$ -	\$ 1,211,657	\$ 1,180,206	\$ 31,451

Schedule of Recoveries of Prior Years' Expendituresfor the year ended March 31, 1998
(thousands of dollars)

DEPARTMENT	Over-Accruals	Recoveries of Valuation Allowances	Other Recoveries	Total
Legislative Assembly	\$ 3	\$ -	\$ 22	\$ 25
Executive	254	-	98	352
Finance	-	-	2,537	2,537
Municipal and Community Affairs	109	-	71	180
Public Works and Services	368	-	544	912
Health and Social Services	(2,137)	-	3,208	1,071
Justice	67	-	100	167
Education, Culture and Employment	911	-	1,184	2,095
Transportation	199	-	118	317
Resources, Wildlife and Economic Development	359	-	98	457
TOTAL	\$ 133	\$ -	\$ 7,980	\$ 8,113

Schedule of Grants

for the year ended March 31, 1998
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Executive						
Executive Offices						
Women's Initiatives	\$ 90	\$ -	\$ 5	\$ 95	\$ 93	\$ 2
NWT Literacy Council	-	-	4	4	4	-
National Aboriginal Achievement Foundation	-	-	1	1	1	-
	90	-	10	100	98	2
Aboriginal Affairs						
Metis Nation	225	-	-	225	225	-
	225	-	-	225	225	-
	315	-	10	325	323	2
Municipal and Community Affairs						
Grant in Lieu of Taxes	4,592	-	(818)	3,774	3,763	11
Senior Citizens & Disabled Property Tax	155	-	10	165	182	(17)
NWT Association of Municipalities	71	-	-	71	71	-
NWT Association of Municipal Administrators	5	-	-	5	5	-
Sport Organizations Grants	-	-	-	-	10	(10)
	4,823	-	(808)	4,015	4,031	(16)
Public Works and Services						
YWCA (Rockhill Apartments) (Grant-in-Kind)	-	260	-	260	260	-
Justice						
Aboriginal Court Challenges	40	-	-	40	-	40
Uniform Law Conference	3	-	-	3	3	-
Canadian Association of Provincial Court Judges	3	-	-	3	-	3
	46	-	-	46	3	43
Education, Culture and Employment						
Student Grants	12,458	-	(1,000)	11,458	10,114	1,344
Community Broadcasting Grants	117	-	-	117	120	(3)
Cultural Organizations	8	-	-	8	-	8
	12,583	-	(1,000)	11,583	10,234	1,349

Government of the Northwest Territories

Schedule 4
Continued

Schedule of Grants

for the year ended March 31, 1998
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Resources, Wildlife and Economic Development						
Nunavut Hunter Income Support Trust	3,000	-	-	3,000	3,000	-
Small Business Grants	532	500	(297)	735	703	32
Fur Price Program	495	-	26	521	481	40
Disaster Compensation (Forest Management)	100	-	-	100	28	72
Student Bursary	25	-	-	25	2	23
Disaster Compensation	15	-	-	15	10	5
Humane Trap Development	5	-	-	5	-	5
NWT Arctic Tourism	-	-	86	86	78	8
	4,172	500	(185)	4,487	4,302	185
Total Operations and Maintenance	\$ 21,939	\$ 760	\$ (1,983)	\$ 20,716	\$ 19,153	\$ 1,563
CAPITAL						
Public Works and Services						
Sale of Sanikluag Power Plant - NWTPC (Grant-in-Kind)	\$ -	\$ 225	\$ -	\$ 225	\$ -	\$ 225
Health and Social Services						
Donation of Staff Housing (Grant-in-Kind)	-	203	-	203	-	203
Transportation						
Surplus Trailers (Grant-in-Kind)	-	50	-	50	50	-
Total Capital	\$ -	\$ 478	\$ -	\$ 478	\$ 50	\$ 428
Total Grants	\$ 21,939	\$ 1,238	\$ (1,983)	\$ 21,194	\$ 19,203	\$ 1,991

Schedule of Contributions

for the year ended March 31, 1998
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Executive						
Executive Offices						
Status of Women Council	\$ 281	\$ -	\$ 15	\$ 296	\$ 296	\$ -
Native Women's Association	158	-	9	167	167	-
Executive Contributions	-	-	5	5	5	-
	439	-	29	468	468	-
Financial Management Board Secretariat						
Power Subsidy	6,820	-	-	6,820	6,618	202
Occupational Health and Safety	890	-	-	890	865	25
	7,710	-	-	7,710	7,483	227
Aboriginal Affairs						
Aboriginal Organizations	75	-	-	75	58	17
Self Government	20	-	-	20	20	-
Western Constitution	-	-	202	202	202	-
Inherent Right Working Group	-	-	50	50	50	-
	95	-	252	347	330	17
	8,244	-	281	8,525	8,281	244
Municipal and Community Affairs						
Municipal Operating Assistance Program	28,563	39	359	28,961	29,092	(131)
Water / Sewer Services Subsidy Program	9,183	-	702	9,885	9,857	28
Block Funding Transfer Payment	5,911	-	821	6,732	6,516	216
Settlement Operating Assistance Program	2,517	-	15	2,532	2,546	(14)
Community Empowerment Transfers	1,995	1,583	-	3,578	3,633	(55)
Municipal Equalization Transfer Payments	1,674	-	(815)	859	614	245
1998 Arctic Winter Games Hosting	370	-	15	385	375	10
Summer Pool Operating	367	-	-	367	252	115
Dene and Inuit Games	214	-	-	214	198	16
Fire Fighting Training	200	-	75	275	201	74
Community Empowerment	204	252	2,238	2,694	2,340	354
Intercommunity Sport Competition Prg.	165	-	9	174	172	2
Recreation Leaders Program Allowances	12	-	(12)	-	-	-
Northern Employment Strategy	-	1,500	-	1,500	1,180	320
	51,375	3,374	3,407	58,156	56,976	1,180
Public Works and Services						
Aurora College (Pre-Engineering)	-	-	-	-	50	(50)
	-	-	-	-	50	(50)

Government of the Northwest Territories

Schedule 5
Continued

Schedule of Contributions

for the year ended March 31, 1998
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Health and Social Services						
Boards of Management	157,153	10,412	6,232	173,797	170,214	3,583
Physician Specialist Services	5,035	-	472	5,507	6,111	(604)
Elders/Physically-Mentally Challenged	927	-	(865)	62	-	62
Community Wellness Programs	537	-	(120)	417	642	(225)
Addiction Programs	386	-	(271)	115	58	57
Health Awareness, Activities and Education	215	-	-	215	235	(20)
Child Sexual Abuse	200	-	(119)	81	8	73
Community Transfer / Social Services	100	-	-	100	-	100
Community Transfer / Feasibility Studies	98	-	-	98	-	98
Medical Professional Development	50	-	-	50	50	-
Group Liability Insurance Plan	50	-	-	50	50	-
Family Violence Prevention Services	40	-	(40)	-	22	(22)
Child Protection Legal Services	-	44	(44)	-	-	-
	164,791	10,456	5,245	180,492	177,390	3,102
Justice						
Legal Aid Clinics	1,680	-	-	1,680	1,567	113
Community Justice	918	-	140	1,058	975	83
Victims Assistance	379	-	(140)	239	180	59
Community Constable Program	-	-	90	90	59	31
	2,977	-	90	3,067	2,781	286
NWT Housing Corporation	55,118	50	-	55,168	55,168	-
Education, Culture and Employment						
Education Authority Contributions	138,695	8,256	(503)	146,448	146,047	401
College Contributions	26,048	3,395	869	30,312	30,110	202
Healthy Children Initiative	4,300	(750)	(688)	2,862	2,531	331
Town of Iqaluit	3,000	-	-	3,000	2,906	94
Investing in People	1,500	2,000	(150)	3,350	3,094	256
Community Income Support Delivery	1,410	-	-	1,410	-	1,410
NWTTA Professional Improvement Fund	1,320	-	-	1,320	1,179	141
Community Teacher Education Program	1,290	-	-	1,290	1,192	98
Early Childhood Program	1,197	-	-	1,197	1,291	(94)
Literacy Funding	581	-	-	581	537	44
Community Library Services	307	22	-	329	334	(5)
Cultural Organizations	239	-	-	239	232	7
Alternative Governance Structure	200	-	-	200	195	5
NWT Arts Council	193	-	-	193	183	10
Community Museums	172	-	-	172	182	(10)
Dene Language Programming	150	-	-	150	150	-
Native Communications	105	-	-	105	105	-
Cultural Enhancement	89	-	-	89	90	(1)
Oral Traditions Program	77	-	-	77	72	5
Northern Performers	75	-	-	75	80	(5)
Vocational Rehabilitation for Disabled Persons	45	-	-	45	48	(3)
	180,993	12,923	(472)	193,444	190,558	2,886

Government of the Northwest Territories

Schedule 5
Continued

Schedule of Contributions

for the year ended March 31, 1998
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Transportation						
Community Access Road	14	-	60	74	74	-
Aurora College	-	-	50	50	50	-
Hamlet of Rae - Edzo	-	-	4	4	4	-
	14	-	114	128	128	-
Resources, Wildlife and Economic Development						
Business Development Fund	6,938	5,000	333	12,271	12,108	163
NWT Development Corporation	6,111	1,303	1,624	9,038	9,037	1
Western Harvester Support Program	2,467	1,299	-	3,766	3,457	309
Community Futures	1,304	3,000	(150)	4,154	2,664	1,490
Community Harvesters Assistance Program	660	-	78	738	737	1
Commercial Fisheries	600	-	(37)	563	559	4
Industry Association Core Funding	467	-	964	1,431	1,431	-
Community Economic Development Officers	452	-	721	1,173	1,162	11
Local Wildlife Committees	358	-	373	731	673	58
Business Credit Corporation	305	-	60	365	365	-
Prospectors Assistance Program	155	-	(20)	135	81	54
Northern Accord Contributions	140	-	(32)	108	35	73
Wildlife Management Boards	111	-	38	149	149	-
Community of Fort Good Hope	91	-	-	91	82	9
Develop Impact Zones	85	-	(22)	63	-	63
Community Organized Hunts	29	-	1	30	30	-
Canadian Energy Research Institute	25	-	-	25	25	-
Support to the Fur Industry	15	-	10	25	25	-
Centre for Traditional Knowledge	-	-	50	50	50	-
Canadian Cooperative Wildlife Health Centre	-	-	10	10	10	-
Dechi Laot'l First Nations Band	-	-	52	52	52	-
Deh Cho First Nations	-	-	26	26	26	-
Demonstrations Projects	-	-	40	40	32	8
Dene Nation	-	-	8	8	8	-
Deninu Kue First Nation	-	-	60	60	59	1
Economic Development Agreement	-	-	-	-	15	(15)
First Nations Aboriginal Artist Festival	-	-	160	160	160	-
Fort Providence Resource Management Committee	-	-	3	3	3	-
Gameti First Nation	-	-	68	68	68	-
Inuit Tapirisat of Canada	-	-	31	31	30	1
Inuvuk Community Transfer Committee	-	-	68	68	68	-
John Bell Aboriginal Achievement	-	-	25	25	25	-
Metis Nation	-	-	60	60	60	-
Naegha Zhia Inc.	-	-	20	20	20	-
North Slave Metis Alliance	-	-	50	50	50	-
Nunavut Traditional Knowledge Workshop	-	-	25	25	25	-
NWT Snow Sculpting Team	-	-	5	5	5	-
Strings Across the Sky Foundation	-	-	5	5	5	-
West Kitikmeot Slave Study	-	-	340	340	339	1
Western Arctic Leadership Program	-	-	43	43	43	-
Yellowknife Youth Choir	-	-	10	10	10	-
	20,313	10,602	5,100	36,015	33,783	2,232
Total Operations and Maintenance	\$ 483,825	\$ 37,405	\$ 13,765	\$ 534,995	\$ 525,115	\$ 9,880

Government of the Northwest Territories

Schedule 5
Continued

Schedule of Contributions

for the year ended March 31, 1998
(thousands of dollars)

CAPITAL	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Municipal and Community Affairs						
Block Funding	\$ 4,444	\$ 1,055	\$ 510	\$ 6,009	\$ 6,024	\$ (15)
Water and Sanitation	1,852	160	(73)	1,939	952	987
Road / Site / Land	1,141	1,435	204	2,780	1,082	1,698
Sport and Recreation	858	251	782	1,891	1,418	473
Mobile Equipment	658	-	745	1,403	1,339	64
Community Planning	240	-	(3)	237	229	8
Surveys and Mapping	225	-	(7)	218	220	(2)
Public Buildings and Fire Protection	122	66	318	506	500	6
Granular Material	35	-	1	36	38	(2)
	9,575	2,967	2,477	15,019	11,802	3,217
Health and Social Services						
Community Programs and Services	1,877	4,030	1,232	7,139	3,446	3,693
Justice						
Wilderness Camps	92	550	-	642	512	130
NWT Housing Corporation	43,217	-	-	43,217	43,217	-
Education, Culture and Employment						
Various Organizations	2,082	5,817	138	8,037	7,234	803
Transportation						
Community Access Road	500	92	(27)	565	517	48
Marine Minor Works	100	-	8	108	108	-
	600	92	(19)	673	625	48
Total Capital	\$ 57,443	\$ 13,456	\$ 3,828	\$ 74,727	\$ 66,836	\$ 7,891
Total Contributions	\$ 541,268	\$ 50,861	\$ 17,593	\$ 609,722	\$ 591,951	\$ 17,771

Government of the Northwest Territories

Schedule 6

Schedule of Special Warrants

for the year ended March 31, 1998
(thousands of dollars)

	Purpose	Date of FMB Approval	Amount Authorized
OPERATIONS AND MAINTENANCE			
Legislative Assembly			
	To provide funding for the preparation and administration of the 1999 elections for the two new territories.	05-Dec-97	\$ 689
Executive			
Financial Management Board Secretariat			
	To fund the cost of collective bargaining and the Canadian Human Rights Commission Tribunal review of the UNW pay equity complaint.	17-Jul-97	1,578
Public Works and Services			
	To fund a Grant in Kind associated with the rental revenue and the provision of property management services for Rockhill Apartments.	05-Jun-97	260
Health and Social Services			
	To fund the continuation of the Employee and Family Assistance Program for the 1997-98 fiscal year.	02-Apr-97	216
Education, Culture and Employment			
	To fund consolidation of Aurora College, Yellowknife programs.	05-Jun-97	<u>920</u>
Total Operations and Maintenance			\$ <u>3,663</u>
 CAPITAL			
Legislative Assembly			
	To fund the advance of Phase 2 of the Capital Site Paving Program.	17-Jul-97	\$ 100

Schedule of Special Warrants

for the year ended March 31, 1998
(thousands of dollars)

CAPITAL	Purpose	Date of FMB Approval	Amount Authorized
Municipal and Community Affairs			
To carry over funding from 1996-97 to 1997-98 for the following projects:			
	Community office - Snare Lake		\$ 110
	Water treatment plant - Rae/Edzo		54
	Nuvuk Residential subdivision - Rankin Inlet		56
	Parking garage - Nahanni Butte		66
	Water reservoir - Trout Lake		128
	Fire hall - Lutsel K'e		450
	Community Centre - Fort Simpson		1,055
	Recreation centre retrofit - Tuktoyaktuk		252
	Arena retrofit - Norman Wells		95
	Above ground pool - Tulita		156
	Sewage lagoon - Grise Fiord		214
	Community hall - Sanikiluaq		247
	Residential land development - Resolute Bay		89
	Sewage treatment facility - Iqaluit		89
	Caribou Lift Station upgrade - Fort Smith	05-Jun-97	3,132
	To fund the replacement of the firehall, fire truck and fire fighting equipment in Fort Resolution which was destroyed by fire.	05-Jun-97	430
Public Works and Services			
To carry over funding from 1996-97 to 1997-98 for the following projects:			
	Sale of Old Northern Health property - Yellowknife (Grant - in - Kind)		225
	Office renovations - Fort Smith		400
	Office renovations - Baffin		80
	Office renovations - Keewatin		95
	Minor energy conservation projects - Inuvik		61
	To carry over funding from 1996-97 to 1997-98 for the following projects:		
	Fuel storage facility - Rae Lakes		143
	Upgrade tank farm - Sachs Harbour		59
	Tank farm expansion - Kimmirut	07-May-97	342
	To carry over funding from the 1996-97 fiscal year for the consolidation of Aurora College Yellowknife Programs.	05-Jun-97	258
	To carry over funding from the 1996-97 fiscal year for the consolidation of Aurora College Yellowknife Programs.	05-Jun-97	342
Health and Social Services			
To carry over funding from the 1996-97 fiscal year for the following projects:			
	Health centre renovation - Fort Resolution		9
	Program health facility - Rankin Inlet		50
	Health centre - Gjoa Haven		(4)
	Hospital replacement - Inuvik		1,587
	Hospital replacement - Iqaluit		2,305
	Alcohol and drug treatment centre storage - Baffin region		88
	Handicapped adult group home - Fort Smith	05-Jun-97	4,187

Schedule of Special Warrants

for the year ended March 31, 1998
(thousands of dollars)

Purpose	Date of FMB Approval	Amount Authorized
CAPITAL		
Health and Social Services (continued)		
To carry over funding from the 1996-97 fiscal year for the following projects:		
Health centre renovation - Fort Providence		360
Health centre renovation - Fort Resolution		374
Health centre renovation - Gjoa Haven	02-Apr-97	2,918
		<u>2,184</u>
Justice		
To carry over funding from 1996-97 to 1997-98 for the following projects:		
Community Empowerment and Wilderness Initiatives Programs		482
Dene K'onkia Young Offender Security upgrade		80
BCC Facility upgrade	02-Apr-97	1,062
		<u>500</u>
To carry over funding from 1996-97 to 1997-98 for completion of projects qualifying for Community Empowerment and Wilderness Initiatives contributions.	07-May-97	68
To provide funding for the upgrade and planning for replacement of the Dene K'onkia Young Offender Facility.	17-Jul-97	377
To fund the repair and restoration of the Uttaqivik Centre which was damaged by fire (Dec. 1996).	17-Jul-97	285
Education, Culture and Employment		
To fund the consolidation of Aurora College Yellowknife Programs.	05-Jun-97	600
To carry over funding from 1996-97 to 1997-98 for the following projects:		
Mission House - Baker Lake		51
Canada - NWT Infrastructure Program		135
Community Learning Centre - Hay River		129
Community Learning Centre - Fort Resolution		3
Community Learning Centre - Deline		49
Community Learning Centre - Clyde River		27
Building and Learning Strategy	07-May-97	652
		<u>258</u>
To provide funding to replace the Pangnirtung high school which was destroyed by fire.	02-Apr-97	8,087
To carry over funding from 1996-97 to 1997-98 for the replacement of the Fort McPherson school.	07-May-97	1,400
To carry over funding from 1996-97 to 1997-98 for the following projects:		
New and replacement vans and buses		70
School addition - Paulatuk		111
School - Pond Inlet		55
School addition - Arctic Bay		19
School renovations - Baker Lake		10
Lahm Ridge Tower renovations and move		42
New school - Rankin Inlet	07-May-97	1,429
		<u>1,122</u>
To fund tenant improvements to Northern United Place for the consolidation of the Aurora College campus.	05-Dec-97	1,080
To partially fund renovations related to the consolidation of the Aurora College Programs in the Northern United Place.	05-Dec-97	500
To fund the Federal Government's share of the Canada - NWT Infrastructure Program.	10-Nov-97	1,379

Government of the Northwest Territories

Schedule 6
Continued

Schedule of Special Warrants

for the year ended March 31, 1998
(thousands of dollars)

CAPITAL	Purpose	Date of FMB Approval	Amount Authorized
Transportation			
	To carry over funding from 1996-97 to 1997-98 for the Rankin Inlet Resupply Terminal Project.	02-Apr-97	250
	To carry over funding from 1996-97 to 1997-98 for the Rankin Inlet Resupply Terminal Project.	07-May-97	257
	To carry over funding from 1996-97 to 1997-98 for the following projects:		
	Airport upgrading - Coppermine		412
	Airport development - Fort Good Hope		22
	Air terminal replacement - Resolute Bay		195
	Power cable burial - Nanisivik		360
	Airport garage rehabilitation - Nanisivik		50
	Runway extension - Hall Beach		173
	Air terminal building replacement - Sanikiluaq		77
	Air terminal building replacement - Rankin Inlet		150
	Air terminal building replacement - Holman		50
	Airport relocation - Deline		97
	Snowblower rehabilitation - Clyde River		108
	Fire truck replacement - Yellowknife		<u>523</u>
		07-May-97	2,217
	To carry over funding from 1996-97 to 1997-98 for the following projects:		
	Baker Lake access road to Whitehills Lake		29
	Gjoa Haven access road to Taseejoyak Lake		45
	Aklavik Trail to Foothills		<u>47</u>
		07-May-97	121
	To carry over funding from 1996-97 to 1997-98 for the following projects:		
	Bridge rehabilitation - various		127
	Bridge replacement - Yellowknife River		51
	Reconstruction and paving - Hwy. 3		<u>343</u>
		07-May-97	521
	To carry over funding from 1996-97 to 1997-98 to replace crew trailers at the Liard Ferry Camp.	07-May-97	86
	To carry over funding from 1996-97 to 1997-98 for purchase of a mobile truck inspection unit.	07-May-97	157
	To fund the runway extension at the Deline airport. The net effect on government finances is nil, as offsetting recoveries will be received from the community and the federal government.	03-Sep-97	200
	To fund the reconstruction of the Arctic Red River Ferry Camp, destroyed by fire.	17-Jul-97	240
Resources, Wildlife and Economic Development			
	To carry over funding from 1996-97 for completion of the Pond Inlet Interpretive Centre. This funding was lapsed in 1996-97.	14-Aug-97	<u>50</u>
Total Capital			\$ <u>33,588</u>

Schedule of Inter-activity Transfers over \$250,000

for the year ended March 31, 1998
(thousands of dollars)

	Transfer to (from)	Explanation
OPERATIONS AND MAINTENANCE		
Municipal and Community Affairs		
Regional Operations	\$ 56,398	To reallocate funding between activities in accordance with the revised departmental accounting structure. The revised structure was approved subsequent to approval of the Main Estimates.
Community Operations	8,969	
Community Monitoring and Evaluation	2,269	
Corporate Affairs	1,963	
Emergency Services	599	
Community Development	(57,275)	
Directorate	(6,795)	
Community Planning and Lands	(3,386)	
Sport and Recreation	(2,742)	
Directorate	390	To transfer funding for phase II of the Legislative Review and to fund the new Assistant Deputy Minister, Community, Empowerment and Development
Community Development	(390)	
Community Operations	286	To transfer funding for Computer Chargebacks for the MAPROD (assessment) system on the main frame. It was anticipated that this system would be replaced during 1997-1998 and therefore was not included in the budget.
Community Monitoring and Evaluation	(286)	
Regional Operations	1,744	To reallocate funding for the Community Empowerment Initiative to the regional offices.
Community Monitoring and Evaluation	(1,744)	
Regional Operations	2,460	To reallocate funding for the Community Empowerment Initiative to the regional offices.
Community Empowerment	(2,460)	
Public Works and Services		
Project Management	1,488	To transfer funding for the electrical safety and gas and boiler safety tasks, transferred from the former Department of Safety and Public Services. The placement of these tasks was not finalized prior to the 1997-98 Main Estimates.
Asset Management	(1,488)	
Directorate	200	To transfer funding to provide for projected shortfalls due to severance costs.
Systems and Communications	150	
Asset Management	(350)	

Schedule of Inter-activity Transfers over \$250,000

Continued

for the year ended March 31, 1998
(thousands of dollars)

	Transfer to (from)	Explanation
OPERATIONS AND MAINTENANCE		
Public Works and Services (continued)		
Project Management	431	To adjust activity funding levels for salaries and wages after finalization of lay offs. All positions, to be eliminated in the 1997-98 year, had not been identified at the time of the completing the 1997-98 Main Estimates.
Asset Management	26	
Directorate	(414)	
Systems and Communications	(43)	
Health and Social Services		
Community Programs and Services	353	Transfer of funding to support the Keewatin Regional Health Board initiative to develop colposcopy, laboratory and mobile ultrasound services in the region. Funding for these services previously included in the Out of Territories Hospitals task budget.
Support and Health Services Administration	(353)	
Community Programs and Services	291	Transfer of funding for contributions to the Boards for introduction of changes to addiction programs and standards for the operation of community based Alcohol and Drug Programs.
Support and Health Services Administration	(291)	
Education, Culture and Employment		
Culture and Careers	718	To correct the allocation of funding transferred from Public Works and Services pursuant to the user say / user pay initiative.
Educational Development	(718)	
Directorate and Administration	500	To transfer funding to address projected shortfalls due to termination costs ; system costs ; lower than projected vacancy rate ; and implementation of the Digital Communication Network.
Educational Development	500	
Culture and Careers	(1,000)	
Transportation		
Highways	228	To correct the allocation of funding transferred from Public Works and Services pursuant to the user say / user pay initiative.
Ferries	34	
Motor Vehicles	7	
Corporate Services	(269)	

Government of the Northwest Territories
Schedule of Inter-activity Transfers over \$250,000

Schedule 7
 Continued

for the year ended March 31, 1998
 (thousands of dollars)

	Transfer to (from)	Explanation
OPERATIONS AND MAINTENANCE		
Resources, Wildlife and Economic Development		
Forest Management	375	Transfer of funding for leases for the Fort Smith and Hay River offices used in the Fire Program included in Corporate Management in the 1997-98 Main Estimates.
Corporate Management	(375)	
Resource Management and Economic Development	256	Transfer of funding to increase contributions to Local Wildlife Committees and Community Harvester Assistance Programs in an effort to partially restore funding to previous levels. Funding available in the Forest Management activity due to a favorable forest fire season.
Forest Management	(256)	
Resource Management and Economic Development	1,200	Transfer of funding to increase contributions to the NWT Development Corporations.
Forest Management	(1,200)	Funding available in the Forest Management activity due to a favorable forest fire season.
CAPITAL		
Municipal and Community Affairs		
Community Operations	24,862	To reallocate funding between activities in accordance with the revised departmental accounting structure. The revised structure was approved subsequent to approval of the Main Estimates.
Emergency Services	100	
Community Development	(16,472)	
Community Planning and Lands	(3,416)	
Sport and Recreation	(4,974)	
Directorate	(100)	

Schedule of Debenture Loans Receivable from Municipalities (Summary)

for the year ended March 31, 1998
(thousands of dollars)

	Original Amount	Principal Balance March 31, 1997	New Loans	Principal Repayments	Principal Balance March 31, 1998
Municipality of Yellowknife	\$ 18,456	\$ 11,546	\$ -	\$ 11,437	\$ 109
Yellowknife Catholic School Board	1,000	966	-	966	-
Municipality of Fort Smith	5,074	4,302	-	1,294	3,008
Municipality of Fort Simpson	353	163	150	12	301
Municipality of Hay River	7,755	4,914	-	4,914	-
Municipality of Inuvik	4,191	3,243	150	314	3,079
Municipality of Norman Wells	1,273	1,024	-	119	905
Municipality of Iqaluit	6,916	4,201	-	517	3,684
Municipality of Broughton Island	193	-	193	-	193
Municipality of Pangnirtung	94	-	94	94	-
Municipality of Pond Inlet	100	-	100	-	100
	45,405	30,359	687	19,667	11,379
Less : Valuation Allowance		983			876
	\$ 45,405	\$ 29,376	\$ 687	\$ 19,667	\$ 10,503

Government of the Northwest Territories

Schedule 8
Continued

Schedule of Debenture Loans Receivable from Municipalities

for the year ended March 31, 1998
(thousands of dollars)

	Year of Maturity	Interest Rate	Original Amount	Principal Balance March 31, 1997	New Loans	Principal Repayments	Principal Balance March 31, 1998
Municipality of Yellowknife							
130	1997	9.00	\$ 1,166	\$ 117	\$ -	\$ 117	\$ -
132	1997	8.75	334	33	-	33	-
174	2003	9.13	961	532	-	532	-
212	2002	9.00	6,589	4,078	-	4,078	-
214	2003	8.50	1,436	1,121	-	1,121	-
216	2001	7.74	4,590	2,945	-	2,945	-
220	2005	8.90	1,170	1,093	-	1,093	-
224	2005	9.25	750	167	-	58	109
225	2006	8.30	1,460	1,460	-	1,460	-
			18,456	11,546	-	11,437	109
Yellowknife Catholic School Board							
1	2014	10.70	1,000	966	-	966	-
Municipality of Fort Smith							
21	1997	9.00	140	14	-	14	-
43	2026	11.27	2,765	2,718	-	12	2,706
44	2008	8.80	335	216	-	216	-
45	2002	8.25	1,484	1,027	-	1,027	-
46	2005	9.15	350	327	-	25	302
			5,074	4,302	-	1,294	3,008
Municipality of Fort Simpson							
6	2006	9.00	136	107	-	8	99
7	2008	9.00	67	56	-	4	52
8	2007	6.50	150	-	150	-	150
			353	163	150	12	301
Municipality of Hay River							
66	2002	8.45	180	124	-	124	-
68	2001	9.00	496	73	-	73	-
72	2000	9.00	229	143	-	143	-
74	2002	8.45	794	592	-	592	-
75	2003	7.75	1,200	795	-	795	-
81	2001	8.25	30	23	-	23	-
82	2005	8.25	111	97	-	97	-
84	1997	8.25	33	12	-	12	-
85	1999	8.25	762	98	-	98	-
86	1999	8.25	228	37	-	37	-
87	2001	8.25	735	564	-	564	-
89	2005	9.10	2,200	1,613	-	1,613	-
90	2004	10.45	157	143	-	143	-
91	2006	8.30	400	400	-	400	-
92	2006	8.30	200	200	-	200	-
			7,755	4,914	-	4,914	-

Schedule of Debenture Loans Receivable from Municipalities

for the year ended March 31, 1998
(thousands of dollars)

	Year of Maturity	Interest Rate	Original Amount	Principal Balance March 31, 1997	New Loans	Principal Repayments	Principal Balance March 31, 1998	
Municipality of Inuvik								
5	Town hall / fire hall	2000	9.00	350	120	-	54	66
33	Refinance previous debentures	2005	8.25	944	723	-	166	557
34	Refinance previous debentures	2010	8.34	1,657	1,310	-	40	1,270
35	Recreation centre	2007	7.30	400	400	-	28	372
36	Recreation centre completion	2012	8.05	690	690	-	26	664
37	Recreation centre completion	2017	7.80	150	-	150	-	150
				4,191	3,243	150	314	3,079
Municipality of Norman Wells								
6	MacKenzie Drive Road upgrade	2010	9.00	183	162	-	5	157
7	Residential sub-division	1998	6.95	250	68	-	41	27
8	Refinance previous debentures	2011	8.25	490	444	-	13	431
9	Residential subdivision	2001	7.40	350	350	-	60	290
				1,273	1,024	-	119	905
Municipality of Iqaluit								
13	Local improvements	2011	9.00	298	261	-	9	252
14	Refinance previous debentures	2008	0.00	4,868	2,738	-	134	2,604
15	New expansion area, Phase IV (#1)	2013	9.50	750	510	-	76	434
16	New expansion area, Phase IV (#2)	2013	9.50	50	17	-	17	-
17	Expansion area, Phase IV	2005	9.65	300	277	-	214	63
18	Expansion area, Phase IV	2005	9.65	650	398	-	67	331
				6,916	4,201	-	517	3,684
	Less : Valuation Allowance			983				876
				6,916	3,218	-	517	2,808
Municipality of Broughton Island								
1	Land development	2007	7.50	193	-	193	-	193
Municipality of Pangnirtung								
1	Land development	2007	7.50	94	-	94	94	-
Municipality of Pond Inlet								
1	Land development	2007	7.50	100	-	100	-	100
				\$ 45,405	\$ 29,376	\$ 687	\$ 19,667	\$ 10,503

Schedule of Other Long-term Receivables

for the year ended March 31, 1998
(thousands of dollars)

	Principal Balance March 31, 1997	New Loans	Principal Repayments	Principal Balance March 31, 1998
Agreements for Sale	\$ 726	\$ -	\$ (172)	\$ 554
Offer to Purchase - Kekortak Co-Op, Gjoa Haven	200	-	-	200
	\$ 926	\$ -	\$ (172)	\$ 754

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

for the year ended March 31, 1998

ACCOUNTS RECEIVABLE WRITTEN OFF

Finance		Resources, Wildlife and Economic Development	
Lepine, Vern	\$ 1,805	Chaffe, Frank	2,900
	<u>1,805</u>	Enuapik, Guy	500
Municipal and Community Affairs		Komangipak, Kitty Panikpak	5,894
Akunnig Coop Ltd.	535	Patterson Enterprises Ltd.	<u>22,943</u>
Charlo, Charlie Estate of	<u>1,250</u>		<u>32,237</u>
	<u>1,785</u>	Total Accounts Written Off Over \$500	125,929
Health and Social Services		All Departments - Other Miscellaneous	
Aklavik Alcohol Action Committee	20,663	Accounts Less Than \$500	33,554
Fort Resolution Alcohol & Drug Program	23,354		
Friends Against Family Violence	<u>1,910</u>	Student Loan Interest Written Off	11,119
	<u>45,927</u>		
Justice		Accounts Forgiven, Not Previously Written	
Bolte, Beverly	1,500	Off 1997 / 98 Forgiveness	<u>21,574</u>
Ruman, Marie	20,000		
Vachon, Roxanne	<u>707</u>	Total Accounts Written Off	<u>192,176</u>
	<u>22,207</u>		
Education, Culture and Employment		Student Loan Fund	
Akikuluk, Sila	1,312	Ansley, Robert	6,790
Angohiatok, Sam	1,087	Beric, Aleksander	8,596
Bourque, Delores	675	Hess, Joseph	12,900
Catholique, Dianne	1,045	Mainville, Gerry	13,015
LeBlue, Bruce Edward	1,205	Martel, Joanne	8,550
MacKeinzo, Ronald Bobby	1,133	McDonald, Madeline	3,462
Mannuk, Silas	714	Rodh, Amy	7,311
McAllister, William John	1,233	Sawwyer, Therese	1,200
McConnel, Elizabeth	1,669	Sorenson, Jason	9,060
McKay, Frank	675	Weitsche, Minnie	<u>3,350</u>
McLeod, Fred	523		
Michel, Pauline	1,808	Total Loans Written Off	<u>74,234</u>
Mitchell, Brian Campbell	1,050		
Nungaq, Terry	2,108	Total Accounts and Loans Written Off	<u>\$ 266,410</u>
Palituq, Ootoovah	1,763		
Pissuk, Rosalie	700		
Quanaq, Anna	1,568		
Rogers, Rhoda J.	<u>1,700</u>		
	<u>21,968</u>		

FORGIVENESS

1997 / 98 Forgiveness \$ 21,788

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

for the year ended March 31, 1998

STUDENT LOAN REMISSIONS

Under the Student Financial Assistance Regulations, the Government may forego collection of students' loans, provided certain criteria are met. The students listed below, having met the academic and the employment or residency criteria, have qualified and been granted remission of their loans.

Adkins, Gabriele	\$ 1,714	Carpenter, Brook	2,456
Adkins, Gary	3,599	Carreau, Robert	1,599
Ait Ahmed, Lahoucine	2,972	Chalifoux, Brenda	3,079
Akavak, Pitsula	2,824	Chambers, Brian	2,329
Akittirq, Kango	6,763	Charlie, Annie	3,095
Alikatuktuk, Mary	2,049	Chatwood, Kirsty	1,480
Alivaktuk, Meeka	2,919	Cheema, Simervir	1,632
Allison, Kenneth	1,618	Chilibeck, Kerby	3,017
America, Cora	1,291	Christie-Williams, Emma	1,256
Amrow, Kelly	1,928	Cockney, Evelyn	3,092
Amrow, Kenneth Shep	4,648	Coedy, William	1,149
Anderson, Wanda	2,636	Cook, Sheila	2,000
Andrew, Jessie	1,406	Cook, Ty	584
Angilirq, Amelia	1,898	Cooke, Douglas	614
Angnakak, Marlene	2,008	Coote, Kelli	3,107
Angnetsiak, Martha	3,500	Corbeil, Andre	2,123
Arey, Verna	3,194	Corey, Grant	2,997
Arey, Mayvis	6,227	Cornes, Linda	3,628
Argue, Chris	1,841	Cousins, Salomie	4,038
Armstrong, Brian	3,210	Craig, John	2,162
Arreak, Geebowah	4,255	Cran, David	1,472
Ashton, Scott	1,832	Croizier, Mari	1,107
Ashton, Toderick	3,505	Cronman, Michelle	4,464
Atigilkyoak, Mavis	4,673	Cross, Dana	3,200
Attagutsiak, Eunice	2,985	Cucheran, Tim	1,253
Arnauyumayuq, Nuterajuk	3,308	Cumming, Louise	7,518
Aumond, Michael	3,013	Curran, Eletha	1,181
Baker, Margaret	5,747	Currie, Atara	1,750
Barnes, Keith	1,730	Cutten, Murray	1,508
Barr, Alison	1,841	Dargo, Pamela	4,400
Bawtinhimer, Karyne	1,816	Davies, Angela	2,609
Beaulieu, Debbie	2,107	Day, Clara	2,735
Beck, Louise	2,439	Dean, Shaun	3,587
Beebe, Ida	1,640	Deans, Tyler	1,799
Bell, Brendan	3,054	DeGrow, Azure	2,021
Bell, Craig	3,464	De Launiere, Marc	1,263
Benoit, Brenda	2,710	Delmage, Ronald	1,025
Bertolini, Alex	2,255	Delorey, Monique	1,398
Bevington, Nicholas	1,824	Deutschmann, Richard	6,400
Blondin-Forrest, Evelyn	3,251	Devereaux, Sheri	1,546
Boettger, Kirsten	2,200	Dewsbury, Neil	750
Bonnycastle, Colin	599	Dialla, Sheila	2,005
Bossert, Lisa	3,258	Dievert, Brent	879
Bouchard, Robert	2,768	Dievert, Leanne	945
Boudreau, Carol	1,906	Doyle, Marie	2,058
Boulanger, Joseph	1,689	Drover, Richard	3,275
Bourke, Shauna	5,771	Dumond, Sandra	1,878
Branch, Jennifer	2,519	Dunne, Terry	2,238
Brissette, Niconara	1,849	Dunn, Kevin	1,758
Brown, Ralph	3,079	Duval-Evic, Lucy	4,758
Brown, Tanya	2,284	Dwyer, Richard	2,755
Bryant, Melanie	1,873	Dyce, Michael	1,882
Bryant, Tracy	2,321	Edwards, Gladis	2,906
Bugg, Terri-Ann	962	Ectoolook, Mary	3,296
Bullock, Curtis	2,845	Ekenale, Alma	2,919
Burbidge, Brandi	1,488	Ekpakohak, Joanne	1,803
Burlingame, Todd	2,140	Elief, Freda	1,964
Cairns, Valerie	873	Elkin, Derek	3,046
Cameron, Marni	2,763	Elliott, Kristin	1,600
Cane, Myles	1,198	Ellis, Seth	4,373

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

Continued

for the year ended March 31, 1998

STUDENT LOAN REMISSIONS (continued)

Embodo, Isaac Jr.	1,410	Hewitt, Chris	1,689
Eskelson, Roslind	3,194	Heyland, Julie	2,189
Etungat, Phoebe	2,222	Hickey, Jeannie	3,214
Evans, Sylvie	4,911	Hiebert, Terrence	1,882
Eyakfwo, Celine	2,357	Higgins, Eelee	2,173
Falconer, Melody	2,008	Hodgkins, Andrew	3,403
Felix, Loretta	1,964	Hoffman, Nicole	928
Ferguson, Marian	563	Holmes, Naomi	1,939
Feria, Marites	2,104	Hopkins, Margo	2,952
Flaherty, Elisapee	3,145	Horn, Kory	527
Foddis, Walter	1,566	Horton, Mark	896
Forbes, Jason	1,997	Hostland, Craig	1,597
Forbes, Tom	1,788	House, Sheldon	1,316
Fournier, Renee	2,428	Howie, Jennifer	1,074
Fowler, Candace	2,145	Hughes, Theresa	607
Fowler, Sean	3,312	Humphreys, Bonnie	1,600
Francey, Judy	1,471	Hunt, Christopher	5,230
Fraser, Dora	5,497	Huskey, Mabel	2,500
Freeman, Daniel	1,600	Hustins, Lenora	2,883
Froese, Kelly	1,495	Hynes, Byron	4,400
Furtan, Jean	3,123	Ikkidluak, Annie	5,000
Gallagher, Lisa	2,587	Impett, Michael	803
Gamble, Jennifer	1,439	Inglis, Terry	2,600
Gard, Paul	1,033	Innuksuk, Michael	1,447
Gaudet, Martin	2,615	Irlbacher, Stephanie	3,628
Gauthier, Laurie	3,255	Jacobson, Jeanne	2,000
Gauthier, Neil	2,158	Jacobson, Jenny	4,406
Gauthier, Shauna	1,272	Jardine, Scott	2,549
Gee, Kendra	1,351	Jaworenko, Rocky	1,140
Gillis, Mary	2,960	Jeffred, Valerie	1,206
Gill, Cherri	6,054	Johnson, Karen	2,768
Gill, Michael	2,829	Johnston, Lynne	582
Golding, Linda	2,244	Johnston, Tracy	1,963
Goodzeck, Jonathan	3,649	Jones, Adrienne	3,399
Grandjambe, Janet	3,362	Jones, Barbara	2,895
Greenland, Heather	1,947	Jones, Chamberlain	3,534
Green, Cecilia	1,865	Jones, Gregory	1,212
Green, Joslin	2,189	Jones, Irene	3,277
Green, Paul	2,812	Joss, Sadie	2,694
Gruben, Gayle	1,533	Kaduck, Raymon	1,914
Gruben, Louisa	5,000	Kaeser, Christina	1,808
Grundy, Paul	2,456	Kallos, Sarah	1,988
Haener, Madelon	2,763	Kapicki, Brent	3,046
Haining, Margaret	2,287	Kapicki, Jodi	2,021
Haist, Kathleen	864	Karoo, Tikkiq	2,275
Halpin, David	2,148	Kaulbach, Craig	1,656
Handley, Michael	2,099	Kay, Ruth	2,780
Hanna, Mia	3,200	Keenainak, Licia	3,079
Harding, Peter	3,255	Keim, Andrew	4,143
Harker, Brooke	2,058	Kemeys-Jones, Shirley	3,293
Harney, Kami	2,382	Kenny, Angela	2,423
Hartery, Bruce	2,255	Keppel, Richard	6,747
Hartery, Keith	1,439	Khemani, Sonia	1,271
Hartop, Jason	4,757	Kilabuk, Sandra	1,763
Hartwig, Tara	1,401	Kobasiuk, Deana	1,849
Hart, Katherine	1,538	Kolothumkattil, Raghu	2,763
Hart, Robert	1,189	Komaksiutiksak, Jerry	1,632
Havioyak, Margaret	5,115	Korber, Dianne	824
Havioyak, Marjorie	3,750	Krause, Arnold	3,054
Hawick, Margaret	2,768	Krause, Michelle	3,054
Hazenberg, Melissa	1,767	Kroeger, David	4,400
Ha, Long	1,829	Kudloo, Cindy	4,788
Hellwig, Bryan	5,200	Kuniliusie, Maggie	3,321
Henrie, Bernadette	5,714	Kuppaq, Timothy	2,931
Hessian, Sharon	1,291	Lagore, David	1,873

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

Continued

for the year ended March 31, 1998

STUDENT LOAN REMISSIONS (continued)

Lamb, Frank	1,173	McNeil, Erin	1,000
Langlois, Colette	3,087	Melnyk, Sandra	2,115
Latour, Colinda	2,505	Menzies, Jennifer	2,738
Lau-a, Grace	2,947	Menzies, Laurel	2,911
Lau-a, Revi	1,148	Mercredi, Brenda	1,364
Laurell, Ari	3,103	Miller, Joseph	3,694
Lauzon, Catherine	2,340	Milne, David	3,000
Laws, Ian	2,878	Mounsey, Paul	1,380
Leclerc, Gail	2,062	Mount, Pierre	3,603
Leclerc, Marc	1,299	Muckpaloo, Iga	3,903
Lee, Nahum	2,000	Munro, Larry	2,378
Lee, Sandy	1,291	Naidoo, Mahendra	1,638
Lehmann, David	2,395	Nasogaluak, Joe	1,154
Lenoir, Martha	3,403	Nasrabadi, Jamal	2,779
Lester, Ginger	2,521	Neilsen, Stephen	824
Lewis, Lara	1,579	Nendsa, Christopher	2,862
Lindsay, Tonya	2,686	Nielsen, Stephen	1,898
Lines, Eileen	1,049	Nind, Ben	1,738
Look, Randall	3,263	Nolsoe, David	2,115
Lyall, Margaret	3,279	Northrop, Christie	4,895
Lyta, Nala	6,087	Nowdlak, Lena	2,082
MacIntyre, Joey	2,609	Nowicki, Karen	4,400
MacKay, Angus	3,444	Oh, Gyusook	1,275
MacKay, Christie	3,993	Oleekatalik, Jimmy	2,316
Mackie, Judy	2,771	Olsen, Richard	2,439
MacLellan, Mary Martha	2,200	Olsen, Shari	1,357
MacLellan, Pamela	1,533	O'Neill, Anna	3,095
MacLennan, Caralene	2,112	O'Rourke, Rochelle	2,123
MacPherson, Craig	2,132	O'Rourke, Sharon	2,969
Maher, Patrick	3,427	Osted, Poul	2,812
Mahussier, Michael	1,009	O'Toole, Colleen	2,656
Ma, David	799	Palluq-Atagoyuk, Jeela	2,829
Mah, David	1,915	Panipakoocho, Ely	3,395
Malmsten, Joseph	2,329	Parker, Teresa	712
Mandeville, Wendy	2,238	Pascal, Olive	1,862
Manickum, Mahendra	2,706	Paulette, Lesley	2,697
Mansell, Andrea	2,148	Pauloosie, Tina	3,012
Mantla, Alestine	1,645	Paulsen, Raeann	2,200
Mantla, Theresa	1,714	Peffer, Susan	5,058
Marcellais, Adilene	2,500	Pelechaty, David	2,809
Marchildon, Joy	849	Peleskei, Josip	1,980
Marchildon, Velma	2,132	Peterson, Amanda	1,857
Marchiori, Dennis	3,362	Peterson, Chad	2,136
Marinic, Anna	2,016	Peterson, George	880
Mark, Fay	1,301	Petrie, Gordon	3,071
Marlowe, Evelyn	2,804	Philip, Pauline	7,607
Mathison, Mike	3,390	Phillpot, Darha	2,411
Maw, Lester	2,590	Piers, Chris	4,117
Ma, David	1,697	Pipke, Victor	2,791
McCagg, Heather	6,099	Pollock, Kari	792
McClelland, Lisa	3,579	Pollock, Michael	1,944
McClelland, Richard	1,972	Posynick, Zoe	1,865
McCormick-Inch, Jennifer	1,222	Praamsma, Jennifer	2,025
McCowan, Wayne	1,939	Price, George	3,079
McCrackin, Melissa	2,464	Qamaniq, Susan	3,062
McDermott, Simon	566	Qanatsiaq, Nunia	2,112
McDonald, James	3,164	Qappik, Mary	2,312
McDonald, Trevor	3,488	Qaqasiq, Pia	6,697
McDougall, Thalie	671	Qaqqaq, Sarah	3,071
McGregor, Fiona	2,579	Quassa, Joanna	1,997
McKercher, Barbara	1,845	Quiring, Annette	3,382
McLean, Shawn	1,593	Qulaut, Patricia	3,005
McLeod, Douglas	1,423	Rabesca, Alice	4,656
McLeod, Lloyd William	14,722	Ramsay, David	3,173
McMahon, Lorena	2,534	Ramsay, Frank	4,400

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

for the year ended March 31, 1998

STUDENT LOAN REMISSIONS (continued)

Rapley, Patricia	2,677	Van Dine, Stephen	3,194
Rawlyck, Donna	4,400	Van Genne, Samantha	1,902
Readman, Tristan	1,318	Van Vliet, Carmen	1,140
Reddy, Michael	3,997	Vanthuyne, Cory	1,714
Reid, Anne	3,269	Varelas, Xaralabos	1,857
Rennie, John	2,395	Varkonyi, Joe	2,186
Rennie, Tanya	613	Versteeg, Lisa	1,857
Richinger, Lisa	2,964	Villebrun, Aretha	3,500
Ring, Larry	542	Villeneuve, Joyce	1,988
Robertson, Dean	2,603	Waddell, Randy	3,370
Robinson, Craig	3,464	Walker, Valoree	2,521
Rogers, Lena	898	Wallis, Stuart	703
Romans, Joanne	1,267	Ward, Terra	675
Rossignol, Kim	2,964	Warren, Brenda	1,959
Sallerina, Joanni	7,431	Wasykiw, Blaine	766
Sanderson, Pamela	1,954	Wasylycha, Jeff	1,439
Sanguin, Kevin	1,640	Wasylycia, Marianne	3,821
Santos, Anthony	1,600	Watier, Elizabeth	1,599
Sawchuk, Kimberly	2,000	Watts, Thomas	4,400
Scantland, Tanya	2,525	Weaver, Kevin	808
Schaub, Michelle	6,400	Westcott, David	1,632
Schauerte, Gary	1,816	Whane, Celine	2,441
Schofield, Haydn	601	Whelly, Sean	1,579
Schollar, Geraldine	1,008	White, Thomas	2,686
Schultz, Dana	1,914	Williams, Bethan	2,853
Scott, Kelsey	1,465	Wilson, Debra	3,689
Scott, Tania	1,840	Wilson, Diane	2,054
Sebastian, Carla	2,066	Wolfe, Brett	1,600
Semple, Annie	2,132	Wouters, Mark	<u>2,250</u>
Sherburne, Stephen	2,628		
Shirley, James	931		
Shott, Kevin	2,903	Total Loan Remissions over \$500	1,187,687
Smith, Ed	3,128		
Smith, Patricia	1,986		
Smith, Raphael	846	Miscellaneous Remissions under \$500.	<u>3,569</u>
Solowy, Loretta	1,189		
Sorensen, Meeka	2,214		
Sorensen, Ridd	2,021	Total Loan Remissions	<u>\$ 1,191,256</u>
Sorge, Timothy	634		
Speight, Beverly	2,886		
Speight, Gary	1,266		
Spry, Steven	1,382		
Stephen, Susan	3,090		
Stirling, Lynn	2,947		
St. Jean, Janne	2,832		
Sumcad, Cygni	1,980		
Sutherland, Robert	1,269		
Tait, Christopher	3,051		
Takolik, Sarah	2,288		
Tessier, Joselyn	3,255		
Thody, Lyall	2,288		
Thody, Pamela	1,956		
Tordoff, Rodney	3,321		
Trytten, Melodie	1,906		
Tucktoo, Selena	3,927		
Tulugarjuk, Susan	3,337		
Turner, David	1,824		
Turvey, Amanda	1,873		
Tweed, James	1,873		
Tweed, Jennifer	2,340		
Uluadluak, Nancy	1,462		
Ungalaq, Mary	2,382		
Usherwood, Helene	1,964		
Uyarak, Louise	7,308		
Vail, Roger	1,808		

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

for the year ended March 31, 1998

STUDENT LOANS REMITTED ON DEBTS DUE TO
BANKRUPTCY, DEATH OR SETTLEMENT
(MAY INCLUDE INTEREST)

Easingwood, Brian	18,584
Krushelniski, Steve	10,605
Leclerc, Remy	8,158
Livolsi, Denis	5,904
Norwich, Kimberly	3,427
Slocum, Brian	7,873
Williamson, Peter	<u>1,505</u>
Total	\$ <u>56,056</u>

STUDENT LOANS REMITTED ON DEBTS PREVIOUSLY WRITTEN OFF DUE TO
BANKRUPTCY, DEATH OR SETTLEMENT
(MAY INCLUDE INTEREST)

Boyd, Joanne	\$ 10,643
Easingwood, Brian	4,410
Herter, Aaron	7,942
Hilchey, Michael	838
Mander, Shelly	1,262
Mercredi, Keith	3,972
Monette, Donald	951
Nowdlak, Debra Lynn	18,022
Overbo, Jason	4,880
Pearson, David	1,027
Ross, David	5,700
Selnes, Linda	5,679
Sproule, Sidney	6,251
Wells, Terry	1,387
White, James	<u>1,832</u>
Total	\$ <u>74,796</u>

Schedule of Inventory Write-offs and Deletions over \$500

for the year ended March 31, 1998

Petroleum Products

\$ 903,340

Schedule of Recoveries of Debts Previously Written Off

for the year ended March 31, 1998

Legislative Assembly		Health and Social Services (continued)	
Fraser, Peter	\$ (300)	Oksokitok, Harry	150
	<u>(300)</u>	Pascal, John	88
		Payne, Paul	400
Finance		Rawlyk, Roger	100
Astra Tech Services	28	Rowland, Yvonne	100
Innualik, Roger	39	Sanderson, James	45
Voigt, Alex	76	Sibbeston, Irene	100
	<u>143</u>	Wasserman, Eugene	45
		Wedzin, Alfred	161
			<u>4,758</u>
Municipal and Community Affairs		Justice	
Gonet, John	375	Beck, Stanley	154
Hess, Joseph	400	Bourke, David O.	28
Horassi, George	45	Cardinal, Amos	(12)
Inuktalik, Donald	70	Deneyoua, Dennis	10
Kilabu, Adam Pudloo	132	Desjarlais, Joseph	8
Pameok, Leo and Susan	18	Desjarlais, Yvonne	45
Papik, David Estate of	250	Ekendia, Charlie	30
Weyallon, Leon	20	Excalibur Services	(711)
	<u>1,310</u>	Football, Maryann	6
		Hala, Michael	128
Public Works and Services		Hodgson, Norman	30
Arragutainaq, Billy	37	Hope, Thomas	45
Arragutainaq, Lucass	581	Niditchie, George	100
Blake, Fred A. Jr.	41	Oscar, Gordon	15
Cookie, Annie	62	Paneak, Loseosie	393
Cookie, Johnnie Jr.	503	Payne, Paul	1,000
Gruben, Eileen	450	Pierrot, Frank	56
Haogak, Charlie	160	Selamio, Alvin	196
Kaludjak, Noel	353	Stewart, Patrick E.	84
Kavik, Annie	31	Weston, Donald	400
Mathewsie, Adamie	53		<u>2,005</u>
Novalinga, Zacharias	145		
Sala, Alec	23	Education, Culture and Employment	
Samayualie, Animeoq	247	Akpalialuk, Joamie	142
	<u>2,686</u>	Arrowmaker, Johny	105
Health and Social Services		Barry, Jennifer Lynn	1,120
Beamish, David	2	Berton Enterprises	510
Boulet, Sarah	53	Brownridge, Robin Alan	4,987
Bourke, Patricia	50	Desjarlais, Dorothy	45
Browning, Rodger	24	Desjarlais, Joseph Andrew	520
Butterworth, David	17	Dunford, Gary	5,200
Cummings, Ernestine	200	Dyck, Carol Ann	725
Delorme, Richard	100	Evans, Patricia Lynn	461
Dolan, Sandra	100	Eyeqetok, Sanda	1,524
Duchesne, Mary Anne	200	Fraser, Dawn Melissa	280
Ehrenreich, Christin	300	Gargan, Sandra	190
Gardlund, Walter	100	Gauvin, Carol Rose	1,677
Gon, Jesse	42	Goose, Beatrice	206
Gresl, Lori	107	Grandejambe, Cynthia	356
Heron, Barbara	100	Gruben, Louisa	560
Hudson, Emily	110	Hardisty, Howard	1,873
Hunt, Susan	149	Huskey, Richard	44
Johnson, Mia	85	Inuvik Drummers	200
King, Billy	2	Ishulutak, Pitsiulaq	523
King, Dennis	50	Kabvitok, Lucien	23
King, Joseph	8	Kakfwi, Irene	75
Lafferty, Lori	100	Kakkee, Oolanie	264
Lafferty, Michel	98	Kay, Margaret Jane	100
MacDonald, Curtis.	100	Kelshall, Marcella	32
Maxwell, James	1,070	Kilabuk, Noah	132
McNeely, John	34	Koonark, Susan	188
McNeely, Maurcen	100	Kreelak, Mary	15
Miller, Julie	268	Kuniliusie, Mina	1,000

Schedule of Recoveries of Debts Previously Written Off

for the year ended March 31, 1998

Education, Culture and Employment (continued)

Lafferty, Lori J.	1,275
Lobb, Wayne Murray	104
Makpah, Hilarie	223
Miller, Sandra Mae	3,859
Moore, Rosalyn	650
Morfitt, Keith	596
Paneak, Adamie	355
Pellissey, Wilson	30
Peryouar, William	100
Pierrot, Barbara E.	116
Qavavau, Akalayok	185
Sangris, Narcisse	275
Schmitz, Michelle Charlotte	1,635
Stewart, Kurt Alexis	25
Tavalok, Abel	338
Tuccaro, Raylene Dawn	76
Unka, Cheryl Lynn	50
Walsh, Loretta Ann	606
Wood, Cecilia	161
Yakalaya, Valerie	449
Yallee, Alvin M.	100
	<u>34,285</u>

Transportation

Burke, Roy	60
Ekenale, Alma	<u>2,600</u>
	<u>2,660</u>

Total Debts Recovered **\$ 47,547**

Schedule of Overdue Travel Advances

as at March 31, 1998

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

Municipal and Community Affairs

Gagnon, Michael A.	\$ 150
Gillis, Donald	200
Norberg, Gordon	400
Kupeuna, Pamela	531
	<u>1,281</u>

Public Works and Services

Algona, James K.	360
Wyness, Bill	300
	<u>660</u>

Health and Social Services

Fraser-McKay, Winnie	272
	<u>272</u>

Justice

Angottitauruq, Michael	120
	<u>120</u>

Education, Culture and Employment

Williams, Chuck	450
Kuniliusie, Mina	306
Ashevak, Oloosie	259
Shouldice, Jacqueline Kukik	650
	<u>1,665</u>

Transportation

Aliyak, Uriah	1,010
Herman, Bruce	1,010
Ittinuar, David Ollie	600
	<u>2,620</u>

Resources, Wildlife and Economic Development

Hancock, Greg	482
Kakfwi, Stephen	240
Matthews, Douglas	1,930
Laraque, Marlene-Helene M.	395
Robinson, Juanita	1,500
Sorenson, Lynda	360
Ballantyne, Birgit	300
Lockhart, Tom	400
Isiah, Mary	200
Hicks, Jack	898
	<u>6,705</u>

Total Overdue Travel Advances \$ 13,323

Schedule of Lease Commitments

for the year ended March 31, 1998
(thousands of dollars)

		1999	2000	2001	2002	2003	2004-2017	Total
Yellowknife	Commercial	\$ 6,089	\$ 5,650	\$ 4,177	\$ 3,964	\$ 3,964	\$ 22,526	\$ 46,370
	Residential	667	667	667	667	667	3,482	6,817
		6,756	6,317	4,844	4,631	4,631	26,008	53,187
Fort Smith	Commercial	1,066	1,041	909	601	507	4,822	8,946
	Residential	38	24	24	24	24	282	416
		1,104	1,065	933	625	531	5,104	9,362
Inuvik	Commercial	783	591	528	404	404	2,760	5,470
	Residential	480	465	424	410	410	4,291	6,480
		1,263	1,056	952	814	814	7,051	11,950
Baffin	Commercial	574	505	227	129	48	276	1,759
	Residential	4,585	3,094	3,093	2,750	1,777	14,212	29,511
		5,159	3,599	3,320	2,879	1,825	14,488	31,270
Keewatin	Commercial	807	765	702	418	330	3,643	6,665
	Residential	3,183	3,183	3,073	2,796	2,774	19,164	34,173
		3,990	3,948	3,775	3,214	3,104	22,807	40,838
Kitikmeot	Commercial	932	927	873	873	873	1,953	6,431
	Residential	1,384	953	926	883	840	4,020	9,006
		2,316	1,880	1,799	1,756	1,713	5,973	15,437
		\$ 20,588	\$ 17,865	\$ 15,623	\$ 13,919	\$ 12,618	\$ 81,431	\$ 162,044

Schedule of Guarantees and Indemnities

for the year ended March 31, 1998
(thousands of dollars)

	1998	1997
Loans payable by the Northwest Territories Housing Corporation to Canada Mortgage and Housing Corporation and Canada	\$ 88,400	\$ 89,718
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 February 27, 2026	20,000	20,000
Debenture series issued by the Northwest Territories Power Corporation		
a) maturing May 1, 2025	7,838	7,891
b) maturing October 1, 2025	7,856	7,910
c) maturing September 1, 2026	8,893	8,956
	\$ 207,987	\$ 209,475

Schedule of Projects for Canada and Others - Expenditures Recovered

for the year ended March 31, 1998

Legislative Assembly

Electorial Boundaries	\$	168,299
Gender Parity		131,449
		299,748

Executive**Executive Offices**

Employee on Secondment		60,987
French Language Services		1,015
		62,002

Ministry of Aboriginal Affairs

Nunavut Land Claim Implementation		201,836
Gwich'in Land Claim Implementation		137,960
Employees on Secondment		130,142
Sahtu Land Claim Implementation		112,304
Inuvialuit Land Claim Implementation		76,303
		658,545

Financial Management Board Secretariat

Human Resource Management Implementation for the Nunavut Territory		1,010,135
French Language Services		2,887
		1,013,022
		1,733,569

Finance

Children's Health Survey		30,000
French Languages Services		2,118
		32,118

Municipal and Community Affairs

Nunavut Territory Incremental Costs		8,406,878
Nunavut Land Claim Implementation		1,035,861
Nunavut Unified Human Resources Development		364,210
Employees on Secondment		227,934
Disaster Assistance Cost - Salt Plains		147,000
Search and Rescue Education		80,000
Gjoa Haven School Extension		41,795
French Languages Services		4,169
		10,307,847

Schedule of Projects for Canada and Others - Expenditures Recovered

for the year ended March 31, 1998

Public Works and Services

Accommodation Services, Building and Vehicle Maintenance, and Utilities for Aurora and Nunavut Arctic College	1,192,036
Divisional Education Councils	417,140
Employees on Secondment	64,451
French Languages Services	45,100
Rankin Inlet Tailings Pond	9,098

1,727,825

Health and Social Services

The Brighter Futures Program	6,708,366
Pre-natal Nutrition Program	888,227
Northern Native Alcohol and Drug Addiction Program	457,256
Health Centres and Hospitals	177,138
Human Contaminant Trends in the NWT	141,564
French Language Services	64,336
Training for Medical Interpreting	50,000

8,486,887

Justice

French Language Services	402,775
Statue Revision	133,000
TFN Implementation	127,100
Estates Clerk	74,700
CSG Implementation	69,000
Maintenance Enforcement	50,500
Lawyer for the NWT Housing Corporation	50,000
Sahtu Implementation	48,200
Law Foundation	48,000
Child Support	25,000
Gwich'in Implementation	20,784
Law Society	20,000
LF Computer	15,000
OPAC Database	10,000

1,094,059

Education, Culture and Employment

Community Access Program	10,752,458
Language Services and Promotion	1,439,203
Geographic Place Names	1,150,000
Infrastructure Support	1,130,200
University and College Entrance Program	461,000
SAIP Program	65,000
Sahtu Agreement	62,553
Museum Exhibit Upgrading	41,646
Conservation Assistant	20,800
Archives Conservation Project	20,600
TFN Agreement	17,494
Archives Backlog	11,198
Collection Management	10,000
Gwich'in Agreement	4,333

15,186,485

Schedule of Projects for Canada and Others - Expenditures Recovered

for the year ended March 31, 1998

Transportation

Community Aerodrome Radio Services	4,258,051
Coast Guard Facilities Maintenance Services	924,648
Road Maintenance	373,153
NavCan Occupancy Agreement	204,589
Yakut - Sakha Assistance Agreement	176,969
National Safety Code Funding Agreement	128,944
Airport Mapping	101,000
Cambridge Bay Chipseal Project	65,331
Fort Smith Chipseal Project	21,176
French Language Services	9,400
Hay River Corridor	5,021

6,268,282

Resources, Wildlife and Economic Development

Nunavut Land Claim Implementation	2,603,198
Nunavut Implementation	456,389
Nunavut Wildlife Management Board	345,000
West Kitikmeot Management Board	219,950
Sahtu Implementation	184,302
Gwich'in Implementation Funding	127,078
AES	96,400
Nunavut Tunngavik Incorporated	62,296
PAS Development	50,000
North Slave Metis Alliance	46,822
Protected Area Strategy	40,000
Bison Control Program	26,638
Waterfowl Banding Program	18,013
Aboriginal Languages	10,400
Gwich'in Renewable Resources Board	10,000
Biological Resources Fur Program	7,980
National Parks	7,018
French Language Services	4,800
Tundra Science Camp	2,500

4,318,784

\$ 49,455,604

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SECTION III
SUPPLEMENTARY FINANCIAL STATEMENTS

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**WORKERS' COMPENSATION BOARD
(NORTHWEST TERRITORIES)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1997

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March 27, 1998

Management's Responsibility for Financial Reporting

Management of the Workers' Compensation Board is responsible for the preparation, integrity and objectivity of the financial statements and related information presented in this annual report. The financial statements have been prepared in accordance with generally accepted accounting principles and have been approved by the Board of Directors. Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

Management has developed and maintains books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the *Workers' Compensation Act* and regulations, the *Financial Administration Act* and regulations, and policies of the Board. The Board of Directors ensures that management fulfills its responsibilities for financial reporting, internal control and safeguarding assets.

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

The Auditor General of Canada annually provides an independent objective 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 respects, in accordance with the specified legislation.

Coles Hewitt, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of actuarial valuations of future claims and pension liabilities of the Workers' Compensation Board.

Gerry Meier
President

John W. Doyle
Director,
Financial Services

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, 1997 and the statements of operations, reserves and changes in cash flow 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, 1997 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 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
27 March 1998

WORKERS' COMPENSATION BOARD (Northwest Territories)

Balance Sheet

as at December 31, 1997

(thousands of dollars)

ASSETS

	<u>1997</u>	<u>1996</u> (restated-see note 3)
Cash and short-term deposits (notes 4a, 4b)	\$ 2,965	\$ 5,799
Assessments receivable	3,602	2,490
Accrued interest receivable	548	626
Other accounts receivable	997	2,057
Investments (notes 4a, 4c, 4e)	206,835	181,928
Property and equipment (note 5)	5,228	4,512
	<u>\$ 220,175</u>	<u>\$ 197,412</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 1,822	\$ 1,352
Deferred revenue (note 11c)	240	375
Lease obligations payable (note 6a)	3,410	3,565
Assessments refundable	2,026	2,287
Benefits liability (notes 7, 8 ,and 10a)	162,025	159,406
	<u>\$ 169,523</u>	<u>\$ 166,985</u>

RESERVES

Catastrophe reserve	\$ 9,800	\$ 4,900
Safety incentive rate reduction reserve	642	363
Operating reserve	35,710	25,164
Special Reserve	4,500	-
	<u>50,652</u>	<u>30,427</u>
	<u>\$ 220,175</u>	<u>\$ 197,412</u>

CONTINGENCIES (Note 10)

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, 1997
(thousands of dollars)

REVENUES	<u>1997</u>	<u>1996</u> (restated-see note 3)
Investment revenue (note 4d)	\$ 23,929	\$ 17,635
Assessments	23,255	23,543
GNWT contribution (note 11c)	1,077	1,237
Recoveries (note 11b)	<u>461</u>	<u>1,670</u>
	<u>\$ 48,722</u>	<u>\$ 44,085</u>
EXPENSES		
Cost of claims (note 7)		
Current year's claims	\$ 17,619	\$ 18,924
Prior years' claims	(2,238)	6,680
Actuarial Revaluation (note 8)	<u>5,033</u>	<u> </u>
Total Claims	20,414	25,604
Administration and general (schedule)	<u>8,083</u>	<u>6,725</u>
	<u>\$ 28,497</u>	<u>\$ 32,329</u>
INCOME FROM OPERATIONS	<u>\$ 20,225</u>	<u>\$ 11,756</u>
TRANSFERS		
Transfer to catastrophe reserve	\$ 4,900	\$ 150
Transfer to safety incentive rate reduction reserve	279	363
Transfer to operating reserve	10,546	11,243
Transfer to special reserve	<u>4,500</u>	<u> </u>
	<u>\$ 20,225</u>	<u>\$ 11,756</u>

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, 1997
(thousands of dollars)

CATASTROPHE RESERVE	<u>1997</u>	<u>1996</u> (restated-see note 3)
Balance at the beginning of the year	\$ 4,900	\$ 4,750
Transfer from operations	4,900	150
Balance at the end of the year (note 9)	<u>\$ 9,800</u>	<u>\$ 4,900</u>
 OPERATING RESERVE		
Balance at the beginning of the year	\$ 25,164	\$ 13,921
Transfer from operations	10,546	11,243
Balance at the end of the year (note 9)	<u>\$ 35,710</u>	<u>\$ 25,164</u>
 SAFETY INCENTIVE RATE REDUCTION RESERVE		
Balance at beginning of the year	\$ 363	\$ -
Transfer from Operations	279	363
Balance at the end of the year	<u>\$ 642</u>	<u>\$ 363</u>
 SPECIAL RESERVE		
Balance at beginning of year	\$ -	\$ -
Transfer from Operations	4,500	-
Balance at the end of the year	<u>\$ 4,500</u>	<u>\$ -</u>

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

WORKERS' COMPENSATION BOARD (Northwest Territories)

Statement of Cash Flow
for the year ended December 31, 1997
(thousands of dollars)

	<u>1997</u>	<u>1996</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from:		
Employers, for assessments	\$ 23,350	\$ 24,791
Investment revenue	8,402	7,981
	<u>31,752</u>	<u>32,772</u>
Cash paid to:		
Claimants or third parties on their behalf	14,945	15,121
Suppliers, for administration and other goods and services	9,222	6,227
	<u>24,167</u>	<u>21,348</u>
Net cash provided by operating activities		
Amounts payable	<u>7,585</u>	<u>11,424</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Cash received from:		
Sales and maturities of investments	<u>966,905</u>	<u>800,172</u>
Cash paid for:		
Purchases of investments	976,185	812,823
Purchases of capital assets	1,139	352
	<u>977,324</u>	<u>813,175</u>
Net cash provided (used) by investing activities	<u>(10,419)</u>	<u>(13,003)</u>
Net increase (decrease) in cash and cash equivalents	(2,834)	(1,579)
Cash and cash equivalents, beginning of year	<u>5,799</u>	<u>7,378</u>
Cash and cash equivalents, end of year	<u>\$ 2,965</u>	<u>\$ 5,799</u>

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, 1997

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, with the amalgamation of the Occupational Health and Safety division of the Department of Safety and Public Services of the Government of the Northwest Territories and the Board, 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.

As a result of the amalgamation, the mandate of the Board has been expanded to include accident prevention. The new Prevention Services Division is responsible for developing safety awareness and for monitoring safety in the workplace.

2. Accounting Policies

The significant accounting policies are as follows:

(a) Investments

Fair value is determined as follows:

- . for equity investments and marketable fixed term investments, fair value is the closing value on the appropriate exchange at December 31 of the applicable year.
- . for foreign currency assets, the fair value is the value in Canadian dollars based on the closing currency exchange rate on December 31 of the applicable year.

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 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 included with investment income.

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 expenses 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, 1997

(b) 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.

(c) 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.

(d) 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; and
- 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.

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.

(e) 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.

(f) 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, 1997

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

(g) Safety Incentive Rate Reduction reserve

Under the Safety Incentive and Rate Reduction (SIRR) policy, implemented by the Board in 1996, special assessments are levied on employers whose claims costs exceed assessment revenues over a three year period. These special assessment revenues are transferred to the SIRR reserve. Up to 25% will be used to enhance safety programs, with the balance used to reduce future assessment rates. The SIRR reserve was created by Board approval.

(h) Special reserve

In addition to the Catastrophe and Operating reserves, the Board created a special reserve of \$4,500,000 for the one time impact of events such as division of the Territories, which are not catastrophic but are beyond the Board's control.

(i) 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 liability of the Board and are recognized in the accounts on a current basis.

Employee termination benefits will be paid upon resignation or retirement of employees. The fair value of termination benefits approximates their carrying value.

(j) 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.

3. Restatement - Correction in Prior Year

There was \$2.67 million in unrecorded interest and gains on sales of fixed term investments in 1996 that should have been recognized as investment revenue in 1996. The disclosed fair value as reported in note 4 was correct however a portion of the unrealized gains included in fair value should have been recognized as income in 1996. The 1996 financial statements have been restated as follows:

Increase to investment revenues	\$ 2,670
Increase to operating reserve, 1996	<u>2,670</u>
Increase to Investments	<u>\$ 2,670</u>

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1997

4(a) Investments, Cash and Short Term Deposits

The Board's investment target asset mix is as follows:

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

(b) Cash and Short Term Deposits

The Board invests in the short term money market. The overall yield of this portfolio is 2.7% at December 31, 1997. 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. Fair value approximates carrying value. Included is C\$927,613 in foreign currency.

(c) Investments

	1997		1996	
	(thousands of dollars)			
	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Fixed term investments				
Pooled funds	\$ 88,701	\$ 94,003	\$ 80,720	\$ 85,689
Other	27,057	33,792	28,164	34,433
	<u>115,758</u>	<u>127,795</u>	<u>108,884</u>	<u>120,122</u>
Equity investments	79,955	109,938	71,111	92,708
Investments maturing within one year	<u>11,122</u>	<u>11,122</u>	<u>1,933</u>	<u>1,933</u>
TOTAL	<u>\$ 206,835</u>	<u>\$ 248,855</u>	<u>\$ 181,928</u>	<u>\$ 214,763</u>

Included in the carrying values is an unamortized gain of \$38,721 for 1997 and \$27,660 for 1996.

The maturity periods of the other fixed investment portfolio as at December 31, 1997 are as follows:

	<u>Fair Value</u>
	(thousands of dollars)
One to five years	8,163
Five to ten years	10,014
Over ten years	15,615

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1997

(d) Investment Revenue

	1997		1996	
	(thousands of dollars)			
	Interest/ Dividends Revenue	Gains/ (Losses)	Interest/ Dividends Revenue	Gains/ (Losses)
Fixed term investment	\$ 9,264	\$ 2,096	\$ 7,759	\$ 1,283
Equity investments	2,798	10,234	2,050	6,728
Investments maturing within one year	219	-	141	109
TOTAL	\$ 12,281	\$ 12,330	\$ 9,950	\$ 8,120
Total Investment Revenue		\$ 24,611		\$ 18,070
Less: Investment Fees		(759)		(743)
Add: Interest on Cash and Short Term Deposits		77		308
Total Investment Revenue		\$ 23,929		\$ 17,635

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:

	1997	1996
Fixed term investments	10.3%	12.7%
Foreign equities	24.0%	21.7%
Canadian equities	22.6%	34.4%

(e) 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 minimize the cost of capital and optimize yields for the Board, while sustaining acceptable levels of risk.

The only derivative financial instruments used are forward currency contracts, which all mature within 90 days of the year end. Total unrealized loss at December 31, 1997 is \$10,734 which is included in gains and losses of the corresponding investments in accordance with the investment policy (note 2(a)).

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1997

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

(thousands of dollars)

Currency	Total Investments in \$Cdn (fair value)	DFI	1997 Net Exposure	1996 Net Exposure
United States	\$ 31,311	\$ -	31,311	\$ 23,424
Australia	1,386	49	1,337	1,685
Finland	-	-	-	204
France	544	-	544	336
Germany	1,627	378	1,249	258
Hong Kong	395	-	395	270
Indonesia	231	-	231	1,033
Ireland	231	-	231	425
Italy	415	-	415	249
Japan	3,970	1,574	2,396	453
Malaysia	130	-	130	1,027
Mexico	176	-	176	179
Netherlands	1,861	31	1,830	671
Phillipines	59	-	59	139
Portugal	38	-	38	-
Singapore	977	-	977	1,732
Spain	319	-	319	449
Sweden	-	-	-	185
Switzerland	3,217	1,332	1,885	425
Thailand	-	-	-	457
United Kingdom	7,930	1,333	6,597	7,001
Totals	\$ 54,817	\$ 4,697	\$ 50,120	\$ 40,602

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1997

5. Property and Equipment

	1997		1996	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
	(thousands of dollars)			
Furnishings	\$ 1,505	\$ 1,168	\$ 1,309	\$ 978
Equipment - Purchased	249	-	176	-
Leasehold improvements	2,503	458	1,633	437
Office space - Leased	4,242	1,645	4,242	1,433
	\$ 8,499	\$ 3,271	\$ 7,360	\$ 2,848
Less accumulated amortization	\$ (3,271)		\$ (2,848)	
Net Book Value	\$ 5,228		\$ 4,512	

6. Lease

(a) Capital Lease Obligations

The Board is committed to payments of \$435,765 per annum under a 14 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.

(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.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1997

7. Benefits Liability

	1997				1996	
	(thousands of dollars)					
	Medical Aid	ompen- sation Capitalization	Pension Capitalization	Pension Awards	Total	Total
Balance, Beginning of Year	\$ 19,303	\$ 16,436	\$ 22,602	\$ 101,065	\$ 159,406	\$ 151,533
Claims Expenses						
Current year	4,448	6,235	6,419	517	17,619	18,924
Prior year	(529)	(2,939)	(2,238)	3,468	(2,238)	6,680
Liability transfer - capitalizations			(5,941)	5,941	-	-
Actuarial Revaluation	(1,885)	1,988	3,541	1,389	5,033	
Recoveries from third parties	-	522	-	-	522	156
	21,337	22,242	24,383	112,380	180,342	177,293
Less: Claims payments made						
Current year injuries						
Claims payments	827	1,175		57	2,059	2,565
Claims management	903	1,283		2	2,188	1,130
Prior years' injuries						
Claims payments	2,599	2,735		7,815	13,149	13,244
Claims management	312	328		281	921	948
	4,641	5,521		8,155	18,317	17,887
Balance, End of Year	\$ 16,696	\$ 16,721	\$ 24,383	\$ 104,225	\$ 162,025	\$ 159,406

WORKERS' COMPENSATION BOARD (Northwest Territories)

Notes to Financial Statements
for the year ended December 31, 1997

8. Actuarial Valuation

Valuations by the actuary indicate that as at December 31, 1997:

- the future claims liability of \$57,800,000 is sufficient to meet both the future costs of reported claims, and the cost of unreported claims.
- the future pension liability of \$104,225,000 is sufficient to meet the calculated liabilities.

Changes in the methods and assumptions employed by the actuary for the valuation of the future claims liability and the future pension liability at December 31, 1997, resulted in an aggregate increase in the liabilities of \$5,033,000. This amount is included in the above figures.

9. Catastrophe and Operating Reserve

The Board is fully funded at the end of 1997 and is able 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 1997 is \$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 1997 is \$4,700,295 and hence 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 (see note 2(f)).

10. Contingencies

(a) Widow's Pensions

Changes to the Workers' Compensation Act proposed for 1997 would continue pension payments to widows after remarriage. An allowance of \$3,534,000 for continuation of pensions to widows currently receiving pensions is included in the Benefits Liability. An 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 Receivable

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

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1997

\$696,538. Settlement of legal claims are recognized in the year in which the settlement occurs. Legal claims settled during 1997 resulted in recoveries of \$522,000 (1996 - \$156,000).

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

(c) Pay Equity

The Union of Northern Workers filed an equal pay complaint against the Government in March 1989 with the Canadian Human Rights Commission (CHRC). The dispute has been referred to a Canadian Human Rights Tribunal for a decision.

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

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 1997.

	1997	1996
	(thousands of dollars)	
Government of the Northwest Territories	\$ 1,537	\$ 1,678
Public Agencies	\$ 255	\$ 283

(b) The Government of the Northwest Territories provided a reimbursement to the Board for hunters and trappers claims of \$461,496 (1996 - \$1,669,565).

(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, 1997

Amounts paid as contributions are as follows:

	1997	1996
	(thousands of dollars)	
Revenue	\$ 1,077	\$ 1,237
Deferred revenue	240	375
Total paid in 1997	\$ 1,317	\$ 1,612

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

	1997	1996
	(thousands of dollars)	
Government of the Northwest Territories 11.00% maturing June 23, 1998	\$ 152	\$ 318
Northwest Territories Power Corporation 11.00% maturing March 9, 2009	\$ 666	\$ 641
11.125% maturing June 6, 2011	\$ 1,382	\$ 1,299
9.375% maturing May 12, 2014	\$ 1,248	\$ 1,152
Northwest Territories Legislative Assembly Building Society 13.00% Series A, maturing August 31, 2013	\$ 609	\$ 575

(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 current year.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Schedule of Administration and General Expenses
for the year ended December 31, 1997

	1997	1996
	(thousands of dollars)	
Salaries, wages and allowances	\$ 5,414	\$ 4,873
Professional services	1,673	877
Office lease and renovations	878	635
Employer's share of benefits	785	618
Travel	671	402
Amortization building/leasehold	231	300
Board Members	404	234
Office services and supplies	200	215
Communications	275	164
Amortization furnishings and equipment	192	161
Grants	122	114
Advertising and public information	128	85
Office furnishings and equipment	154	79
Miscellaneous	44	35
Computer lease and services	22	11
	\$ 11,193	\$ 8,803
 Less:		
Allocations to claims management	3,110	2,078
	\$ 8,083	\$ 6,725

Report to the
Minister of Education, Culture
and Employment
on the accounts and financial statements of the
AURORA COLLEGE
for the year ended June 30, 1998

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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 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, who 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.

Chuck Parker
President

Edith Weber
Bursar/Chief Financial Officer

Fort Smith, Canada
September 4, 1998

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, 1998 and the statements of operations and equity 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 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, 1998 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 by-laws of the College.

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

Ottawa, Canada
4 September 1998

AURORA COLLEGE
BALANCE SHEET
as at June 30, 1998
(thousands of dollars)

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
Cash	\$ 705	\$ 2,641
Accounts receivable (note 3)	1,720	1,039
Prepaid expenses	159	162
Capital assets (note 4)	<u>3,238</u>	<u>1,011</u>
	<u>\$ 5,822</u>	<u>\$ 4,853</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 1,408	\$ 903
Due to the Government of the Northwest Territories (note 5)	939	508
Employee leave liability	666	656
Deferred revenue	7	59
Employee termination benefits	<u>847</u>	<u>899</u>
	<u>3,867</u>	<u>3,025</u>
<u>EQUITY</u>		
Equity (note 6)	<u>1,955</u>	<u>1,828</u>
	<u>\$ 5,822</u>	<u>\$ 4,853</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

Chuck Parker
President

Bob Simpson
Chairperson of the Finance Committee

Edith Weber
Bursar/Chief Financial Officer

AURORA COLLEGE
STATEMENT OF OPERATIONS AND EQUITY
for the year ended June 30, 1998
(thousands of dollars)

	<u>1998</u>	<u>1997</u>
REVENUE		
Contributions	\$ 18,130	\$ 15,921
Project Income	5,101	4,679
Tuition fees	984	857
Room and board	548	583
Investment income	91	133
Other	<u>244</u>	<u>244</u>
TOTAL REVENUE	<u>25,098</u>	<u>22,417</u>
EXPENSES		
Salaries, wages and benefits	12,561	12,035
Contract services	5,887	4,834
Materials and supplies	2,043	1,620
Utilities	1,919	1,143
Travel and accommodation	972	913
Fees and payments	600	712
Communication, postage and freight	589	510
Amortization	<u>400</u>	<u>309</u>
TOTAL EXPENSES	<u>24,971</u>	<u>22,076</u>
SURPLUS	127	341
EQUITY AT BEGINNING OF YEAR	<u>1,828</u>	<u>1,487</u>
EQUITY AT THE END OF YEAR	<u>\$ 1,955</u>	<u>\$ 1,828</u>

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

AURORA COLLEGE

STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended June 30, 1998
(thousands of dollars)

	<u>1998</u>	<u>1997</u>
Operating activities		
Surplus	\$ 127	\$ 341
Items not requiring an outlay of cash		
Employee leave benefits	10	86
Employee termination benefits	(52)	134
Amortization	<u>400</u>	<u>309</u>
	485	870
Change in non-cash operating assets and liabilities	<u>206</u>	<u>678</u>
Cash used for operating activities	691	1,548
Investing activities		
Acquisition of capital assets	<u>(2,627)</u>	<u>(266)</u>
Increase/Decrease in cash	(1,936)	1,282
Cash at beginning of period	<u>2,641</u>	<u>1,359</u>
Cash at end of period	<u>\$ 705</u>	<u>\$2,641</u>

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

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

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 western 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.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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 - 50%
Leasehold improvements	10 - 33.33%
Building Additions and Renovations	5%

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

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.

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.

Contributions

Contributions from the Government of the Northwest Territories are the amounts set out in the Government's Main Estimates and represent the majority of the base funding for the College to cover its expenditures. Contributions are recognized on the statement of operations and equity in the year in which the related expenses are recognized.

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.

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.

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.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

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.

3. ACCOUNTS RECEIVABLE

	(thousands of dollars)		1998	1997
Accounts Receivable	Allowance	Net	Net	Net
Contracts				
- GNWT	\$ 1,108	\$ -	\$1,108	\$ 246
- Other	512	47	465	627
Students	241	112	129	150
Advances	18	-	18	16
	<u>\$1,879</u>	<u>\$ 159</u>	<u>\$ 1,720</u>	<u>\$ 1,039</u>

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

4. CAPITAL ASSETS

	(thousands of dollars)		1998	1997
Cost	Accumulated Amortization	Net Book Value	Net Book Value	Net Book Value
Furniture and equipment	\$ 506	\$ 315	\$ 191	\$ 205
Mobile equipment	1,197	635	562	620
Leasehold improvements	657	113	544	186
Building renovations	1,991	50	1,941	-
	<u>\$ 4,351</u>	<u>\$ 1,113</u>	<u>\$3,238</u>	<u>\$1,011</u>

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

5. RELATED PARTY TRANSACTIONS

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

The College is required to reimburse the Department of Public Works and Services 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 and recruitment costs of the College's employees.

The transactions with departments are as follows:

<u>Department</u>	<u>Fees charged by service departments during the year (thousands of dollars)</u>		<u>Amount outstanding as at June 30 (thousands of dollars)</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
Department of Public Works and Services	\$1,745	\$ 2,158	\$ 304	\$ 325
FMBS - employee benefits	136	307	37	-
- payroll			593	118
Other departments	<u>118</u>	<u>206</u>	<u>5</u>	<u>65</u>
	<u>\$1,999</u>	<u>\$ 2,671</u>	<u>\$ 939</u>	<u>\$ 508</u>

The FMBS and the Department of Finance provide, without any charge, services which include the processing of payroll and the provision of insurance and risk management.

The College also receives, without any charge, legal counsel from the Department of Justice, internal audit services from the FMBS, construction management from the Department of Public Works and Services and translation services from the Department of Education, Culture and Employment.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

Other related party transactions include:

	<u>1998</u> (thousands of dollars)	<u>1997</u> (thousands of dollars)
Department of Education, Culture and Employment		
Contribution	\$18,130	\$15,921
Courses and projects	2,207	1,701
Project income for courses delivered for other		
Government departments	1,292	871

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

6. 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 equity balance includes a \$46,338 reserve for research and development, a \$126,483 reserve for the maintenance and replacement of heavy equipment, a \$117,000 reserve for program delivery and a \$15,427 donation reserve.

7. 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)
1999	\$1,735
2000	1,735
2001	1,716
2002	1,698
2003	<u>1,663</u>
	<u>\$ 8,547</u>

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

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 failures which could affect an entities 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.

9.COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the method of Financial Statement presentation adopted for the current year.

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**NORTHWEST TERRITORIES POWER CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 1998**

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. The Northwest Territories Power Corporation is regulated by the Public Utilities Board of the Northwest Territories, which also examines and approves its accounting policies and practices. Consolidated financial statements include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated 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, that assets are acquired economically, are used to further the Corporation's aims, are protected from loss or unauthorized use 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. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

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

The Board of Directors appoints certain of its members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.

Leon Courneya, CA
President & CEO

Christine A. Jackson, CA
Vice President, Finance & CFO

Hay River, NT
May 22, 1998

AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Power Corporation

I have audited the consolidated balance sheet of the Northwest Territories Power Corporation as at March 31, 1998 and the consolidated statements of earnings and retained earnings, and changes in financial position 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, 1998 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 Corporation and its wholly-owned subsidiaries and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned 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 Power Corporation Act* and the by-laws of the Corporation and its wholly-owned subsidiaries.

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

Ottawa, Canada
May 22, 1998

NORTHWEST TERRITORIES POWER CORPORATION
Consolidated Statement of Earnings and Retained Earnings
for the year ended March 31, 1998
(\$000's)

	1998	1997
Revenues		
Sale of power	\$ 93,809	\$ 95,255
Sale of heat	2,918	4,124
Other	3,381	3,213
	<u>100,108</u>	<u>102,592</u>
Expenses		
Fuel and lubricants	28,118	33,963
Salaries and wages	23,165	22,311
Supplies and services	14,178	14,615
Amortization of capital assets	8,217	7,111
Travel and accommodation	3,050	3,208
Amortization of deferred charges (Note 7)	602	690
	<u>77,330</u>	<u>81,898</u>
Earnings from operations	<u>22,778</u>	<u>20,694</u>
Allowance for funds used during construction	284	450
Interest income	3,327	2,935
	<u>3,611</u>	<u>3,385</u>
Earnings before interest expense	26,389	24,079
Interest expense (Note 4)	15,879	14,973
Net earnings	10,510	9,106
Retained earnings at beginning of period	53,848	50,596
	64,358	59,702
Dividend (Note 5)	6,261	5,854
Retained earnings at end of period	<u>\$ 58,097</u>	<u>\$ 53,848</u>

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION
Consolidated Statement of Changes in Financial Position
for the year ended March 31, 1998
(\$000's)

	1998	1997
Cash provided by (used for)		
Operating Activities		
Net Earnings	\$ 10,510	\$ 9,106
Items not requiring an outlay of funds		
Amortization expense	8,819	7,801
Amortization of deferred fuel	-	2,434
Allowance for funds used during construction	<u>(284)</u>	<u>(450)</u>
	19,045	18,891
(Increase) decrease in operating working capital	(1,007)	3,940
Decrease in Capital Replacement Reserve Fund	(624)	(151)
Expenditures on Site Restoration	<u>(371)</u>	<u>(628)</u>
Cash from operations	<u>17,043</u>	<u>22,052</u>
Investing Activities		
Expenditures on property and equipment	(11,387)	(42,477)
Proceeds on disposal of property and equipment	233	402
Increase in deferred charges and other assets	(2,013)	(1,018)
Increase in loan receivable	0	15,911
(Decrease) increase in net obligation of lease	<u>(548)</u>	<u>3,464</u>
	<u>(13,715)</u>	<u>(23,718)</u>
Financing Activities		
Proceeds from short term debt	4,810	-
Repayment of long term debt	(5,520)	(5,752)
Proceeds from long term debt	375	9,000
Sinking fund instalments	(2,661)	(1,437)
Dividend	<u>(6,261)</u>	<u>(5,854)</u>
	<u>(9,257)</u>	<u>(4,043)</u>
Decrease during the period	(5,929)	(5,709)
Cash and short-term investments at beginning of period	<u>6,864</u>	<u>12,573</u>
Cash and short-term investments at end of period	<u>\$ 935</u>	<u>\$ 6,864</u>

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION
Consolidated Balance Sheet
as at March 31, 1998
(\$000's)

ASSETS

	1998	1997
Current Assets		
Cash and short-term investments	\$ 935	\$ 6,864
Accounts receivable	15,859	16,663
Prepaid expenses	1,199	782
Inventories	<u>15,485</u>	<u>14,351</u>
	33,478	38,660
Property and equipment (Note 6)	224,397	220,179
Deferred charges and other assets (Note 7)	3,910	2,508
Sinking Fund (Note 8)	<u>5,585</u>	<u>2,924</u>
	<u>\$ 267,370</u>	<u>\$ 264,271</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

	1998	1997
Current liabilities		
Bank indebtedness and short-term debt	\$ 4,810	\$ -
Accounts payable and accrued liabilities	13,377	13,532
Capital Replacement Reserve Fund (Note 10)	2,583	3,207
Current portion of long-term debt (Note 11)	5,538	5,520
Dividend payable	<u>6,261</u>	<u>5,854</u>
	32,569	28,113
Long-term debt		
Long-term debt (Note 11)	119,774	124,937
Net lease obligation (Note 9)	<u>2,916</u>	<u>3,464</u>
	122,690	128,401
Deferred credits and other liabilities (Note 12)	10,885	10,780
Shareholder's equity (Note 13)	<u>101,226</u>	<u>96,977</u>
	<u>\$ 267,370</u>	<u>\$ 264,271</u>
Commitments (Note 14)		

Approved on behalf of the Board:

 Pierre R. Alvarez
 Chairman

 Gordon Stewart
 Director

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Consolidated Financial Statements
March 31, 1998
(\$000's)

1. Authority and Operations

The Corporation operates under the authority of the Northwest Territories Power Corporation Act and the Financial Administration Act and is a Crown corporation of the Government of the Northwest Territories.

The Corporation operates diesel and hydroelectric production facilities to provide utility services on a self-sustaining basis in the Northwest Territories. The Corporation is regulated by the Public Utilities Board of the Northwest Territories (PUB).

The Corporation is exempt from income tax.

Division of Territory

The Government of the Northwest Territories has entered into an agreement to divide the Northwest Territories into two separate territories, effective April 1, 1999. The Corporation has proposed that it will remain one company, serving two territories, after the division. Shares in the Corporation will be split between the two governments. No agreement has been reached and the full impact of division has not been determined.

2. Accounting policies

A summary of the significant accounting policies follows:

Consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and include the accounts of the Corporation and its wholly-owned subsidiaries NWT Energy Corporation Ltd., and 923204 N.W.T. Ltd.

NWT Energy Corporation Ltd., under the authority of the Northwest Territories Power Corporation Act, provided construction and project financing to the Dogrib Power Corporation for the construction of a 4.3 MW hydro facility on the Snare River which commenced operation August 1996. 923204 N.W.T. Ltd. has a 50% Joint Venture in Aadrii Ltd., a company that owns and operates a district heating system in Fort McPherson, NWT.

Revenue

Utility revenues are recognized on the accrual basis and include an estimate of services provided but not yet billed.

Cash and short-term investments

The Corporation invests in a conservative short-term investment fund which is restricted to investments of very low risk. Investments earned an average of 5% interest.

Inventories

Fuel and lubricants are valued at the lower of average cost and net realizable value. Materials and supplies are valued at the lower of cost and replacement cost.

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Consolidated Financial Statements
March 31, 1998
(\$000's)

2. Accounting policies (continued)

Property and equipment

Property and equipment, excluding that donated to the Corporation, is recorded at original cost and includes materials, direct labour and certain overheads associated with the project. Capital costs include an allowance for funds used during construction which provides for a return on capital at a rate approved by the PUB.

Property and equipment donated to the Corporation are recorded at their estimated fair value less accumulated amortization.

Amortization

Amortization of property and equipment is provided on a straight-line average group useful life basis, at rates which are approved by the PUB and which include a provision for future removal and site restoration costs, net of salvage value. The provision for future removal and site restoration costs, net of salvage value, is based on estimates, which, by their nature, are subject to measurement uncertainty.

On retirement or sale of assets, the accumulated depreciation is charged with the cost of the retired unit, net disposal costs and site restoration costs. Gains or losses arising from exceptional circumstances are included in earnings.

Amortization rates are as follows:

Electric Power Plants	1.3 - 5.0%
Transmission and distribution systems	1.9 - 5.0%
Buildings and equipment	2.6 - 9.9%
Other utility assets	5.0%
Other	20.0%

Deferred charges

Financing costs relating to the issue of long-term debt are amortized on a straight-line basis over the remaining term of the related debt. Regulatory costs are amortized on a straight-line basis over a period not exceeding three years. The Reserve for Injuries and Damages are deferred costs representing emergency repairs to equipment and have not been included in the rate base.

The Snare Cascades deferral account was established to offset the impact on utility rates resulting from the Snare Cascade project being added to the rate base. The additional costs of the asset, net of savings from displaced diesel generation, are amortized over five years, to be amortized over the following ten years.

Sinking Fund

The Corporation records sinking fund investments at par value. The difference between the cost and the par value of each investment is recorded as a premium or discount and is amortized over the remaining life of the investment. Any gain or loss on disposal is credited or charged to operations.

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Consolidated Financial Statements
March 31, 1998
(\$000's)

2. Accounting policies (continued)

Capital Replacement Reserve Fund

The excess of revenues over expenditures, in the operation of the Inuvik Water and Sewer system are placed in the Capital Replacement Reserve Fund. Capital expenditures of the utility are charged against this fund.

Deferred credits

Deferred credits reflect donations of assets and contributions to aid in the construction and acquisition of property and equipment, and are amortized on the same basis as the related property and equipment.

Pension plan

Contributions are made by the Corporation and its employees to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

Stabilization Funds

In January 1997, the PUB approved the establishment of water and fuel stabilization funds to mitigate the impact on utility rates of unexpected changes in fuel prices, changes from average water levels and fluctuations in hydro generation. The balance in the fund is accounted for by excesses and deficiencies, which accumulate until specified limits are reached, at which time rates are increased or decreased to bring the fund to anticipated levels.

3. Regulatory matters

The Corporation is regulated by the PUB, which administers acts and regulations covering such matters as rates, financing, accounting, construction, operation, and service area. The PUB may award interim rates, subject to final determination.

4. Interest expense

	1998	1997
Interest on long-term debt:		
Sinking Fund debentures	\$ 9,600	\$ 9,576
Capital lease	2,603	1,676
Debentures	2,370	2,029
Promissory note	724	1,313
	<u>15,297</u>	<u>14,594</u>
Other interest	582	379
	<u>\$ 15,879</u>	<u>\$ 14,973</u>

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Consolidated Financial Statements
March 31, 1998
(\$000's)

5. Dividend

Pursuant to the Northwest Territories Power Corporation Act, the Government of the Northwest Territories directed the Corporation to declare a dividend of \$6,261 (1997-\$5,854).

6. Property and equipment

	<u>Cost</u>	<u>1998 Accumulated Amortization</u>	<u>Net Book Value</u>	<u>1997 Net Book Value</u>
Electric power plants	\$ 262,261	\$ 99,125	\$ 163,136	\$ 162,064
Transmission and distribution systems	70,182	25,994	44,188	41,604
Warehouse, equipment, motor vehicles and general facilities	25,036	13,159	11,877	10,080
Other utility assets	3,397	2,137	1,260	657
Other	<u>3,905</u>	<u>3,005</u>	<u>900</u>	<u>246</u>
	364,781	143,420	221,361	214,651
Construction work in progress	<u>3,036</u>	<u>-</u>	<u>3,036</u>	<u>5,528</u>
	<u>\$ 367,817</u>	<u>\$ 143,420</u>	<u>\$ 224,397</u>	<u>\$ 220,179</u>

1998 accumulated amortization includes a provision of \$46,456 (1997 - \$45,400) for future removal and site restoration costs.

Engineering and general administration expense capitalized during the year amounted to \$1,583 (1997 - \$1,889).

7. Deferred charges and other assets

	<u>1998</u>	<u>1997</u>
Reserve for Injuries and Damages	\$ 1,178	\$ 345
Snare Cascades Deferral Account	1,063	31
Financing costs	591	677
Other	407	216
Housing loans receivable	360	490
Regulatory costs	<u>311</u>	<u>749</u>
	<u>\$ 3,910</u>	<u>\$ 2,508</u>

The amortization of other deferred charges totaled \$602 (1997 - \$690).

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Consolidated Financial Statements
March 31, 1998
(\$000's)

8. Sinking Fund

Sinking Funds are held by the Trustee and they require annual minimum installments for the redemption of long-term debt. Sinking funds consist of securities and short-term investments issued or guaranteed by the municipal, provincial, or federal governments of Canada, and paper issued by approved banks. Sinking fund income is recorded as interest income.

The sinking fund balances at the balance sheet date include the following investments at their carrying value:

	1998		1997	
	<u>Carrying Value</u>	<u>Weighted average effective rate</u>	<u>Carrying Value</u>	<u>Weighted average effective rate</u>
Provincial Government guaranteed	\$ 3,213	5.89%	\$ 2,384	5.67%
Bank paper	1,732	5.08%	-	0.00%
Federal Government guaranteed	520	7.72%	476	7.37%
Cash & short-term investments	71	0.03%	16	0.03%
Municipal Government guaranteed	<u>49</u>	<u>8.38%</u>	<u>49</u>	<u>8.38%</u>
	<u>\$ 5,585</u>	<u>5.76%</u>	<u>\$ 2,925</u>	<u>5.97%</u>

Fair value information for sinking funds is included in Note 16.

9. Net Lease Obligation

The NWT Energy Corporation Ltd. loaned funds in 1994/95 through 1996/97 to the Dogrib Power Corporation to finance the construction of a hydroelectric generating plant on the Snare River in the Northwest Territories. The balance of the loan receivable is \$22,773 (1997 - \$22,878).

The loan bears interest at an annual rate of 9.6% which is the average rate of interest on NWT Energy Corporation Ltd's long term debt issued to finance the loan. It will be repaid over a 30 year period which commenced in August 1996, with monthly payments including interest, of \$195. The loan is secured by a charge against the plant and the lease agreement.

Upon completion of construction in August 1996, the NWT Power Corporation leased the plant from the Dogrib Power Corporation for 65 years. The value of the capital lease obligation is \$25,689 (1997 - \$26,342).

To reflect the effective acquisition and financing nature of the lease, the plant is included in electric power plants in property and equipment at a cost of \$26,342.

Upon consolidation, the loan receivable held by NWT Energy Corporation Ltd. is offset with the capital lease obligation of the Corporation resulting in a net lease obligation of \$2,916 (1997 - \$3,464).

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Consolidated Financial Statements
March 31, 1998
(\$000's)

10. Capital Replacement Reserve Fund

This amount represents funds held for capital repairs to the utilidor system in the Town of Inuvik.

Expenditures are made upon the approval of the Inuvik Utilities Planning Committee, which consists of representatives of the Town of Inuvik, the Department of Municipal and Community Affairs of the Government of the Northwest Territories, and the Corporation. During the year the fund earned \$118 (1997-\$137) of interest at rates ranging from 3.4% to 5.1% (1997 - 3.4% to 5.3%).

11. Long-term debt

	1998	1997
Promissory note to the Government of the Northwest Territories, repayable in ten equal annual installments of \$5,350 maturing June 23, 1998, bearing interest at 11% payable semi-annually	\$ 5,350	\$ 10,700
11% sinking fund debenture, due March 9, 2009	20,000	20,000
11 ^{3/8} % sinking fund debenture, due June 6, 2011	15,000	15,000
10 ^{3/4} % sinking fund debentures, due May 28, 2012	20,000	20,000
9 ^{3/8} % sinking fund debentures, due May 12, 2014	20,000	20,000
8.41% sinking fund debentures, due February 27, 2026	20,000	20,000
10% debenture series 1, due May 1, 2025 repayable in equal monthly payments of \$70	7,838	7,891
9 ^{3/4} % debenture series 2, due October 1, 2025 repayable in monthly equal payments of \$69	7,856	7,910
9.11% debenture series 3, due September 1, 2026 repayable in monthly equal payments of \$73	8,893	8,956
6.5% Canada's Northwest Territories Government Aurora Fund (1996) 923204 N.W.T. Ltd.'s portion representing 50 %	375	-
	125,312	130,457
Less: Current portion	5,538	5,520
	\$ 119,774	\$ 124,937

All debentures are unconditionally guaranteed by the Government of the Northwest Territories.

Principal repayments and sinking fund requirements for the next five years:

	Principal Repayments	Sinking Fund Requirements
1999	\$ 5,538	\$ 2,113
2000	202	2,827
2001	227	2,833
2002	249	2,836
2003	649	3,046

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Consolidated Financial Statements
March 31, 1998
(\$000's)

12. Deferred credits and other liabilities

	1998	1997
Deferred credits	\$ 9,509	\$ 9,042
Employee termination benefits	1,336	1,144
Rate Stabilization Funds		
Diesel	(788)	310
Hydro	<u>828</u>	<u>284</u>
	<u>\$ 10,885</u>	<u>\$ 10,780</u>

Termination benefits are earned by certain employees as a condition of their employment, and are based upon years of service.

13. Shareholder's equity

	1998	1997
Capital Stock		
Authorized: unlimited number of voting common shares without par value		
Issued: 431,288 common shares	\$ 43,129	\$ 43,129
Retained earnings	<u>58,097</u>	<u>53,848</u>
	<u>\$ 101,226</u>	<u>\$ 96,977</u>

14. Commitments and Contingencies

Capital projects

The estimated cost to complete capital projects as at March 31, 1998, was \$9,100 (1997-\$5,420).

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:

1999	\$ 862
2000	552
2001	376
2002	116
2003	40
2004-2021	<u>160</u>
	<u>\$ 2,106</u>

Supply contracts

The Corporation has entered into contracts to purchase refined oil products. The contracts extend to October 1998, reflect minimum purchase commitments consistent with the Corporation's operational requirements, and are based on market prices.

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Consolidated Financial Statements
March 31, 1998
(\$000's)

14. Commitments and Contingencies (continued)

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.

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 include the Edmonton Average Unbranded Regular Diesel Price as posted in the Bloomberg Oil Buyers Guide on the anniversary date.

Canada Shipping Act

Amendments to the Canada Shipping Act require owners of Oil Handling Facilities to develop policies and procedures and provide resources to cope with potential oil spills during the off-loading of petroleum products from a marine vehicle. The Corporation is jointly developing a plan of action for compliance with Petroleum Products Division and total costs are not known at this time. The legislation is effective September 1999.

Yellowknife Transmission Line

During the winter of 1996/97, a routine line patrol of the transmission line from the Snare Hydro sites to Yellowknife found a sag problem. The Corporation intends to conduct testing in 1998/99 to determine if and to what extent this problem prevails. Until the testing is completed, total costs to repair, if any, and recovery of these costs, are indeterminable.

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:

	1998	1997
Sale of power, heat, water and other	\$ 23,438	\$ 23,445
Purchase of fuel	10,792	10,689
Fuel Tax	2,031	1,948
Other	1,122	1,098
Balances at year end:		
Accounts Receivable	2,516	1,543
Accounts Payable	2,797	2,955

NORTHWEST TERRITORIES POWER CORPORATION
Notes to Consolidated Financial Statements
March 31, 1998
(\$000's)

16. Financial instruments

	1998		1997	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Long-term debt	\$ 125,312	\$ 170,480	\$ 130,457	\$ 157,026
Net Lease Obligation	2,916	6,922	3,464	(903)
Sinking Fund	5,585	5,853	2,924	2,950

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 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 was determined using market prices.

17. Franchises

Subsection 38(1) of the Public Utilities Act of the Northwest Territories states that no public utility shall operate within a municipality unless the franchise of the public utility has been approved by the PUB.

The Corporation requires franchises for 50 communities. As at March 31, 1998, 35 franchises (1997-32 franchises) have been approved by the PUB, while the remaining franchises are at various stages of the application process.

18. Comparative figures

Certain reclassifications have been made to the comparative figures to conform with the current year's presentation.

**Northwest Territories Power Corporation
Schedule of Write-offs
for the year ended March 31, 1998
(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
Aklavik	W. Storr (P&W Trucking)	\$ 1,152.49
Clyde River	Pyramid Construction	536.48
Coral Harbour	Eetuk, Amoutah	1,256.20
Deline	Pich, Adam	1,663.05
	Bernies Ltd.	4,251.32
	Reindeer, Sheila	955.06
Fort McPherson	Storr & Sons	9,240.30
Fort Simpson	KMW Ventures	2,927.79
	Sjolie, Doug	575.05
Fort Smith	Benwell, Cynthia	846.86
	Berton, Armando	512.48
	Caribou Trailer Court	1,905.62
	Gray, Bob & Lorraine	706.57
	Maagdenberg, Cees	3,572.83
	Wanderingspirit, Marg & Mills, Rob	1,499.84
	Wanderingspirit, Melvin	556.11
Inuvik	Arctic Memories	1,019.75
	Bernies Drilling	2,004.25
	Carmichael, Fred Jr.	590.78
	Ciboci, Victor	1,934.17
	Jerome, Brenda	841.05
	Kendi, David	627.99
	Larocque, Margaret	584.89
	Louie, Rosalie	2,100.68
	Northrop Investments Ltd.	1,310.40
	Robert, Robert	743.77
Rankin Inlet	Niakok, Harry	2,762.46
Tsiigehtchic	Davic Ltd.	3,599.49
Tuktoyaktuk	Apun Commercial Enterprises	568.34
	Tuktoyaktuk Day Care Society	1,349.28
Yellowknife	Treminco Resources Ltd.	<u>6,349.79</u>
		<u>\$ 58,545.14</u>
Cash		
Plant		Amount
Fort Simpson		\$ 501.94

NORTHWEST TERRITORIES POWER CORPORATION
Consolidated Financial Summary

	Years Ended March 31				
	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
	(\$000)				
Operating revenue	\$ 100,108	\$ 102,592	\$ 102,355	\$ 103,104	\$ 98,720
Operating expenses	77,330	81,898	82,675	83,399	80,617
Fuel and lubricants expense	28,118	33,963	34,018	36,568	32,065
Interest expense	15,879	14,835	11,736	10,510	9,564
Earnings from operations	22,778	20,694	19,680	19,705	18,103
Net earnings	10,510	9,106	10,665	10,539	9,360
Dividend	6,261	5,854	4,292	3,538	3,480
Expenditures on property and equipment	11,387	16,135	17,443	14,777	16,178
Gross fixed assets	364,781	350,596	305,540	292,142	277,752
Net fixed assets	221,361	214,651	175,077	166,714	160,165
Sales (MW.h)	429,703	438,649	460,540	450,529	442,514
Generation (MW.h)	483,512	493,172	502,513	494,280	501,583
Number of customers	17,123	16,855	16,698	16,243	15,349
Operating Revenues					
Commercial	39.4%	37.8%	38.2%	39.7%	39.3%
Domestic	31.1%	29.0%	29.0%	29.1%	30.0%
Wholesale	16.5%	17.3%	16.2%	16.2%	16.0%
Industrial	6.7%	8.5%	9.9%	9.0%	8.4%
Heat	2.9%	3.2%	2.5%	3.1%	3.7%
Other	3.4%	4.2%	4.2%	2.9%	2.6%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Operating Expenses					
Fuel and lubricants	36.4%	41.5%	41.2%	43.9%	39.8%
Salaries and wages	30.0%	27.2%	26.6%	26.2%	27.3%
Supplies and services	18.3%	17.9%	17.1%	16.0%	18.5%
Amortization	11.4%	9.5%	11.3%	10.6%	11.1%
Travel and accommodation	3.9%	3.9%	3.8%	3.3%	3.3%
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Financial Statements of

**NORTHWEST TERRITORIES
LIQUOR COMMISSION**

Year ended March 31, 1998

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Northwest Territories Liquor Commission ("the Commission") 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 Commission acts in accordance with the laws of the Northwest Territories and Canada. The Commission's management recognizes its responsibility for conducting the Commission'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 agency.

The accompanying financial statements were prepared by management in conformity with generally accepted accounting principles appropriate in the circumstances.

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 the transactions which come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

R.J. Courtoreille
General Manager

P. Smith
Manager, Finance and Administration

May 27, 1998

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Northwest Territories Liquor Commission as at March 31, 1998 and the statements of income, amount due to the Government of the Northwest Territories and changes in financial position for the year then ended. These financial statements are the responsibility of the Commission'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 Commission as at March 31, 1998 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 Commission and the financial statements are in agreement therewith and the transactions of the Commission 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 Liquor Act* and regulations.

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

Ottawa, Canada
May 27, 1998

NORTHWEST TERRITORIES LIQUOR COMMISSION

Balance Sheet

March 31, 1998, with comparative figures for 1997

	1998	1997
	(\$000's)	(\$000's)
Assets		
Current assets:		
Cash	\$ 513	\$ 587
Accounts receivable	21	51
Prepaid expenses	17	37
Inventories (note 3)	2,868	2,566
	<u>3,419</u>	<u>3,241</u>
Capital assets (note 4)	413	115
	<u>\$ 3,832</u>	<u>\$ 3,356</u>

Liabilities

Current liabilities:		
Accounts payable	\$ 1,522	\$ 1,219
Accrued employee leave and termination benefits	133	186
Due to the Government of the Northwest Territories	2,177	1,951
Commitment (note 6)		
	<u>\$ 3,832</u>	<u>\$ 3,356</u>

See accompanying notes to financial statements.

Approved by Management:

R. Courtoreille
General Manager

P. Smith
Manager, Finance and Administration

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Income

Year ended March 31, 1998, with comparative figures for 1997

	1998	1997
	(\$000's)	(\$000's)
Sales:		
Beer	\$ 15,306	\$ 15,135
Spirits	12,664	12,370
Wine	2,736	2,543
	<u>30,706</u>	<u>30,048</u>
Cost of goods sold:		
Beer	6,336	6,265
Spirits	3,809	3,795
Wine	1,118	971
	<u>11,263</u>	<u>11,031</u>
Gross profit on sales	19,443	19,017
Other income:		
License fees and permits	618	619
Import fees and other income	283	303
	<u>901</u>	<u>922</u>
	<u>20,344</u>	<u>19,939</u>
Expenses:		
Commissions to agents	2,351	2,271
Salaries, wages and employee benefits	870	1,132
Rent	336	322
Amortization of capital assets	110	26
Travel	101	124
Computer services	64	34
Office supplies	60	58
Communications	42	47
Grants in lieu of taxes	39	38
Inspectors' fees	39	29
Utilities	29	30
Advertising	20	15
Board member honoraria	20	14
Insurance	19	20
Losses due to breakage, spoilage and theft	10	14
Repairs and maintenance	10	1
Miscellaneous	9	9
	<u>4,129</u>	<u>4,184</u>
Net income	\$ 16,215	\$ 15,755

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Amount Due to the Government of the Northwest Territories

Year ended March 31, 1998, with comparative figures for 1997

	1998	1997
	(\$000's)	(\$000's)
Balance, beginning of year	\$ 1,951	\$ 1,895
Net income	16,215	15,755
Salaries, wages and benefits paid by the Government	926	1,085
	19,092	18,735
Net transfer of funds to the Government	16,915	16,784
Balance, end of year	\$ 2,177	\$ 1,951

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Changes in Financial Position

Year ended March 31, 1998, with comparative figures for 1997

	1998	1997
	(\$000's)	(\$000's)
Cash provided by (used in):		
Operations:		
Net income	\$ 16,215	\$ 15,755
Salaries, wages and benefits paid by the Government of the Northwest Territories	926	1,085
Amortization of capital assets	110	26
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	30	(48)
Decrease (increase) in prepaid expenses	20	(16)
Increase in inventories	(302)	(22)
Increase in accounts payable	303	63
Increase (decrease) in accrued employee leave and termination benefits	(53)	39
	17,249	16,882
Financing:		
Purchase of capital assets	(408)	(8)
Cash transferred to the Government of the Northwest Territories	(16,915)	(16,784)
	(17,323)	(16,792)
Increase (decrease) in cash	(74)	90
Cash, beginning of year	587	497
Cash, end of year	\$ 513	\$ 587

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 1998

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. The Northwest Territories Liquor Commission also operates the Liquor Licensing Board of the Northwest Territories.

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

On April 1, 1999, the division of the Northwest Territories is scheduled to occur. It is anticipated that the Commission will be divided based on geographical and other criteria as agreed by both the Government of Nunavut and the Government of the Western Territory.

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

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, 1998

2. Significant accounting policies, continued:

(c) Employee leave and termination benefits:

Under their conditions of employment, employees qualify for annual leave of varying lengths depending on their length of service. Employees also earn retirement and severance remuneration based on the number of years of service. Annual leave is payable within one fiscal year. The payment of the other amounts is dependent on employees leaving the Commission. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

(d) Pension contributions:

The Commission 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 Commission. These contributions represent the total pension obligation of the Commission and are recognized in the accounts on a current basis. The Commission is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

3. Inventories:

	1998	1997
	(\$000's)	(\$000's)
Spirits	\$ 1,402	\$ 1,299
Wine	496	543
Beer	970	724
	\$ 2,868	\$ 2,566

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 1998

4. Capital assets:

			1998	1997
	Cost	Accumulated amortization	Net book value	Net book value
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Computer equipment	\$ 408	\$ 82	\$ 326	\$ -
Recycling equipment	151	96	55	69
Leasehold improvements	39	23	16	24
Furniture and fixtures	31	15	16	22
	\$ 629	\$ 216	\$ 413	\$ 115

5. Related party transactions:

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

Certain warehouses are owned by the Government of the Northwest Territories. These are provided for the use of the Commission, the cost of which is reflected as a portion of rent in the financial statements.

	1998	1997
	(\$000's)	(\$000's)
Warehouse rent	\$ 282	\$ 281

The Government of the Northwest Territories provides the Commission with various administrative services, the value of which is not reflected in these financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 1998

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:

March 31:		
1999	\$	49,938
2000		49,938
2001		20,808
	\$	120,684

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 accounts receivable and accounts payable approximates their carrying amounts due to their short-term nature.

Financial Statements of the
PETROLEUM PRODUCTS REVOLVING FUND
of the Government of the Northwest Territories
for the year ended March 31, 1998

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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
July 17, 1998

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, 1998 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, 1998 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 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
17 July 1998

Petroleum Products Revolving Fund

Balance Sheet

as at March 31 (thousands of dollars)	1998	1997
Assets:		
Current		
Accounts receivable (Note 3)	\$ 16,195	\$ 12,688
Inventories (Note 4)	28,785	27,801
	<u>\$ 44,980</u>	<u>\$ 40,489</u>
Liabilities:		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 4,534	\$ 3,704
Employee leave and termination benefits	159	87
	<u>4,693</u>	<u>3,791</u>
Long-Term		
Employee termination benefits	101	126
Due to the Government of the Northwest Territories	40,186	36,572
	<u>40,287</u>	<u>36,698</u>
	<u>\$ 44,980</u>	<u>\$ 40,489</u>

Commitments and contingencies (Note 10)

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

Approved by management:

Brian Austin
Director

Ken Schenkeveld, CGA
A/Comptroller

Petroleum Products Revolving Fund

Statement of Operations

for the year ended March 31 (thousands of dollars)	1998	1997
Revenue		
Sale of petroleum products (Note 6)	\$ 71,597	\$ 68,945
Cost of goods sold	58,437	55,161
Gross profit	13,160	13,784
<u>Rent and other revenue</u>	1,096	185
	14,256	13,969
Expenses		
Distribution charges	8,653	8,622
Salaries, wages and employee benefits	2,421	2,363
Maintenance, supplies & utilities	1,344	1,383
Insurance and consulting fees	914	562
Travel	673	408
Computer services	410	358
Miscellaneous	408	115
Communication charges	330	235
Office equipment rentals	303	299
	15,456	14,345
Net loss from operations	\$ (1,200)	\$ (376)

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

Petroleum Products Revolving Fund

Statement of Amount Due to the Government of the Northwest Territories

for the year ended March 31 (thousands of dollars)	1998	1997
Balance, beginning of year (Note 1)	\$ 36,572	\$ 34,918
Plus:		
Payments Made by the Government		
Purchases of petroleum products	59,420	56,160
Operating expenses	14,580	14,478
Less:		
Transfers to the Government		
Sales proceeds	(69,186)	(68,608)
Net loss from operations	(1,200)	(376)
Balance, end of year	\$ 40,186	\$ 36,572

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

Petroleum Products Revolving Fund

Notes to the Financial Statements

March 31, 1998

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 Fund operates under the authority of the Revolving Funds Act (the "Act") and the Northwest Territories 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 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 debit or credit amount in the Stabilization Fund shall not exceed \$5,000,000 at the end of any fiscal year. The credit balance in the Stabilization Fund at March 31, 1998 is (\$4,230,000) (1997- (\$3,030,000)).

The Nunavut Act comes into full force on April 1, 1999. On that date, Nunavut and the Government of Nunavut come into being. The Nunavut Act consequently amends 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 future operations of the Government, these financial statements have been prepared on a going concern basis, including all operations that will be transferred to, or taken over by the future Government of Nunavut.

The creation of Nunavut will require the transfer of Government assets and liabilities. The full impact on the Government has not been determined, nor has an agreement been reached regarding the division of assets and liabilities. A Northern Representatives Committee has been formed, bringing together representatives of the Government, the Office of the Interim Commissioner for Nunavut, Nunavut Tunngavik Incorporated and the Western Leaders Coalition. This Committee has been tasked with producing a report and make recommendations which will form the basis for an agreement between the Government and the Office of the Interim Commissioner for Nunavut.

Petroleum Products Revolving Fund

Notes to the Financial Statements

March 31, 1998

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 equipment. 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.

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.

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

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.

Petroleum Products Revolving Fund

Notes to the Financial Statements

March 31, 1998

3. Accounts Receivable

(thousands of dollars)	1998	1997
Territorial Municipalities & Housing Associations	\$ 4,019	\$ 4,638
Commercial/Private	8,210	4,135
Government of the Northwest Territories:		
Northwest Territories Power Corporation	2,715	2,271
Departments and Agencies	1,130	1,365
	<u>3,845</u>	<u>3,636</u>
Government of Canada	267	359
	<u>16,341</u>	<u>12,768</u>
Less: Allowance for Doubtful Accounts	(146)	(80)
	<u>\$ 16,195</u>	<u>\$ 12,688</u>

4. Inventories

(thousands of dollars)	1998	1997
Heating fuel	\$ 17,369	\$ 16,532
Other fuel	6,176	6,360
Gasoline	5,240	4,909
	<u>\$ 28,785</u>	<u>\$ 27,801</u>

5. Accounts Payable and Accrued Liabilities

(thousands of dollars)	1998	1997
Accounts payable and accrued liabilities	\$ 2,010	\$ 1,664
Distribution charges payable	1,098	1,120
Fuel and sales taxes payable	1,426	920
	<u>\$ 4,534</u>	<u>\$ 3,704</u>

6. Sale of Petroleum Products

(thousands of dollars)	1998	1997
Commercial/Private	\$ 22,582	\$ 22,373
Wholesale Revenue	17,783	14,929
Territorial Municipalities & Housing Associations	15,713	14,421
Government of the Northwest Territories:		
Northwest Territories Power Corporation	10,706	10,658
Departments and Agencies	3,502	5,119
Government of Canada	1,311	1,445
	<u>\$ 71,597</u>	<u>\$ 68,945</u>

Petroleum Products Revolving Fund

Notes to the Financial Statements

March 31, 1998

7. Services Provided Without Charge

a. Capital Assets and Environmental Restoration Costs

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 estimated useful life of the related asset at the following rates:

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

(thousands of dollars)	1998			1997
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Fuel storage facilities	\$ 93,668	\$ 26,001	\$ 67,667	\$ 67,269
Fuel delivery equipment	4,924	4,417	507	724
Construction in progress	99		99	582
	<u>\$ 98,691</u>	<u>\$ 30,418</u>	<u>\$ 68,273</u>	<u>\$ 68,575</u>

b. Financing Costs

Management estimated that the Fund required up to \$60 million in working capital with an estimated financing cost of \$1,930,000 (1997 - \$50 million and \$1,688,000 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 3.5% to 5.0% (1997 - 3.4% to 5.4%).

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.

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 cost to purchase and deliver petroleum products to its facilities in the Northwest Territories.

Petroleum Products Revolving Fund

Notes to the Financial Statements

March 31, 1998

10. Commitments and Contingencies

a. Fuel Resupply Contracts

The Government has entered into contracts for the resupply of petroleum products with Imperial Oil for the Western Arctic and with Northern Transportation Company Ltd. for the Eastern Arctic, both of which expire in 1998. Under the terms of the contracts, the Government has committed to purchase certain volumes of petroleum products for each year.

b. Community Fuel Delivery Contracts

The Fund provides community fuel delivery services in 44 communities in the Northwest Territories. 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. All contracts expire by 2006 and under the contracts, fixed commission rates are paid. The value of this commitment cannot be reasonably determined.

c. Wholesale Resupply Contracts

Iqaluit

The Government has entered into a 10 year agreement 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 the Eastern Arctic. 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 continues to purchase and deliver the annual fuel resupply under the existing fuel resupply contract for the Western Arctic. The private contractor is charged the landed cost of the petroleum products.

Resolute Bay

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

d. Northwest Territories Power Corporation

The Government has agreed to compensate the Northwest Territories Power Corporation over the next three years for benefits achieved through the Western Arctic fuel resupply. The last payment of \$276,000 is due on October 1, 1998 providing there are no significant changes in the fuel resupply volumes or in the supply and transportation agreements.

Petroleum Products Revolving Fund

Notes to the Financial Statements

March 31, 1998

e. Environmental Site Assessment

The Fund's management plans to complete comprehensive environmental site assessment and remediation of all sites over the next five years. The contract has been awarded to two consultants (one for the East and one for the West). The total project involves 42 communities and 60 sites. Management at the Fund acknowledges that there could be some environmental contamination at some of the sites; however the degree of contamination and associated clean up costs are not determinable at this time. In addition, the Division hopes that they will be able to recover some of the clean up costs from the Federal Government (previously, all of the Fund's sites belonged to the Federal Government).

f. Canada Shipping Act

Amendments to the Canada Shipping Act requires owners of Oil Handling Facilities to develop policies and procedures and to provide resources to cope with potential oil spills during the offloading of petroleum products from a marine vehicle. The Fund is jointly developing a plan of action with the Northwest Territories Power Corporation and total costs are not known at this time. The legislation is effective September 1999.

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 failures 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 customers, suppliers, or other third parties will be fully resolved.

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**Report to the Commissioner of the
Northwest Territories
on the examination of the accounts
and financial statements of the**

**PUBLIC TRUSTEE FOR THE
NORTHWEST TERRITORIES**

For the Year Ended March 31, 1998

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AUDITORS' REPORT

Commissioner

We have audited the Balance Sheets of the Estate and Trust Fund and the Special Reserve Fund as at March 31, 1998, the Statements of Operations for both funds and Changes in Fund Balance for the Estate and Trust Fund 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 positions of the Funds as at March 31, 1998, the results of operations and the changes in the Estate and Trust Fund Balance and the results of operations of the Special Reserve Fund 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 3, 1998

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

**BALANCE SHEET
March 31, 1998**

ASSETS

	<u>1998</u>	<u>1997</u>
Cash (Note 3)	\$4,743,389	\$4,177,229
Other assets at nominal value	<u>1</u>	<u>1</u>
	<u>\$4,743,390</u>	<u>\$4,177,230</u>

LIABILITIES

Undistributed Common Fund earnings per Statement II (Note 4)	\$ 74,058	\$ 77,131
Estate and Trust Fund per Statement III (Note 5)	<u>4,669,332</u>	<u>4,100,099</u>
	<u>\$4,743,390</u>	<u>\$4,177,230</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, 1998

	<u>1998</u>	<u>1997</u>
Undistributed Common Fund earnings, opening	\$ 77,131	\$ 115,275
Add		
Common Fund earnings	<u>163,420</u>	<u>219,250</u>
	<u>240,551</u>	<u>334,525</u>
Less		
Interest paid to estates and trusts	121,732	209,248
Management fees	41,688	43,199
Excess interest paid to the Government of the Northwest Territories	1,945	-
Excess interest paid into the Special Reserve Fund	-	4,947
Miscellaneous accounts	<u>1,128</u>	<u>-</u>
	<u>166,493</u>	<u>257,394</u>
Undistributed Common Fund earnings, closing	<u>\$ 74,058</u>	<u>\$ 77,131</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, 1998

	<u>1998</u>	<u>1997</u>
Estate and trust funds provided:		
Estate and trust assets received	\$1,839,252	\$1,360,148
Common Fund interest paid to estates and trusts	<u>121,732</u>	<u>209,248</u>
	<u>1,960,984</u>	<u>1,569,396</u>
Estate and trust funds applied:		
Payments to beneficiaries	1,091,607	1,532,382
Disbursements made on behalf of estates and trusts	209,411	171,020
Administration fees	85,793	117,886
Court fees	<u>4,940</u>	<u>2,315</u>
	<u>1,391,751</u>	<u>1,823,603</u>
Increase (Decrease) in Estate and Trust Fund balance	569,233	(254,207)
Estate and Trust Fund balance, opening	<u>4,100,099</u>	<u>4,354,306</u>
Estate and Trust Fund balance, closing	<u>\$4,669,332</u>	<u>\$4,100,099</u>

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
SPECIAL RESERVE FUND**

**BALANCE SHEET
March 31, 1998**

ASSETS

	<u>1998</u>	<u>1997</u>
Cash in bank	\$ <u> -</u>	\$ <u> -</u>

LIABILITIES

Due to Government of the Northwest Territories Consolidated Revenue Fund	\$ -	\$ -
---	------------	------------

SURPLUS

Special Reserve Fund per Statement V	_____ -	_____ -
	\$ <u> -</u>	\$ <u> -</u>

APPROVED:

Larry Pontus
Public Trustee for the Northwest Territories

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
SPECIAL RESERVE FUND**

STATEMENT OF OPERATIONS
For the year ended March 31, 1998

	<u>1998</u>	<u>1997</u>
Surplus, opening	\$ -	\$557,553
Add		
Bank interest	-	19,707
Excess interest from the Common Fund	<u>-</u>	<u>4,947</u>
	-	582,207
Less		
Bank interest transferred to the Government of the Northwest Territories Consolidated Revenue Fund	<u>-</u>	<u>-</u>
	-	582,207
Less		
Transferred to the Government of the Northwest Territories Consolidated Revenue Fund upon closure of the Special Reserve Fund (Note 6)	<u>-</u>	<u>582,207</u>
Surplus, closing	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1998

NOTE 1 Authority

The Public Trustee operates under the authority of the Public Trustee Act, Revised Statutes of the Northwest Territories 1988, Chapter P-19 as amended.

NOTE 2 Accounting policies

- a) These financial statements have been prepared on the cash basis of accounting except as otherwise stated.
- b) All Estate and Trust Fund assets other than cash, which include business interests, mortgages, stocks, bonds, term deposits, real estate and other assets, are carried at a nominal value of one dollar (\$1).
- c) Expenditures for the operation of the Office of the Public Trustee are paid from the Consolidated Revenue Fund of the Government of the Northwest Territories and, except for \$129,426 (1997 - \$161,085) paid to the Consolidated Revenue Fund as administration fees, management fees, and the transfer of interest earned, are not reflected in these financial statements.

NOTE 3 Cash in bank

The Office of the Public Trustee is a member of the Government of the Northwest Territories investment pool.

The Government of the Northwest Territories consolidates and invests the cash balances of all investment pool participants in money market securities. The monies for these investments flow out of the Government of the Northwest Territories main revenue account and accordingly do not affect the cash balances of the participants. Investment pool revenues are prorated and paid to participants weekly.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1998

NOTE 4 Undistributed Common Fund earnings

Common Fund earnings are distributed half-yearly, on April 30 and October 31 each year, as interest paid to estates and trusts, management fees and excess interest paid to the Government of the Northwest Territories.

As described in Note 6, amendments to the Public Trustee Act and regulations eliminated the Special Reserve Fund. Effective November 1, 1996 interest earned on the Common Fund is utilized to pay prescribed interest on estates and trusts, prescribed management fees and any deficiency between the aggregate amount of sums invested in the Common Fund and the actual value of the investments of the Common Fund. Where the interest earned on investment of the Common Fund exceeds the amount required to make these payments, the excess is paid to the Consolidated Revenue Fund of the Government of the Northwest Territories.

The balance of Undistributed Common Fund earnings represents the cumulative earnings of the Common Fund between November 1 and March 31 which will be distributed on April 30 of the next fiscal year.

NOTE 5 Estate and Trust Fund

The Estate and Trust Fund reflects all known assets of the estates and trusts administered by the Public Trustee. The Estate and Trust Fund is comprised of the following amounts:

	<u>1998</u>	<u>1997</u>
Common Fund	\$4,669,331	\$4,100,098
Other assets, at nominal value	<u>1</u>	<u>1</u>
	<u>\$4,669,332</u>	<u>\$4,100,099</u>

NOTE 6 Special Reserve Fund

Pursuant to former Subsection 32(3)(b) of the Public Trustee Act, the Special Reserve Fund was utilized to reimburse deficiencies between the aggregate amount of sums invested in the Common Fund and the realized value of the investments of the Common Fund. No transfers were undertaken in the current or prior fiscal year.

During the prior year, approved amendments to the Public Trustee Act required that the Special Reserve Fund be eliminated with the remaining surplus transferred to the Government of the Northwest Territories Consolidated Revenue Fund. Any future deficiencies arising within the Common Fund are reimbursed from Common Fund excess earnings. Any remaining deficiencies are the responsibility of the Government of the Northwest Territories.

Northwest Territories Business Credit Corporation

Financial Statements

for the year ended March 31, 1998

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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 19, 1998

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, 1998 and the statements of operations and deficit and changes in financial position 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, 1998 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 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
19 June 1998

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

**BALANCE SHEET
MARCH 31, 1998**

	\$ 000's	
ASSETS	1998	1997
Cash (Note 3)	\$ 139	\$ 282
Loans Receivable (Note 4)	30,999	26,677
Accrued Interest Receivable (Note 4)	326	296
	31,325	26,973
Less: Allowance for Losses on Impaired Loans (Note 5)	5,080	5,069
	26,245	21,904
Accounts Receivable	122	-
Capital Assets (net of accumulated amortization of \$36 (1997: \$42))	10	12
	\$ 26,516	\$ 22,198
LIABILITIES		
Accounts Payable	\$ 132	\$ 11
Advance from the Government of the Northwest Territories (Note 6)	28,287	24,237
	28,419	24,248
DEFICIT		
Deficit	(1,903)	(2,050)
	\$ 26,516	\$ 22,198

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, 1998**

	<u>\$ 000's</u>	
	<u>1998</u>	<u>1997</u>
LENDING ACTIVITIES		
Interest Income on Loans Receivable	\$ 1,823	\$ 1,861
Interest Expense on Advance from the Government of the Northwest Territories (Note 6)	<u>1,299</u>	<u>1,238</u>
Net Interest Income	524	623
Provision for Losses on Impaired Loans (Note 5)	<u>377</u>	<u>556</u>
Net Income on Lending Activities	<u>147</u>	<u>67</u>
ADMINISTRATIVE EXPENSES		
Salaries and Benefits	427	643
Professional Fees & Legal Claims	179	25
Board Meetings	68	35
Office	50	25
Computer Services	33	35
Communications	17	15
Amortization	<u>11</u>	<u>14</u>
	785	792
Less: Administrative Contribution - Government of the Northwest Territories	<u>785</u>	<u>792</u>
Net Administrative Expenses	<u>-</u>	<u>-</u>
NET INCOME FOR THE YEAR	147	67
DEFICIT AT THE BEGINNING OF THE YEAR	<u>(2,050)</u>	<u>(2,117)</u>
DEFICIT AT THE END OF THE YEAR	<u>\$ (1,903)</u>	<u>\$ (2,050)</u>

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

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Year Ended March 31, 1998

	\$ 000's	
	1998	1997
OPERATING ACTIVITIES		
Net Income for the Year	\$ 147	\$ 67
Items Not Affecting Treasury Position		
Provision for Losses on Impaired Loans	377	556
Amortization	11	14
	535	637
Increase (Decrease) in Treasury Position		
Accrued Interest Receivable	(30)	(31)
Accounts Receivable	(122)	-
Accounts Payable	121	(15)
	504	591
Cash Generated by Operating Activities		
	504	591
INVESTING ACTIVITIES		
Loans Disbursed	(9,660)	(7,877)
Loans Receivable and Accrued Interest		
Written-off or Forgiven	(366)	(262)
Purchase of Capital Assets	8	-
Loans Repaid	5,321	4,639
	(4,697)	(3,500)
Cash Used by Investing Activities		
	(4,697)	(3,500)
DECREASE IN TREASURY POSITION FOR THE YEAR		
	(4,193)	(2,909)
TREASURY POSITION AT BEGINNING OF THE YEAR		
	(23,955)	(21,046)
TREASURY POSITION AT END OF THE YEAR		
	\$ (28,148)	\$ (23,955)
Treasury Position is Comprised of:		
Advance from the Government of the		
Northwest Territories	\$ (28,287)	\$ (24,237)
Cash	139	282
	\$ (28,148)	\$ (23,955)

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

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

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.

Economic dependency

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

Division

On April 1, 1999, the division of the Northwest Territories is scheduled to occur. It is anticipated that the loan portfolio and liabilities of the Corporation will be divided based on geographical and other criteria as agreed by both the Government of Nunavut and the Government of the Western Territory.

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.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 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, 1998

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 3.4% during the year (1997: 4.7%).

Net investment income of \$9,000 (1997: \$16,000) is included in Interest Income on Loans Receivable.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

4. LOANS AND ACCRUED INTEREST RECEIVABLE

<u>Region</u>	<u>Range of Annual Interest Rates</u>		<u>1998</u> <u>1997</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
			(\$ 000's)	
Loans Receivable				
Baffin	6.75-11.75%	6.75-11.75%	\$ 1,913	\$ 1,967
Deh Cho	6.75-14.25%	6.75-14.25%	2,893	2,121
Inuvik	6.75-10.00%	6.75-10.75%	1,616	983
Keewatin	6.75-11.50%	7.50-11.50%	2,198	2,555
Kitikmeot	6.75-10.75%	8.00-10.75%	2,889	2,907
North Slave	6.75-12.00%	7.50-12.00%	8,512	8,270
Sahtu	6.75-10.00%	6.75-10.00%	1,686	616
South Slave	6.75-10.75%	6.75-10.75%	<u>9,292</u>	<u>7,258</u>
			<u>30,999</u>	<u>26,677</u>
 Accrued Interest Receivable				
Current			190	137
Arrears			<u>136</u>	<u>159</u>
			<u>326</u>	<u>296</u>
			<u>\$ 31,325</u>	<u>\$ 26,973</u>

Loans receivable and accrued interest include \$7,278,000 (1997: \$6,496,000) that the Corporation has specifically classified as impaired.

In 1998, interest not accrued on impaired loans totaled \$726,366 (1997: \$576,000).

As a developmental lender, the Corporation's lending practices and rate may not always coincide with those of market. To calculate fair value of the loans would not be congruent with the Corporation's purpose of stimulating economic activities and employment growth.

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, 1998

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

Write-offs (cont'd)

In 1998, eleven accounts representing three borrowers totalling \$325,519 were written off by the Legislative Assembly (1997: nil). No loans were written off by the Board of Directors (1997: nil).

No recoveries were received on loans written off in previous years (1997: \$22,000).

Forgiveness

Under the provisions of the Financial Administration Act, a loan can only be approved for forgiveness by either the Legislative Assembly (over \$1,000) or the Financial Management Board (\$1,000 or less). Once a loan has been forgiven, no further collection action is possible.

In 1998, five accounts representing one borrower totalling \$40,455 were forgiven by the Legislative Assembly (1997: eleven accounts representing six borrowers totalling \$624,000). None of the accounts have been approved for write off previously. No accounts were forgiven by the Financial Management Board (1997: nil).

Credit Risk

The Corporation's credit risk exposure relating to loans receivable is directly impacted by the borrowers' ability to meet their obligations. This ability is impacted by the borrowers' similar exposure to fluctuations in the economy of the Northwest Territories.

The Corporation mitigates credit risk by holding no significant concentration with any individual borrower. It is prevented by the Act to lend any one business enterprise or a group of related enterprises an amount in excess of \$1 million.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

5. ALLOWANCE FOR LOSSES ON IMPAIRED LOANS

	1998	1997
	(\$ 000's)	
Specific Allowance for Losses on Impaired Loans:		
Balance at beginning of year	\$ 4,627	\$ 4,393
Provision for the year	289	496
	4,916	4,889
Less: write-offs	326	-
forgiveness	40	262
	366	262
Balance at end of year	4,550	4,627
General Allowance for Losses on Impaired Loans:		
Balance at beginning of year	442	382
Provision for the year	88	60
Balance at end of year	530	442
Allowance for Losses on Impaired Loans	\$ 5,080	\$ 5,069

6. ADVANCE FROM THE GOVERNMENT OF THE NORTHWEST TERRITORIES

The Act authorizes the Corporation to borrow for the purpose of lending, up to \$50 million from the Government of the Northwest Territories through an advance. Increases to the outstanding balance of the advance must be approved by the Financial Management Board based on the need of the Corporation. The balance was not to exceed \$33 million on the balance sheet date.

In May 1998, the balance was increased to a maximum of \$38 million.

Interest on the advance is calculated at a rate of selected Government of Canada 3 year bond rates at the end of each month, compounded annually. The rate varied from 4.7% to 5.4% during the year (1997: 4.2% to 6.6%).

The carrying amount of the advance from the Government of the Northwest Territories of \$28,287,000 (1997: \$24,237,000) approximates fair value.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

7. CONTINGENT LIABILITIES

Two legal proceedings against the Corporation are pending which challenge certain practices or actions it took. These proceedings are loan related and in reaction to steps taken by the Corporation to call delinquent loans and enforce rights in collateral security of such loans.

In the first proceeding, Judgment in the amount of \$97,333 plus costs has been ruled against the Corporation. This amount has been provided for in the financial statements. The Corporation is appealing the Judgment.

The Corporation is named as co-defendant in the second 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.

The Corporation also received a solicitor's letter alleging it is in breach of an employment contract. The letter claimed loss of employment income and damages totalling \$47,652 plus benefits. Since the Corporation's potential liability, if any, resulting from the letter is not determinable and occurred subsequent to the balance sheet date, no liability has been reflected in these financial statements. Settlement, if any, will be reflected as an expenditure 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.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

8. RELATED PARTY TRANSACTIONS (CONT'D)

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>1998</u>	<u>1997</u>
	(\$ 000's)	
Staff support	\$ 199	\$ 145
Accommodation	42	47
Employee long term benefits	<u>5</u>	<u>2</u>
	<u>\$ 246</u>	<u>\$ 194</u>

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

9. 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 Corporation is aware that its loan system is not in compliance with the Year 2000 Issue. The effects of this issue may be experienced before, on or after January 1, 2000, and, if not addressed, the Corporation may experience systems failures or processing errors that may affect its ability to conduct normal business operations with existing and new clients. The Corporation is currently seeking a new system that will address this Issue but the costs associated with the acquisition and implementation are not determinable at this time.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1998

9. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE (CONT'D)

The Corporation also relies on the systems of the Government. 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 Government and other third parties, will be fully resolved.

10. COMPARATIVE FIGURES

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

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

LOAN ACCOUNTS APPROVED FOR WRITE OFF

Loan Accounts Approved by the Legislative Assembly

Barsoum Drugs Ltd.	\$ 257,940.96
Kakivak Fisher Food Ltd.	29,088.11
KMW Ventures	<u>38,489.63</u>
	<u>\$ 325,518.70</u>

LOAN ACCOUNT APPROVED FOR FORGIVENESS

Loan Account Approved by the Legislative Assembly

Western Arctic Air Ltd.	<u>\$ 40,455.04</u>
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**LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCE FUND
Yellowknife, NT**

**FINANCIAL STATEMENTS
For the Year Ended March 31, 1998**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Legislative Assembly Retiring Allowance Fund

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with generally accepted accounting principles. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Board's management recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The Auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with generally accepted auditing standards. The auditor also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the NWT Legislative Assembly.

The Coles Hewitt group, an independent firm of consulting activities, has been engaged to provide an opinion on the adequacy and appropriation of actuarial valuations of accrued pension benefits of the board.

On behalf of the Management and Services Board

Sam Gargan
Chair

David M. Hamilton
Secretary

July 06, 1998

AVERY, COOPER & CO.
Certified General Accountants

Gerald F. Avery, F.C.G.A.
Douglas E. Cooper, C.G.A.
W. Brent Hinchey, B. Comm., C.G.A.
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AUDITOR'S 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, 1998, 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, 1998. 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, 1998 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.

Comparative figures for the prior year were reported upon by another auditor.

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

July 6, 1998

**LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCE FUND**

BALANCE SHEET

March 31, 1998

ASSETS

CURRENT

	<u>1998</u>	<u>1997</u>
Accrued Investment Income	\$ 4,541	\$ 4,541
Accounts Receivable	<u>11,755</u>	<u>64,838</u>
	16,296	69,379

INVESTMENTS

Retiring Allowance Fund (Notes 2 and 3)	<u>15,816,519</u>	<u>3,205,406</u>
	<u>\$ 15,832,815</u>	<u>\$13,274,785</u>

LIABILITIES

CURRENT

Accounts Payable	\$ 13,237	\$ 116,143
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FUND BALANCE

RETIRING ALLOWANCE FUND BALANCE

Net Assets Available for Benefits per page 216 (Note 4)	<u>15,819,578</u>	<u>13,158,642</u>
	<u>\$ 15,832,815</u>	<u>\$13,274,785</u>

APPROVED:

Sam Gargan
Chair

David M. Hamilton
Secretary

See the accompanying notes.

**LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCE FUND**

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended March 31, 1998

	<u>1998</u>	<u>1997</u>
INCREASE IN ASSETS		
Contributions	\$ 129,294	\$ 226,762
Interest and Dividends		
	<u>1,091,436</u>	<u>1,418,198</u>
	1,220,730	1,644,960
Current Period Change in Fair Market Value of Investments	<u>2,065,711</u>	<u>447,291</u>
Total Increase in Assets	<u>3,286,441</u>	<u>2,092,251</u>
DECREASE IN ASSETS		
Benefits		
Pension Payments	553,268	382,623
Termination Payments	<u>-</u>	<u>1,699</u>
Total Benefits	<u>553,268</u>	<u>384,322</u>
Administrative Investment Management Fees Actuary Fees	-	53,358
	<u>72,237</u>	<u>58,925</u>
Total Administrative	<u>72,237</u>	<u>112,283</u>
Total Decrease in Assets	<u>625,505</u>	<u>496,605</u>
INCREASE IN NET ASSETS	2,660,936	1,595,646
NET ASSETS AVAILABLE FOR BENEFITS		
- BEGINNING OF YEAR	<u>13,158,642</u>	<u>11,562,996</u>
- END OF YEAR	<u>\$ 15,819,578</u>	<u>\$ 13,158,642</u>

See the accompanying notes.

**LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCE FUND**

STATEMENT OF OBLIGATIONS FOR PENSION BENEFITS
March 31, 1998

	<u>1998</u>	<u>1997</u>
ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS		
Active Members	\$ 2,083,000	\$ 1,936,000
Pensioners	<u>7,528,000</u>	<u>7,613,000</u>
Total Ongoing Plan Liabilities (Note 4)	9,611,000	9,549,000
ACTUARIAL VALUE OF NET ASSETS AVAILABLE FOR BENEFITS		
Net Assets available for benefits (per page 216)	<u>15,819,578</u>	<u>13,158,642</u>
Adjusted Actuarial Value of Net Assets Available For Benefits	<u>15,819,578</u>	<u>13,158,578</u>
EXCESS OF ACTUARIAL VALUE OF NET ASSETS OVER ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS	<u>\$ 6,208,578</u>	<u>\$ 3,609,642</u>

See the accompanying notes.

**LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
March 31, 1998

NOTE 1 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, 1998

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 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;

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, 1998

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, 1998

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Presentation

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.

e) Prior year's figures have been restated, where applicable, to conform to current years presentation.

NOTE 3 INVESTMENTS - RETIRING ALLOWANCE FUND

	<u>1998</u>	%	<u>1997</u>	%
Funds Managed by Investment Counsellors				
Cash and Cash Equivalents	27,456	0.2	34,728	0.3
RT Capital Balance Fund (Cost \$11,833,114; 1997-\$10,812,877)	15,260,066	96.5	12,524,838	94.8
Confederation Life Real Estate Board (Cost \$143,749; 1997-\$605,021)	80,622	0.5	240,866	1.8
NWT Legislative Assembly Building Society Series Bonds (Cost \$396,602; 1997-\$404,974)	<u>448,375</u>	<u>2.8</u>	<u>404,974</u>	<u>3.1</u>
	<u>\$ 15,816,519</u>	<u>100</u>	<u>\$ 13,205,406</u>	<u>100</u>

**LEGISLATIVE ASSEMBLY RETIRING
ALLOWANCE FUND**

NOTES TO THE FINANCIAL STATEMENTS
March 31, 1998

NOTE 4 OBLIGATIONS FOR PENSION BENEFITS

The principal components of changes in actuarial The present value of accrued pension benefits was determined using the projected accrued benefit method prorated on service and the plan administrator's best estimate assumptions. The most recent actuarial valuation was made as of April 1, 1996 by the Coles Hewitt group, a firm of consulting actuaries. This actuarial valuation report was prepared to March 31, 1998 using the projected accrued benefit actuarial cost method (also known as the projected unit credit method), prorated on service. The report was prepared in accordance with accepted actuarial practice and in accordance with Section PS3250 of the CICA Public Sector Accounting and Auditing Handbook.

The principal components of changes in actuarial present values during the year were as follows:

Actuarial present value of accrued pension benefits	
- Beginning of year	\$ 9,549,000
- Cost of Amendments	(690,000)
- Interest accrued on benefits	785,000
- Benefits accrued	558,000
- Benefits paid	<u>(591,000)</u>
Actuarial present value of accrued pension benefits	
- End of year	<u>\$ 9,611,000</u>

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long term actuarial assumptions used in the market valuation were:

	1998	1997
Asset rate of return	8.0%	7.0%
Rate of salary increase	5.0%	4.5%

The actuarial value of net assets available for benefits was determined based on market value on March 31, 1998.

NORTHWEST TERRITORIES HOUSING CORPORATION

FINANCIAL STATEMENTS

March 31, 1998

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Honourable Goo Arlooktoo
Minister Responsible for the
Northwest Territories Housing Corporation

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. The statements have been prepared in accordance with generally accepted accounting principles in Canada. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedure manuals, and accountability for performance within appropriate and well-defined areas of responsibility. 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 independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Corporation and for issuing his report thereon.

D.J. (Dave) Murray
President

J.B. (Jeff) Anderson, CGA
Corporate Controller
Finance and Corporate Services

Yellowknife, NT
July, 1998

AUDITOR'S REPORT

To the Minister of the
Northwest Territories Housing Corporation

I have audited the balance sheet of the Northwest Territories Housing Corporation as at March 31, 1998 and the statements of operations, equity, and changes in financial position 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, 1998 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 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 and *Northwest Territories Housing Corporation Act* and regulations.

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

Ottawa, Canada
September 4, 1998

NORTHWEST TERRITORIES HOUSING CORPORATION

Balance Sheet as at March 31, 1998

<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Current	(thousands of dollars)	
Cash	\$ 1,975	\$ 2,050
Short-term investments (Note 3)	24,091	58,517
Accounts receivable		
Other		
Government of the Northwest Territories	2,728	2,255
Canada Mortgage and Housing Corporation	166	37
	5,338	-
	<u>34,298</u>	<u>62,859</u>
Investment in housing projects		
Land and buildings (Note 4)	407,267	170,286
Mortgages receivable (Note 5)	18,942	16,674
	426,209	186,960
Property and equipment (Note 6)	9,292	10,070
	<u>\$ 469,799</u>	<u>\$ 259,889</u>
<u>LIABILITIES</u>		
Current		
Accounts payable		
Trade	\$ 6,436	\$ 61,786
Canada Mortgage and Housing Corporation	-	13,228
Accrued interest	1,567	1,591
Due to the Government of the Northwest Territories (Note 7)	7,393	5,438
Unapplied contributions related to Capital (Note 8)	828	28,439
Contractor's holdbacks	1,295	1,268
Current portion of long-term debt	6,570	1,279
Current portion of leave and termination benefits	729	1,002
Deferred revenue	233	-
	25,051	59,031
Long-term debt (Note 9)	325,621	90,539
Leave and termination benefits	598	708
	<u>351,270</u>	<u>150,278</u>
EQUITY		
Government of the Northwest Territories	<u>118,529</u>	<u>109,611</u>
Contingencies and commitments (Notes 13 and 14)		
	<u>\$ 469,799</u>	<u>\$ 259,889</u>

Approved by Management:

D.J. (Dave) Murray
President

J.B. (Jeff) Anderson, CGA
Corporate Controller
Finance and Corporate Services

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Operations
For the year ended March 31, 1998

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Expenses		
Contributions to local housing organizations for social housing (Schedule I)	\$ 85,941	\$ 81,140
Interest on long-term debt	34,609	6,428
Repairs, maintenance, grants and other costs	29,512	23,372
Amortization	21,191	9,140
Mortgage write down	18,911	30,681
Administration (Schedule II)	15,341	16,127
Provision for impaired mortgages	12,618	5,843
Staffinghousing	11,808	14,477
Workshops and studies	<u>185</u>	<u>260</u>
	<u>230,116</u>	<u>187,468</u>
Revenues and recoveries		
Recoveries from Canada Mortgage and Housing Corporation (Note 11)	96,824	48,916
Recoveries from the Government of the Northwest Territories for staff housing	11,808	14,477
Gain on disposal of land and buildings	3,673	13,070
Mortgage interest revenue	1,547	1,154
Other revenue and recoveries	3,491	4,117
Investment revenue	1,199	1,713
Recovery of prior year grants	<u>951</u>	<u>607</u>
	<u>119,493</u>	<u>84,054</u>
Excess of expenses over revenue and recoveries prior to GNWT contribution	110,623	103,414
Contribution from the Government of the Northwest Territories (Note 7)	<u>74,289</u>	<u>72,245</u>
Excess of expenses over revenue And recoveries (Note 12)	<u>\$ 36,334</u>	<u>\$ 31,169</u>

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Equity
For the year ended March 31, 1998

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Balance beginning of year	\$109,611	\$ 120,011
Excess of expenses over recoveries and revenues	(36,334)	(31,169)
	73,277	88,842
Contributions from the Government of the Northwest Territories	-	-
Capital contributions used for capital expenditures (Note 8)	44,634	19,869
Contributions provided for loan principal repayments of long-term debt (Note 7)	618	531
Other capital contributions	<u>-</u>	<u>369</u>
	<u>45,252</u>	<u>20,769</u>
Balance at end of the year	<u>\$118,529</u>	<u>\$109,611</u>

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Changes in Financial Position
For the year ended March 31, 1998

	1998	1997
	(thousands of dollars)	(thousands of dollars)
Cash provided by (used for):		
operating activities		
Excess of expenses over recoveries and revenues	\$ (36,334)	\$ (31,169)
Items not involving cash		
Amortization	21,191	9,140
Provision for impaired mortgages	12,618	5,843
(Decrease) increase in leave and termination benefits	(383)	(538)
Gain on disposal of land and buildings	(3,673)	(13,070)
Mortgage write-down	18,911	30,681
Changes in non-cash operating working capital	<u>(44,938)</u>	<u>35,800</u>
	<u>(32,608)</u>	<u>36,687</u>
Financing activities		
Contributions from the Government of the Northwest Territories credited to equity	45,252	20,769
Repayment of long-term debt	(6,518)	(1,195)
Additions to long term debt	<u>246,891</u>	<u>-</u>
	<u>285,625</u>	<u>19,574</u>
Investing activities		
Additions to investment in housing projects		
Land and buildings	(290,676)	(32,211)
Mortgages receivable	(40,641)	(53,220)
Additions to property and equipment	(212)	(1,492)
Proceeds from disposal of land and buildings	38,735	43,582
Recovery of capital costs from Canada Mortgage and Housing Corporation (Note 11)	-	14,906
Recovery of capital costs - other	809	-
Repayment of mortgages receivable	<u>4,466</u>	<u>6,177</u>
	<u>(287,519)</u>	<u>(22,258)</u>
(Decrease) in cash	(34,501)	34,003
Cash at beginning of the year	<u>60,567</u>	<u>26,564</u>
Cash at end of the year	<u>\$ 26,066</u>	<u>\$ 60,567</u>
As represented by:		
Cash	\$ 1,975	\$ 2,050
Short-term investments	<u>24,091</u>	<u>58,517</u>
	<u>\$ 26,066</u>	<u>\$ 60,567</u>

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

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements

March 31, 1998

1. Purpose of the organization

The Northwest Territories Housing Corporation, established in 1974 pursuant to the Northwest Territories Housing Corporation Act, is a Territorial Crown Corporation named in Schedule B to the Financial Administration Act.

The Corporation is committed to working in partnership with communities and to provide opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided to all community residents to have homes that support a healthy, secure, independent and dignified lifestyle. The Corporation's principal objective is to develop, maintain and manage public housing programs in the Northwest Territories.

Pursuant to provisions of the Northwest Territories Housing Corporation Act, the Corporation is dependent upon the Government of the Northwest Territories, either directly or indirectly through guarantees, for the funds required to finance the net cost of its operations, for capital projects and the recovery of staff housing expenditures.

The division of the Northwest Territories is scheduled to occur on April 1, 1999 in accordance with the Nunavut act, S.C.1 993, c. 28. It is anticipated that the assets and liabilities of the Corporation will be divided based on geographical and other criteria as agreed to by both the Government of Nunavut and the Government of the Western Territory.

The Northwest Territories Housing Corporation is exempt from income tax.

2. Significant accounting policies

The Corporation's financial statements are prepared in accordance with generally accepted accounting policies. The significant accounting policies are as follows:

(a) Revenue recognition

Government of the Northwest Territories contributions, which are provided through the Department of the Executive, are restricted in nature, subject to the provisions of Section 20 of the Northwest Territories Housing Corporation Act and Part IX of the Financial Administration Act. Accordingly, contributions from the Government of the Northwest Territories are recognized as revenue in the year in which the related expenditures are incurred.

Contributions and recoveries from the Government of the Northwest Territories for operations and maintenance are credited to operations, except for those amounts provided for loan principal repayments which are credited to equity. Capital contributions are credited to equity if used for capital expenditures, or to operations if used for repairs, maintenance, grants and other costs.

Federal contributions, which are provided by Canada Mortgage and Housing Corporation (CMHC), are restricted in nature on the basis of certain provisions in the Social Housing Agreement executed by the Corporation and CMHC. Accordingly, federal contributions are recognized as revenue in the year in which the related expenditures are incurred.

Contributions from Canada Mortgage and Housing Corporation, provided for under the new Social Housing Agreement effective April 1, 1997, are credited to operations.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1998

2. Significant accounting policies con't

(b) Investment in housing projects - land and buildings

Land and buildings constructed by the Corporation are stated at cost, net of capital funding. Buildings transferred to the NWT Housing Corporation from CMHC are stated at CMHC's book value effective April 1, 1997. Construction in progress includes amounts that may be transferred to land and building for rental or may be transferred to homeowners and a mortgage taken back against the property. These costs include labor, material and freight. Amortization is provided using the following methods and annual rates. The provisions for amortization begin in the year the building is completed or transferred - in and are taken for the full year.

Public housing, senior citizen's housing and lease purchase housing	Declining	5%
Northern rental housing	Straight-line	5%

(c) Investment in housing projects - mortgages receivable

(i) Mortgage write-downs

The Corporation, under section 44(l) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagees. Subsidies are expensed at the time the decision is made by the Corporation to subsidize a mortgage.

The mortgage receivable balance represents the present value of the expected future payments from the mortgagees, net of an allowance for impaired mortgages.

(ii) Allowance for impaired mortgages

Mortgages are considered impaired when there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. An allowance is established to reduce the recorded value of the mortgage to its estimated realizable value based on the present value of expected payments.

Initial and subsequent changes in the amount of mortgage impairment are recorded through the mortgage provision.

(d) Mortgage interest revenue

Interest income on mortgages is recorded on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter, interest income is recognized on a cash basis, but only after prior write-offs arising from credit losses and the allowance for impairment have been recovered.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1998

2. Significant accounting policies con't

(e) Property and equipment

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

Office furniture and equipment	Declining balance	20%
Warehouses, office buildings and staff housing	Straight-line	5%

Leasehold improvements are amortized on a straight-line basis over the term of the leases.

(f) Contributions to local housing organizations

Local housing associations, authorities, municipalities and bands operate houses owned by the Corporation. The Corporation provides contributions for the annual operating requirements of these local housing organizations. The Corporation records these contributions on an accrual basis.

(g) Pension contributions

The Corporation 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 Corporation. These contributions represent the total pension obligation of the Corporation and are expensed in the year in which services are rendered. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(h) Leave and termination benefits

The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave and overtime compensatory leave, which is recorded as benefits accrue to the employees.

i) Measurement uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires the Corporation 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 Corporation believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to valuation of social housing and mortgages receivable, the costs of administering staff housing for the Government of Northwest Territories, and the costs of administering social housing programs for the Canada Mortgage and Housing Corporation.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1998

3. Short-term investments

The Corporation invests in the short-term money market. The portfolio yield for the year ended March 31, 1998 varied from 2.00% to 4.60% (1997 - 2.00% to 5.25%). 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 34 days.

4. Investment in housing projects - land and buildings

	1998			1997
	Cost	Accumulated Amortization	Net	Net
	(thousands of dollars)			
Land	\$ 971	\$ -	\$ 971	\$ 547
Social housing	473,108	117,913	355,195	123,546
Northern rental housing	3,354	2,626	728	62
Senior citizens' housing	10,923	2,356	8,567	4,743
Lease/Purchase housing	20,437	2,829	17,608	26,005
Staff housing	1,281	118	1,163	620
Spec units	2,627	131	2,496	-
Construction in progress	20,539	-	20,539	14,763
	<u>\$ 533,240</u>	<u>\$ 125,973</u>	<u>\$ 407,267</u>	<u>\$ 170,286</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 that expires on March 31, 2038. In addition, CMHC paid the Corporation a one-time allowance that represents the transfer of reserves on account of risks that may be associated with future increases in costs due to inflation, changes in interest rates and losses on loans owing by third parties.

Effective April 1, 1997, CMHC ownership interest in the rental and loan portfolio affected by the Agreement is transferred to NWTHC a 's Trustee, in accordance with a Declaration of Trust Agreement signed by both parties. Over the term of the Agreement, NWTHC 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, 1998

5. Investments in housing projects - mortgages receivable

	<u>1998</u>	<u>1997</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	\$ 3,125	\$ 1,894
Less: allowance	<u>(2,631)</u>	<u>(939)</u>
	<u>494</u>	<u>955</u>
Other mortgages, bearing interest at rates varying between 6% and 14.25% per annum, repayable over a maximum period of 25 years	33,468	17,645
Less allowance	<u>(17,045)</u>	<u>(6,172)</u>
	<u>16,423</u>	<u>11,473</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	2,327	4,495
Less: allowance	<u>(302)</u>	<u>(249)</u>
	<u>2,025</u>	<u>4,246</u>
	<u>\$ 18,942</u>	<u>\$ 16,674</u>

The recorded value of those mortgages specifically identified as being impaired is \$19,978,000 (1997 - \$7,360,000).

6. Property and equipment

	<u>1998</u>		<u>1997</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
	(thousands of dollars)			
Warehouses	\$ 14,120	\$ 5,880	\$ 8,240	\$ 8,929
Office furniture and equipment	2,899	1,890	1,009	1,046
Staff housing	531	488	43	70
Office buildings	162	162	-	4
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>
	<u>\$ 17,712</u>	<u>\$ 8,420</u>	<u>\$ 9,292</u>	<u>\$ 10,070</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1998

7. Due to the Government of the Northwest Territories

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Balance at beginning of the year	\$ 5,438	\$ 1,739
Operating contributions	55,168	58,206
Contributions provided for loan principal repayments of long-term debt	(618)	(531)
Capital contributions used for repairs, maintenance, grants and other cost (Note 8)	<u>21,694</u>	<u>18,269</u>
	76,244	75,944
Cost of operations net of unfunded items	<u>74,289</u>	<u>72,245</u>
	<u>1,955</u>	<u>3,699</u>
Balance at end of year	<u>\$ 7,393</u>	<u>\$ 5,438</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.

The GNWT is disputing the accuracy of NWTHC's accounts receivable and accounts payable totaling \$5,050,463 as at March 31, 1998. This issue is under discussion and, accordingly, there have been no adjustments made to the NWTHC's records.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1998

8. Unapplied contributions related to capital

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Balance at beginning of the year	\$ 28,439	\$ 19,566
Repayment	(4,500)	-
Capital contributions received	<u>43,217</u>	<u>47,011</u>
	<u>67,156</u>	<u>66,577</u>
Capital expenditures	44,634	19,869
Capital contributions used for repairs, maintenance, grants and other costs (Note 7)	<u>21,694</u>	<u>18,269</u>
	<u>66,328</u>	<u>38,138</u>
Balance at end of the year	<u>\$ 828</u>	<u>\$ 28,439</u>
Representing unapplied capital contributions for		
1998	\$ 705	\$ -
1997	123	17,131
1996	-	10,878
1995	<u>-</u>	<u>430</u>
	<u>\$ 828</u>	<u>\$ 28,439</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 dependent 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, 1998

9. Long-term debt

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Loans from Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (1997 - 6.97%). The Government of the Northwest Territories guarantees the loans.	\$ 88,390	\$ 89,669
Loans from Canada Mortgage and Housing Corporation for use in financing costs of land development, repayable when land is removed from inventory, bearing interest at an average weighted rate of 10.9% (1997 - 10.9%)	-	49
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%	<u>241,701</u> 330,091	<u>-</u> 89,718
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>
	332,191	91,818
Portion included in current liabilities	<u>6,570</u>	<u>1,279</u>
	<u>\$ 325,621</u>	<u>\$ 90,539</u>

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

	Principal	Interest (thousands of dollars)	Total
1999	\$6,570	\$34,526	\$41,096
2000	6,667	34,429	41,096
2001	6,771	34,325	41,096
2002	6,883	34,213	41,096
2003	7,002	34,094	41,096

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1998

10. Fair value of financial instruments

The fair value of cash and short-term investments, accounts receivable and accounts payable and accruals approximate the carrying amount of these instruments due to the short period to maturity. Accounts receivable other consists of amounts due from Local Housing Organizations, which represents 53% of the outstanding balance.

The carrying amounts of mortgages receivable of \$18,942,000 (1997 - \$16,674,000), 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:

	1998		1997	
	(thousands of dollars)			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Loans payable	\$ 90,490	\$ 103,539	\$ 90,539	\$ 93,132
Mortgages payable	<u>241,701</u>	see below	<u>0</u>	<u>0</u>
	<u>\$ 332,191</u>		<u>\$ 90,539</u>	<u>\$ 93,132</u>

The fair value of loans 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.

Owing to constraints of timeliness and cost, the fair value of mortgages payable cannot be determined with sufficient reliability. These financial instruments mature between the years 2003 and 2038 at interest rates ranging from 4.5% to 21.5%.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1998

11. Recoveries from Canada Mortgage and Housing Corporation

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Recoveries in respect of:		
Operations and maintenance		
Contributions to local housing organizations including interest expense	\$90,270	\$44,563
Repairs, maintenance, grants and other costs	<u>6,554</u>	<u>4,353</u>
	<u>\$96,824</u>	<u>\$48,916</u>
Capital		
Additions to land and buildings	<u>\$ -</u>	<u>\$14,906</u>

During the 1997/98 fiscal year CMHC disputed the NWTHC's accounts payable amount of \$2,448,956 related to the 1996/97 fiscal year. This issue is under discussion, and accordingly, there have been no adjustments made to the Corporation's records.

12. Excess of expenses over revenues and recoveries

The following unfunded expenses represent the excess:

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Mortgage write down	\$ 18,911	\$ 30,681
Amortization	21,191	9,140
Contribution for mortgage payable	(5,190)	-
Provision for mortgage impairment (Principal portion)	12,618	5,843
Long-term portion of leave and termination benefits	(110)	(625)
Recovery of small capital program grants	(162)	(193)
Recovery of prior year grants	(951)	(607)
Gain on disposal of land and buildings	(3,673)	(13,070)
Contribution for risk reserve	<u>(6,300)</u>	<u>-</u>
	<u>\$ 36,334</u>	<u>\$ 31,169</u>

13. Contingencies

During 1997-98, the Corporation provided guarantees to lenders financing certain new or renovated residential housing construction. As at March 31, 1998 a total of 19 loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$2,262,000.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements March 31, 1998

14. Commitments

- (a) 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 that may cause the payments to exceed the basic rental. The basic rental payments are as follows:

	<u>Total</u> (thousands of dollars)
1999	\$ 9,718
2000	7,662
2001	7,334
2002	7,270
2003	6,925

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

- (b) At March 31, 1998 the estimated cost to complete housing projects in progress was \$18,570,000.

15. Related party transactions

In addition to those related party transactions disclosed elsewhere in these financial statements, 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.

16. Uncertainly 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 that use certain dates in 1999 to represent something other than a date.

The Corporation is aware that its Mortgage Accounting System may not be in compliance with the Year 2000 issue. The effects of this issue may be experienced before, on or after January 1, 2000, and, if not addressed, the Corporation may experience systems failures or processing errors that may affect its ability to conduct normal business operations with existing and new clients. The Corporation currently has a new system under development that will address this issue but the costs associated with the acquisition and implementation are not determinable at this time.

The Corporation also relies on the systems of the Government of the Northwest Territories. 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 Government of the Northwest Territories and other third parties, will be fully resolved.

17. Comparison with prior year

Certain of the 1997 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, 1998

(thousands of dollars)	North Slave	South Slave	Western Arctic	Kitikmeot	Keewatin	Baffin	1998 Total	1997 Total
Revenue								
Rental Assessments	\$ 942	\$ 665	\$ 1,233	\$ 1,159	\$ 1,614	\$ 3,045	\$ 8,658	\$ 10,066
Doubtful Accounts	(155)	(78)	(128)	(55)	(75)	1	(490)	(802)
Miscellaneous Income	95	40	110	148	112	212	717	762
Total Revenue	882	627	1,215	1,252	1,651	3,258	8,885	10,026
Expenditures								
Administration	1,096	1,333	2,376	1,406	2,029	3,532	11,772	12,067
Leasing	2,000	687	630	876	1,619	3,321	9,133	9,025
Maintenance and Repairs	1,270	1,884	4,294	3,135	4,450	6,073	21,106	21,317
Power	558	667	2,520	2,764	3,028	5,566	15,103	15,320
Fuel	360	653	1,697	1,969	2,257	2,992	9,928	9,966
Water and Sanitation	1,043	898	2,564	3,964	5,148	7,322	20,939	20,447
Taxes	337	321	374	197	255	979	2,463	2,307
Total Expenditures	6,664	6,443	14,455	14,311	18,786	29,785	90,444	90,449
Deficiency of Revenue over Expenditures	5,782	5,816	13,240	13,059	17,135	26,527	81,559	80,423
Deficits paid by Local Housing Organizations	(73)	(170)	(71)	(1)	(710)	(457)	(1,482)	(1,317)
Surpluses refunded to Housing Corporation	26	90	307	18	82	539	1,062	1,377
Surpluses, retained by Local Housing Organizations	103	0	47	488	0	282	920	0
Total Local Housing Organization Contribution	5,838	5,736	13,523	13,564	16,507	26,891	82,059	80,483
Contributions to Sponsor Groups Total	2,512	677	323	0	88	282	3,882	657
Contributions to Local Housing Organizations for Social Housing	\$ 8,350	\$ 6,413	\$ 13,846	\$ 13,564	\$ 16,595	\$ 27,173	\$ 85,941	\$ 81,140

NORTHWEST TERRITORIES HOUSING CORPORATION**Schedule of Administration Expenses
For the year ended March 31, 1998**

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Salaries and benefits	\$ 9,840	\$ 11,411
Travel and relocation	2,225	1,535
Building and equipment rentals	1,410	1,582
Professional and special services	942	715
Communications	336	374
Materials and supplies	304	253
Computer services	171	199
Land title fees and expenses	100	56
Miscellaneous	<u>13</u>	<u>2</u>
	<u>\$ 15,341</u>	<u>\$ 16,127</u>

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NUNAVUT ARCTIC COLLEGE

**Financial Statements
June 30, 1998**

NUNAVUT ARCTIC COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements 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 Members 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 Auditor General of Canada is responsible for auditing the College's financial statements and for issuing his report thereon. He has audited the English and French versions of the financial statements and has reported thereon. The College's management and the Board of Governors are responsible for the translation into Inuktitut.

Greg Welch
President

Marcelo Parungao
Acting Bursar / Chief Financial Officer

Iqaluit, Canada
September 23, 1998

AUDITOR'S REPORT

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

I have audited the balance sheet of the Nunavut Arctic College as at June 30, 1998 and the statements of operations and 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 College as at June 30, 1998 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 the Part EK of the *Financial Administration Act* and regulations, the Public Colleges Act and regulations and the by-laws of the College.

Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
September 23, 1998

NUNAVUT ARTIC COLLEGE

BALANCE SHEET as at June 30
(thousands of dollars)

	<u>1998</u>	<u>1997</u>
<u>ASSETS</u>		
Current		
Cash	\$ 795	\$ 515
Accounts receivable (Note 3)	1,488	1,825
Prepaid expenses	<u>115</u>	<u>178</u>
	2,398	2,518
Capital assets (Note 4)	<u>556</u>	<u>607</u>
	<u>\$ 2,954</u>	<u>\$ 3,125</u>
<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 1,494	\$ 1,824
Deferred revenue (Note 5)	385	426
Due to the Government of the Northwest Territories	<u>466</u>	<u>286</u>
	2,345	2,536
Provision for employee termination benefits	764	720
Professional development liability	<u>148</u>	<u>130</u>
	3,257	3,386
<u>DEFICIT</u>		
Deficit	<u>(303)</u>	<u>(261)</u>
	<u>\$ 2,954</u>	<u>\$ 3,125</u>
Commitments (Note 8)		
Contingencies (Note 10)		

See accompanying notes to financial statements.

Approved by the Board:

Joe Ohokannoak
Chairperson of the Board

Lyn Woodhouse
Chairperson of the Finance Committee

NUNAVUT ARCTIC COLLEGE
STATEMENT OF OPERATIONS AND DEFICIT
for the year ended June 30
(thousands of dollars)

	<u>1998</u>	<u>1997</u>
REVENUES		
Contributions	\$ 12,248	\$ 12,262
Contract income	9,265	6,620
Room and board	600	488
Tuition fees	517	502
Other	190	204
Investment income	96	103
Donations	<u>77</u>	<u>-</u>
	<u>22,993</u>	<u>20,179</u>
 EXPENSES		
Salaries and employee benefits	12,610	11,456
Fees and professional services	2,816	2,834
Utilities	1,738	1,377
Travel and accomodation	1,581	1,645
Materials and supplies	1,161	1,417
Rent	944	547
Telecommunications, postage and freight	639	594
Building and equipment repairs	574	452
Furniture and equipment	376	420
Printing and publishing	248	366
Bad debts	199	89
Amortization	<u>149</u>	<u>132</u>
	<u>23,035</u>	<u>21,329</u>
 DEFICIENCY OF REVENUE OVER EXPENSES	 (42)	 (1,150)
 SURPLUS (DEFICIT) AT BEGINNING OF YEAR	 <u>(261)</u>	 <u>889</u>
 DEFICIT AT END OF YEAR	 <u><u>\$ (303)</u></u>	 <u><u>\$ (261)</u></u>

See accompanying notes to financial statements.

NUNAVUT ARCTIC COLLEGE

STATEMENT OF CHANGES IN FINANCIAL POSITION
for the year ended June 30
(thousands of dollars)

	<u>1998</u>	<u>1997</u>
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (42)	\$ (1,150)
Items not requiring an outlay of cash		
Amortization	149	132
Increase (decrease) in the professional development liability	18	(141)
Increase in the provision for employee termination benefits	<u>44</u>	<u>162</u>
	169	(997)
 Net change in non-cash working capital items	 <u>209</u>	 <u>(715)</u>
	378	(1,712)
INVESTING ACTIVITIES		
Acquisition of capital assets	<u>(98)</u>	<u>(173)</u>
 INCREASE (DECREASE) IN CASH FOR THE YEAR	 280	 (1,885)
CASH AT BEGINNING OF YEAR	<u>515</u>	<u>2,400</u>
CASH AT END OF YEAR	<u>\$ 795</u>	<u>\$ 515</u>

See accompanying notes to financial statements.

NUNAVUT ARCTIC COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

1. AUTHORITY AND ACTIVITIES

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 its operations and capital requirements for the administration and delivery of its adult and post-secondary education programs from the Government of the Northwest Territories.

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 in the Nunavut Settlement Area. Through the work of the Nunavut Research Institute, the College is also responsible for the facilitation and preparation of research activity in the region.

Nunavut Territory

The Nunavut Act shall come into force on April 1, 1999. On that date, the Government of Nunavut come into being. The Nunavut Act consequentially amends the Northwest Territories Act to redefine the Northwest Territories to exclude the geographic Nunavut Territory as of April 1, 1999.

The creation of Nunavut will require the transfer of the Government of the Northwest Territories assets and liabilities including the Nunavut Arctic College. The full impact on the Government of the Northwest Territories and the College has not been determined nor has an agreement been reached regarding the division of assets and liabilities. Notwithstanding possible changes in future operations of the College, these financial statements have been prepared on a going concern basis.

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 are based on the annual contribution amount set out in the Government's Main Estimates and represent the majority of the base funding for the College to cover its expenditures. Contributions are received monthly based on a predetermined schedule of cash flow requirements and are recorded on an accrual basis.

NUNAVUT ARCTIC COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

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 development and delivery services provided.

Investment income

The College earns investment income through an agreement with the Government of the Northwest Territories (GNWT) whereby the GNWT invests the College's available cash balances. These amounts are recorded as income in the year they are earned. The terms of this agreement are such that the College is not exposed to any credit risk or potential for loss of capital.

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, 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:

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

In addition, leasehold improvements are amortized over the remaining term of the leases.

Employee termination benefits

On termination of employment, employees are entitled to benefits provided for under their terms of employment. 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, 1998

Professional development liability

The professional development liability is for the long-term professional development of College instructors and teachers. Under the Union of Northern Workers Collective Agreement, an amount equal to three percent of the base salary of all indeterminate instructors on strength as at April 1st of each year, is recorded under salaries and employee benefits as expenses, and as a liability. In addition, an amount determined in accordance with the Northwest Territories Teachers' Association Collective Agreement is also recorded as expenses and liability.

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 \$1,488,020 (1997 - \$1,824,529) are net of allowances for doubtful accounts of \$791,393 (1997 - \$592,515). These receivables include \$320,118 (1997 - \$494,706) due from departments of the Government of the Northwest Territories.

4. CAPITAL ASSETS

	1998		1997	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Computers and printers	\$ 454	\$ 301	\$ 153	\$ 223
Furniture and equipment	247	112	135	154
Building improvements	136	23	113	119
Mobile equipment	179	39	140	85
Leasehold improvements	56	41	15	26
	\$ 1,072	\$ 516	\$ 556	\$ 607

NUNAVUT ARCTIC COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1998

5. DEFERRED REVENUE

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Contract payments	\$ 244	\$ 267
Donations	<u>141</u>	<u>159</u>
	<u>\$ 385</u>	<u>\$ 426</u>

6. RELATED PARTY TRANSACTIONS

The College is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and crown corporations. The College enters into transactions with these entities in the normal course of business. These transactions are as follows:

Revenues

The College received a contribution of \$12,248,299 (1997 - \$12,262,132) from the Department of Education, Culture and Employment and contract income of \$7,186,257 (1997 - \$4,443,612) for courses delivered on behalf of the Government of the Northwest Territories.

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 Department of Public Works and Services charged the College \$990,442 (1997 - \$1,888,491) for the utility of federal buildings only and operating costs of all facilities. The Financial Management Board Secretariat charged \$124,029 (1997 - \$295,880) for employee dental and other benefits.

The College also receives, without any charge, various services from related departments, boards and agencies. Services provided include personnel, payroll, financial, procurement, legal and translation services.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The transactions related to cash, accounts receivable, accounts payable and accrued liabilities and the due to the Government 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. There is no concentration of accounts receivable with any customer, except with the Government of the Northwest Territories, and, consequently, the credit risk is low.

NUNAVUT ARCTIC COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1998

8. 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)
1999	\$ 654
2000	398
2001	<u>335</u>
	<u>\$ 1,387</u>

9. 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.

At this time, the College has not yet developed a plan to evaluate the effects of the Year 2000 Issue. 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.

10. CONTINGENCIES

In the ordinary course of business, a claim has been brought against the College. In the opinion of management, the loss, if any, which may result from the settlement of the matters is not likely to be material and accordingly no provision has been made in the accounts of the College. In the event that such expense were to occur, it would be recognized as a period cost.

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GOVERNMENT OF NORTHWEST TERRITORIES
DEPARTMENT OF PUBLIC WORKS AND SERVICES
GRANULAR PROGRAM REVOLVING FUND
FOR THE YEAR ENDED MARCH 31, 1998
(unaudited)

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Granular Program Revolving Fund

**Balance Sheet
as of March 31, 1998**

	<u>ASSETS</u>	<u>1998</u>	<u>1997</u>
Current			
Accounts Receivable			
Government of the Northwest Territories Departments		\$ -	\$ 14,820
Northwest Territories Housing Corporation		1,815	1,815
Commercial Enterprises		19,292	36,082
Municipalities		210	187,143
Individuals		459	1,132
		<hr/>	<hr/>
		21,776	240,992
Prepaid Expenses		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
		21,776	240,992
Fixed Assets			
Screeners		425,533	425,533
Less: Accumulated Depreciation (Note 1)		215,478	192,136
		<hr/>	<hr/>
		210,055	233,397
Granular Inventories (Note 2)		<hr/>	<hr/>
		6,164,215	6,196,950
		<hr/>	<hr/>
		\$ 6,396,046	\$ 6,671,339
	<u>LIABILITIES</u>		
Current			
Accounts payable and accrued liabilities		\$ 1,095	\$ 4,496
Holdback payable		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
		1,095	4,496
Long-term			
Retained earnings		-	61,822
Due to the Government of the Northwest Territories		6,394,951	6,605,021
		<hr/>	<hr/>
		6,394,951	6,666,843
		<hr/>	<hr/>
		\$ 6,396,046	\$ 6,671,339

Approved by Management:

Gay Kennedy
Director, Corporate Services

Bruce Rattray
Deputy Minister

Granular Program Revolving Fund

**Income Statement
as of March 31, 1998**

	<u>1998</u>	<u>1997</u>
Sales		
Government of the Northwest Territories	\$ 20,095	\$ 267,785
Northwest Territories Housing Corporation	-	706
Commercial enterprises	18,676	54,386
Municipalities	18,143	257,376
Individuals	185	-
	<u>57,099</u>	<u>580,253</u>
Opening inventory	6,196,950	8,157,215
Operating costs		
Freight	-	-
Salaries	-	-
Site cleanup	-	-
Signage	-	1,214
Computer Services Chargeback	-	1,807
Material and supplies	-	638
Agent fees	-	5,623
Casual wages	-	-
Depreciation of screeners	23,342	25,933
Surveys	-	-
Rental of equipment	-	-
Duty travel-Investigations & Surveys/Production costs	-	9,927
Production costs	1,021	(38,221)
	<u>24,363</u>	<u>6,921</u>
Cost of Goods Available for Sale	6,221,313	8,164,136
Less inventory revaluation	-	1,414,194
Less closing inventory	<u>6,164,215</u>	<u>6,196,950</u>
Cost of goods sold	<u>57,098</u>	<u>552,992</u>
Net operating profit (Note 3)	<u>\$ -</u>	<u>\$ 27,261</u>

Granular Program Revolving Fund

**Notes to Financial Statements
as of March 31, 1998**

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. A calculated profit of \$0 on this years operations, as well as \$61,822 in accumulated retained earnings, had been credited to a revenue account in accordance with Section 60 of the Financial Administration Act.

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DEPARTMENT OF EDUCATION, CULTURE AND EMPLOYMENT
STUDENT LOAN REVOLVING FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1998
(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

**Student Loan Revolving Fund
for the year ending March 31, 1998**

STATEMENT OF OPERATIONS

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Loans receivable, opening balance	\$ 18,411	\$ 16,597
Add: Loans granted during the year	<u>3,950</u>	<u>4,119</u>
	22,361	20,716
Less: Principal amount of loans repaid	1,194	975
Principal amount of loans written off	74	53
Principal amount of loan remissions	<u>1,245</u>	<u>1,276</u>
Loans receivable, closing balance	19,848	18,412
Less: Estimated provision for remission and written off accounts	<u>10,980</u>	<u>10,017</u>
Net loans receivable, closing balance	<u>\$ 8,868</u>	<u>\$ 8,395</u>

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

Interest earned and credited to general revenues	398	269
Less: Financial Collection Agency fees	12	13
Estimated provision for remission and written off accounts	<u>2,278</u>	<u>2,382</u>
Operating deficiency for the year	<u>\$ 1,892</u>	<u>\$ 2,126</u>

- (1) During the fiscal year the allowance for remission and written off accounts was increased by \$2,278,000 (1996-97 - \$2,382,000). 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 \$74,234 (1996-97 - \$53,474) were written off due to uncollectability, \$1,245,322 (1996-97 - \$1,276,453) were remitted, and \$35,361 (1996-97 - \$37,049) 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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DEPARTMENT OF RESOURCES, WILDLIFE AND ECONOMIC DEVELOPMENT
FUR MARKETING SERVICE REVOLVING FUND
FOR THE YEAR ENDED MARCH 31, 1998
(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Fur Marketing Service Revolving Fund
March 31, 1998

	<u>1998</u>	<u>1997</u> (Restated)
Receivable balance, beginning of the year	\$ 197,260	\$ 113,089
Add: Total amount of receivables issued	303,656	315,218
Less: Total amount of receivables repaid	<u>294,128</u>	<u>231,048</u>
Fund Balance, end of the year	<u>\$ 206,787</u>	<u>\$ 197,260</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 (1997 - \$900,000).

In the past, the Department of Resources, Wildlife and Economic Development reported the totals of the fur advance balance and fur receivable balance. The fur advance balance should not be part of the authorized limit of the revolving fund. The 1997 fund balance has been restated for comparative purposes and to reflect the change in reporting.

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DEPARTMENT OF RESOURCES, WILDLIFE AND ECONOMIC DEVELOPMENT

REFORESTATION SPECIAL PURPOSE FUND

FOR THE YEAR ENDED MARCH 31, 1998

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

**Reforestation Special Purpose Fund
March 31, 1998**

	<u>1998</u>
Receivable balance, beginning of the year	\$ 1,012,261
Add: 1997-98 Revenue	31,024
1997-98 Accrued Fees	664,271
Less: 1996-97 Accrued Receivables Overstated	55,220
1997-98 Expenditures	<u>743,473</u>
Fund Balance, end of the year	<u>\$ 908,863</u>

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DEPARTMENT OF PUBLIC WORKS AND SERVICES
PUBLIC STORES REVOLVING FUND INVENTORIES
FOR THE YEAR ENDED MARCH 31, 1998
(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

**Schedule of Public Stores Revolving Fund Inventories
for the year ended March 31, 1998**

Public Stores	Balance March 31, 1997	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 1998
Yellowknife	\$ 131,593	\$ 326,970	\$ 326,802	\$ -	\$ -	\$ 131,761
Inuvik	4,519	-	3,274	-	(1,245)	-
Iqaluit	21,883	22,023	22,169	-	-	21,737
Rankin Inlet	10,651	979	11,630	-	-	-
	\$ 168,646	\$ 349,972	\$ 363,875	\$ -	\$ (1,245)	\$ 153,498

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