

**GOVERNMENT OF NUNAVUT**  
**INTERIM FINANCIAL REPORT**  
**Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2014**

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**The Honourable George Qulaut, MLA  
Speaker of the Legislative Assembly of Nunavut**

I am pleased to present the Interim Financial Report of the Government of Nunavut for the fiscal year ended March 31, 2014. The report is presented in accordance with subsection 51(4) of the Financial Administration Act.

A handwritten signature in black ink, appearing to read 'Keith Peterson', with a long horizontal flourish extending to the right.

The Honourable Keith Peterson, MLA  
Minister of Finance

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**The Honourable Keith Peterson, MLA  
Minister of Finance**

I am pleased to present the Interim Financial Report of the Government of Nunavut for the fiscal year ended March 31, 2014. The report is submitted pursuant to subsection 51(3) of the Financial Administration Act.

The purpose of the report is to provide the preliminary operating results of the Government, on a non-consolidated basis, for the year ended March 31, 2014.

The information in the report is unaudited and subject to change prior to the issue of the final Public Accounts. The non-consolidated financial statements are subject to review before the Auditor General issues the auditor's report on the Government's Consolidated Financial Statements. That review is not complete at this time.

Respectfully submitted,



Jeff Chown, CA  
Comptroller General

September 18, 2014

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**GOVERNMENT OF NUNAVUT**  
**INTERIM FINANCIAL REPORT**  
**Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2014**

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**GOVERNMENT OF NUNAVUT**  
**INTERIM FINANCIAL REPORT**  
**Non-Consolidated Statement of Financial Position (unaudited)**  
**as at March 31, 2014**  
*(in thousands of dollars)*

|   | Note | 2014             | 2013             |
|---|------|------------------|------------------|
| <b>Financial assets</b>                           |      |                  |                  |
| Cash and cash equivalents                         | 3    | 476,023          | 369,759          |
| Due from the Government of Canada                 | 4    | 45,718           | 56,425           |
| Revenues receivable                               | 5    | 101,988          | 105,132          |
| Inventories for resale                            | 6(a) | 78,740           | 97,585           |
| Loans receivable                                  | 7    | 26,825           | 19,673           |
| Designated investments                            | 8    | 9,420            | 8,156            |
| <b>Total financial assets</b>                     |      | <b>738,714</b>   | <b>656,730</b>   |
| <b>Liabilities</b>                                |      |                  |                  |
| Accounts payable and accrued liabilities          | 9    | 241,052          | 232,333          |
| Deferred revenues                                 | 10   | 86,577           | 107,895          |
| Environmental liabilities                         | 11   | 13,920           | 10,799           |
| Pension liabilities                               | 12   | 8,868            | 7,838            |
| Other post-employment benefit liabilities         | 13   | 24,275           | 19,180           |
| Mortgage payable                                  | 14   | 2,934            | 3,276            |
| Iqaluit International Airport Improvement Project | 15   | 31,885           | -                |
| Capital lease obligations                         | 16   | 53,421           | 60,072           |
| <b>Total liabilities</b>                          |      | <b>462,932</b>   | <b>441,393</b>   |
| <b>Net financial assets</b>                       |      | <b>275,782</b>   | <b>215,337</b>   |
| <b>Non-financial assets</b>                       |      |                  |                  |
| Tangible capital assets (Schedule C)              |      | 1,091,536        | 1,003,927        |
| Inventories for use                               | 6(b) | 2,855            | 2,488            |
| Prepaid expenses                                  |      | 2,267            | 1,993            |
| <b>Total non-financial assets</b>                 |      | <b>1,096,658</b> | <b>1,008,408</b> |
| <b>Accumulated surplus</b>                        |      | <b>1,372,440</b> | <b>1,223,745</b> |
| Contractual obligations (Note 18)                 |      |                  |                  |
| Contingencies (Note 19)                           |      |                  |                  |

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

**GOVERNMENT OF NUNAVUT**  
**INTERIM FINANCIAL REPORT**  
**Non-Consolidated Statement of Operations and Accumulated Surplus (unaudited)**  
**for the year ended March 31, 2014**  
*(in thousands of dollars)*

|   | <b>2014<br/>Budget</b><br><small>(Note 22)</small> | <b>2014<br/>Actual</b> | <b>2013<br/>Actual</b> |
|---|--|------------------------|------------------------|
| <b>Revenues (Schedule A)</b>                                  |  |                        |                        |
| From the Government of Canada                                 | 1,541,214  | 1,574,306              | 1,463,411              |
| Tax revenues generated by the Government of Nunavut           | 84,100   | 92,438                 | 84,245                 |
| Other revenues generated by the Government of Nunavut         | 49,895   | 78,666                 | 59,095                 |
| Recoveries of prior years expenditures                        | -  | 9,289                  | 13,315                 |
| <b>Total revenues</b>   | <b>1,675,209</b>                                   | <b>1,754,699</b>       | <b>1,620,066</b>       |
| <b>Expenses (Schedule B)</b>                                  |  |                        |                        |
| Operations and maintenance expenses before amortization       | 1,454,956  | 1,454,316              | 1,378,443              |
| <i>Plus: Amortization expenses on tangible capital assets</i> | 44,466   | 57,682                 | 53,656                 |
| Total operations and maintenance expenses                     | 1,499,422  | 1,511,998              | 1,432,099              |
| Capital expenditures  | 303,110  | 239,296                | 125,091                |
| <i>Less: Transfers to tangible capital assets</i>             | 119,777  | 145,290                | 59,205                 |
| Total capital expenses  | 183,333  | 94,006                 | 65,886                 |
| <b>Total expenses</b>   | <b>1,682,755</b>                                   | <b>1,606,004</b>       | <b>1,497,985</b>       |
| <b>Surplus (deficit) for year</b>                             | <b>(7,546)</b>                                     | <b>148,695</b>         | <b>122,081</b>         |
| <b>Accumulated surplus, beginning of year</b>                 | <b>1,223,745</b>                                   | <b>1,223,745</b>       | <b>1,101,664</b>       |
| <b>Accumulated surplus, end of year</b>                       | <b>1,216,199</b>                                   | <b>1,372,440</b>       | <b>1,223,745</b>       |

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

**GOVERNMENT OF NUNAVUT**  
**INTERIM FINANCIAL REPORT**  
**Non-Consolidated Statement of Change in Net Financial Assets (unaudited)**  
**for the year ended March 31, 2014**  
*(in thousands of dollars)*

|  | <b>2014<br/>Budget</b> | <b>2014<br/>Actual</b> | <b>2013<br/>Actual</b> |
|--|------------------------|------------------------|------------------------|
| <b>Surplus (deficit) for year</b>                  | (7,546)                | 148,695                | 122,081                |
| <b>Tangible capital assets (Schedule C)</b>        |                        |                        |                        |
| Additions  | (119,777)              | (145,291)              | (59,205)               |
| Disposals  | -                      | -                      | 703                    |
| Amortization                                       | 44,466                 | 57,682                 | 53,656                 |
|  | (75,311)               | (87,609)               | (4,846)                |
| <b>Net use (additions) of inventories for use</b>  | -                      | (367)                  | (21)                   |
| <b>Net use (additions) of prepaid expenses</b>     | -                      | (274)                  | (135)                  |
|  | -                      | (641)                  | (156)                  |
| <b>Increase (decrease) in net financial assets</b> | (82,857)               | 60,445                 | 117,079                |
| <b>Net financial assets, beginning of year</b>     | 215,337                | 215,337                | 98,258                 |
| <b>Net financial assets, end of year</b>           | 132,480                | 275,782                | 215,337                |

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

**GOVERNMENT OF NUNAVUT**  
**INTERIM FINANCIAL REPORT**  
**Non-Consolidated Statement of Cash Flow (unaudited)**  
**for the year ended March 31, 2014**  
*(in thousands of dollars)*

|  | <b>2014</b>      | <b>2013</b>     |
|--|------------------|-----------------|
| <b>Cash provided by (used for) operating activities:</b>       |                  |                 |
| Transfers from the Government of Canada                        | 1,563,707        | 1,491,709       |
| Taxes  | 92,350           | 84,888          |
| Other government revenues                                      | 265,460          | 253,366         |
| Interest on loans receivable and portfolio investments         | 963              | 343             |
| Interest payments on capital leases and mortgage               | (3,940)          | (4,639)         |
| Compensation and employee benefits                             | (477,606)        | (444,523)       |
| Grants and contributions                                       | (438,744)        | (410,478)       |
| Goods and services   | (767,113)        | (750,681)       |
|  | <b>235,077</b>   | <b>219,985</b>  |
| <b>Cash provided by (used for) capital activities:</b>         |                  |                 |
| Tangible capital asset acquisitions                            | (113,406)        | (59,205)        |
| Tangible capital asset disposals                               | -                | 703             |
|  | <b>(113,406)</b> | <b>(58,502)</b> |
| <b>Cash provided by (used for) investing activities:</b>       |                  |                 |
| Loans to municipalities, businesses and individuals            | (592)            | (357)           |
| Loan repayments received                                       | 441              | 334             |
| Working capital advance to Nunavut Business Credit Corporation | (7,000)          | -               |
| Designated investments acquisitions                            | (1,264)          | (601)           |
|  | <b>(8,415)</b>   | <b>(624)</b>    |
| <b>Cash provided by (used for) financing activities:</b>       |                  |                 |
| Principal payments on capital leases                           | (6,650)          | (6,207)         |
| Principal payments on mortgage payable                         | (342)            | (319)           |
|  | <b>(6,992)</b>   | <b>(6,526)</b>  |
| <b>Increase in cash and cash equivalents</b>                   | <b>106,264</b>   | <b>154,333</b>  |
| <b>Cash and cash equivalents, beginning of year</b>            | <b>369,759</b>   | <b>215,426</b>  |
| <b>Cash and cash equivalents, end of year (Note 3)</b>         | <b>476,023</b>   | <b>369,759</b>  |

The accompanying notes and schedules are an integral part of these non-consolidated financial statements.

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**GOVERNMENT OF NUNAVUT**  
**INTERIM FINANCIAL REPORT**  
**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2014**  
*(in thousands of dollars)*

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**1 AUTHORITY AND OPERATIONS**

**(a) Government of Nunavut**

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

**(b) Main Estimates**

The 2013-2014 Main Estimates were tabled in the Legislative Assembly in February 2013 and represent the Government's fiscal plan for the year (i.e., original budget). Summary information and totals for government's original budget for the year are provided on pages x through xiii of the 2013-2014 Main Estimates. Planned Vote 5 revenues and Vote 4 expenses represent the share of eligible costs to be funded under agreements with the Government of Canada or others, and while not part of the annual Appropriations Act approved by the Legislative Assembly in March 2013, they are, along with those of revolving funds, included in the original budget totals disclosed in these financial statements.

**2 SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of accounting**

These non-consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS), as issued by the Chartered Professional Accountants of Canada (CPA Canada), with the exception that they are not consolidated and certain revenues are reported net of expenses. That is, the petroleum products division and liquor revenues are reported net of their cost of goods sold.

Pursuant to Section 74 of the *Financial Administration Act*, the Government also prepares consolidated financial statements, which provide an accounting of the full nature and extent of the financial affairs and resources for which the Government is responsible. The consolidated reporting entity is defined in those statements.

**(b) Reporting entity**

These financial statements include the assets, liabilities and operating results of the Government's Consolidated Revenue Fund, including departments included in the Main Estimates, as well as the following revolving funds:

- Liquor Revolving Fund
- Petroleum Products Revolving Fund
- Public Stores Revolving Fund
- Student 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 public agencies are included in these non-consolidated financial statements only to the extent of the Government's contributions to and services received from or provided to them during the year:

- Territorial corporations
  - Nunavut Arctic College
  - Nunavut Business Credit Corporation
  - Nunavut Development Corporation
  - Nunavut Housing Corporation
  - Qulliq Energy Corporation
- Other public agencies
  - District Education Authorities
  - Human Rights Tribunal
  - Inuit Uqausinginnik Taiguusiliuqtiit
  - Labour Standards Board
  - Legal Services Board
  - Liquor Commission
  - Nunavut Liquor Licensing Board
  - Office of the Public Trustee
  - Qullitit Nunavut Status of Women Council

Nunavut Lottery, which operates as a government business partnership, is recorded in these non-consolidated financial statements based on the contributions received during the year from the net results of lottery sales and activities in Nunavut.

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(c) Use of estimates and measurement uncertainty**

The preparation of financial statements in accordance with Canadian PSAS requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements. By their nature, these estimates and assumptions 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 financial statements, the Government believes the estimates and assumptions to be reasonable. The more significant areas where estimates and assumptions have been used to prepare these financial statements include:

(i) Income tax revenues collected by the Government of Canada on the Government's behalf.

(ii) Allowance for doubtful accounts, loan valuation allowances, provision for losses on loan guarantees, amortization of tangible capital assets, environmental liabilities, contingencies and other post-employment benefit liabilities.

**(d) Cash and cash equivalents**

Cash and cash equivalents are comprised of bank account balances, net of outstanding cheques, and short term highly liquid investments that are readily convertible to cash. Short term investments are recorded at the lower of cost or market value.

**(e) Inventories**

Inventories for resale include bulk fuel and liquor products. Bulk fuel is valued at the lower of weighted average cost or net realizable value. Liquor products are valued at the lower of cost or net realizable value on a first-in, first-out basis. Inventory for use includes health and medical supplies valued at the lower of cost or replacement cost, with the cost being determined on a first-in, first-out basis.

**(f) Loans receivable**

Loans receivable are valued at the lower of cost or net recoverable value. Based on the circumstances known at the date the financial statements are prepared, including past events and current conditions, valuation allowances are recorded when collection is considered doubtful or when the value of a loan receivable is impaired. Interest revenue is recorded on an accrual basis when the collectability of both principal and interest are reasonably assured. An uncollectible or impaired loan receivable balance can be written off only upon receipt of required statutory approvals.

**(g) Non-financial assets**

Non-financial assets, including tangible capital assets, inventories for use and prepaid expenses, are recognized on the Statement of Financial Position only if they are expected to be used to provide government services in future years. These assets would not normally be used to provide financial resources to discharge liabilities of the Government unless they were sold. Non-financial assets are amortized or charged to expenses in future periods as they are used to provide or support the provision of government services.

**(h) Tangible capital and leased assets**

Tangible capital assets are non-financial assets whose useful life exceeds one fiscal year and are intended to be used on an ongoing basis for delivering government services. They may include such diverse items as buildings, vehicles, equipment, aircraft and computer hardware and software systems.

Tangible capital assets are recorded at cost or, where actual cost is not available, estimated current replacement cost is used. Gifted or contributed tangible capital assets are recorded at fair market value upon receipt, or a nominal value if fair value is not available.

Leased assets that meet the definition of a tangible capital asset, except that they are held under lease by the Government, are capitalized and reported as such if, in substance, their terms and conditions transfer substantially all of the benefits and risks of ownership to the Government. Legal ownership may not necessarily have been transferred. The lease liability and corresponding asset are recorded based on the present value of payments due over the course of the lease. The present value is based on the lower of the rate implicit in the lease or the Government's incremental borrowing rate at the time the obligation is incurred.

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

Tangible capital assets, when placed into service, are amortized on a straight-line basis over their estimated useful life based on the following rates:

| <b>Asset Category</b> | <b>Amortization Period</b> |
|-----------------------|----------------------------|
| Buildings             | 30 years                   |
| Leased Buildings      | 30 years                   |
| Infrastructure        | 30 years                   |
| Tank Farms            | 30 years                   |
| Storage Facilities    | 30 years                   |
| Equipment             | 5-30 years                 |
| Land                  | Not amortized              |

When conditions indicate that a tangible capital asset no longer contributes to the government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value.

In the year a tangible capital asset is acquired or put into service, amortization is taken for the full year. Tangible capital assets under construction or development are recorded as work in progress with no amortization taken until the year the asset is placed into service.

Tangible capital assets acquired by right, such as Crown lands, water and mineral resources, are not recorded in the financial statements. The cost of works of art and museum collections consisting mainly of paintings, sculptures, drawings, prints and photographs are charged to expense in the year they are acquired.

**(i) Pension and other post-employment benefits**

Pension benefits

Substantially all of the employees of the Government of Nunavut are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Government of Nunavut to cover current service cost. Pursuant to legislation currently in place, the Government of Nunavut has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Government of Nunavut.

The costs and obligations for the Government's pension benefits to Members of the Legislative Assembly are determined on an actuarial basis. This is done to determine the present value of future entitlements and uses various assumptions. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the contributors.

Other post-employment benefits

Under the terms and conditions of employment, Government employees may earn severance and removal benefits based on years of service. These benefits are paid upon resignation, retirement or death of the employee. The estimated liability and related expenses for these benefits are recorded as employees earn them. An actuarial valuation of the cost of these benefits has been prepared using data provided by management and assumptions based on management's best estimates. Termination benefits are recorded when employees are identified for lay-off.

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) Revenues**

Unless otherwise stated, all revenues are recognized and reported on an accrual basis in the period in which transactions or events give rise to the revenues. Specific revenue accounting policies are as follows:

Transfers from the Government of Canada

Transfers from the Government of Canada are recognized as revenue when the funding is authorized and any eligibility criteria are met, except to the extent that funding stipulations give rise to an obligation that meets the definition of a liability and is recorded as deferred revenue.

Taxes and general revenues

Income tax revenue is recognized when the taxpayer has earned income that is subject to tax. Income tax is calculated net of tax deductions and credits allowed under the *Income Tax Act*. If an expense provides a financial benefit other than a relief of taxes, it is classified as a transfer made through the tax system. If an expense provides tax relief to a taxpayer and relates to revenue, this expense is considered a tax concession and is netted against tax revenues. Taxes, under the *Income Tax Act*, are collected by the Government of Canada on behalf of the Government of Nunavut under a tax collection agreement and are remitted to the Government. The remittances are based on the Government of Canada's estimates for the taxation year, which are periodically adjusted until the income tax assessments for the year are finalized. These income tax adjustments are accounted for in the year known.

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. 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. Tobacco tax commission on tobacco tax revenue provides a financial benefit other than relief of taxes and is recorded as an expense.

Property taxes are assessed on a calendar year basis and are recorded on an accrual basis in the fiscal year.

Other taxes are accrued based on information provided by those parties which collect tax on the Government's behalf.

Recoveries of prior years expenditures

Recoveries of prior years expenditures, including reversals of prior years expenditure over-accruals, are reported separately from other revenues on the statement of operations. Pursuant to the subsection 36(9) of the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenditures.

**(k) Expenses**

Expenses are recorded on an accrual basis.

Transfers (e.g., grants and contributions) by the Government are recognized as expenses provided that the transfer is authorized and all eligibility criteria have been met by the recipient.

**(l) Contractual obligations 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 expenses. Contractual obligations pertain to block funding agreements with municipalities, operating commercial leases, capital projects, and operational funding commitments. Contractual obligations are not accrued until the terms of those contracts or agreements are met.

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 and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements and no liability is accrued. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.



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**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2014**  
*(in thousands of dollars)*

**2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(m) Environmental liabilities**

Environmental liabilities consist of the estimated costs related to the remediation of environmentally contaminated sites. An environmental liability is accrued and an expense recorded based on management's best estimates at the time the contamination occurs or when the Government becomes aware of the contamination and is obligated or is likely obligated to incur such costs. If the likelihood of the Government's obligation to incur these costs is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements and no liability is accrued. The environmental liabilities are reassessed on an annual basis.

**(n) Financial instruments**

The fair values of the Government's short term financial instruments, including accounts payable and accrued liabilities, cash and cash equivalents, portfolio and other investments (with terms of maturity less than 12 months), due from the Government of Canada and other revenues receivable, approximate their carrying amounts because of their short term to maturity.

The fair value of the Government's long term financial instruments, including long term debt, capital lease obligations, pension liabilities, other post-employment benefit liabilities, portfolio and other investments (with terms of maturity of greater than 12 months), and loans receivable are detailed in the related notes. Where fair value amounts are not detailed, the carrying amounts approximate their fair value.

**(o) Future changes in accounting standards**

A number of new and amended standards issued by PSAB are not yet effective and have not been applied in preparing these financial statements. The following standards for governments will become effective as follows:

*PS 3260 Liability for Contaminated Sites (effective April 1, 2014)*, a new standard providing guidance on the recognition, measurement and disclosure of liabilities for remediation of contaminated sites for which the government is or accepts responsibility for.

*PS 3450 Financial Instruments (effective April 1, 2016)*, a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

*PS 2601 Foreign Currency Translation (effective April 1, 2016)*, replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions and balances that are denominated in a foreign currency.

*PS 1201 Financial Statement Presentation (effective in the period PS 3450 and PS 2601 are adopted)*, replaces PS 1200 with revised general reporting principles and standards of presentation and disclosure for government financial statements.

*PS 3041 Portfolio Investments (effective in the period PS 3450, PS 2601 and PS 1201 are adopted)*, replaces PS 3040 with revised guidance on accounting for, and presentation and disclosure of, portfolio investments.

The Government plans to adopt these new and amended standards on their effective dates and is currently assessing the impact they will have on its financial statements.

**3 CASH AND CASH EQUIVALENTS**

|                                    | <b>2014</b>    | <b>2013</b>    |
|------------------------------------|----------------|----------------|
| Cash                               | 455,563        | 349,621        |
| Guaranteed investment certificates | 20,460         | 20,138         |
|                                    | <u>476,023</u> | <u>369,759</u> |

During the year, government earned interest of prime less 1.75% on its net bank balances (2013 - prime less 1.75%). At year end, short term investments were held in guaranteed investment certificates. The market yield of this portfolio was 1.25% to 1.67% (2013 - 1.25% to 1.67%), with an average remaining term to maturity after year end of 113 days (2013 - 112 days).

**GOVERNMENT OF NUNAVUT**  
**INTERIM FINANCIAL REPORT**  
**Notes to Non-Consolidated Financial Statements (unaudited)**  
**March 31, 2014**  
*(in thousands of dollars)*

| <b>4 DUE FROM THE GOVERNMENT OF CANADA</b>         | <b>2014</b>   | <b>2013</b>   |
|--|---------------|---------------|
| Grant receivable:                                  |               |               |
| From the Government of Canada (Schedule A)         | 1,350,391     | 1,273,498     |
| Less: Payments received                            | (1,350,391)   | (1,273,498)   |
|  | -             | -             |
| Balance of grant receivable, beginning of the year | -             | -             |
| Balance of grant receivable, end of the year       | -             | -             |
| Other receivables:                                 |               |               |
| Other receivables from the Government of Canada    | 45,718        | 56,425        |
|  | <b>45,718</b> | <b>56,425</b> |

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

| <b>5 REVENUES RECEIVABLE</b>          | <b>2014</b>    | <b>2013</b>    |
|---------------------------------------|----------------|----------------|
| <b>Receivable by funds</b>            |                |                |
| Consolidated Revenue Fund             | 51,717         | 43,330         |
| Petroleum Products Revolving Fund     | 63,153         | 75,915         |
| Public Stores Revolving Fund          | 50             | 21             |
| Liquor Revolving Fund                 | 1              | 1              |
|                                       | 114,921        | 119,267        |
| Less: Allowance for doubtful accounts | (12,933)       | (14,135)       |
|                                       | <b>101,988</b> | <b>105,132</b> |

|  |                |                |
|--|----------------|----------------|
| <b>Receivable by relation with the creditors</b> |                |                |
| Nunavut Arctic College                           | 4,928          | 5,696          |
| District Education Authorities                   | 5,371          | 2,740          |
| Nunavut Business Credit Corporation              | 347            | 260            |
| Nunavut Development Corporation                  | 56             | 96             |
| Nunavut Housing Corporation                      | 10,615         | 10,464         |
| Qulliq Energy Corporation                        | 26,506         | 38,620         |
| Receivable from related parties                  | 47,823         | 57,876         |
|  | 67,098         | 61,391         |
| Other accounts receivable                        | 114,921        | 119,267        |
| Less: Allowance for doubtful accounts            | (12,933)       | (14,135)       |
|  | <b>101,988</b> | <b>105,132</b> |

| <b>6 INVENTORIES</b>  | <b>2014</b>   | <b>2013</b>   |
|-----------------------|---------------|---------------|
| <b>(a) For resale</b> |               |               |
| Bulk fuels            | 77,180        | 95,723        |
| Liquor products       | 1,560         | 1,862         |
|                       | <b>78,740</b> | <b>97,585</b> |

The write-down for bulk fuels inventory for 2014 was \$792 (2013 - \$462).

|                             |       |       |
|-----------------------------|-------|-------|
| <b>(b) For use</b>          |       |       |
| Health and medical supplies | 2,855 | 2,488 |

| <b>7 LOANS RECEIVABLE</b>  | <b>2014</b>   | <b>2013</b>   |
|--|---------------|---------------|
| Working Capital advances to the Nunavut Business Credit Corporation. The term is indeterminate with the option to repay any portion of the principal on any interest payment date. Interest is calculated at selected Government of Canada three year benchmark bond yields ranging between 1.02% and 1.43% (2013 - 1.03% and 1.44%) at the end of the month, compounded annually. | 25,294        | 18,213        |
| Student Loan Fund loans, bearing interest between 0% and 12.5%, net of doubtful accounts and valuation allowances of \$4,553 (2013 - \$4,340).   | 1,531         | 1,460         |
| Other, net of valuation allowances of \$64 (2013 - \$64)   | -             | -             |
|  | <b>26,825</b> | <b>19,673</b> |

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| <b>8 DESIGNATED INVESTMENTS</b> | <b>2014</b> | <b>2013</b> |
|---------------------------------|-------------|-------------|
| SRAF designated investments     | 9,420       | 8,156       |

The Supplementary Retiring Allowances Fund of the Legislative Assembly (SRAF) designated investments represent funds set aside within the Consolidated Revenue Fund for use in meeting SRAF benefit obligations. The investments are managed by a third party. The Statement of Investment Policy establishes the eligible classes of securities, categories of issuers, limits and terms. The market value of SRAF investments at March 31, 2014 was \$11,590 (2013 - \$9,273) with a positive return of 17.44% (2013 - 9.81%).

| <b>9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</b> | <b>2014</b>  | <b>2013</b>   |
|---|--------------|---------------|
| <b>To related parties</b>                         |              |               |
| Nunavut Arctic College                            | 2,366        | 1,679         |
| District Education Authorities                    | 966          | 2,561         |
| Nunavut Business Credit Corporation               | 2            | 13            |
| Nunavut Development Corporation                   | 86           | 140           |
| Nunavut Housing Corporation                       | 702          | 4,536         |
| Qulliq Energy Corporation                         | 5,780        | 7,511         |
|   | <u>9,902</u> | <u>16,440</u> |

|   |                |                |
|---|----------------|----------------|
| <b>To others</b>  |                |                |
| Accounts payable  | 87,159         | 94,946         |
| Accrued liabilities, payroll deductions, and contractor holdbacks | 84,160         | 61,340         |
| Vacation pay and lieu time  | 29,331         | 28,468         |
| Due to the Government of Canada                                   | 26,007         | 25,995         |
| Due to the Government of the Northwest Territories                | 4,493          | 5,144          |
|   | <u>231,150</u> | <u>215,893</u> |
|   | <u>241,052</u> | <u>232,333</u> |

| <b>10 DEFERRED REVENUES</b>                                | <b>2014</b>   | <b>2013</b>    |
|--|---------------|----------------|
| Provincial-Territorial Base Funding (Building Canada Fund) | 48,433        | 70,415         |
| Gas Tax Agreement  | 29,071        | 26,662         |
| Other deferred revenue                                     | 9,073         | 10,818         |
|  | <u>86,577</u> | <u>107,895</u> |

The deferred revenue balance at March 31 includes mostly funding for eligible capital infrastructure projects and specific programs received from the Government of Canada under formal contribution or other agreements. In 2014-15 and beyond, as the government fulfills its obligations from purpose or other stipulations for the use of these funds the associated revenue will be recognized in its non-consolidated financial statements.

| <b>11 ENVIRONMENTAL LIABILITIES</b>               | <b>2014</b> | <b>2013</b> |
|---|-------------|-------------|
| Liabilities for remediation of contaminated sites | 13,920      | 10,799      |

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which it is responsible. As of March 31, 2014, there were 34 (2013 - 31) sites identified as potentially requiring environmental remediation. For those contaminated sites where the Government of Nunavut is responsible or has accepted responsibility, and an estimate could be determined for remediation costs, a liability has been recorded. Accruals have been established for 28 identified sites (2013 - 25 sites).

The Government's ongoing efforts to assess the remaining sites may result in additional environmental liabilities. These liabilities will be recorded in the year that they become known.

## 12 PENSION LIABILITIES

### (a) Public Service Pension Plan

Substantially all of the employees of the Government of Nunavut are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Government of Nunavut. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate multiple effective at year end was 1.57 times for members enrolled before and after January 1, 2014 (2013 - 1.45 times for members enrolled before January 1, 2013 and 1.43 times for members enrolled beginning January 1, 2013). Total employer contributions of \$34,837 (2013 - \$33,128) were recognized as expense in the current year.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2 percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

### (b) Legislative Assembly Retiring Allowances Plans

The Government of Nunavut sponsors two defined benefit pension plans for Members of the Legislative Assembly (MLAs). Both plans are administered by the Management and Services Board of the Legislative Assembly. The plans provide pensions based on length of service and final average earnings. They provide inflation protection based on increases in the Consumer Price Index.

The first plan is the Legislative Assembly Retiring Allowances Fund (LARAF), a registered and contributory defined benefit pension plan established under the *Legislative Assembly Retiring Allowances Act*. The Office of the Legislative Assembly operates a separate pension fund in trust to administer LARAF contributions and allowances. The fund came into effect on April 1, 1999.

The second plan is the Supplementary Retiring Allowances Fund (SRAF), a voluntary non-registered, non-contributory defined benefit pension plan established under the *Supplementary Retiring Allowances Act* for MLAs who elect to participate. Payments and expenses related to the SRAF are paid from the Government's consolidated revenue fund. This plan came into effect during the 2001-02 fiscal year, and provides for benefits retroactive to April 1, 1999.

There have been no plan amendments, plan settlements and curtailments or temporary deviations from these plans in 2014 (no changes in 2013).

Actuarial valuations were completed for these plans as of April 1, 2011. The valuations were based on a number of assumptions about future events including inflation rates (2.0%), interest rates (inflation, plus 2.8%), return on assets (inflation, plus 2.8%), increases in remuneration (inflation, plus 1.0%), and mortality. The assumptions used reflect the best estimates as approved by the Management and Services Board of the Legislative Assembly. The valuations were performed using the projected unit credit actuarial cost method. The asset valuation method, market-related value, for the LARAF plan is equal to a smoothed market value which spreads the difference between the actual and expected investment income over a four year period. The effective date of the next actuarial valuations for these plans is April 1, 2014.

Retirement benefits are payable to a MLA based on a percentage of the average best earnings over four consecutive years as a MLA and as a Minister, Speaker or Chairperson (if applicable) multiplied by credited service as a MLA and for each of the three positions (if applicable). A position must be held for at least one year, and the pension for each position is calculated separately. The percentages used to calculate retirement benefits are 2% for the LARAF and 3% for the SRAF.

The normal retirement age under both of these plans is the earliest of: (a) age 60; (b) 30 years of service; or (c) age plus service equals 80. A MLA may retire at any time upon ceasing to be a MLA. Early retirement results in a pension reduction of 0.25% for each month a MLA retires before the normal retirement age. The late retirement age for MLAs is up to age 69.

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**12 PENSION LIABILITIES (continued)**

The pension liabilities represent the excess of the actuarial present value of accrued pension benefits over the actuarial value of net assets available for benefits.

Based on information provided for the year by the plans' actuary, the MLA pension liabilities as of March 31 are as follows:

|                                      | <b>LARAF</b> | <b>SRAF</b>  | <b>2014</b>  | <b>2013</b>  |
|--------------------------------------|--------------|--------------|--------------|--------------|
| Accrued benefit obligation           | 5,747        | 9,090        | 14,837       | 14,518       |
| Deduct:                              |              |              |              |              |
| Pension fund assets                  | 6,202        | -            | 6,202        | 6,480        |
| Unamortized actuarial (gains) losses | (284)        | 51           | (233)        | 200          |
|                                      | 5,918        | 51           | 5,969        | 6,680        |
| <b>Pension (asset) liability</b>     | <b>(171)</b> | <b>9,039</b> | <b>8,868</b> | <b>7,838</b> |

As at March 31, 2014, the LARAF pension fund assets had a market value of \$6,891 (2013 - \$6,683). The actual rate of return was positive 19.80% (2013 - 10.13%). The SRAF has no pension fund assets; however, the pension liability is funded all or in part by designated investments (Note 8).

LARAF and SRAF actuarial gains/losses are amortized over 6.0 and 6.0 years respectively (2013 - 1.6 and 1.7 years respectively) which is the estimated average remaining service lives for contributors to these plans.

The total expenses related to MLA pensions include the following components:

|   | <b>LARAF</b> | <b>SRAF</b>  | <b>2014</b>  | <b>2013</b>  |
|---|--------------|--------------|--------------|--------------|
| Current period benefit cost                             | 856          | 1,228        | 2,084        | 1,899        |
| Amortization of actuarial (gains) losses                | 11           | 84           | 95           | 134          |
|   | 867          | 1,312        | 2,179        | 2,033        |
| MLAs contributions                                      | (209)        | -            | (209)        | (192)        |
| <b>Pension expense</b>                                  | <b>658</b>   | <b>1,312</b> | <b>1,970</b> | <b>1,841</b> |
| Interest cost on the average accrued benefit obligation | 304          | 433          | 737          | 682          |
| Expected return on average pension plan assets          | (301)        | -            | (301)        | (287)        |
| Pension interest expense                                | 3            | 433          | 436          | 395          |
| <b>Total pension expenses</b>                           | <b>661</b>   | <b>1,745</b> | <b>2,406</b> | <b>2,236</b> |

Pension benefits paid for the LARAF and SRAF were \$1,770 and \$732, respectively (2013 - \$106 and \$636, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$643 and \$1,258, respectively (2013 - \$589 and \$1,147, respectively).

**13 OTHER POST-EMPLOYMENT BENEFIT LIABILITIES**

In addition to pension benefits, the government provides severance and removal benefits to employees. The cost of these benefits accrue either as employees render service or upon the occurrence of an event resulting in eligibility for benefits. These benefit arrangements are not prefunded and thus have no assets set aside to fund them, resulting in deficiencies for the arrangements equal to the accrued benefit obligations which are estimated actuarially using information and assumptions approved by management.

|           | <b>2014</b> | <b>2013</b> |
|-----------|-------------|-------------|
| Severance | 14,202      | 10,517      |
| Removal   | 10,073      | 8,663       |
|           | 24,275      | 19,180      |

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**14 MORTGAGE PAYABLE** **2014** **2013**

Mortgage payable in annual instalments to the year 2020, bearing interest at a rate of 6.9% compounded semi-annually. 2,934 3,276

| Future mortgage payments consist of: | Principal | Interest | Total |
|--------------------------------------|-----------|----------|-------|
| 2015                                 | 366       | 188      | 554   |
| 2016                                 | 391       | 163      | 554   |
| 2017                                 | 419       | 135      | 554   |
| 2018                                 | 448       | 106      | 554   |
| 2019                                 | 480       | 74       | 554   |
| 2020 and beyond                      | 830       | 42       | 872   |
|                                      | 2,934     | 708      | 3,642 |

Interest expense on the mortgage payable was \$210 for the year (2013 - \$233). The interest paid on the mortgage payable during the year was \$212 (2013 - \$235).

**15 IQUALUIT INTERNATIONAL AIRPORT IMPROVEMENT PROJECT**

In September 2013, the Government signed agreements as part of a public-private partnership (P3) arrangement to design, build, finance, operate and maintain new and updated infrastructure at the Iqualuit International Airport. The design and construction components are scheduled to be completed by December 2017 at an estimated cost of \$299,518, \$277,942 of which represent costs incurred by the P3 proponent.

As of March 31, 2014, total eligible costs of \$34,685 had been incurred by the P3 proponent against which \$2,800 of progress payments were made by government. The capital costs of the arrangements will be partially funded by up to \$72,831 from PPP Canada.

**16 CAPITAL LEASE OBLIGATIONS**

Capital lease obligations are based upon contractual minimum lease payments for the leases in effect as of March 31.

|   | <b>2014</b> | <b>2013</b> |
|---|-------------|-------------|
| Total minimum lease payments            | 67,165      | 77,757      |
| Less: Imputed interest                  | (13,744)    | (17,685)    |
| Present value of minimum lease payments | 53,421      | 60,072      |

Minimum lease payments, including principal and interest, for each of the next 5 years and thereafter are as follows:

|                 | Principal | Interest | Total  |
|-----------------|-----------|----------|--------|
| 2015            | 7,124     | 3,467    | 10,591 |
| 2016            | 7,631     | 2,960    | 10,591 |
| 2017            | 8,226     | 2,414    | 10,640 |
| 2018            | 8,812     | 1,828    | 10,640 |
| 2019            | 9,440     | 1,201    | 10,641 |
| 2020 and beyond | 12,188    | 1,874    | 14,062 |
|                 | 53,421    | 13,744   | 67,165 |

Lease payments are allocated between repayment of the liability and interest expense. The total minimum lease payments less the initial liability represents the total interest cost of the lease. The interest expense is calculated using the same discount rate used in computing the present value of the minimum lease payments applied to the outstanding lease liability at the beginning of the lease payment period.

Interest expense related to capital lease obligations for the year was \$3,941 (2013 - \$4,383) at an implied average interest rate of 7.0% (2013 - 7.0%). The capital lease obligations expire between 2020 and 2027.

**17 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 profit (loss) of the Petroleum Products Revolving Fund is charged to the Petroleum Products Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed \$10,000.

|  | <b>2014</b> | <b>2013</b> |
|--|-------------|-------------|
| Surplus (deficit), beginning of year                             | (5,146)     | 10,000      |
| Petroleum Products Revolving Fund net profit (loss) for the year | (4,307)     | (15,146)    |
| Minimum transfer required from (to) Consolidated Revenue Fund    | -           | -           |
| Surplus (deficit), end of year                                   | (9,453)     | (5,146)     |

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**18 CONTRACTUAL OBLIGATIONS**

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2014:

|                               | Year of Expiration | Total     |
|-------------------------------|--------------------|-----------|
| Capital commitments           | 2019               | 405,250   |
| Operational commitments       | 2047               | 795,899   |
| Policing agreement            | 2032               | 643,896   |
| Operating leases (Schedule 5) | 2027               | 54,244    |
|                               |                    | 1,899,289 |

Contractual obligations by fiscal year are as follows:

|                 |           |
|-----------------|-----------|
| 2015            | 284,243   |
| 2016            | 186,228   |
| 2017            | 130,806   |
| 2018            | 103,978   |
| 2019            | 52,258    |
| 2020 and beyond | 1,141,776 |
|                 | 1,899,289 |

**19 CONTINGENCIES**

**(a) Post-division adjustments**

The agreement governing the division of assets and liabilities between the Government of Nunavut and the Government of the Northwest Territories as at April 1, 1999 sets out a mechanism which provides for post-division adjustments.

The period for such adjustments is unlimited; and such adjustments could be made in a variety of specified circumstances such as the settlement of litigation related to events prior to the date of division. In such an event, there is an opportunity for one of the governments to file a claim against the other government to share in costs. Post-division adjustments will be recognized in the year the liability can reasonably be estimated. As at March 31, 2014, no new post-division adjustments were recorded.

**(b) Environmental restoration costs**

The Government recognizes that there are costs related to the restoration of any contaminated sites situated on lands within the Territory. Liabilities have been accrued in the non-consolidated financial statements when it has been determined that the Government is liable for a contaminated site and where a reasonable estimate of the remediation costs can be made. The Government's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. Any additional liabilities will be accrued in the year in which they become known.

The Government will continue to implement a program of site inspection, assessment and remediation on an ongoing basis. To facilitate this, the Government has established a committee to ensure all existing and potential liabilities are identified and appropriate actions initiated. This is an ongoing process which should show continuous improvement each year as the Government continues to work in a practical manner towards the determination and appropriate recognition of its environmental liabilities within the Territory.

**(c) Litigation**

A number of cases of alleged sexual abuse by former employees or contractors in Nunavut when it was part of the Northwest Territories have been filed or are pending. The Nunavut and the Northwest Territories governments will jointly defend any such proceedings and the cost of defending the actions and any damages that may eventually be awarded will be shared by the two governments 44.34% and 55.66%, respectively. An estimate of any liability that may result from these actions is not determinable at this time; consequently no liability has been accrued.

There are a number of claims and threatened litigation cases outstanding against the Government for which the outcomes are not determinable, including a number of cases where an amount is not specified. The nature of these claims include wrongful dismissal, breach of policy, personal injury, sexual abuse, negligence, wrongful arrest and assault. As of March 31, 2014, all of these claims have been assessed as being either without merit or not determinable at this time.

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**19 CONTINGENCIES (continued)**

**(d) Pay equity**

There are a number of pay equity claims outstanding against the Government of Nunavut primarily for job rating evaluations of specific trades. The Government is working with Nunavut Employees Union in order to resolve the claims. However, the outcome of these claims is not currently known. As of March 31, 2014, no provision has been made in these financial statements.

**(e) Loan guarantees**

As part of its financing, the Qulliq Energy Corporation (QEC) has arranged various credit facilities at different terms and interest rates. The Government has guaranteed the following QEC credit facilities:

|  | <b>2014</b>    | <b>2013</b>   |
|--|----------------|---------------|
| Bank credit facility, interest at prime minus 0.50%  | 14,665         | 4,114         |
| 20 year redeemable amortizing debenture due 2021, interest rate of 6.809%  | 42,259         | 44,941        |
| Fixed rate capital loan facility due 2021, interest rate of 4.24%  | 3,089          | 3,451         |
| Fixed rate capital loan facility due 2021, interest rate of 4.24%  | 3,943          | 4,404         |
| Fixed rate capital loan facility due 2021, interest rate of 4.24%  | 5,539          | 6,182         |
| Fixed rate capital loan facility due 2022, interest rate of 4.24%  | 4,454          | 4,618         |
| Fixed rate capital loan facility due 2021, interest rate of 4.24%  | 10,043         | 11,188        |
| Floating rate capital loan facility due 2022, with an option to extend by up to 10 years at the discretion of the lender, interest rate of prime minus 0.50% | -              | 19,667        |
| Non-revolving committed loan facility, interest rate of 1.22%  | 18,667         | -             |
| Non-revolving bridge loan facility, interest rate of 1.22%   | 14,000         | -             |
| <b>Total guarantees provided on balances outstanding</b>   | <b>116,659</b> | <b>98,565</b> |

The QEC bank credit facility limit is \$20,000 (2013 - \$12,000). The non-revolving committed and bridge loan facilities above each has an option to utilize BAs with stamping fees calculated at 50 bps per annum with terms not less than 7 days and not more than 365 days and issued and reissued in minimum aggregate amounts of Canadian \$1,000 and multiples thereof.

Based on its operational needs, the Nunavut Development Corporation (NDC) may from time to time be in a bank overdraft position. The overdraft is guaranteed by the Government, and interest on the overdraft is charged based on a rate of prime plus 0.50% per annum. Interest is charged only when NDC's operating account is in an overdraft position and the pooled accounts of the Government are also in an overdraft position. As at March 31, 2014, NDC's bank overdraft position was \$nil (2013 - \$8).

**20 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:

|                                     | <b>2014</b>   | <b>2013</b>   |
|-------------------------------------|---------------|---------------|
| Nunavut Arctic College              | 2,721         | 2,975         |
| District Education Authorities      | 12,895        | 14,267        |
| Qulliq Energy Corporation           | 8,946         | 11,169        |
| Nunavut Development Corporation     | 3,639         | 3,435         |
| Nunavut Business Credit Corporation | 621           | 662           |
|                                     | <b>28,822</b> | <b>32,508</b> |

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 include personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal, and interpretation services. Direct costs of \$40,521 (2013 - \$38,019) were incurred and recovered from related parties. Grants and contributions from the Government of Nunavut to Nunavut Arctic College and Nunavut Housing Corporation are disclosed separately in the Schedule of Expenses Funded under Approved Appropriations (Schedule B.1).



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**21 TRUSTS UNDER ADMINISTRATION**

The Government administers trust accounts on behalf of third parties, which are not included in the reported Government assets and liabilities.

|  | <b>2014</b>  | <b>2013</b>  |
|--|--------------|--------------|
| Public Trustee                           | 4,495        | 3,917        |
| Natural Resources Conservation Trust     | 290          | 286          |
| Victims' Assistance Trust                | 238          | 464          |
| Territorial Court Trust                  | 212          | 198          |
| Maintenance Enforcement Trust            | 60           | 70           |
| Scholarship Fund                         | 43           | 43           |
| Young Offenders Trust                    | 32           | 14           |
| Uttaqivik CRC Welfare                    | 22           | -            |
| Sherriff's Imprest Account               | 17           | 10           |
| Baffin Correctional Centre Welfare Trust | 16           | 5            |
| Young Offenders Welfare Trust            | 7            | -            |
| Rankin Inlet Inmate Fund                 | 6            | 2            |
| Rankin Inlet Offender Fund               | 5            | -            |
| Nunavut Labour Standards Board Trust     | 3            | 3            |
| Woman's Centre - Inmate funds Welfare    | 1            | -            |
| HSS - Akausisarvik                       | 1            | 2            |
| Millennium Scholarship Fund              | -            | 11           |
| Baffin Correctional Centre Inmate Trust  | -            | 3            |
|  | <b>5,448</b> | <b>5,028</b> |

**22 BUDGET ADJUSTMENTS**

The 2014 total revenue budget of \$1,675,209, includes \$1,564,286 of 'Revenues' and \$78,258 of 'Vote 5 Revenues' on page A-IV-4 of the 2013-2014 Main Estimates, plus \$32,665 of funding under third-party agreements for specific capital projects included in Appendix IV of the 2013-2014 Capital Estimates. The planned expenses to be funded by these additional revenues have been added to the affected budget totals disclosed in these statements.

The 2014 budget total for capital expenditures on Schedule B.2 of \$32,665 excludes the \$4,290 of CMHC capital projects budgeted for Nunavut Housing Corporation presented in Appendix IV of the 2013-2014 Capital Estimates. As a result, the budget totals for 'Vote 4 Expenses' and 'Vote 5 Revenues' (i.e., Transfers under third-party funding agreements) included in these statements is \$110,923 versus \$115,213 on page x of the 2013-2014 Main Estimates.

**23 OVER-EXPENDITURE**

The following departments exceeded their appropriations: Finance, Justice, Education, Health, Environment and Economic Development and Transportation. This contravenes Section 32 of the *Financial Administration Act*, which states "...No person shall incur an expenditure that causes the amount of the item set out in the Estimates on which the appropriation is based to be exceeded."

**24 COMPARATIVE INFORMATION**

Certain comparative figures have been reclassified to conform to the current year's presentation.

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**Schedule A**

**Non-Consolidated Schedule of Revenues by Source (unaudited)**

**for the year ended March 31, 2014**

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|  | <b>2014<br/>Budget</b> | <b>2014<br/>Actual</b> | <b>2013<br/>Actual</b> |
|--|------------------------|------------------------|------------------------|
| <b>From the Government of Canada</b>   |                        |                        |                        |
| Territorial Formula Financing Agreement  | 1,350,391              | 1,350,391              | 1,273,498              |
| Transfers under third-party funding agreements   | 110,923                | 136,455                | 110,313                |
| Other transfer payments  | 79,900                 | 87,460                 | 79,600                 |
|  | <b>1,541,214</b>       | <b>1,574,306</b>       | <b>1,463,411</b>       |
| <b>Revenues generated by the Government of Nunavut</b>   |                        |                        |                        |
| Taxation revenues  |                        |                        |                        |
| Personal income tax  | 25,200                 | 29,697                 | 27,065                 |
| Corporate income tax   | 9,500                  | 14,118                 | 9,500                  |
| Payroll tax  | 24,300                 | 23,489                 | 21,725                 |
| Tobacco tax  | 17,600                 | 16,133                 | 16,667                 |
| Fuel tax   | 4,000                  | 4,684                  | 5,328                  |
| Property tax   | 2,800                  | 2,974                  | 2,692                  |
| Insurance tax  | 700                    | 1,343                  | 1,268                  |
|  | <b>84,100</b>          | <b>92,438</b>          | <b>84,245</b>          |
| Other revenues   |                        |                        |                        |
| Petroleum Products Division revenue - net of<br>cost of goods sold of \$181,375 (2013 - \$189,565) | 14,485                 | 21,992                 | 16,029                 |
| Liquor revenue - net of cost of goods sold<br>of \$2,187 (2013 - \$2,295)                          | 4,310                  | 3,804                  | 4,076                  |
| Staff housing recoveries   | 16,200                 | 18,539                 | 17,827                 |
| Transfers under third-party funding agreements   | -                      | 2,232                  | 1,818                  |
| Other  | 14,900                 | 32,099                 | 19,345                 |
|  | <b>49,895</b>          | <b>78,666</b>          | <b>59,095</b>          |
| Recoveries of prior years expenditures (Schedule 1)  | -                      | 9,289                  | 13,315                 |
| <b>Total revenues (Note 22)</b>  | <b>1,675,209</b>       | <b>1,754,699</b>       | <b>1,620,066</b>       |

**GOVERNMENT OF NUNAVUT  
INTERIM FINANCIAL REPORT**

Schedule B

**Non-Consolidated Schedule of Expenses (unaudited)**

for the year ended March 31, 2014

(in thousands of dollars)

| TOTALS   | Original<br>Budget | Actual           | (Over) Under<br>Original<br>Budget |
|--|--------------------|------------------|------------------------------------|
| <b>FUNDED UNDER APPROVED APPROPRIATIONS (Schedule B.1)</b>   |                    |                  |                                    |
| Operations and maintenance expenses before amortization  | 1,318,429          | 1,342,819        | (24,390)                           |
| Plus: Amortization expenses on tangible capital assets   | 44,466             | 51,256           | (6,790)                            |
| Total operations and maintenance expenses  | 1,362,895          | 1,394,075        | (31,180)                           |
| Capital expenditures   | 152,859            | 183,639          | (30,780)                           |
| Less: Transfers to tangible capital assets   | 119,777            | 124,222          | (4,445)                            |
| Total capital expenses   | 33,082             | 59,417           | (26,335)                           |
| <b>Total appropriation expenses</b>  | <b>1,395,977</b>   | <b>1,453,492</b> | <b>(57,515)</b>                    |
| <b>FUNDED UNDER THIRD-PARTY AGREEMENTS (Schedule B.2)</b>  |                    |                  |                                    |
| Operations and maintenance expenses before amortization  | 78,258             | 83,028           | (4,770)                            |
| Plus: Amortization expenses on tangible capital assets   | -                  | 6,426            | (6,426)                            |
| Total operations and maintenance expenses  | 78,258             | 89,454           | (11,196)                           |
| Capital expenditures   | 32,665             | 55,657           | (22,992)                           |
| Less: Transfers to tangible capital assets   | -                  | 21,068           | (21,068)                           |
| Total capital expenses   | 32,665             | 34,589           | (1,924)                            |
| <b>Total third-party agreement expenses</b>  | <b>110,923</b>     | <b>124,043</b>   | <b>(13,120)</b>                    |
| <b>FUNDED BY REVOLVING FUNDS (Schedule B.3)</b>  |                    |                  |                                    |
| Operations and maintenance expenses before amortization  | 28,269             | 28,469           | (200)                              |
| Plus: Amortization expenses on tangible capital assets   | -                  | -                | -                                  |
| Total operations and maintenance expenses  | 28,269             | 28,469           | (200)                              |
| Capital expenditures   | -                  | -                | -                                  |
| Less: Transfers to tangible capital assets   | -                  | -                | -                                  |
| Total capital expenses   | -                  | -                | -                                  |
| <b>Total revolving fund expenses</b>   | <b>28,269</b>      | <b>28,469</b>    | <b>(200)</b>                       |
| <b>NON-CONSOLIDATED STATEMENTS TOTALS</b>  |                    |                  |                                    |
| Operations and maintenance expenses before amortization  | 1,424,956          | 1,454,316        |                                    |
| Plus: Centrally estimated 'Supplementary requirements' per page x of 2013-2014 Main Estimates                            | 45,600             | -                |                                    |
| Less: Capital portion of the estimated 'Supplementary requirements'  | 15,600             | -                |                                    |
| Total operations and maintenance expenses before amortization  | 1,454,956          | 1,454,316        | 640                                |
| Plus: Amortization expenses on tangible capital assets   | 44,466             | 57,682           | (13,216)                           |
| Total operations and maintenance expenses  | 1,499,422          | 1,511,998        | (12,576)                           |
| Capital expenditures   | 185,524            | 239,296          |                                    |
| Plus: Centrally estimated capital carryovers from prior year included in 'Capital' on page x of 2013-2014 Main Estimates | 101,986            | -                |                                    |
| Plus: Capital portion of the estimated 'Supplementary requirements'  | 15,600             | -                |                                    |
| Total capital expenditures   | 303,110            | 239,296          | 63,814                             |
| Less: Transfers to tangible capital assets   | 119,777            | 145,290          | (25,513)                           |
| Total capital expenses   | 183,333            | 94,006           | 89,327                             |
| <b>Total expenses</b>  | <b>1,682,755</b>   | <b>1,606,004</b> | <b>76,751</b>                      |

Total expenses above includes, among other items, interest expense of \$4,166 (2013 - \$4,682) and a net increase in valuation allowances of \$1,217 (2013 - \$1,055).

**GOVERNMENT OF NUNAVUT  
INTERIM FINANCIAL REPORT**

Schedule B.1

**Non-Consolidated Schedule of Expenses Funded under Approved Appropriations (unaudited)**

for the year ended March 31, 2014

(in thousands of dollars)

| APPROPRIATIONS                                 | Original Budget | Supplementary Appropriations | Transfers | Revised Budget | Actual  | (Over) Under Revised Budget |
|--|-----------------|------------------------------|-----------|----------------|---------|-----------------------------|
| <b>LEGISLATIVE ASSEMBLY</b>                    |                 |                              |           |                |         |                             |
| Operations and maintenance                     |                 |                              |           |                |         |                             |
| Compensation and benefits                      | 10,807          | 45                           | -         | 10,852         | 9,539   | 1,313                       |
| Grants and contributions                       | -               | -                            | -         | -              | -       | -                           |
| Other  | 10,218          | 111                          | -         | 10,329         | 9,918   | 411                         |
|  | 21,025          | 156                          | -         | 21,181         | 19,457  | 1,724                       |
| Capital expenditures                           | 255             | 2,349                        | -         | 2,604          | 2,163   | 441                         |
| Total spending under appropriations            | 21,280          | 2,505                        | -         | 23,785         | 21,620  | 2,165                       |
| <b>EXECUTIVE AND INTERGOVERNMENTAL AFFAIRS</b> |                 |                              |           |                |         |                             |
| Operations and maintenance                     |                 |                              |           |                |         |                             |
| Compensation and benefits                      | 16,981          | (1,375)                      | 32        | 15,638         | 14,301  | 1,337                       |
| Grants and contributions                       | 100             | -                            | -         | 100            | 123     | (23)                        |
| Other  | 9,826           | (525)                        | (32)      | 9,269          | 7,769   | 1,500                       |
|  | 26,907          | (1,900)                      | -         | 25,007         | 22,193  | 2,814                       |
| Capital expenditures                           | -               | 1,900                        | -         | 1,900          | 1,431   | 469                         |
| Total spending under appropriations            | 26,907          | -                            | -         | 26,907         | 23,624  | 3,283                       |
| <b>FINANCE</b>                                 |                 |                              |           |                |         |                             |
| Operations and maintenance                     |                 |                              |           |                |         |                             |
| Compensation and benefits                      | 38,812          | (184)                        | (4,727)   | 33,901         | 35,095  | (1,194)                     |
| Grants and contributions                       | 11,105          | -                            | 1,000     | 12,105         | 12,038  | 67                          |
| Other  | 32,853          | -                            | 3,727     | 36,580         | 35,885  | 695                         |
|  | 82,770          | (184)                        | -         | 82,586         | 83,018  | (432)                       |
| Capital expenditures                           | 8,270           | 2,040                        | -         | 10,310         | 6,480   | 3,830                       |
| Total spending under appropriations            | 91,040          | 1,856                        | -         | 92,896         | 89,498  | 3,398                       |
| <b>FAMILY SERVICES</b>                         |                 |                              |           |                |         |                             |
| Operations and maintenance                     |                 |                              |           |                |         |                             |
| Compensation and benefits                      | 20,970          | 1,831                        | (510)     | 22,291         | 22,865  | (574)                       |
| Grants and contributions                       | 47,153          | 2,303                        | 1,302     | 50,758         | 49,167  | 1,591                       |
| Other  | 44,851          | 1,474                        | (792)     | 45,533         | 41,831  | 3,702                       |
|  | 112,974         | 5,608                        | -         | 118,582        | 113,863 | 4,719                       |
| Capital expenditures                           | -               | 2,600                        | -         | 2,600          | -       | 2,600                       |
| Total spending under appropriations            | 112,974         | 8,208                        | -         | 121,182        | 113,863 | 7,319                       |
| <b>JUSTICE</b>                                 |                 |                              |           |                |         |                             |
| Operations and maintenance                     |                 |                              |           |                |         |                             |
| Compensation and benefits                      | 37,177          | 2,800                        | (443)     | 39,534         | 41,473  | (1,939)                     |
| Grants and contributions                       | 13,179          | 200                          | -         | 13,379         | 12,581  | 798                         |
| Other  | 50,083          | 348                          | 443       | 50,874         | 50,440  | 434                         |
|  | 100,439         | 3,348                        | -         | 103,787        | 104,494 | (707)                       |
| Capital expenditures                           | 8,975           | 9,656                        | -         | 18,631         | 10,408  | 8,223                       |
| Total spending under appropriations            | 109,414         | 13,004                       | -         | 122,418        | 114,902 | 7,516                       |

**GOVERNMENT OF NUNAVUT  
INTERIM FINANCIAL REPORT**

Schedule B.1

**Non-Consolidated Schedule of Expenses Funded under Approved Appropriations (unaudited)**

for the year ended March 31, 2014

(in thousands of dollars)

| APPROPRIATIONS                           | Original Budget | Supplementary Appropriations | Transfers | Revised Budget | Actual  | (Over) Under Revised Budget |
|--|-----------------|------------------------------|-----------|----------------|---------|-----------------------------|
| <b>CULTURE AND HERITAGE</b>              |                 |                              |           |                |         |                             |
| Operations and maintenance               |                 |                              |           |                |         |                             |
| Compensation and benefits                | 12,447          | (130)                        | (1,311)   | 11,006         | 9,183   | 1,823                       |
| Grants and contributions                 | 7,859           | -                            | 380       | 8,239          | 7,400   | 839                         |
| Other                                    | 5,480           | -                            | 931       | 6,411          | 5,931   | 480                         |
|  | 25,786          | (130)                        | -         | 25,656         | 22,514  | 3,142                       |
| Capital expenditures                     | 60              | -                            | -         | 60             | 60      | -                           |
| Total spending under appropriations      | 25,846          | (130)                        | -         | 25,716         | 22,574  | 3,142                       |
| <b>EDUCATION</b>                         |                 |                              |           |                |         |                             |
| Operations and maintenance               |                 |                              |           |                |         |                             |
| Compensation and benefits                | 141,544         | -                            | (300)     | 141,244        | 146,222 | (4,978)                     |
| Grants and contributions                 | 24,351          | -                            | (1,390)   | 22,961         | 21,801  | 1,160                       |
| Other                                    | 17,694          | -                            | 1,690     | 19,384         | 16,208  | 3,176                       |
|  | 183,589         | -                            | -         | 183,589        | 184,231 | (642)                       |
| Capital expenditures                     | 16,910          | 15,666                       | -         | 32,576         | 23,057  | 9,519                       |
| Total spending under appropriations      | 200,499         | 15,666                       | -         | 216,165        | 207,288 | 8,877                       |
| <b>HEALTH</b>                            |                 |                              |           |                |         |                             |
| Operations and maintenance               |                 |                              |           |                |         |                             |
| Compensation and benefits                | 109,633         | (69)                         | -         | 109,564        | 111,109 | (1,545)                     |
| Grants and contributions                 | 3,103           | -                            | (600)     | 2,503          | 2,013   | 490                         |
| Other                                    | 167,691         | 26,000                       | 600       | 194,291        | 195,506 | (1,215)                     |
|  | 280,427         | 25,931                       | -         | 306,358        | 308,628 | (2,270)                     |
| Capital expenditures                     | 24,620          | 35,063                       | -         | 59,683         | 22,341  | 37,342                      |
| Total spending under appropriations      | 305,047         | 60,994                       | -         | 366,041        | 330,969 | 35,072                      |
| <b>ENVIRONMENT</b>                       |                 |                              |           |                |         |                             |
| Operations and maintenance               |                 |                              |           |                |         |                             |
| Compensation and benefits                | 15,069          | -                            | (850)     | 14,219         | 14,578  | (359)                       |
| Grants and contributions                 | 2,028           | -                            | -         | 2,028          | 1,816   | 212                         |
| Other                                    | 6,897           | -                            | 850       | 7,747          | 7,608   | 139                         |
|  | 23,994          | -                            | -         | 23,994         | 24,002  | (8)                         |
| Capital expenditures                     | 3,980           | 3,059                        | -         | 7,039          | 2,407   | 4,632                       |
| Total spending under appropriations      | 27,974          | 3,059                        | -         | 31,033         | 26,409  | 4,624                       |
| <b>COMMUNITY AND GOVERNMENT SERVICES</b> |                 |                              |           |                |         |                             |
| Operations and maintenance               |                 |                              |           |                |         |                             |
| Compensation and benefits                | 40,052          | -                            | (1,575)   | 38,477         | 40,059  | (1,582)                     |
| Grants and contributions                 | 70,090          | -                            | (963)     | 69,127         | 66,102  | 3,025                       |
| Other                                    | 98,255          | 144                          | 2,538     | 100,937        | 101,844 | (907)                       |
|  | 208,397         | 144                          | -         | 208,541        | 208,005 | 536                         |
| Capital expenditures                     | 40,873          | 64,349                       | -         | 105,222        | 35,848  | 69,374                      |
| Total spending under appropriations      | 249,270         | 64,493                       | -         | 313,763        | 243,853 | 69,910                      |

**GOVERNMENT OF NUNAVUT  
INTERIM FINANCIAL REPORT**

Schedule B.1

**Non-Consolidated Schedule of Expenses Funded under Approved Appropriations (unaudited)**

for the year ended March 31, 2014

(in thousands of dollars)

| APPROPRIATIONS   | Original Budget  | Supplementary Appropriations | Transfers | Revised Budget   | Actual           | (Over) Under Revised Budget |
|--|------------------|------------------------------|-----------|------------------|------------------|-----------------------------|
| <b>ECONOMIC DEVELOPMENT AND TRANSPORTATION</b>   |                  |                              |           |                  |                  |                             |
| Operations and maintenance   |                  |                              |           |                  |                  |                             |
| Compensation and benefits  | 17,451           | -                            | (2,115)   | 15,336           | 15,667           | (331)                       |
| Grants and contributions   | 22,097           | -                            | -         | 22,097           | 21,015           | 1,082                       |
| Other  | 21,529           | -                            | 2,115     | 23,644           | 24,433           | (789)                       |
|  | 61,077           | -                            | -         | 61,077           | 61,115           | (38)                        |
| Capital expenditures   | 20,075           | 16,338                       | -         | 36,413           | 50,603           | (14,190)                    |
| <b>Total spending under appropriations</b>   | <b>81,152</b>    | <b>16,338</b>                | <b>-</b>  | <b>97,490</b>    | <b>111,718</b>   | <b>(14,228)</b>             |
| <b>NUNAVUT HOUSING CORPORATION</b>   |                  |                              |           |                  |                  |                             |
| Operations and maintenance   |                  |                              |           |                  |                  |                             |
| Compensation and benefits  | -                | -                            | -         | -                | -                | -                           |
| Grants and contributions   | 165,819          | -                            | -         | 165,819          | 165,819          | -                           |
| Other  | -                | -                            | -         | -                | -                | -                           |
|  | 165,819          | -                            | -         | 165,819          | 165,819          | -                           |
| Capital expenditures   | 28,841           | -                            | -         | 28,841           | 28,841           | -                           |
| <b>Total spending under appropriations</b>   | <b>194,660</b>   | <b>-</b>                     | <b>-</b>  | <b>194,660</b>   | <b>194,660</b>   | <b>-</b>                    |
| <b>NUNAVUT ARCTIC COLLEGE</b>  |                  |                              |           |                  |                  |                             |
| Operations and maintenance   |                  |                              |           |                  |                  |                             |
| Compensation and benefits  | -                | -                            | -         | -                | -                | -                           |
| Grants and contributions   | 31,875           | 255                          | -         | 32,130           | 32,130           | -                           |
| Other  | -                | -                            | -         | -                | -                | -                           |
|  | 31,875           | 255                          | -         | 32,130           | 32,130           | -                           |
| Capital expenditures   | -                | -                            | -         | -                | -                | -                           |
| <b>Total spending under appropriations</b>   | <b>31,875</b>    | <b>255</b>                   | <b>-</b>  | <b>32,130</b>    | <b>32,130</b>    | <b>-</b>                    |
| <b>TOTALS</b>  |                  |                              |           |                  |                  |                             |
| Operations and maintenance   |                  |                              |           |                  |                  |                             |
| Compensation and benefits  | 460,943          | 2,918                        | (11,799)  | 452,062          | 460,091          | (8,029)                     |
| Grants and contributions   | 398,759          | 2,758                        | (271)     | 401,246          | 392,005          | 9,241                       |
| Other  | 465,377          | 27,552                       | 12,070    | 504,999          | 497,373          | 7,626                       |
|  | 1,325,079        | 33,228                       | -         | 1,358,307        | 1,349,469        | 8,838                       |
| Less: Principal repayments on capital leases included in spending appropriations above | 6,650            | -                            | -         | 6,650            | 6,650            | -                           |
| Operations and maintenance expenses before amortization                                | 1,318,429        | 33,228                       | -         | 1,351,657        | 1,342,819        | 8,838                       |
| Plus: Amortization expenses on tangible capital assets                                 | 44,466           | -                            | -         | 44,466           | 51,256           | (6,790)                     |
| <b>Total operations and maintenance expenses</b>                                       | <b>1,362,895</b> | <b>33,228</b>                | <b>-</b>  | <b>1,396,123</b> | <b>1,394,075</b> | <b>2,048</b>                |
| Capital expenditures   | 152,859          | 153,020                      | -         | 305,879          | 183,639          | 122,240                     |
| Less: Transfers to tangible capital assets   | 119,777          | -                            | -         | 119,777          | 124,222          | (4,445)                     |
| <b>Total capital expenses</b>  | <b>33,082</b>    | <b>153,020</b>               | <b>-</b>  | <b>186,102</b>   | <b>59,417</b>    | <b>126,685</b>              |
| <b>Total appropriation expenses</b>  | <b>1,395,977</b> | <b>186,248</b>               | <b>-</b>  | <b>1,582,225</b> | <b>1,453,492</b> | <b>128,733</b>              |

**GOVERNMENT OF NUNAVUT  
INTERIM FINANCIAL REPORT**

Schedule B.2

**Non-Consolidated Schedule of Expenses Funded under Third-Party Agreements (unaudited)**

for the year ended March 31, 2014

(in thousands of dollars)

| By Department                           | Original<br>Budget | Actual  | (Over)<br>Under<br>Original<br>Budget |
|---|--------------------|---------|---------------------------------------|
| Legislative Assembly                    | -                  | 1       | (1)                                   |
| Executive and Intergovernmental Affairs | 3,464              | 601     | 2,863                                 |
| Finance                                 | 800                | 4,060   | (3,260)                               |
| Family Services                         | 5,238              | 3,239   | 1,999                                 |
| Justice                                 | 1,488              | 3,216   | (1,728)                               |
| Culture and Heritage                    | 2,550              | 2,550   | -                                     |
| Education                               | 2,807              | 2,519   | 288                                   |
| Health                                  | 51,893             | 56,453  | (4,560)                               |
| Environment                             | -                  | 5,199   | (5,199)                               |
| Community and Government Services       | 19,067             | 35,876  | (16,809)                              |
| Economic Development and Transportation | 23,616             | 10,329  | 13,287                                |
|   | 110,923            | 124,043 | (13,120)                              |

| By Category   | Original<br>Budget | Actual         | (Over)<br>Under<br>Original<br>Budget |
|---|--------------------|----------------|---------------------------------------|
| Operations and maintenance                              |                    |                |                                       |
| Compensation and benefits                               | -                  | 18,420         | (18,420)                              |
| Grants and contributions                                | -                  | 11,360         | (11,360)                              |
| Other   | -                  | 53,248         | (53,248)                              |
| Operations and maintenance expenses before amortization | 78,258             | 83,028         | (4,770)                               |
| Plus: Amortization expenses on tangible capital assets  | -                  | 6,426          | (6,426)                               |
| Total operations and maintenance expenses               | 78,258             | 89,454         | (11,196)                              |
| Capital expenditures                                    | 32,665             | 55,657         | (22,992)                              |
| Less: Transfers to tangible capital assets              | -                  | 21,068         | (21,068)                              |
| Total capital expenses                                  | 32,665             | 34,589         | (1,924)                               |
| <b>Total third-party agreement expenses</b>             | <b>110,923</b>     | <b>124,043</b> | <b>(13,120)</b>                       |

**GOVERNMENT OF NUNAVUT  
INTERIM FINANCIAL REPORT**

Schedule B.3

**Non-Consolidated Schedule of Expenses Funded by Revolving Funds (unaudited)**

for the year ended March 31, 2014

(in thousands of dollars)

| By Revolving Fund  | Original<br>Budget | Actual        | (Over)<br>Under<br>Original<br>Budget |
|--------------------|--------------------|---------------|---------------------------------------|
| Liquor             | 3,807              | 2,434         | 1,373                                 |
| Petroleum Products | 24,462             | 24,899        | (437)                                 |
| Public Stores (1)  | -                  | 911           | (911)                                 |
| Student Loan (2)   | -                  | 225           | (225)                                 |
|                    | <b>28,269</b>      | <b>28,469</b> | <b>(200)</b>                          |

  

| By Category  | Original<br>Budget | Actual        | (Over)<br>Under<br>Original<br>Budget |
|--|--------------------|---------------|---------------------------------------|
| Operations and maintenance                                 |                    |               |                                       |
| Compensation and benefits                                  | 5,380              | 6,083         | (703)                                 |
| Grants and contributions                                   | -                  | -             | -                                     |
| Other expenses   | 22,889             | 22,386        | 503                                   |
| Operations and maintenance expenses before amortization    | 28,269             | 28,469        | (200)                                 |
| Plus: Amortization expenses on tangible capital assets (3) | -                  | -             | -                                     |
| Total operations and maintenance expenses                  | 28,269             | 28,469        | (200)                                 |
| Capital expenditures                                       | -                  | -             | -                                     |
| Less: Transfers to tangible capital assets                 | -                  | -             | -                                     |
| Total capital expenses                                     | -                  | -             | -                                     |
| <b>Total revolving fund expenses</b>                       | <b>28,269</b>      | <b>28,469</b> | <b>(200)</b>                          |

(1) The Public Stores budget of \$1,100 was included in the Department of Community and Government Services on Schedule B.1 as per page J-10 of the tabled Main Estimates.

(2) The Student Loan Fund budget of \$219 was included in the Department of Family Services on Schedule B.1 as per page G-11 of the tabled Main Estimates.

(3) Petroleum Products amortization of \$896 (2013 - \$1,532) is included in the budget and actuals totals for Department of Community and Government Services on Sch. B.1.



**GOVERNMENT OF NUNAVUT  
INTERIM FINANCIAL REPORT**

Schedule C

**Non-Consolidated Schedule of Tangible Capital Assets (unaudited)**

for the year ended March 31, 2014

(in thousands of dollars)

|  | <b>Buildings</b> | <b>Leased<br/>Buildings</b> | <b>Infra-<br/>structure</b> | <b>Tank<br/>Farms</b> | <b>Storage<br/>Facilities</b> | <b>Equipment</b>  | <b>2014</b> | <b>2013</b> |
|--|------------------|-----------------------------|-----------------------------|-----------------------|-------------------------------|-------------------|-------------|-------------|
| <b>Cost of tangible capital assets</b>         |                  |                             |                             |                       |                               |                   |             |             |
| Opening balance                                | 855,225          | 114,873                     | 149,342                     | 154,334               | 30,998                        | 89,265            | 1,394,037   | 1,347,297   |
| Additions                                      | 4,078            | -                           | 4,925                       | -                     | -                             | 6,621             | 15,624      | 4,471       |
| Transferred from work in progress              | 48,228           | -                           | 23,400                      | 6,911                 | 4                             | 1,578             | 80,121      | 43,560      |
| Disposals                                      | -                | -                           | -                           | -                     | -                             | -                 | -           | (1,291)     |
| Closing balance                                | 907,531          | 114,873                     | 177,667                     | 161,245               | 31,002                        | 97,464            | 1,489,782   | 1,394,037   |
| <b>Accumulated amortization</b>                |                  |                             |                             |                       |                               |                   |             |             |
| Opening balance                                | (243,932)        | (48,741)                    | (51,852)                    | (55,355)              | (14,772)                      | (55,656)          | (470,308)   | (417,240)   |
| Amortization                                   | (30,175)         | (3,829)                     | (5,703)                     | (5,462)               | (978)                         | (11,535)          | (57,682)    | (53,656)    |
| Disposals                                      | -                | -                           | -                           | -                     | -                             | -                 | -           | 588         |
| Closing balance                                | (274,107)        | (52,570)                    | (57,555)                    | (60,817)              | (15,750)                      | (67,191)          | (527,990)   | (470,308)   |
| <b>Work in progress</b>                        |                  |                             |                             |                       |                               |                   |             |             |
| Opening balance                                | 58,560           | -                           | 13,202                      | 4,416                 | 4                             | 4,016             | 80,198      | 69,024      |
| Additions                                      | 94,213           | -                           | 21,961                      | 13,411                | -                             | 82                | 129,667     | 54,734      |
| Transferred to cost of tangible capital assets | (48,228)         | -                           | (23,400)                    | (6,911)               | (4)                           | (1,578)           | (80,121)    | (43,560)    |
| Closing balance                                | 104,545          | -                           | 11,763                      | 10,916                | -                             | 2,520             | 129,744     | 80,198      |
| <b>Net book value</b>                          |                  |                             |                             |                       |                               |                   |             |             |
|  | 737,969          | 62,303                      | 131,875                     | 111,344               | 15,252                        | 32,793            | 1,091,536   | 1,003,927   |
| <b>Estimated useful life</b>                   |                  |                             |                             |                       |                               |                   |             |             |
|  | <b>30 Years</b>  | <b>30 Years</b>             | <b>30 Years</b>             | <b>30 Years</b>       | <b>30 Years</b>               | <b>5-30 Years</b> |             |             |

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**GOVERNMENT OF NUNAVUT  
INTERIM FINANCIAL REPORT****Schedule 1****Non-Consolidated Schedule of Recoveries of Prior Years Expenditures (unaudited)**

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**for the year ended March 31, 2014***(in thousands of dollars)*

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| <b>Department</b>                       | <b>Over<br/>Accruals</b> | <b>Other<br/>Recoveries</b> | <b>Total</b> |
|---|--------------------------|-----------------------------|--------------|
| Legislative Assembly                    | -                        | 12                          | 12           |
| Executive and Intergovernmental Affairs | -                        | 29                          | 29           |
| Finance                                 | 55                       | 580                         | 635          |
| Family Services                         | -                        | 58                          | 58           |
| Justice                                 | 2                        | 548                         | 550          |
| Culture and Heritage                    | 151                      | 1,134                       | 1,285        |
| Education                               | 193                      | 2,940                       | 3,133        |
| Health                                  | 853                      | 276                         | 1,129        |
| Environment                             | 208                      | 129                         | 337          |
| Community and Government Services       | 96                       | 497                         | 593          |
| Economic Development and Transportation | 664                      | 864                         | 1,528        |
|   | <hr/>                    | <hr/>                       | <hr/>        |
|   | 2,222                    | 7,067                       | 9,289        |

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**GOVERNMENT OF NUNAVUT**  
**INTERIM FINANCIAL REPORT**  
**Non-Consolidated Schedule of Special Warrants (unaudited)**  
**for the year ended March 31, 2014**  
*(in thousands of dollars)*

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Schedule 2

|                                   | <b>Date of FMB<br/>Approval</b> | <b>Amount<br/>Authorized</b> |
|-----------------------------------|---------------------------------|------------------------------|
| <b>OPERATIONS AND MAINTENANCE</b> |                                 |                              |

There were no Special Warrants during the year.

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|   |  |   |
|---|--|---|
| <b>Total operations and maintenance</b> |  | - |
|---|--|---|

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|                | <b>Date of FMB<br/>Approval</b> | <b>Amount<br/>Authorized</b> |
|----------------|---------------------------------|------------------------------|
| <b>CAPITAL</b> |                                 |                              |

There were no Special Warrants during the year.

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|                      |  |   |
|----------------------|--|---|
| <b>Total capital</b> |  | - |
|----------------------|--|---|

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**INTERIM FINANCIAL REPORT**

**Non-Consolidated Schedule of Inter-Activity Transfers Over \$250,000 (unaudited)**

**for the year ended March 31, 2014**

*(in thousands of dollars)*

|                                      | <u>Transfers<br/>to (from)</u> |
|--------------------------------------|--------------------------------|
| <b>OPERATIONS AND MAINTENANCE</b>    |                                |
| <b>Finance</b>                       |                                |
| Centrally Administered Funds         | 750                            |
| Comptrollership                      | (480)                          |
| Internal Audit                       | (50)                           |
| Policy Planning Financial Management | (220)                          |
| Centrally Administered Funds         | 250                            |
| Policy Planning Financial Management | (250)                          |
| Centrally Administered Funds         | 1,614                          |
| Policy Planning Financial Management | (614)                          |
| Internal Audit                       | (110)                          |
| Comptrollership                      | (890)                          |
| <b>Family Services</b>               |                                |
| Corporate Management                 | (190)                          |
| Income Assistance                    | (220)                          |
| Career Development                   | (1,400)                        |
| Children and Family Services         | 1,810                          |
| Corporate Management                 | (100)                          |
| Children and Family Services         | (1,362)                        |
| Career Development                   | (250)                          |
| Income Assistance                    | 1,712                          |
| <b>Justice</b>                       |                                |
| Registries and Court Services        | 300                            |
| Corrections                          | (300)                          |
| <b>Education</b>                     |                                |
| K-12 School Operations               | 490                            |
| School Services                      | (490)                          |
| Career and Early Child Service       | 320                            |
| K-12 School Operations               | (320)                          |
| <b>Health</b>                        |                                |
| Treatment                            | 394                            |
| Directorate                          | (394)                          |
| <b>Environment</b>                   |                                |
| Program Management                   | 480                            |
| Corporate Management                 | (480)                          |

**INTERIM FINANCIAL REPORT**

**Non-Consolidated Schedule of Inter-Activity Transfers Over \$250,000 (unaudited)**

**for the year ended March 31, 2014**

|  | <u>Transfers<br/>to (from)</u> |
|--|--------------------------------|
| <b>OPERATIONS AND MAINTENANCE (continued)</b>  |                                |
| <b>Community and Government Services</b>       |                                |
| Government Services                            | 355                            |
| Community Support                              | 365                            |
| Capital Planning and Technical Services        | (920)                          |
| Directorate                                    | 200                            |
| Capital Planning and Technical Services        | (300)                          |
| Government Services                            | 300                            |
| Directorate                                    | (350)                          |
| Community Support                              | 900                            |
| Safety and Protection Services                 | (100)                          |
| Capital Planning and Technical Services        | (450)                          |
| Community Support                              | (963)                          |
| Capital Planning and Technical Services        | 963                            |
| <b>Economic Development and Transportation</b> |                                |
| Corporate Management                           | (955)                          |
| Transportation                                 | 955                            |
| <b>CAPITAL</b>                                 |                                |
| <b>Justice</b>                                 |                                |
| Corrections                                    | (290)                          |
| Directorate                                    | 290                            |
| Corrections                                    | (373)                          |
| Directorate                                    | 373                            |

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**GOVERNMENT OF NUNAVUT  
INTERIM FINANCIAL REPORT**

**Schedule 4**

**Non-Consolidated Schedule of Student Loan Remissions (unaudited)  
for the year ended March 31, 2014**

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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. Under subsection 26(1) of the *Financial Administration Act* any remissions or write-offs over \$500 must be disclosed in the Public Accounts.

|                  |        |
|------------------|--------|
| Lauren Solski    | 1,003  |
| Lauren Teiman    | 1,537  |
| Melanie Stubbing | 2,967  |
| Andrew Forsey    | 3,200  |
| Cassandra Young  | 4,400  |
|                  | <hr/>  |
|                  | 13,107 |
|                  | <hr/>  |

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**GOVERNMENT OF NUNAVUT  
INTERIM FINANCIAL REPORT**

Schedule 5

**Non-Consolidated Schedule of Contractual Obligations under Operating Leases (unaudited)**

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for the year ended March 31, 2014

*(in thousands of dollars)*

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|              | 2015   | 2016   | 2017  | 2018  | 2019  | >2019  | Total  |
|--------------|--------|--------|-------|-------|-------|--------|--------|
| Headquarters | 5,994  | 5,550  | 4,982 | 4,349 | 1,959 | 3,365  | 26,199 |
| Qikiqtaaluk  | 995    | 890    | 676   | 596   | 423   | 295    | 3,875  |
| Kivalliq     | 3,340  | 2,877  | 1,967 | 1,190 | 497   | 860    | 10,731 |
| Kitikmeot    | 1,516  | 1,479  | 1,293 | 1,257 | 1,226 | 6,668  | 13,439 |
|              | 11,845 | 10,796 | 8,918 | 7,392 | 4,105 | 11,188 | 54,244 |

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