

GOVERNMENT OF NUNAVUT

INTERIM FINANCIAL REPORT

Non-Consolidated Financial Statements (unaudited)

March 31, 2015

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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, 2015. 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, 2015.

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,

A handwritten signature in blue ink, appearing to read "Jeff Chown", with a long horizontal flourish extending to the right.

Jeff Chown, CA
Comptroller General

September 29, 2015

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GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT
Non-Consolidated Financial Statements (unaudited)
March 31, 2015

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GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT
Non-Consolidated Statement of Financial Position (unaudited)
as at March 31, 2015
(in thousands of dollars)

	Note	2015	2014
Financial assets			
Cash and cash equivalents	3	422,665	476,023
Due from the Government of Canada	4	52,390	45,718
Revenues receivable	5	101,085	101,988
Inventories for resale	6(a)	217,497	78,740
Loans receivable	7	26,815	26,825
Designated investments	8	11,517	9,420
Total financial assets		831,969	738,714
Liabilities			
Accounts payable and accrued liabilities	9	311,260	241,051
Deferred revenues	10	82,006	86,577
Liability for contaminated sites	11	8,834	13,920
Pension liabilities	12	8,755	8,868
Other post-employment benefit liabilities	13	23,036	24,275
Mortgage payable	14	2,568	2,934
Iqaluit International Airport Improvement Project	15	53,484	31,885
Capital lease obligations	16	46,612	53,421
Total liabilities		536,555	462,931
Net financial assets		295,414	275,783
Non-financial assets			
Tangible capital assets (Schedule C)		1,180,026	1,091,536
Inventories for use	6(b)	3,055	2,855
Prepaid expenses		2,839	2,267
Total non-financial assets		1,185,920	1,096,658
Accumulated surplus		1,481,334	1,372,441
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, 2015
(in thousands of dollars)

	2015 Budget <small>(Note 22)</small>	2015 Actual	2014 Actual
Revenues (Schedule A)			
From the Government of Canada	1,556,980	1,616,423	1,574,306
Tax revenues generated by the Government of Nunavut	89,700	96,442	92,438
Other revenues generated by the Government of Nunavut	68,786	69,644	78,161
Recoveries of prior years expenditures	-	12,785	9,289
Total revenues	1,715,466	1,795,294	1,754,194
Expenses (Schedule B)			
Operations and maintenance expenses before amortization	1,509,332	1,506,366	1,453,811
<i>Plus: Amortization expenses on tangible capital assets</i>	44,807	58,663	57,682
Total operations and maintenance expenses	1,554,139	1,565,029	1,511,493
Capital expenditures	262,115	268,525	239,296
<i>Less: Transfers to tangible capital assets</i>	118,424	147,153	145,291
Total capital expenses	143,691	121,372	94,005
Total expenses	1,697,830	1,686,401	1,605,498
Surplus (deficit) for year	17,636	108,893	148,696
Accumulated surplus, beginning of year	1,372,441	1,372,441	1,223,745
Accumulated surplus, end of year	1,390,077	1,481,334	1,372,441

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, 2015

(in thousands of dollars)

	2015 Budget	2015 Actual	2014 Actual
Surplus (deficit) for year	17,636	108,893	148,696
Tangible capital assets (Schedule C)			
Additions	(118,424)	(147,153)	(145,291)
Amortization	44,807	58,663	57,682
	(73,617)	(88,490)	(87,609)
Additions of inventories for use	-	(5,749)	(6,127)
Consumption of inventories for use	-	5,549	5,760
Net use (additions) of prepaid expenses	-	(572)	(274)
	-	(772)	(641)
Increase (decrease) in net financial assets	(55,981)	19,631	60,446
Net financial assets, beginning of year	275,783	275,783	215,337
Net financial assets, end of year	219,802	295,414	275,783

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, 2015
(in thousands of dollars)

	2015	2014
Cash provided by (used for) operating activities:		
Transfers from the Government of Canada	1,598,157	1,563,707
Taxes	96,050	92,350
Other government revenues	268,189	264,955
Interest on loans receivable and portfolio investments	1,130	963
Interest payments on capital leases and mortgage	(3,834)	(3,940)
Compensation and employee benefits	(512,859)	(477,606)
Grants and contributions	(463,501)	(438,744)
Goods and services	(901,952)	(766,608)
	81,380	235,077
Cash provided by (used for) capital activities:		
Tangible capital asset acquisitions	(125,554)	(113,406)
	(125,554)	(113,406)
Cash provided by (used for) investing activities:		
Loans issued to municipalities, businesses and individuals	(396)	(592)
Loan repayments by municipalities, businesses and individuals	484	441
Working capital advance to Nunavut Business Credit Corporation	-	(7,000)
Designated investments acquisitions	(2,097)	(1,264)
	(2,009)	(8,415)
Cash provided by (used for) financing activities:		
Principal payments on capital leases	(6,809)	(6,650)
Principal payments on mortgage payable	(366)	(342)
	(7,175)	(6,992)
Increase (decrease) in cash and cash equivalents	(53,358)	106,264
Cash and cash equivalents, beginning of year	476,023	369,759
Cash and cash equivalents, end of year (Note 3)	422,665	476,023

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

GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT
Notes to Non-Consolidated Financial Statements (unaudited)
March 31, 2015
(in thousands of dollars)

1 AUTHORITY AND OPERATIONS

(a) Government of Nunavut

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

(b) Main Estimates

The 2014-2015 Main Estimates were tabled in the Legislative Assembly in May 2014 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 2014-2015 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 (Operations and Maintenance) Act approved by the Legislative Assembly in June 2014, 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 Public Sector Accounting Board of Canada, with the exception that they are not consolidated and certain revenues are reported net of expenses (i.e., 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 (NAC)
 - Nunavut Business Credit Corporation (NBCC)
 - Nunavut Development Corporation (NDC)
 - Nunavut Housing Corporation (NHC)
 - Qulliq Energy Corporation (QEC)
- 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
 - Qullit 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.

The Workers' Safety and Compensation Commission (WSCC), which is responsible for the administration of related employer insurance premiums and employee benefit programs within Nunavut is not accounted for in these financial statements. Since the Government does not control or have access to the WSCC's assets or responsibility for its obligations, it is excluded from the Government's financial reporting entity.

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, liability for contaminated sites, 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) 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.

Tangible capital assets, when placed into service, are amortized over their useful lives using the straight line method. When assets are leased, the amortization rate will be based on the lesser of the lease terms or the useful lives of the leased assets. The following amortization rates are being used:

Asset Category	Amortization Period
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.

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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Sick leave

The Government's employees are entitled to sick leave under the terms of employment. The liability for employee leave benefits is recorded as accrued liabilities as the benefits accrue to employees.

Included in accounts payable and accrued liabilities is an amount for employees who are permitted to accumulate unused sick leave. However, such entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick leave entitlements which are expected to be used in future years is determined by an actuarial valuation and has been recorded in the financial statements.

(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 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.

In addition, the Government provides two different pension benefits to Members of the Legislative Assembly. The costs and obligations of the Government for these pension benefits are estimated on an actuarial basis. When actual experience varies from estimates, or when actuarial assumptions change, actuarial gains or losses arise. These gains and losses are not recognized immediately but rather over the estimated average remaining service lives of the contributors. Recognition of actuarial gains and losses commences in the year following the effective date of the related actuarial valuations. In addition, upon a plan amendment, curtailment or settlement, previously unrecognized net actuarial gain or loss balances will require immediate recognition.

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.

(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

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. Tax concessions transferred to taxpayers include the Nunavut child tax benefit, the cost of living tax credit and the business training tax credit. 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.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Expenses

Expenses are recorded on an accrual basis when goods are received or services are rendered.

Grants and contributions are recognized as expenses provided that the transfer is authorized and all eligibility criteria have been met by the recipient. Grants and contributions include transfer payments to individuals, municipalities and other organizations under government funding arrangements. Payments to individuals include payments for children's benefits, income support or income supplement. These payments are based on age, family status, income, and employment criteria. Other grants and contributions are provided to conduct research, to establish new jobs through support for training and to promote educational, health and cultural activities.

(l) Contingencies

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.

(m) Liability for contaminated sites

Contaminated sites are the result of contamination being introduced into air, soil, water or sediment in concentrations that exceeds the maximum acceptable amounts under an environmental standard.

A liability for remediation of a contaminated site is recognized when all of the following criteria are met:

- an environmental standard exists;
- contamination exceeds the environmental standard;
- the Government is directly responsible or accepts responsibility;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

The liability for contaminated sites reflects the Government's best estimate of the amount required to remediate sites to the current minimum standard for its use prior to the contamination.

The liability is recognized net of any expected recoveries and includes all costs directly attributable to remediation activities including post remediation operations, maintenance and monitoring.

The liability is adjusted each year for the passage of time, new obligations, changes in management estimates and actual costs incurred.

If the likelihood of a future event that would confirm the Government's responsibility is not determinable, a contingent liability is disclosed in the notes to the financial statements.

(n) Changes in accounting policies

Effective April 1, 2014, the Government adopted PS 3260 - Liability for Contaminated Sites, a new Public Sector Accounting Handbook section. This section establishes recognition, measurement and disclosure standards for liabilities related to contaminated sites. The Government adopted the policy on a prospective basis. There is no significant impact for the current year on the financial statements, other than the required disclosure.

GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT
Notes to Non-Consolidated Financial Statements (unaudited)
March 31, 2015
(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Future changes in accounting standards

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

PS 2200 Related Party Disclosures (effective April 1, 2017), a new standard establishing disclosure requirements for related party transactions.

PS 3210 Assets (effective April 1, 2017), a new standard providing guidance for applying the definition of assets set out in *PS 1000 Financial Statement Concepts*.

PS 3320 Contingent Assets (effective April 1, 2017), a new standard establishing disclosure requirements for contingent assets.

PS 3380 Contractual Rights (effective April 1, 2017), a new standard defining and establishing disclosure requirements for contractual rights.

PS 3420 Inter-Entity Transactions (effective April 1, 2017), a new standard establishing guidance on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and a recipient perspective.

PS 3430 Restructuring Transactions (effective April 1, 2018), a new standard defining a restructuring transaction and establishing guidance for recognizing and measuring assets and liabilities transferred in a restructuring transaction.

PS 2601 Foreign Currency Translation (effective April 1, 2019), replaces PS 2600 with revised guidance on the recognition, presentation and disclosure of transactions and balances that are denominated in a foreign currency.

PS 3450 Financial Instruments (effective April 1, 2019), a new standard establishing guidance on the recognition, measurement, presentation and disclosure of financial instruments, including derivatives.

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.

(p) Services provided without charge

The Government of Nunavut receives audit services at no charge from the Office of the Auditor General of Canada. That Office's costs for these services have not been recorded in these financial statements.

3 CASH AND CASH EQUIVALENTS

	2015	2014
Cash	422,665	455,563
Guaranteed investment certificates	-	20,460
	<u>422,665</u>	<u>476,023</u>

During the year, government earned interest of prime less 1.75% on its net bank balances (2014 - prime less 1.75%).

GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT
Notes to Non-Consolidated Financial Statements (unaudited)
March 31, 2015
(in thousands of dollars)

4 DUE FROM THE GOVERNMENT OF CANADA	2015	2014
Grant receivable:		
From the Government of Canada (Schedule A)	1,409,107	1,350,391
Less: Payments received	<u>(1,409,107)</u>	<u>(1,350,391)</u>
	-	-
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	52,390	45,718
	<u>52,390</u>	<u>45,718</u>

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.

5 REVENUES RECEIVABLE	2015	2014
Receivable by funds		
Consolidated Revenue Fund	41,605	51,717
Petroleum Products Revolving Fund	73,188	63,153
Public Stores Revolving Fund	50	50
Liquor Revolving Fund	1	1
	<u>114,844</u>	<u>114,921</u>
Less: Allowance for doubtful accounts	<u>(13,759)</u>	<u>(12,933)</u>
	<u>101,085</u>	<u>101,988</u>
Receivable by relation with the creditors		
Nunavut Arctic College	8,687	4,928
District Education Authorities	2,505	5,371
Nunavut Business Credit Corporation	253	347
Nunavut Development Corporation	15	56
Nunavut Housing Corporation	12,749	10,615
Qulliq Energy Corporation	31,793	26,506
Receivable from related parties	<u>56,002</u>	<u>47,823</u>
Other accounts receivable	<u>58,842</u>	<u>67,098</u>
	114,844	114,921
Less: Allowance for doubtful accounts	<u>(13,759)</u>	<u>(12,933)</u>
	<u>101,085</u>	<u>101,988</u>

6 INVENTORIES	2015	2014
(a) For resale		
Bulk fuels	215,851	77,180
Liquor products	<u>1,646</u>	<u>1,560</u>
	<u>217,497</u>	<u>78,740</u>

There was no write-down for bulk fuels inventory for 2015 (2014 - \$287).

(b) For use		
Health and medical supplies	<u>3,055</u>	<u>2,855</u>

**GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT**

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2015

(in thousands of dollars)

7 LOANS RECEIVABLE	2015	2014
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 0.39% and 1.18% (2014 - 1.02% and 1.43%) at the end of the month, compounded annually.	25,243	25,294
Student Loan Fund loans, bearing interest between 0% and 12.5%, net of doubtful accounts and valuation allowances of \$4,694 (2014 - \$4,553).	1,572	1,531
Other, net of valuation allowances of \$64 (2014 - \$64)	-	-
	26,815	26,825

8 DESIGNATED INVESTMENTS	2015	2014
SRAF designated investments	11,517	9,420

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, 2015 was \$14,145 (2014 - \$11,590) with a positive return of 10.57% (2014 - 17.44%).

9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2015	2014
To related parties		
Nunavut Arctic College	2,671	2,366
District Education Authorities	674	966
Nunavut Business Credit Corporation	13	2
Nunavut Development Corporation	71	86
Nunavut Housing Corporation	367	702
Qulliq Energy Corporation	11,183	5,780
	14,979	9,902
To others		
Accounts payable	84,010	87,158
Accrued liabilities, payroll deductions, and contractor holdbacks	157,188	84,160
Vacation pay and lieu time	31,755	29,331
Due to the Government of Canada	18,984	26,007
Due to the Government of the Northwest Territories	4,344	4,493
	296,281	231,149
	311,260	241,051

All amounts above are non-interest bearing.

10 DEFERRED REVENUES	2015	2014
Provincial-Territorial Base Funding (Building Canada Fund)	35,311	48,433
Gas Tax Agreement	34,722	29,071
Other deferred revenue	11,973	9,073
	82,006	86,577

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 2015-16 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.

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11 LIABILITY FOR CONTAMINATED SITES	2015	2014
Liabilities for remediation of contaminated sites	8,834	13,920

The Government's activities are subject to various federal and territorial laws and regulations, such as the Environmental Protection Act of Nunavut and the Environmental Guideline for Contaminated Site Remediation - 2010, governing the protection of the environment or to minimize any adverse impact thereon. The Government conducts its operations so as to protect public health and the environment and believes its operations are in compliance with all applicable laws and regulations.

The Government recognizes that there are costs related to the remediation of environmentally contaminated sites for which it is responsible. As of March 31, 2015, there were 7 sites - 4 storage tank farms and 3 waste sites - (2014 - 29 sites) identified as requiring environmental remediation. For those sites where the Government of Nunavut has a legal order or plans to remediate contamination (e.g., due to the risk to human health), and is responsible or has accepted responsibility for remediation, and a reasonable estimate can be determined for remediation costs, a liability has been recorded in these financial statements.

The Government has identified an additional 63 sites on Commissioner's land for which liabilities for contamination may exist for assessment, remediation and monitoring. The activities associated with these sites are classified as follows:

	Sites
Power plants	25
Storage tank farms	24
Town and waste sites	8
Garages and other public works facilities	4
Quarries	1
Airports	1
	<u>63</u>

The Government acquired ownership of sites and activities associated with airports, tank farms and power plants on creation of the Territory on April 1, 1999. The contamination of certain of these sites occurred when other parties were responsible for the use of and/or held tenure to the sites. The Government has estimated that remediation of contamination at 15 storage tank farm sites and 24 power plant sites would cost approximately \$9.7 million and \$38.0 million respectively. In addition, the Government has estimated that remediation at the other sites could cost between \$36 - 108.0 million depending on the approach taken. No liability for remediation of these 63 sites has been recognized in these financial statements as there is no legal requirement to remediate the sites and the Government has no intentions to remediate any of these sites. Going forward, a liability for remediation of these or other identified sites will be recognized if it is determined that public health is at risk or that there is a legal requirement to remediate.

Most storage tank farms and power plants are monitored on a regular basis to ensure the containment of the identified contaminants. For the other Government of Nunavut's operations and/or sites, there is no ongoing monitoring program in place, but plans for one are to be developed in 2015-16.

In addition, the Government has identified 135 sites where garages, public works facilities, quarries, sewage disposal/treatment and solid waste sites and activities are generally located and conducted within municipal boundaries and governed by municipal legislation. Contamination at these sites and activities within municipal boundaries and jurisdiction will be the responsibility of municipalities to monitor and remediate if necessary.

The Government's ongoing efforts to assess contaminated sites, address the outstanding matters on responsibility and for developing or updating reasonable cost estimates for remediation and monitoring activities may result in additional liabilities being recognized in future years.

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 defined benefit plan established through legislation and sponsored by the Government of Canada. 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. 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 contribution rate effective at March 31, 2015 was 1.28 times for members enrolled before January 1, 2013 and 1.28 times for members enrolled beginning January 1, 2013 (2014 - 1.45 and 1.43 times). Total employer contributions of \$33,283 (2014 - \$33,540) were recognized as expense in the current year. Total employee contributions were \$23,421 (2014 - \$21,033).

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12 PENSION LIABILITIES (continued)

(b) Legislative Assembly Retiring Allowances Plans

The Government 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.

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.

There have been no plan amendments, plan settlements and curtailments or temporary deviations from these plans in 2015 (no changes in 2014).

Actuarial valuations were completed for these plans as of April 1, 2014. The valuations were based on a number of assumptions about future events including inflation rates (2.0%), interest rates (inflation, plus 1.8%), return on assets (inflation, plus 1.8%), 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, 2017.

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:

	LARAF	SRAF	2015	2014
Accrued benefit obligation	8,687	12,782	21,469	14,837
Deduct:				
Pension fund assets	8,737	-	8,737	6,202
Unamortized actuarial (gains) losses	1,378	2,599	3,977	(233)
	10,115	2,599	12,714	5,969
Pension (asset) liability	(1,428)	10,183	8,755	8,868

As at March 31, 2015, the LARAF pension fund assets had a market value of \$9,503 (2014 - \$6,891). The actual rate of return was positive 10.29% (2014 - 19.80%). 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 2.6 and 2.7 years respectively (2014 - 6.0 and 6.0 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:

	LARAF	SRAF	2015	2014
Current period benefit cost	835	1,275	2,110	2,084
Amortization of actuarial (gains) losses	(13)	73	60	95
	822	1,348	2,170	2,179
MLAs contributions	(219)	-	(219)	(209)
Pension expense	603	1,348	1,951	1,970
Interest cost on the average accrued benefit obligation	315	485	800	737
Expected return on average pension plan assets	(332)	-	(332)	(301)
Pension interest expense	(17)	485	468	436
Total pension expenses	586	1,833	2,419	2,406

Pension benefits paid for the LARAF and SRAF were \$218 and \$688, respectively (2014 - \$1,770 and \$732, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$1,844 and \$1,950, respectively (2014 - \$643 and \$1,258, respectively).

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13 OTHER POST-EMPLOYMENT BENEFIT LIABILITIES

In addition to pension benefits, the government provides severance and removal benefits to employees. 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.

	2015	2014
Severance	14,080	14,202
Removal	8,956	10,073
	23,036	24,275

14 MORTGAGE PAYABLE

	2015	2014
Mortgage payable in annual instalments to the year 2020, bearing interest at a rate of 6.9% compounded semi-annually.	2,568	2,934

Future mortgage payments consist of:	Principal	Interest	Total
2016	391	163	554
2017	419	135	554
2018	448	106	554
2019	480	74	554
2020	830	42	872
	2,568	520	3,088

Interest expense on the mortgage payable was \$186 for the year (2014 - \$210). The interest paid on the mortgage payable during the year was \$188 (2014 - \$212).

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 Iqaluit International Airport. The design and construction components are scheduled to be completed by December 2017 at an estimated cost of \$298,518, \$277,942 of which represent costs incurred by the P3 proponent. The capital costs of the arrangement will be partially funded up to \$77,300 from PPP Canada Inc.

	2015	2014
Total eligible costs incurred by P3 proponent		
Balance, beginning of year	34,685	-
Eligible costs incurred during the year	50,599	34,685
Balance, end of year	85,284	34,685
Total progress payments made by the Government		
Balance, beginning of year	2,800	-
Progress payments made during the year	29,000	2,800
Balance, end of year	31,800	2,800
Liability as at March 31	53,484	31,885

16 CAPITAL LEASE OBLIGATIONS

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

	2015	2014
Total minimum lease payments	56,983	67,165
Less: Imputed interest	(10,371)	(13,744)
Present value of minimum lease payments	46,612	53,421

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

	Principal	Interest	Total
2016	7,662	2,981	10,643
2017	8,259	2,433	10,692
2018	8,847	1,844	10,691
2019	9,477	1,214	10,691
2020	6,677	635	7,312
2021 and beyond	5,690	1,264	6,954
	46,612	10,371	56,983

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 \$3,490 (2014 - \$3,941) at an implied average interest rate of 7.0% (2014 - 7.0%). The capital lease obligations expire between 2020 and 2027.

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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.

	2015	2014
Surplus (deficit), beginning of year	(8,948)	(5,146)
Petroleum Products Revolving Fund net profit (loss) for the year	(1,337)	(3,802)
Minimum transfer required from (to) Consolidated Revenue Fund	285	-
Surplus (deficit), end of year	(10,000)	(8,948)

18 CONTRACTUAL OBLIGATIONS

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2015:

	Year of Expiration	Total
Capital commitments	2019	172,352
Operational commitments	2047	1,233,641
Policing agreement	2032	720,234
Operating leases (Schedule 5)	2027	62,290
		2,188,517

Contractual obligations by fiscal year are as follows:

2016	287,936
2017	133,010
2018	73,351
2019	75,545
2020	71,053
2021 and beyond	1,547,622
	2,188,517

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, 2015, no new post-division adjustments were recorded.

(b) Environmental Protection Compliance Orders

The Government's Petroleum Products Division and Qulliq Energy Corporation (QEC) received Environmental Protection Compliance Orders (EPCOs) from Environment Canada related to contraventions of regulations for Storage Tank Systems for Petroleum Products at selected facilities in Iqaluit, Rankin Inlet, Whale Cove and Sanikiluaq. The regulations provide for penalties for continued contravention by failure to address EPCOs. The work to comply with the regulations at these facilities was commenced in 2014-15 and is to be completed during the 2015-16 fiscal year. Compliance with the regulations at the Government's remaining storage tank farms facilities is expected to be completed over the years 2016 to 2021. Environment Canada has agreed to postpone further enforcement action pending satisfactory completion of the work as scheduled.

(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, 2015, 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 determinable at this time. As of March 31, 2015, 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:

	2015	2014
Bank credit facility, interest at prime minus 0.50%	13,376	14,665
20 year redeemable amortizing debenture due 2021, interest rate of 6.809%	39,392	42,259
Fixed rate capital loan facility due 2021, interest rate of 4.24%	2,711	3,089
Fixed rate capital loan facility due 2021, interest rate of 4.24%	3,462	3,943
Fixed rate capital loan facility due 2021, interest rate of 4.24%	4,868	5,539
Fixed rate capital loan facility due 2022, interest rate of 4.24%	4,283	4,454
Fixed rate capital loan facility due 2021, interest rate of 4.24%	8,849	10,043
Variable rate capital loan facility due 2022, interest at prime minus 0.50%	17,667	18,667
Variable rate capital loan facility due 2024, interest at prime minus 0.50%	15,266	14,000
Variable rate capital loan facility due 2024, interest at prime minus 0.50%	21,000	-
Total guarantees provided on balances outstanding	130,874	116,659

The QEC bank credit facility limit is \$20,000 (2014 - \$20,000). 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, 2015, NDC's bank overdraft position was \$nil (2014 - \$nil).

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:

	2015	2014
Nunavut Arctic College	2,652	2,721
District Education Authorities	12,977	12,895
Nunavut Development Corporation	3,603	3,639
Nunavut Business Credit Corporation	650	621
	19,882	19,876

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 \$43,465 (2014 - \$40,521) 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.

	2015	2014
Public Trustee	5,103	4,495
Territorial Court Trust	451	212
Natural Resources Conservation Trust	293	290
	5,847	4,997

22 BUDGET ADJUSTMENTS

The budgeted surplus of \$17,636 on the Statement of Operations and Accumulated Surplus is \$7,124 more than the surplus of \$10,512 indicated on page x of the 2014-15 Main Estimates. This represents the principal portion of payments to be made during the year on capital leases, and do not represent expenses under Canadian public sector accounting standards.

The 2015 total revenue budget of \$1,715,466 includes \$1,639,586 of 'Revenues' and \$75,730 of 'Vote 5 Revenues' on page x of the 2014-2015 Main Estimates, plus \$150 of funding under third-party agreements for specific capital projects included in Appendix IV (page A-IV-4) of the 2014-2015 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 2015 budget total for capital expenditures on Schedule B.2 of \$150 excludes the \$4,290 of CMHC capital projects budgeted for Nunavut Housing Corporation presented in Appendix IV (page A-IV-6) of the 2014-2015 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 \$75,880.

23 COMPARATIVE INFORMATION

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

24 SUBSEQUENT EVENTS

On April 24, 2015 there was a fire at the Nunavut Arctic College's Ukkivik residence, causing extensive damage to the building. There were no reports of injuries. The remaining net book value of the building at March 31, 2015 was \$627. Future plans for the building are not known at this time, as such, the amount that will need to be written off in 2016 is also not known at this time.

On May 28, 2015 the Governor General in Council of Canada, pursuant to subsection 27(5) of the *Nunavut Act*, approved an increase of the Government of Nunavut borrowing up to \$650 million (i.e., authorized borrowing limit).

On September 5, 2015, there was a fire at the new air terminal building. There were no reports of injuries. An engineering investigation by the design builder will have to determine the extent of the fire and water damage before any determination on schedule changes can be made. The fire is not expected to have any effect on the cost of the project to the Government of Nunavut.

On September 6, 2015, the Peter Pitseolak High School in Cape Dorset was destroyed by fire. There were no injuries. The cost of the cleanup and replacement is not known at this time. The remaining net book value of the school at March 31, 2015 was \$14,450. The amount that will need to be written off in 2016 is not known at this time but will likely be a substantial portion of the net book value.

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Schedule A

Non-Consolidated Schedule of Revenues by Source (unaudited)

for the year ended March 31, 2015

(in thousands of dollars)

	2015 Budget	2015 Actual	2014 Actual
From the Government of Canada			
Territorial Formula Financing	1,409,100	1,409,107	1,350,391
Transfers under third-party funding agreements	75,880	125,034	136,455
Other transfer payments	72,000	82,282	87,460
	1,556,980	1,616,423	1,574,306
Revenues generated by the Government of Nunavut			
Taxation revenues			
Personal income tax	27,800	28,316	29,697
Corporate income tax	12,500	14,878	14,118
Payroll tax	24,200	25,244	23,489
Tobacco tax	16,300	16,429	16,133
Fuel tax	4,000	5,473	4,684
Property tax	3,100	4,407	2,974
Insurance tax	1,800	1,695	1,343
	89,700	96,442	92,438
Other revenues			
Petroleum Products Division revenue - net of cost of goods sold of \$195,051 (2014 - \$181,375)	28,718	22,668	21,487
Liquor revenue - net of cost of goods sold of \$2,199 (2014 - \$2,187)	4,168	3,670	3,804
Staff housing recoveries	17,000	18,850	18,539
Transfers under third-party funding agreements	-	1,796	2,232
Other	18,900	22,660	32,099
	68,786	69,644	78,161
Recoveries of prior years expenditures (Schedule 1)	-	12,785	9,289
Total revenues (Note 22)	1,715,466	1,795,294	1,754,194

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Schedule B

Non-Consolidated Schedule of Expenses (unaudited)

for the year ended March 31, 2015

(in thousands of dollars)

TOTALS	Original Budget	Actual	(Over) Under Original Budget
FUNDED UNDER APPROVED APPROPRIATIONS (Schedule B.1)			
Operations and maintenance expenses before amortization	1,375,865	1,390,037	(14,172)
<i>Plus: Amortization expenses on tangible capital assets</i>	44,807	51,900	(7,093)
Total operations and maintenance expenses	1,420,672	1,441,937	(21,265)
Capital expenditures	149,979	231,371	(81,392)
<i>Less: Transfers to tangible capital assets</i>	118,424	143,782	(25,358)
Total capital expenses	31,555	87,589	(56,034)
Total appropriation expenses	1,452,227	1,529,526	(77,299)
FUNDED UNDER THIRD-PARTY AGREEMENTS (Schedule B.2)			
Operations and maintenance expenses before amortization	75,730	89,264	(13,534)
<i>Plus: Amortization expenses on tangible capital assets</i>	-	6,763	(6,763)
Total operations and maintenance expenses	75,730	96,027	(20,297)
Capital expenditures	150	37,154	(37,004)
<i>Less: Transfers to tangible capital assets</i>	-	3,371	(3,371)
Total capital expenses	150	33,783	(33,633)
Total third-party agreement expenses	75,880	129,810	(53,930)
FUNDED BY REVOLVING FUNDS (Schedule B.3)			
Operations and maintenance expenses before amortization	29,737	27,065	2,672
<i>Plus: Amortization expenses on tangible capital assets</i>	-	-	-
Total operations and maintenance expenses	29,737	27,065	2,672
Capital expenditures	-	-	-
<i>Less: Transfers to tangible capital assets</i>	-	-	-
Total capital expenses	-	-	-
Total revolving fund expenses	29,737	27,065	2,672
NON-CONSOLIDATED STATEMENTS TOTALS			
Operations and maintenance expenses before amortization	1,481,332	1,506,366	
<i>Plus: Centrally estimated 'Supplementary requirements' per page x of 2014-2015 Main Estimates</i>	38,000	-	
<i>Less: Capital portion of the estimated 'Supplementary requirements'</i>	10,000	-	
Total operations and maintenance expenses before amortization	1,509,332	1,506,366	2,966
<i>Plus: Amortization expenses on tangible capital assets</i>	44,807	58,663	(13,856)
Total operations and maintenance expenses	1,554,139	1,565,029	(10,890)
Capital expenditures	150,129	268,525	
<i>Plus: Centrally estimated capital carryovers from prior year included in 'Capital' on page x of 2014-2015 Main Estimates</i>	101,986	-	
<i>Plus: Capital portion of the estimated 'Supplementary requirements'</i>	10,000	-	
Total capital expenditures	262,115	268,525	(6,410)
<i>Less: Transfers to tangible capital assets</i>	118,424	147,153	(28,729)
Total capital expenses	143,691	121,372	22,319
Total expenses	1,697,830	1,686,401	11,429

Total expenses above includes, among other items, interest expense of \$3,741 (2014 - \$4,166) and a net increase in valuation allowances of \$2,258 (2014 - \$2,222).

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Schedule B.1

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

for the year ended March 31, 2015

(in thousands of dollars)

APPROPRIATIONS	Original Budget	Supplementary Appropriations	Transfers	Revised Budget	Actual	(Over) Under Revised Budget
LEGISLATIVE ASSEMBLY						
Operations and maintenance						
Compensation and benefits	11,880	-	(250)	11,630	11,027	603
Grants and contributions	-	-	-	-	-	-
Other	11,284	-	250	11,534	10,620	914
	23,164	-	-	23,164	21,647	1,517
Capital expenditures	305	434	-	739	565	174
Total spending under appropriations	23,469	434	-	23,903	22,212	1,691
EXECUTIVE AND INTERGOVERNMENTAL AFFAIRS						
Operations and maintenance						
Compensation and benefits	17,338	-	-	17,338	16,027	1,311
Grants and contributions	100	-	-	100	90	10
Other	9,871	-	-	9,871	8,510	1,361
	27,309	-	-	27,309	24,627	2,682
Capital expenditures	-	469	-	469	447	22
Total spending under appropriations	27,309	469	-	27,778	25,074	2,704
FINANCE						
Operations and maintenance						
Compensation and benefits	37,792	(247)	(700)	36,845	36,045	800
Grants and contributions	11,105	-	700	11,805	12,705	(900)
Other	35,751	-	-	35,751	35,239	512
	84,648	(247)	-	84,401	83,989	412
Capital expenditures	9,748	3,693	-	13,441	5,135	8,306
Total spending under appropriations	94,396	3,446	-	97,842	89,124	8,718
FAMILY SERVICES						
Operations and maintenance						
Compensation and benefits	24,756	1,288	(899)	25,145	25,642	(497)
Grants and contributions	50,223	1,070	(655)	50,638	49,439	1,199
Other	47,432	209	1,554	49,195	44,117	5,078
	122,411	2,567	-	124,978	119,198	5,780
Capital expenditures	600	2,810	-	3,410	3,220	190
Total spending under appropriations	123,011	5,377	-	128,388	122,418	5,970
JUSTICE						
Operations and maintenance						
Compensation and benefits	39,936	4,336	(560)	43,712	44,601	(889)
Grants and contributions	14,933	-	-	14,933	13,753	1,180
Other	51,225	-	560	51,785	52,076	(291)
	106,094	4,336	-	110,430	110,430	-
Capital expenditures	900	7,759	-	8,659	7,549	1,110
Total spending under appropriations	106,994	12,095	-	119,089	117,979	1,110

**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, 2015

(in thousands of dollars)

APPROPRIATIONS	Original Budget	Supplementary Appropriations	Transfers	Revised Budget	Actual	(Over) Under Revised Budget
CULTURE AND HERITAGE						
Operations and maintenance						
Compensation and benefits	13,347	-	(2,071)	11,276	10,568	708
Grants and contributions	6,699	-	400	7,099	6,588	511
Other	5,630	-	1,671	7,301	7,825	(524)
	25,676	-	-	25,676	24,981	695
Capital expenditures	-	-	-	-	-	-
Total spending under appropriations	25,676	-	-	25,676	24,981	695
EDUCATION						
Operations and maintenance						
Compensation and benefits	141,771	4,962	(615)	146,118	153,646	(7,528)
Grants and contributions	24,755	161	60	24,976	22,169	2,807
Other	17,704	-	555	18,259	11,789	6,470
	184,230	5,123	-	189,353	187,604	1,749
Capital expenditures	23,710	9,145		32,855	26,534	6,321
Total spending under appropriations	207,940	14,268	-	222,208	214,138	8,070
HEALTH						
Operations and maintenance						
Compensation and benefits	109,749	3,953	-	113,702	116,399	(2,697)
Grants and contributions	2,751	-	-	2,751	1,714	1,037
Other	186,447	19,485	-	205,932	199,172	6,760
	298,947	23,438	-	322,385	317,285	5,100
Capital expenditures	12,423	46,405	-	58,828	37,238	21,590
Total spending under appropriations	311,370	69,843	-	381,213	354,523	26,690
ENVIRONMENT						
Operations and maintenance						
Compensation and benefits	15,237	134	(615)	14,756	14,871	(115)
Grants and contributions	1,988	-	60	2,048	1,888	160
Other	6,769	741	555	8,065	7,515	550
	23,994	875	-	24,869	24,274	595
Capital expenditures	3,407	3,884	-	7,291	3,431	3,860
Total spending under appropriations	27,401	4,759	-	32,160	27,705	4,455
COMMUNITY AND GOVERNMENT SERVICES						
Operations and maintenance						
Compensation and benefits	41,632	-	(380)	41,252	43,712	(2,460)
Grants and contributions	68,717	(20)	200	68,897	67,060	1,837
Other	110,408	180	180	110,768	105,030	5,738
	220,757	160	-	220,917	215,802	5,115
Capital expenditures	32,688	68,131	-	100,819	38,807	62,012
Total spending under appropriations	253,445	68,291	-	321,736	254,609	67,127

**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, 2015

(in thousands of dollars)

APPROPRIATIONS	Original Budget	Supplementary Appropriations	Transfers	Revised Budget	Actual	(Over) Under Revised Budget
ECONOMIC DEVELOPMENT AND TRANSPORTATION						
Operations and maintenance						
Compensation and benefits	17,451	400	(899)	16,952	16,875	77
Grants and contributions	21,732	-	(655)	21,077	19,948	1,129
Other	21,499	1,200	1,554	24,253	23,194	1,059
	60,682	1,600	-	62,282	60,017	2,265
Capital expenditures	35,968	41,297	-	77,265	58,215	19,050
Total spending under appropriations	96,650	42,897	-	139,547	118,232	21,315
NUNAVUT HOUSING CORPORATION						
Operations and maintenance						
Compensation and benefits	-	-	-	-	-	-
Grants and contributions	172,873	2,224	-	175,097	175,097	-
Other	-	-	-	-	-	-
	172,873	2,224	-	175,097	175,097	-
Capital expenditures	30,230	20,000	-	50,230	50,230	-
Total spending under appropriations	203,103	22,224	-	225,327	225,327	-
NUNAVUT ARCTIC COLLEGE						
Operations and maintenance						
Compensation and benefits	-	-	-	-	-	-
Grants and contributions	32,204	6	-	32,210	32,210	-
Other	-	-	-	-	-	-
	32,204	6	-	32,210	32,210	-
Capital expenditures	-	-	-	-	-	-
Total spending under appropriations	32,204	6	-	32,210	32,210	-
TOTALS						
Operations and maintenance						
Compensation and benefits	470,889	14,826	(6,989)	478,726	489,413	(10,687)
Grants and contributions	408,080	3,441	110	411,631	402,661	8,970
Other	504,020	21,815	6,879	532,714	505,087	27,627
	1,382,989	40,082	-	1,423,071	1,397,161	25,910
Less: Principal repayments on capital leases included in spending appropriations above	7,124	-	-	7,124	7,124	-
Operations and maintenance expenses before amortization	1,375,865	40,082	-	1,415,947	1,390,037	25,910
Plus: Amortization expenses on tangible capital assets	44,807	-	-	44,807	51,900	(7,093)
Total operations and maintenance expenses	1,420,672	40,082	-	1,460,754	1,441,937	18,817
Capital expenditures	149,979	204,027	-	354,006	231,371	122,635
Less: Transfers to tangible capital assets	118,424	-	-	118,424	143,782	(25,358)
Total capital expenses	31,555	204,027	-	235,582	87,589	147,993
Total appropriation expenses	1,452,227	244,109	-	1,696,336	1,529,526	166,810

**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, 2015

(in thousands of dollars)

By Department	Original Budget	Actual	(Over) Under Original Budget
Legislative Assembly	-	1	(1)
Executive and Intergovernmental Affairs	3,499	1,394	2,105
Finance	800	4,027	(3,227)
Family Services	4,772	4,024	748
Justice	2,549	2,799	(250)
Culture and Heritage	2,550	2,800	(250)
Education	2,722	2,865	(143)
Health	49,572	59,450	(9,878)
Environment	1,787	4,471	(2,684)
Community and Government Services	-	36,894	(36,894)
Economic Development and Transportation	7,629	11,085	(3,456)
	75,880	129,810	(53,930)

By Category	Original Budget	Actual	(Over) Under Original Budget
Operations and maintenance			
Compensation and benefits	-	18,250	(18,250)
Grants and contributions	-	15,687	(15,687)
Other	-	55,327	(55,327)
Operations and maintenance expenses before amortization	75,730	89,264	(13,534)
Plus: Amortization expenses on tangible capital assets	-	6,763	(6,763)
Total operations and maintenance expenses	75,730	96,027	(20,297)
Capital expenditures	150	37,154	(37,004)
Less: Transfers to tangible capital assets	-	3,371	(3,371)
Total capital expenses	150	33,783	(33,633)
Total third-party agreement expenses	75,880	129,810	(53,930)

**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, 2015

(in thousands of dollars)

By Revolving Fund	Original Budget	Actual	(Over) Under Original Budget
Liquor	2,679	2,958	(279)
Petroleum Products	25,736	23,088	2,648
Public Stores	1,100	867	233
Student Loan	222	152	70
	29,737	27,065	2,672

By Category	Original Budget	Actual	(Over) Under Original Budget
Operations and maintenance			
Compensation and benefits	5,039	6,268	(1,229)
Grants and contributions	-	-	-
Other expenses	24,698	20,797	3,901
Operations and maintenance expenses before amortization	29,737	27,065	2,672
Plus: Amortization expenses on tangible capital assets (1)	-	-	-
Total operations and maintenance expenses	29,737	27,065	2,672
Capital expenditures	-	-	-
Less: Transfers to tangible capital assets	-	-	-
Total capital expenses	-	-	-
Total revolving fund expenses	29,737	27,065	2,672

(1) Petroleum Products amortization of \$917 (2014 - \$896) 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, 2015

(in thousands of dollars)

	Buildings	Leased Buildings	Infra- structure	Tank Farms	Storage Facilities	Equipment	2015	2014
Cost of tangible capital assets								
Opening balance	907,531	114,873	177,667	161,245	31,002	97,464	1,489,782	1,394,037
Additions	9,673	343	123	-	-	4,269	14,408	15,624
Transferred from work in progress	10,368	-	2,380	-	-	2,073	14,821	80,121
Closing balance	927,572	115,216	180,170	161,245	31,002	103,806	1,519,011	1,489,782
Accumulated amortization								
Opening balance	(274,107)	(52,570)	(57,555)	(60,817)	(15,750)	(67,191)	(527,990)	(470,308)
Amortization	(30,842)	(3,841)	(5,786)	(5,390)	(979)	(11,825)	(58,663)	(57,682)
Closing balance	(304,949)	(56,411)	(63,341)	(66,207)	(16,729)	(79,016)	(586,653)	(527,990)
Work in progress								
Opening balance	104,545	-	11,763	10,916	-	2,520	129,744	80,198
Additions	114,265	-	4,286	13,867	-	327	132,745	129,667
Transferred to cost of tangible capital assets	(10,368)	-	(2,380)	-	-	(2,073)	(14,821)	(80,121)
Closing balance	208,442	-	13,669	24,783	-	774	247,668	129,744
Net book value	831,065	58,805	130,498	119,821	14,273	25,564	1,180,026	1,091,536
Estimated useful life	30 Years	30 Years	30 Years	30 Years	30 Years	5-30 Years		

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

for the year ended March 31, 2015*(in thousands of dollars)*

Department	Over Accruals	Other Recoveries	Total
Legislative Assembly	-	2	2
Executive and Intergovernmental Affairs	4	-	4
Finance	4,950	149	5,099
Family Services	14	130	144
Justice	-	226	226
Culture and Heritage	136	-	136
Education	505	390	895
Health	1,468	557	2,025
Environment	608	-	608
Community and Government Services	548	535	1,083
Economic Development and Transportation	2,506	57	2,563
	<hr/>	<hr/>	<hr/>
	10,739	2,046	12,785

GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT
Non-Consolidated Schedule of Special Warrants (unaudited)
for the year ended March 31, 2015
(in thousands of dollars)

Schedule 2

	Date of FMB Approval	Amount Authorized
OPERATIONS AND MAINTENANCE		

There were no Special Warrants during the year.

Total operations and maintenance		-
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	Date of FMB Approval	Amount Authorized
CAPITAL		

There were no Special Warrants during the year.

Total capital		-
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INTERIM FINANCIAL REPORT

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

for the year ended March 31, 2015

(in thousands of dollars)

	<u>Transfers to (from)</u>
OPERATIONS AND MAINTENANCE	
Finance	
Centrally Administered Funds	700
Comptrollership	(500)
Policy Planning Financial Management	(200)
Centrally Administered Funds	1,200
Policy Planning Financial Management	(150)
Internal Audit Services	(100)
Comptrollership	(950)
Family Services	
Corporate Management	(350)
Income Assistance	55
Children and Family Services	295
Children and Family Services	260
Career Development	(800)
Income Assistance	540
Justice	
Registries and Court Services	500
Corrections	(500)
Registries and Court Services	250
Corrections	(100)
Lawyer Support Services	(150)
Community and Government Services	
Capital Planning and Technical Services	350
Government Services	(350)
Community Support	400
Government Services	(400)
Economic Development and Transportation	
Corporate Management	(1,868)
Economic Development	1,868
CAPITAL	
Community and Government Services	
CGS - capital	(4,515)
Petroleum Products Division	4,515
CGS - capital	(525)
Petroleum Products Division	525

**GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT**

Schedule 4

**Non-Consolidated Schedule of Student Loan Remissions (unaudited)
for the year ended March 31, 2015**

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.

Kirsten Chenier	3,200
Tiffany Wilk (Omboli)	2,187
Lauren Teiman	584
	<hr/>
	5,971
	<hr/>

**GOVERNMENT OF NUNAVUT
INTERIM FINANCIAL REPORT****Schedule 5****Non-Consolidated Schedule of Contractual Obligations under Operating Leases (unaudited)**

for the year ended March 31, 2015*(in thousands of dollars)*

	2016	2017	2018	2019	2020	>2020	Total
Headquarters	8,889	7,839	7,095	4,411	2,857	5,965	37,056
Qikiqtaaluk	984	756	653	480	351	-	3,224
Kivalliq	4,071	2,041	1,185	486	240	417	8,440
Kitikmeot	1,804	1,453	1,417	1,386	1,332	6,178	13,570
	15,748	12,089	10,350	6,763	4,780	12,560	62,290
