

**PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF NUNAVUT
FOR THE YEAR ENDED MARCH 31, 2016**

**HONOURABLE KEITH PETERSON
Minister of Finance**

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THE HONOURABLE NELLIE T. KUSUGAK
COMMISSIONER OF NUNAVUT

I have the honour to present the Public Accounts of Nunavut for the fiscal year ended March 31, 2016. I would ask that these accounts be laid before the Legislative Assembly in accordance with the *Financial Administration Act*, R.S.N.W.T. 1988, c.F-4, S. 74 as amended, and duplicated for Nunavut, and the *Nunavut Act*, S.C. 1993, C.28, s.44.

The Honourable Keith Peterson
Minister of Finance

Government of Nunavut
Iqaluit, Nunavut

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GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
March 31, 2016

Table of Contents	Page
<u>SECTION I - CONSOLIDATED FINANCIAL STATEMENTS</u>	1
MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING	3
INDEPENDENT AUDITOR'S REPORT	5
Consolidated Statement of Financial Position	7
Consolidated Statement of Operations and Net Assets	8
Consolidated Statement of Change in Net Financial Assets	9
Consolidated Statement of Cash Flow	10
Notes to Consolidated Financial Statements	11
Schedule A - Consolidated Schedule of Revenues by Source	26
Schedule B - Consolidated Schedule of Tangible Capital Assets	27
Schedule C - Consolidated Schedule of Segmented Information	28
<u>SECTION II - NON-CONSOLIDATED FINANCIAL STATEMENTS (unaudited)</u>	29
Non-Consolidated Statement of Financial Position	31
Non-Consolidated Statement of Operations and Net Assets	32
Non-Consolidated Statement of Change in Net Financial Assets	33
Non-Consolidated Statement of Cash Flow	34
Notes to Non-Consolidated Financial Statements	35
Schedule A - Non-Consolidated Schedule of Revenues by Source	47
Schedule B - Non-Consolidated Schedule of Expenses	48
Schedule B.1 - Non-Consolidated Schedule of Expenses Funded under Approved Appropriations	49
Schedule B.2 - Non-Consolidated Schedule of Expenses Funded under Third-Party Agreements	52
Schedule B.3 - Non-Consolidated Schedule of Expenses Funded by Revolving Funds	53
Schedule C - Non-Consolidated Schedule of Tangible Capital Assets	54
Supplementary Schedules to Non-Consolidated Financial Statements (unaudited)	
Schedule 1 - Non-Consolidated Schedule of Recoveries of Prior Years Expenditures	55
Schedule 2 - Non-Consolidated Schedule of Special Warrants	56
Schedule 3 - Non-Consolidated Schedule of Inter-Activity Transfers Over \$250,000	57
Schedule 4 - Non-Consolidated Schedule of Student Loan Remissions	59
Schedule 5 - Non-Consolidated Schedule of Contractual Obligations under Operating Leases	60

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SECTION I
CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of these consolidated financial statements for the Government of Nunavut, and related information contained in the Public Accounts, is the responsibility of management through the Department of Finance.

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS), which represent generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board of Canada. Where Canadian PSAS permits alternative accounting methods, management has chosen those it believes are most appropriate. Where required, management's best estimates and judgments have been applied in the preparation of these consolidated financial statements.

The Government fulfills its accounting and reporting responsibilities, through the Department of Finance, by maintaining systems of financial management and internal control. Where necessary, these systems are enhanced and modified to support the provision of accurate information, safeguarding and control of the Government's assets, and ensuring all transactions are in accordance with Nunavut's *Financial Administration Act*.

The Public Accounts are referred to the Standing Committee on Oversight of Government Operations and Public Accounts after they have been tabled in the Legislative Assembly. The recommendations of this Committee will be reviewed and acted upon, where appropriate, to improve financial management, financial reporting practices and the systems of internal control.

The Auditor General of Canada conducts an annual audit of the consolidated financial statements and provides an independent opinion to the Legislative Assembly as to whether the statements present fairly, in all material respects, the financial position, results of operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards. During the course of the audit, he also examines transactions that have come to his notice to ensure that they are, in all significant respects, within the statutory powers of the Government and those organizations included in the consolidation. The Auditor General's opinion is included with the consolidated financial statements.

Jeff Chown, CA
Deputy Minister of Finance

Peter Tumilty, FCGA
Comptroller General

October 27, 2016

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GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Consolidated Statement of Financial Position
as at March 31, 2016
(in thousands of dollars)

	Note	2016	2015
Financial assets			
Cash and cash equivalents	3	637,461	510,655
Portfolio and other investments	4	131,774	131,683
Accounts receivable	5	120,406	138,951
Inventories for resale	6(a)	161,383	219,452
Loans receivable	7	23,076	24,538
Total financial assets		1,074,100	1,025,279
Liabilities			
Accounts payable and accrued liabilities	8	354,843	339,778
Deferred revenues	9	68,841	131,412
Liability for contaminated sites	10	8,421	8,834
Obligations for pension and other employee benefits	11	49,015	48,006
Long term debt	12	146,489	132,839
Iqaluit International Airport Improvement Project	13	100,092	53,484
Capital lease obligations	14	42,326	50,437
Total liabilities		770,027	764,790
Net financial assets		304,073	260,489
Non-financial assets			
Tangible capital assets (Schedule B)		2,140,087	2,039,942
Inventories for use	6(b)	31,049	30,168
Prepaid expenses		5,205	3,935
Total non-financial assets		2,176,341	2,074,045
Net assets		2,480,414	2,334,534
Contractual obligations (Note 16)			
Contingencies (Note 17)			

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

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Consolidated Statement of Operations and Net Assets
for the year ended March 31, 2016
(in thousands of dollars)

	2016 Budget (Note 19)	2016 Actual	2015 Actual
Revenues (Schedule A)			
From the Government of Canada	1,679,000	1,727,293	1,686,169
Revenues generated by the Government of Nunavut	412,400	436,718	423,338
Total revenues	2,091,400	2,164,011	2,109,507
Expenses (Note 15)			
Community and Government Services	427,000	444,921	439,802
Health	403,500	419,121	388,593
Education	304,300	261,888	246,719
Housing	273,500	265,824	253,437
Finance	189,500	182,205	167,315
Family Services	134,400	128,791	124,253
Justice	116,200	121,588	117,081
Economic Development and Transportation	69,700	83,963	83,738
Executive and Intergovernmental Affairs	31,200	26,798	26,157
Environment	30,300	30,612	30,974
Culture and Heritage	27,400	26,909	27,751
Legislative Assembly	25,600	25,511	22,184
Total expenses	2,032,600	2,018,131	1,928,004
Surplus for year	58,800	145,880	181,503
Net assets, beginning of year	2,334,534	2,334,534	2,153,031
Net assets, end of year	2,393,334	2,480,414	2,334,534

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

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Consolidated Statement of Change in Net Financial Assets
for the year ended March 31, 2016
(in thousands of dollars)

	2016 Budget	2016 Actual	2015 Actual
Surplus for year	58,800	145,880	181,503
Tangible capital assets (Schedule B)			
Additions	(293,400)	(243,166)	(228,640)
Disposals	-	707	44
Write-downs	-	26,840	-
Amortization	99,200	115,474	101,390
	(194,200)	(100,145)	(127,206)
Additions to inventories for use	(58,700)	(65,881)	(67,757)
Consumption of inventories for use	61,700	65,000	65,531
Net use (additions) of prepaid expenses	-	(1,270)	(702)
	3,000	(2,151)	(2,928)
Increase (decrease) in net financial assets	(132,400)	43,584	51,369
Net financial assets, beginning of year	260,489	260,489	209,120
Net financial assets, end of year	128,089	304,073	260,489

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

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Consolidated Statement of Cash Flow

for the year ended March 31, 2016

(in thousands of dollars)

	2016	2015
Cash provided by (used for) operating activities:		
Transfers from the Government of Canada	1,686,599	1,678,459
Taxes	105,978	96,050
Other government revenues	320,588	313,467
Interest on loans receivable and portfolio investments	2,368	2,297
Interest payments on long term debt	(5,719)	(5,588)
Interest payments on capital leases	(3,046)	(3,965)
Compensation and employee benefits	(605,993)	(606,331)
Grants and contributions	(203,462)	(194,887)
Goods and services	(977,768)	(1,069,296)
	<u>319,545</u>	<u>210,206</u>
Cash provided by (used for) capital activities:		
Tangible capital asset acquisitions	(159,234)	(171,349)
Tangible capital asset disposals	152	27
	<u>(159,082)</u>	<u>(171,322)</u>
Cash provided by (used for) investing activities:		
Loans issued to municipalities, businesses and individuals	(3,417)	(6,236)
Loan repayments by municipalities, businesses and individuals	6,427	5,404
Portfolio and other investment acquisitions	(207,464)	(190,550)
Portfolio and other investment disposals	205,459	163,675
	<u>1,005</u>	<u>(27,707)</u>
Cash provided by (used for) financing activities:		
Progress payments on Iqaluit International Airport Improvement Project	(31,600)	(29,000)
Long term debt borrowings	17,495	23,570
Principal payments on capital leases	(8,121)	(8,753)
Principal payments on long term debt	(12,436)	(9,660)
	<u>(34,662)</u>	<u>(23,843)</u>
Increase (decrease) in cash and cash equivalents	126,806	(12,666)
Cash and cash equivalents, beginning of year	510,655	523,321
Cash and cash equivalents, end of year (Note 3)	637,461	510,655

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

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS****Notes to Consolidated Financial Statements**

March 31, 2016*(in thousands of dollars)*

1 AUTHORITY AND OPERATIONS**(a) Authority**

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.

These consolidated financial statements are prepared to meet the financial reporting requirements in Canada's *Nunavut Act* and Nunavut's *Financial Administration Act*. The consolidated financial statements present summary information and serve as a means for the Government to show its accountability for the resources, obligations and financial affairs for which it is responsible.

(b) Reporting entity

The reporting entity of the Government of Nunavut includes all departments, agencies, corporations, organizations, and funds, which are controlled by the Government. For financial reporting purposes, control is defined as the power to govern the financial and operating policies of an organization with benefits from the organization's activities being expected, or the risk of loss being assumed by the Government. All organizations that meet the definitions in the *Financial Administration Act* for departments, revolving funds, territorial corporations or other public agencies are included in the reporting entity for these consolidated financial statements, except for the Workers' Safety and Compensation Commission (WSCC).

The WSCC, which is responsible for the administration of related employer insurance premiums and employee benefit programs within Nunavut, is not accounted for in these consolidated 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.

The following organizations comprise the reporting entity of the Government for these consolidated financial statements, and unless indicated otherwise, they have March 31 year ends.

	Authority for Operations
Consolidated Revenue Fund, including those departments and public agencies set out in the Government's Main Estimates	<i>Financial Administration Act</i>
Revolving Funds	<i>Revolving Funds Act</i>
Liquor Revolving Fund	
Petroleum Products Revolving Fund	
Public Stores Revolving Fund	
Student Loan Fund	
Territorial Corporations	
Nunavut Arctic College (NAC) (<i>June 30</i>)	<i>Nunavut Arctic College Act</i>
Nunavut Business Credit Corporation (NBCC)	<i>Nunavut Business Credit Corporation Act</i>
Nunavut Development Corporation (including subsidiaries) (NDC)	<i>Nunavut Development Corporation Act</i>
Nunavut Housing Corporation (including subsidiaries) (NHC)	<i>Nunavut Housing Corporation Act</i>
Nunavut Lottery	<i>Partnership agreement</i>
Qulliq Energy Corporation (QEC)	<i>Qulliq Energy Corporation Act</i>
District Education Authorities (<i>June 30</i>)	<i>Education Act</i>

All entities included in the reporting entity, except Nunavut Lottery, are fully consolidated on a line-by-line basis. Significant transactions and balances between fully consolidated entities are eliminated. Nunavut Lottery is accounted for as a government business partnership on a modified equity basis.

For segmented disclosure reporting purposes, summary information has been provided based on the accountability and control relationships between the Government and the various organizations within the reporting entity using categorization or groupings of organizations noted above.

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Consolidated Financial Statements

March 31, 2016

(in thousands of dollars)

1 AUTHORITY AND OPERATIONS (continued)

(c) Budget

Canadian public sector accounting standards require a government to present in its consolidated financial statements a comparison of the results of operations and changes in net financial assets (debt) for the period with those originally planned.

The Government's annual budget presented to the Legislative Assembly is not prepared on a consolidated basis. As a result, the budget figures included in these consolidated financial statements are based on the summary totals provided on pages x through xiii of the 2015-2016 Main Estimates and the approved annual budgets for the consolidated entities, adjusted to eliminate budgeted inter-entity revenues and expenses as well as significant accounting policy differences. Where necessary, assumptions were used to estimate the inter-entity eliminations and accounting policy adjustments required. There was a \$30,000 provision for centrally estimated 'Supplementary requirements' included in the 2015-2016 Main Estimates, \$20,000 of which was designated for 'extraordinary/unforeseen events'. For purposes of consolidated budget disclosure in these consolidated financial statements that part of the provision has been included in the Finance expense budget. The other \$10,000 of the provision has been allocated to department budget totals based on total supplementary appropriations for the year.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS) as issued by the Public Sector Accounting Board of Canada.

(b) Use of estimates and measurement uncertainty

The preparation of consolidated financial statements in accordance with Canadian PSAS requires government management to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements. By their nature, these estimates and assumptions are subject to measurement uncertainty. The effect on the consolidated financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these consolidated financial statements, management believes the estimates and assumptions to be reasonable.

The more significant management estimates relate to other employment benefit liabilities, liability for contaminated sites, contingencies, revenue accruals, amortization expenses, useful life of tangible capital assets and valuation allowances on loans and other receivables.

(c) 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 with a maturity term of 3 months or less from the time of their acquisition. Cash equivalents are recorded at cost. Short term investments are recorded at the lower of cost or market value.

(d) Portfolio and other investments

Portfolio and other investments are long term investments in organizations that do not form part of the government reporting entity and are accounted for at cost. Where there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss, which is included as a component of investment income, which is part of other revenues within revenues generated by the Government of Nunavut. Interest income is recorded on an accrual basis, dividend income is recognized as it is declared, and capital gains and losses are recognized when realized.

(e) Inventories

Inventories for resale include bulk fuels, liquor products, finished goods and packaging materials and supplies. Bulk fuels, finished goods and packaging materials and supplies are 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.

Inventories for use include fuel, supplies and lubricants, health and medical supplies, and raw materials and work in progress. Fuel inventory is valued at the lower of cost or replacement cost, with the cost being determined on a weighted average basis. Supplies and lubricants, health and medical supplies, as well as raw materials and work in progress inventory items are valued at the lower of cost or replacement costs, 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 consolidated 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 uncollectable or impaired loan receivable balance can be written off only upon receipt of required statutory approvals.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Consolidated Financial Statements**

March 31, 2016

(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 buildings 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	20-30 years
Leased Buildings	20-30 years
Storage Facilities	30 years
Tank Farms	30 years
Equipment	5-30 years
Warehouse and Equipment (QEC)	1-45 years
Electric Power Plants	20-40 years
Transmission Distribution Systems	15-40 years
Infrastructure	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 consolidated 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.

(h) Pension and other 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 costs. 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, the Government of Nunavut's 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 plan 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.

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Consolidated Financial Statements

March 31, 2016

(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Pension and other employment benefits (continued)

Other employee 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 either as employees render service or upon the occurrence of an event resulting in eligibility for benefits. 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.

The Government's employees are entitled to sick leave under their terms of employment. Included in other employee benefits 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 these consolidated financial statements.

(i) 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 commissions on tobacco tax revenue provides a financial benefit other than a 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 through the Consolidated Revenue Fund, including reversals of prior years expenditure over-accruals, are reported as revenues in the consolidated financial statements. Pursuant to the *Financial Administration Act*, these recoveries cannot be used to increase the amount appropriated for current year expenditures through the Consolidated Revenue Fund.

(j) 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.

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Consolidated Financial Statements

March 31, 2016

(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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 consolidated financial statements and no liability is accrued. Contingent liabilities result from potential environmental contingencies or pending litigation and like items.

(l) 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 management'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 consolidated financial statements.

(m) 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 consolidated 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 consolidated 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.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2016

(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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 consolidated financial statements.

3 CASH AND CASH EQUIVALENTS	2016	2015
Cash	634,412	493,852
Designated cash	3,049	2,748
Short term investments	-	14,055
	637,461	510,655

Designated cash represents funds reserved for further investments or financing for subsidiary business enterprises and venture investments.

The cash and cash equivalents yield for the year ended March 31, 2016 varied from 0.50% to 0.95% (2015 - 0.50% to 1.30%).

No investments were included in the cash and cash equivalents balance at March 31, 2016. Included in the March 31, 2015 cash and cash equivalents balance was investments in a diversified portfolio of high grade, short term income producing assets with an average remaining term to maturity after year end of 212 days.

4 PORTFOLIO AND OTHER INVESTMENTS

	2016	2016	2016	2015
	Effective	Term to	Carrying	Carrying
Portfolio investments	Rate of Return	Maturity	Value	Value
Provincial Governments	2.38%	4 years	5,864	5,726
Various Bankers' Acceptance	0.75% - 2.80%	37 - 300 days	110,976	113,038
			116,840	118,764
Other investments				
SRAF designated investments			13,442	11,517
Venture investments			1,492	1,402
			131,774	131,683

The market value of the portfolio investments at March 31, 2016 was \$116,183 (2015 - \$119,025).

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, 2016 was \$14,934 (2015 - \$14,145) with a negative return of 1.83% (2015 - positive 10.57%).

At March 31, 2016, venture investments included the following financial instruments with fixed cumulative annual distributions of 6.5%, 6.25%, 6.0% and 6.0% respectively:

- 475 Class A non-voting preferred shares, redeemable in March 2019
- 250 Class D Preferred Limited Partnership units, redeemable in March 2020
- 375,000 Class E first preference shares, redeemable in March 2020
- 115,000 Class A first preference shares, redeemable in March 2021

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2016

(in thousands of dollars)

5 ACCOUNTS RECEIVABLE	2016	2015
Due from Government of Canada	53,171	71,892
Other revenues receivable:		
- Of the Territorial Corporations	59,724	55,742
- Of the Petroleum Products Division	31,080	31,829
- Of the Departments of Government	27,247	27,013
	118,051	114,584
Less: Allowance for doubtful accounts	(50,816)	(47,525)
	67,235	67,059
	120,406	138,951

6 INVENTORIES	2016	2015
(a) For resale		
Bulk fuels	157,961	215,851
Liquor products	1,524	1,646
Finished goods	1,739	1,829
Packaging materials and supplies	159	126
	161,383	219,452

The write-down of bulk fuels inventory of the Petroleum Products Division during the year was \$175 (2015 - \$0). The finished goods inventory of Nunavut Development Corporation was written down by \$2 (2015 - \$7).

(b) For use		
Fuel	6,979	8,841
Supplies and lubricants	20,394	17,695
Health and medical supplies	3,080	3,055
Raw materials and work in progress	596	577
	31,049	30,168

An allowance for obsolescence of \$1,300 (2015 - \$1,300) was recorded by Qulliq Energy Corporation on its inventory for use balances.

7 LOANS RECEIVABLE	2016	2015
Mortgage loans from Nunavut Housing Corporation to individuals with a maximum maturity of 25 years, bearing interest between 2.0% and 11.25% (2015 - 4.64% and 11.25%), net of valuation allowance of \$3,445 (2015 - \$4,874) and subsidy to mortgage holders of \$5,093 (2015 - \$7,337).	3,287	1,494
Loans from Nunavut Business Credit Corporation to businesses with a maximum maturity of 25 years, bearing interest between 4.25% and 10.25% (2015 - 4.25% and 10.25%), net of valuation allowance of \$3,379 (2015 - \$2,157). The principal collaterals held as security and other credit enhancements for loans include: (i) various securities on assets; and (ii) corporate and personal guarantees.	17,876	21,161
Student Loan Fund loans, bearing interest between 0.0% and 12.5% (2015 - 0.0% and 12.5%), net of doubtful accounts and valuation allowances of \$4,833 (2015 - \$4,694).	1,621	1,572
Other, net of valuation allowance of \$64 (2015 - \$64).	292	311
	23,076	24,538

At March 31, 2016, the Nunavut Business Credit Corporation had commitments to make future loan disbursements on term loans of \$250 (2015 - \$1,688) due within the next fiscal year and on credit lines of \$1,595 (2015 - \$1,911) that are on demand with no established timelines.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2016

(in thousands of dollars)

8 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2016	2015
Due to the Government of Canada	20,179	20,184
Trade and other account payables	153,771	136,512
Accrued liabilities, payroll deductions and contractor holdbacks	143,780	147,686
Vacation pay and lieu time	37,113	35,396
	354,843	339,778

All amounts above are non-interest bearing.

The Due to the Government of Canada balance at March 31, 2016 includes \$1,309 (2015 - \$667), under an agreement with the Government of Canada through its ecoENERGY Innovation Initiative. That program provided an interest free repayable contribution to help fund QEC's Iqaluit Smart Meter project. The contribution is repayable starting April 1, 2016 until March 31, 2021 in annual instalments based on annual net profit arising from the project.

9 DEFERRED REVENUES	2016	2015
Provincial-Territorial Base Funding (Building Canada Fund)	13,004	35,311
Gas Tax Agreement	41,339	34,722
CMHC - Investment in Affordable Housing Program	3,636	48,574
Other deferred revenue	10,862	12,805
	68,841	131,412

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 2016-17 and beyond, as the government fulfills its obligations for purpose or other stipulations on the use of these funds the associated revenue will be recognized in its consolidated financial statements.

10 LIABILITY FOR CONTAMINATED SITES	2016	2015
Liabilities for remediation of contaminated sites	8,421	8,834
	8,421	8,834

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 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, 2016, there were 5 sites - 2 storage tank farms (2015 - 4) and 3 waste sites (2015 - 3 sites) identified as requiring environmental remediation. For those sites where the Government of Nunavut expects to give up future economic benefits due to 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 consolidated financial statements.

The Government has identified an additional 71 (2015 - 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:

	2016	2015
Storage tank farms	26	24
Power plants	25	25
Town and waste sites	11	8
Garages and other public works	6	4
Airports	2	1
Quarries	1	1
	71	63

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Consolidated Financial Statements

March 31, 2016

(in thousands of dollars)

10 LIABILITY FOR CONTAMINATED SITES (continued)

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 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 14 storage tank farm sites and 24 power plant sites (2015 - 15 and 24) would cost approximately \$9,700 and \$40,600 (2015 - \$9,700 and \$38,000) respectively. In addition, the Government has estimated that remediation at the other sites could cost between \$55,000 - 126,000 (2015 - \$36,000 - 108,000) depending on the approach taken. No liability for remediation of these 71 sites has been recognized in these consolidated financial statements as the Government does not expect to give up any future economic benefits (i.e. no legal requirement to remediate). Going forward, a liability for remediation of these or other identified sites will be recognized if future economic benefits will be given up (i.e. public health risk or legal requirement).

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 the near future.

In addition, the Government has identified 140 (2015 - 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 are the responsibility of municipalities to monitor and remediate if necessary.

11 OBLIGATIONS FOR PENSION AND OTHER EMPLOYEE BENEFITS

There are separate pension arrangements in place to provide retirement benefits to government employees and to Members of the Legislative Assembly (MLAs). In addition to pension benefits, the government provides severance, removal and sick leave benefits to employees. These non-pension 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. As of March 31, the obligations for pensions and other employee benefit arrangements were as follows:

	2016	2015
Pension plans for MLAs	11,774	8,755
Severance	17,476	18,990
Removal	8,856	9,727
Sick leave	10,909	10,534
	49,015	48,006

Public Service Pension Plan

Substantially all of the employees of the Government 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, 2016 was 1.15 times (2015 - 1.28 times) for members enrolled before January 1, 2013, and 1.11 times (2015 - 1.28 times) for members enrolled beginning January 1, 2013. Total employer contributions of \$40,663 (2015 - \$38,405) were recognized as expense in the current year. Total employee contributions were \$32,231 (2015 - \$27,050).

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 year, and provides for benefits retroactive to April 1, 1999.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Consolidated Financial Statements**

March 31, 2016

(in thousands of dollars)

11 OBLIGATIONS FOR PENSION AND OTHER EMPLOYEE BENEFITS (continued)

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 a 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 2016 (no changes in 2015).

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 1.5%), return on assets (inflation, plus 2.9%), 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	2016	2015
Accrued benefit obligation	9,505	13,802	23,307	21,469
Deduct:				
Pension fund assets	10,184	-	10,184	8,737
Unamortized actuarial (gain) loss	295	1,054	1,349	3,977
	10,479	1,054	11,533	12,714
Pension (asset) liability	(974)	12,748	11,774	8,755

As at March 31, 2016, LARAF pension fund assets had a market value of \$10,178 (2015 - \$9,503). The actual rate of return was negative 1.92% (2015 - positive 10.29%). The SRAF has no pension fund assets; however, the pension liability is funded all or in part by designated investments (Note 4).

LARAF and SRAF actuarial gains/losses are amortized over 1.6 and 1.7 years respectively (2015 - 2.6 and 2.7 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:

	LARAF	SRAF	2016	2015
Current period benefit cost	1,138	1,759	2,897	2,110
Amortization of actuarial (gains) losses	530	963	1,493	60
	1,668	2,722	4,390	2,170
MLAs contributions	(218)	-	(218)	(219)
Pension expense	1,450	2,722	4,172	1,951
Interest cost on the average accrued benefit obligation	340	498	838	800
Expected return on the average pension plan assets	(462)	-	(462)	(332)
Pension interest expense	(122)	498	376	468
Total expenses related to pensions	1,328	3,220	4,548	2,419

Pension benefits paid for the LARAF and SRAF were \$226 and \$647, respectively (2015 - \$218 and \$688, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$874 and \$1,710, respectively (2015 - \$1,844 and \$1,950, respectively).

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2016

(in thousands of dollars)

12 LONG TERM DEBT AND BORROWING AUTHORITY LIMIT

Loans and mortgages payable	2016	2015
Loans payable to Canada Mortgage and Housing Corporation (CMHC), repayable in annual installments of \$2,285 to the year 2032, bearing interest at a rate of 6.97% (2015 - 6.97%).	11,394	12,773
Mortgage payable in annual installments of \$554 to the year 2020, bearing interest at a rate of 6.9% (2015 - 6.9%) compounded semi-annually. The mortgage is secured by a building. The carrying value of the security is \$5,153 (2015 - \$5,464)	2,177	2,568
Redeemable 20 year amortizing debenture, bearing interest at a rate of 6.809% (2015 - 6.809%) due September 27, 2021. Repayable in blended semi-annual payments of \$2,848 with a balloon payment of \$17,502 at the end of the term.	36,326	39,392
Non-revolving fixed rate term loan facility with payments of \$42 due monthly with the final payment due on May 1, 2021. Interest at 4.24%.	2,318	2,711
Non-revolving fixed rate term loan facility with payments of \$53 due monthly with the final payment due on May 1, 2021. Interest at 4.24%.	2,960	3,462
Non-revolving fixed rate term loan facility with payments of \$74 due monthly with the final payment due on June 1, 2021. Interest at 4.24%.	4,168	4,868
Non-revolving fixed rate term loan facility with payments of \$30 due monthly with the final payment due on February 1, 2022. Interest at 4.24%.	4,104	4,283
Non-revolving fixed rate term loan facility with payments of \$133 due monthly with the final payment due on July 1, 2021. Interest at 4.24%.	7,602	8,849
Non-revolving committed loan facility, payments of \$100 plus interest due monthly with the final payment due April 1, 2024. Interest at prime minus 0.5%.	36,753	21,000
Non-revolving committed loan facility, payments of \$83 plus interest due monthly with the final payment due November 30, 2022. Interest at prime minus 0.5%.	16,667	17,667
Non-revolving committed loan facility, payments of \$67 plus interest due monthly with the final payment due April 30, 2024. Interest at prime minus 0.5%.	14,466	15,266
Project financing payable - Nunavut Energy Management Program Project, payments due monthly of \$139 to 2019, \$95 to 2022 with a final payment due July 2023. Average interest rate is 5.13%.	7,554	-
	146,489	132,839

The QEC bank credit facility limit is \$20,000 (2015 - \$20,000). The non-revolving committed and bridge loan facilities above each has an option to utilize Bankers' Acceptances 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.

Principal and interest amounts due in each of the next five fiscal years and thereafter on the loans and mortgages payable are as follows:

	Principal	Interest	Total
2017	12,456	5,923	18,379
2018	12,662	5,290	17,952
2019	12,806	4,474	17,280
2020	13,244	4,009	17,253
2021	12,685	3,355	16,040
2022 and beyond	82,636	5,650	88,286
	146,489	28,701	175,190

Interest expense on long term debt was \$5,293 for the year (2015 - \$5,009). During the year, interest costs of \$391 (2015 - \$543) were capitalized as part of additions to tangible capital assets. The interest paid on long term debt during the year was \$5,710 (2015 - \$5,588).

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2016

(in thousands of dollars)

12 LONG TERM DEBT AND BORROWING AUTHORITY LIMIT (continued)

Borrowing Authority

As of March 31, 2016 the Governor General in Council of Canada, pursuant to subsection 27(5) of the *Nunavut Act*, had approved the Government of Nunavut borrowing up to \$650 million (i.e., authorized borrowing limit).

	2016	2015
Qulliq Energy Corporation, long term debt	125,364	117,498
Nunavut Housing Corporation, long term debt	11,394	12,773
Consolidated Revenue Fund, mortgage payable and Nunavut Energy Management Program Project	9,731	2,568
	<u>146,489</u>	<u>132,839</u>
Consolidated Revenue Fund, Iqaluit International Airport Improvement Project (Note 13)	100,092	53,484
Capital lease obligations (Note 14)	42,326	50,437
	<u>288,907</u>	<u>236,760</u>
Qulliq Energy Corporation, bank overdraft liability	10,901	13,376
Qulliq Energy Corporation, repayable contribution agreement (Note 8)	1,309	667
Total debt	301,117	250,803
Authorized borrowing limit	650,000	400,000
Available borrowing capacity	<u>348,883</u>	<u>149,197</u>

The Government of Nunavut guarantees the long term debt of Qulliq Energy Corporation and Nunavut Housing Corporation as well as the bank overdrafts of Qulliq Energy Corporation and Nunavut Development Corporation. As part of their financing, Nunavut Development Corporation subsidiaries have arranged various credit facilities at different terms and interest rates. Nunavut Development Corporation has provided a guarantee for these credit facilities.

Under the terms of the 1999 Social Housing Agreement (SHA), the Government of Canada originally provided funding to the Nunavut Housing Corporation (NHC) to build social housing assets in the form of long-term mortgages payable to CMHC (referred to as section 79 debt under the SHA) and loans payable to CMHC (referred to as section 82 debt under the SHA). Under the SHA, the funding provided to NHC was used to reduce 100% of the section 79 debt and reduce by 5/9th of the section 82 debt, and to fund the related interest payments that NHC would make each year to CMHC. This funding receivable from CMHC and the related payments due by NHC each year on the long term debt payable to CMHC are offset, resulting in no exchange of cash between NHC and CMHC. The funding receivable from CMHC is recorded as a reduction of the corresponding long-term debt payable. As the funding from CMHC and the corresponding repayments of long term debt are non-cash transactions, they have not been recorded in the consolidated statement of cash flow.

13 IQALUIT 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. In 2016, the estimated cost increased to \$305,376 to reflect an increase in the contingency fund of \$6,858. \$277,942 of the estimate 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.

	2016	2015
Total eligible costs incurred by P3 proponent		
Balance, beginning of year	85,284	34,685
Eligible costs incurred during the year	78,208	50,599
Balance, end of year	<u>163,492</u>	<u>85,284</u>
Total progress payments made by the Government		
Balance, beginning of year	31,800	2,800
Progress payments made during the year	31,600	29,000
Balance, end of year	63,400	31,800
Liability as at March 31	<u>100,092</u>	<u>53,484</u>

Interest costs of \$6,516 was capitalized (2015 - \$5,781) as part of additions to tangible capital assets.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Notes to Consolidated Financial Statements

March 31, 2016

(in thousands of dollars)

14 CAPITAL LEASE OBLIGATIONS

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

	2016	2015
Total minimum lease payments	50,630	61,976
Less: imputed interest	(8,170)	(11,367)
Less: executory costs	(134)	(172)
Present value of minimum lease payments	42,326	50,437

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

	Principal	Interest	Executory	Total
2017	8,733	2,627	37	11,397
2018	9,328	2,010	36	11,374
2019	9,875	1,346	12	11,233
2020	7,096	744	12	7,852
2021	1,386	447	12	1,845
2022 and beyond	5,908	996	25	6,929
	42,326	8,170	134	50,630

Lease payments are allocated between repayments of the liability, interest expense and any related executory costs. The total minimum lease payments less the initial liability and executory costs 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 \$3,205 (2015 - \$3,807) at an implied average interest rate of 7.6% (2015 - 7.5%). The capital lease obligations expire between 2017 and 2027.

15 EXPENSES BY TYPE

	2016	2015
Compensation and employee benefits	617,832	612,368
Grants and contributions	182,894	178,153
Goods and services	1,085,629	1,021,376
Amortization of tangible capital assets	115,474	101,390
Interest expense	9,353	9,585
Increase in valuation allowances	6,949	5,132
	2,018,131	1,928,004

16 CONTRACTUAL OBLIGATIONS

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2016:

	Total
Commitments under operating leases	182,724
Capital commitments	65,411
Policing agreement	722,466
Iqaluit International Airport Improvement commitments	1,136,549
Other commitments	203,458
	2,310,608

Contractual obligations by fiscal year are as follows:

2017	326,154
2018	173,675
2019	109,554
2020	88,058
2021	77,546
2022 and beyond	1,535,621
	2,310,608

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Consolidated Financial Statements

March 31, 2016

(in thousands of dollars)

17 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 be reasonably estimated. As at March 31, 2016, no new post-division adjustments were recorded.

(b) Environmental Protection Compliance Orders

Petroleum Products Division (PPD) 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 Rankin Inlet, Whale Cove, Iqaluit and Sanikiluaq. Those regulations provide for penalties for continued contravention by failure to address EPCOs. The Iqaluit, Rankin Inlet and Sanikiluaq projects were completed in the fall of 2016. 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.

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 Rankin Inlet and Whale Cove. The upgrades were completed in the fall of 2016.

(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, 2016, all of these claims have been assessed as being either without merit or not determinable at this time.

(d) Other

Under the terms of the Social Housing Agreement with Canadian Mortgage and Housing Corporation (CMHC), Nunavut Housing Corporation (NHC) is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that NHC shall indemnify and reimburse CMHC for, and save it harmless from, all losses, costs and expenses related to these loans. The carrying value of these third party loans is approximately \$1,615 as at March 31, 2016 (2015 - \$1,881).

18 TRUSTS UNDER ADMINISTRATION

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

	2016	2015
Public Trustee	4,825	5,103
Territorial Court Trust	363	451
Natural Resources Conservation Trust	402	293
	<hr/> 5,590	<hr/> 5,847

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Consolidated Financial Statements**

March 31, 2016

(in thousands of dollars)

19 CONSOLIDATED BUDGET

The schedule below reconciles the Government's budget presented to the Legislative Assembly to the consolidated budget totals for 2015-16 reported in the Consolidated Statement of Operations and Net Assets.

	Budget Per Main Estimates (1)	Budgets of Territorial Corporations (2)	Budgeted Consolidation Adjustments (3)	Consolidated Budget
Revenues				
From the Government of Canada	1,620,700	58,400	(100)	1,679,000
From the Government of Nunavut	-	277,500	(277,500)	-
Revenues generated by the Government of Nunavut	370,200	175,200	(133,000)	412,400
Total revenues	1,990,900	511,100	(410,600)	2,091,400
Expenses				
Community and Government Services	497,200	-	(70,200)	427,000
Health	404,100	-	(600)	403,500
Education	291,500	61,200	(48,400)	304,300
Housing	222,400	278,300	(227,200)	273,500
Finance	112,100	134,900	(57,500)	189,500
Family Services	134,500	-	(100)	134,400
Justice	116,200	-	-	116,200
Economic Development and Transportation	66,800	7,800	(4,900)	69,700
Executive and Intergovernmental Affairs	31,500	-	(300)	31,200
Environment	30,300	-	-	30,300
Culture and Heritage	28,700	-	(1,300)	27,400
Legislative Assembly	25,600	-	-	25,600
Total expenses	1,960,900	482,200	(410,500)	2,032,600
Surplus for year	30,000	28,900	(100)	58,800

(1) The budgeted surplus of \$30,000 is \$7,000 more than the surplus of \$23,000 (rounded) indicated on page x of the 2015-16 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 budgeted expenses totals originally presented to the Legislative Assembly have been adjusted for the projected supplementary requirements, principal payments on capital leases, amortization and transfers to tangible capital assets included in the 2015-2016 Main Estimates and Capital Estimates. Further, budgeted revenues generated by the Government of Nunavut shown on a net basis in the Main Estimates have been increased \$183,446 to reclassify cost of goods sold (COGS) of revolving funds to expenses. Budgeted expenses of Finance and Community and Government Services have been increased by \$2,300 and \$181,146 respectively to reflect the COGS of the revolving funds.

(2) The budgets of the territorial corporations have been allocated to the government's expense lines based on their ministerial reporting relationship.

(3) The budgeted consolidation adjustments are based on amounts budgeted by the territorial corporations and government departments or where necessary estimated based on historical experience.

20 COMPARATIVE INFORMATION

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

21 SUBSEQUENT EVENTS

Effective April 1, 2016, NHC and CMHC entered into the 2016 Social Infrastructure Fund (SIF) Agreement, a supplementary agreement to the Agreement for Investments in Affordable Housing (IAH). The 2016 SIF Agreement will allocate additional CMHC funding totalling \$84.1 million over fiscal years 2016-17 and 2017-18 for programs targeted at seniors, victims of family violence, renovation and retrofit of social housing, and northern and Inuit housing.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS****SCHEDULE A****Consolidated Schedule of Revenues by Source**

for the year ended March 31, 2016

(in thousands of dollars)

	2016	2015
	Actual	Actual
From the Government of Canada		
Territorial Formula Financing	1,454,193	1,409,107
Transfers under third-party funding agreements	121,665	126,246
Other transfer payments	151,435	150,816
	1,727,293	1,686,169
Revenues generated by the Government of Nunavut		
Personal income tax	30,099	28,316
Corporate income tax	19,049	14,878
Payroll tax	25,497	25,244
Tobacco tax	16,782	16,429
Fuel tax	8,992	5,473
Property tax	5,547	4,407
Insurance tax	1,798	1,695
Sales		
Petroleum Products Revolving Fund - before cost of goods sold of \$116,327 (2015 - \$128,029)	145,645	150,697
Liquor Revolving Fund - before cost of goods sold of \$2,205 (2015 - \$2,199)	6,012	5,869
Nunavut Development Corporation - before cost of goods sold of \$3,069 (2015 - \$3,983)	2,591	3,838
Qulliq Energy Corporation - power sales	70,668	74,638
Staff housing recoveries	18,937	18,850
Transfers under third-party funding agreements	1,841	1,796
Recoveries of prior years expenditures	15,942	12,785
Other revenues	67,318	58,423
	436,718	423,338
Total revenues	2,164,011	2,109,507

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

SCHEDULE B

Consolidated Schedule of Tangible Capital Assets

for the year ended March 31, 2016

(in thousands of dollars)

	Buildings	Leased Buildings	Storage Facilities	Tank Farms	Equipment	Warehouse / Equipment (QEC)	Electric Power Plants	Transmission Distribution Systems	Infra-structure	Land	2016	2015
Cost of tangible capital assets												
Opening balance	1,894,237	121,979	53,439	161,245	109,393	47,737	199,907	59,798	183,834	912	2,832,481	2,798,789
Additions	11,929	-	-	7,037	4,076	-	-	-	-	652	23,694	14,653
Transferred from work in progress	139,627	-	9	21,341	327	1,277	8,996	5,293	3,868	-	180,738	42,662
Disposals	(183)	-	-	-	-	(1,225)	(4,094)	-	-	-	(5,502)	(23,623)
Write-downs	(19,547)	-	(13,037)	-	(65)	(86)	(3,111)	-	(1,215)	-	(37,061)	-
Closing balance	2,026,063	121,979	40,411	189,623	113,731	47,703	201,698	65,091	186,487	1,564	2,994,350	2,832,481
Accumulated amortization												
Opening balance	(709,129)	(60,580)	(26,733)	(66,207)	(83,414)	(18,573)	(85,375)	(19,139)	(65,590)	-	(1,134,740)	(1,056,929)
Amortization	(66,954)	(4,193)	(7,447)	(6,385)	(11,464)	(1,825)	(9,003)	(1,463)	(6,740)	-	(115,474)	(101,390)
Disposals	144	-	-	-	-	1,171	3,480	-	-	-	4,795	23,579
Write-downs	4,454	-	13,037	-	65	73	1,762	-	1,215	-	20,606	-
Closing balance	(771,485)	(64,773)	(21,143)	(72,592)	(94,813)	(19,154)	(89,136)	(20,602)	(71,115)	-	(1,224,813)	(1,134,740)
Work in progress												
Opening balance	261,068	-	12	24,783	774	2,070	36,039	3,782	13,669	4	342,201	170,876
Additions	185,752	-	200	4,778	29	635	17,553	5,359	5,166	-	219,472	213,987
Transferred to cost of tangible capital assets	(139,627)	-	(9)	(21,341)	(327)	(1,277)	(8,996)	(5,293)	(3,868)	-	(180,738)	(42,662)
Write-downs	-	-	-	-	-	(344)	(10,041)	-	-	-	(10,385)	-
Closing balance	307,193	-	203	8,220	476	1,084	34,555	3,848	14,967	4	370,550	342,201
Net book value	1,561,771	57,206	19,471	125,251	19,394	29,633	147,117	48,337	130,339	1,568	2,140,087	2,039,942
Estimated useful life	20-30 years	20-30 years	30 years	30 years	5-30 years	1-45 years	20-40 years	15-40 years	30 years			

During the year, interest of \$6,907 was capitalized (2015 - \$6,324) as part of the cost of additions.

During 2016, the Government wrote down the value of assets associated with major fire incidents – specifically, the Peter Pitseolak school in Cape Dorset and the power generation system in Pangnirtung. These account for a net book value of \$14,668 and \$1,290 respectively. As well, the Qulliq Energy Corporation wrote down \$10,041 within work-in-process relating to costs incurred under the Corporation's hydro program which the Corporation believes has lost its relevancy and cannot be used in the future in its actual form.

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

SCHEDULE C

Consolidated Schedule of Segmented Information

for the year ended March 31, 2016

(in thousands of dollars)

	Consolidated Revenue Fund	Revolving Funds	Territorial Corporations	Total for All Segments	Consolidation Adjustments (1)	2016	2015
Revenues							
From the Government of Canada							
Territorial Formula Financing Agreement	1,454,193	-	-	1,454,193	-	1,454,193	1,409,107
Transfers under third-party funding agreements	120,363	-	1,302	121,665	-	121,665	126,246
Other transfer payments	83,324	-	68,111	151,435	-	151,435	150,816
	1,657,880	-	69,413	1,727,293	-	1,727,293	1,686,169
Generated by the Government of Nunavut							
Corporate and personal income taxes	49,148	-	-	49,148	-	49,148	43,194
Other taxes	58,616	-	-	58,616	-	58,616	53,248
Sales	-	223,191	130,321	353,512	(128,596)	224,916	235,042
Transfers under third-party funding agreements	1,841	-	-	1,841	-	1,841	1,796
General	45,404	-	341,201	386,605	(300,350)	86,255	77,273
	155,009	223,191	471,522	849,722	(428,946)	420,776	410,553
Recoveries of prior years expenditures	15,942	-	-	15,942	-	15,942	12,785
Total revenues	1,828,831	223,191	540,935	2,592,957	(428,946)	2,164,011	2,109,507
Expenses							
Compensation and employee benefits	511,632	6,245	93,730	611,607	6,225	617,832	612,368
Grants and contributions	441,577	-	-	441,577	(258,683)	182,894	178,153
Goods and services	706,396	211,890	343,035	1,261,321	(175,692)	1,085,629	1,021,376
Amortization of tangible capital assets	68,960	-	46,775	115,735	(261)	115,474	101,390
Interest expense	3,711	10	5,764	9,485	(132)	9,353	9,585
Increase in valuation allowances	1,494	1,119	3,312	5,925	1,024	6,949	5,132
Total expenses	1,733,770	219,264	492,616	2,445,650	(427,519)	2,018,131	1,928,004
Surplus (deficit) for year	95,061	3,927	48,319	147,307	(1,427)	145,880	181,503

(1) - Includes adjustments to eliminate inter-entity balances to comply with Canadian public sector accounting standards. For example, contributions by departments to revolving funds, territorial corporations and other agencies (i.e., consolidated entities) are shown in grants and contributions expense under the "Consolidated Revenue Fund" column, while the amounts received by the applicable consolidated entity group are shown as revenues in their respective columns. These amounts are eliminated upon consolidation to avoid double-counting and results in significant amounts shown in the 'Consolidation Adjustments' column.

SECTION II
NON-CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

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GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Non-Consolidated Statement of Financial Position (unaudited)
as at March 31, 2016
(in thousands of dollars)

	Note	2016	2015
Financial assets			
Cash and cash equivalents	3	556,274	422,665
Due from the Government of Canada	4	44,549	52,390
Accounts receivable	5	101,924	101,085
Inventories for resale	6(a)	159,485	217,497
Loans receivable	7	26,756	26,815
Designated investments	8	13,442	11,517
Total financial assets		902,430	831,969
Liabilities			
Accounts payable and accrued liabilities	9	317,737	301,758
Deferred revenues	10	64,192	82,006
Liability for contaminated sites	11	8,421	8,834
Obligations for pension and other employee benefits	12	42,841	41,293
Mortgage payable	13	2,177	2,568
Iqaluit International Airport Improvement Project	14	100,092	53,484
Capital lease obligations	15	38,950	46,612
Nunavut Energy Management Program Project	16	7,554	-
Total liabilities		581,964	536,555
Net financial assets		320,466	295,414
Non-financial assets			
Tangible capital assets (Schedule C)		1,252,704	1,180,026
Inventories for use	6(b)	3,080	3,055
Prepaid expenses		4,072	2,839
Total non-financial assets		1,259,856	1,185,920
Net assets		1,580,322	1,481,334
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**PUBLIC ACCOUNTS****Non-Consolidated Statement of Operations and Net Assets (unaudited)**

for the year ended March 31, 2016

(in thousands of dollars)

	2016 Budget	2016 Actual	2015 Actual
	(Note 22)		
Revenues (Schedule A)			
From the Government of Canada	1,620,682	1,657,880	1,616,423
Tax revenues generated by the Government of Nunavut	107,300	107,764	96,442
Other revenues generated by the Government of Nunavut	79,468	80,370	69,644
Recoveries of prior years expenditures	-	15,942	12,785
Total revenues	1,807,450	1,861,956	1,795,294
Expenses (Schedule B)			
Operations and maintenance expenses before amortization	1,592,605	1,595,926	1,506,366
<i>Plus: Amortization expenses on tangible capital assets</i>	<i>52,260</i>	<i>68,960</i>	<i>58,663</i>
Total operations and maintenance expenses	1,644,865	1,664,886	1,565,029
Capital expenditures	318,140	254,400	268,525
<i>Less: Transfers to tangible capital assets</i>	<i>185,506</i>	<i>156,318</i>	<i>147,153</i>
Total capital expenses	132,634	98,082	121,372
Total expenses	1,777,499	1,762,968	1,686,401
Surplus (deficit) for year	29,951	98,988	108,893
Net assets, beginning of year	1,481,334	1,481,334	1,372,441
Net assets, end of year	1,511,285	1,580,322	1,481,334

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

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS****Non-Consolidated Statement of Change in Net Financial Assets (unaudited)**

for the year ended March 31, 2016

(in thousands of dollars)

	2016 Budget	2016 Actual	2015 Actual
Surplus (deficit) for year	29,951	98,988	108,893
Tangible capital assets (Schedule C)			
Additions	(185,506)	(156,318)	(147,153)
Write-downs	-	14,680	-
Amortization	52,260	68,960	58,663
	<u>(133,246)</u>	<u>(72,678)</u>	<u>(88,490)</u>
Additions to inventories for use	-	(5,112)	(5,749)
Consumption of inventories for use	-	5,087	5,549
Net use (additions) of prepaid expenses	-	(1,233)	(572)
	-	<u>(1,258)</u>	<u>(772)</u>
Increase (decrease) in net financial assets	(103,295)	25,052	19,631
Net financial assets, beginning of year	295,414	295,414	275,783
Net financial assets, end of year	192,119	320,466	295,414

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

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Non-Consolidated Statement of Cash Flow (unaudited)
for the year ended March 31, 2016
(in thousands of dollars)

	2016	2015
Cash provided by (used for) operating activities:		
Transfers from the Government of Canada	1,647,040	1,598,157
Taxes	105,978	96,050
Other government revenues	263,770	268,189
Interest on loans receivable and portfolio investments	1,076	1,130
Interest payments on capital leases, mortgage and project financing	(3,488)	(3,834)
Compensation and employee benefits	(511,362)	(512,859)
Grants and contributions	(477,488)	(463,501)
Goods and services	(776,101)	(901,952)
	249,425	81,380
Cash provided by (used for) capital activities:		
Tangible capital asset acquisitions	(73,131)	(96,554)
	(73,131)	(96,554)
Cash provided by (used for) investing activities:		
Loans issued to municipalities, businesses and individuals	(249)	(396)
Loan repayments by municipalities, businesses and individuals	301	484
Designated investments acquisitions	(1,925)	(2,097)
	(1,873)	(2,009)
Cash provided by (used for) financing activities:		
Progress payments on Iqaluit International Airport Improvement Project	(31,600)	(29,000)
Principal payments on capital leases	(7,662)	(6,809)
Principal payments on Nunavut Energy Savings Program Project	(1,159)	-
Principal payments on mortgage payable	(391)	(366)
	(40,812)	(36,175)
Increase (decrease) in cash and cash equivalents	133,609	(53,358)
Cash and cash equivalents, beginning of year	422,665	476,023
Cash and cash equivalents, end of year (Note 3)	556,274	422,665

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

GOVERNMENT OF NUNAVUT**PUBLIC ACCOUNTS****Notes to Non-Consolidated Financial Statements (unaudited)**

March 31, 2016

(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 2015-2016 Main Estimates were tabled in the Legislative Assembly in February 2015 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 2015-2016 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 March 2015, 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 government management 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, management 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 employee 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 with a maturity term of 3 months or less from the time of their acquisition. Cash equivalents are recorded at cost. 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) Pension and other employee 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 costs. 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, the Government of Nunavut's 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 plan 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 employee 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.

The Government's employees are entitled to sick leave under their terms of employment. Included in other employee benefits 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 these financial statements.

(i) 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)

(j) 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.

(k) 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.

(l) 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 government management'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.

(m) 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.

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Non-Consolidated Financial Statements (unaudited)
March 31, 2016
(in thousands of dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Future changes in accounting standards

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.

(n) 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	2016	2015
Cash	556,274	422,665

During the year, government earned interest of prime less 1.75% on its net bank balances (2015 - prime less 1.75%).

4 DUE FROM THE GOVERNMENT OF CANADA	2016	2015
Grant receivable:		
From the Government of Canada (Schedule A)	1,454,193	1,409,107
Less: Payments received	(1,454,193)	(1,409,107)
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	44,549	52,390
	44,549	52,390

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 ACCOUNTS RECEIVABLE	2016	2015
Receivable by funds		
Consolidated Revenue Fund	48,132	41,605
Petroleum Products Revolving Fund	68,633	73,188
Public Stores Revolving Fund	66	50
Liquor Revolving Fund	1	1
	116,832	114,844
Less: Allowance for doubtful accounts	(14,908)	(13,759)
	101,924	101,085
Receivable by relation with the creditors		
Nunavut Arctic College	13,483	8,687
District Education Authorities	2,231	2,505
Nunavut Business Credit Corporation	337	253
Nunavut Development Corporation	4	15
Nunavut Housing Corporation	10,505	12,749
Qulliq Energy Corporation	31,945	31,793
Receivable from related parties	58,505	56,002
Other accounts receivable	58,327	58,842
	116,832	114,844
Less: Allowance for doubtful accounts	(14,908)	(13,759)
	101,924	101,085

GOVERNMENT OF NUNAVUT**PUBLIC ACCOUNTS****Notes to Non-Consolidated Financial Statements (unaudited)**

March 31, 2016

(in thousands of dollars)

6 INVENTORIES	2016	2015
(a) For resale		
Bulk fuels	157,961	215,851
Liquor products	1,524	1,646
	<u>159,485</u>	<u>217,497</u>

The write-down for bulk fuels inventory for 2016 was \$175 (2015 - \$0).

(b) For use		
Health and medical supplies	3,080	3,055

7 LOANS RECEIVABLE	2016	2015
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 0.38% and 0.69% (2015 - 0.39% and 1.18%) at the end of the month, compounded annually.	25,135	25,243
Student Loan Fund loans, bearing interest between 0% and 12.5% (2015 - 0% and 12.5%), net of doubtful accounts and valuation allowances of \$4,833 (2015 - \$4,694).	1,621	1,572
Other, net of valuation allowances of \$64 (2015 - \$64)	-	-
	<u>26,756</u>	<u>26,815</u>

8 DESIGNATED INVESTMENTS	2016	2015
SRAF designated investments	13,442	11,517

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, 2016 was \$14,934 (2015 - \$14,145) with a negative return of 1.83% (2015 - positive return of 10.57%).

9 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2016	2015
To related parties		
Nunavut Arctic College	2,151	2,671
District Education Authorities	848	674
Nunavut Business Credit Corporation	69	13
Nunavut Development Corporation	101	71
Nunavut Housing Corporation	759	367
Qulliq Energy Corporation	8,030	11,183
	<u>11,958</u>	<u>14,979</u>
To others		
Accounts payable	109,054	84,010
Accrued liabilities, payroll deductions, and contractor holdbacks	143,780	147,686
Vacation pay and lieu time	31,288	31,755
Due to the Government of Canada	18,181	18,984
Due to the Government of the Northwest Territories	3,476	4,344
	<u>305,779</u>	<u>286,779</u>
	<u>317,737</u>	<u>301,758</u>

All amounts above are non-interest bearing.

10 DEFERRED REVENUES	2016	2015
Provincial-Territorial Base Funding (Building Canada Fund)	13,004	35,311
Gas Tax Agreement	41,339	34,722
Other deferred revenue	9,849	11,973
	<u>64,192</u>	<u>82,006</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 2016-17 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.

GOVERNMENT OF NUNAVUT**PUBLIC ACCOUNTS****Notes to Non-Consolidated Financial Statements (unaudited)**

March 31, 2016

(in thousands of dollars)

11 LIABILITY FOR CONTAMINATED SITES	2016	2015
Liabilities for remediation of contaminated sites	8,421	8,834

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, 2016, there were 5 sites - 2 storage tank farms (2015 - 4) and 3 waste sites - (2015 - 3 sites) identified as requiring environmental remediation. For those sites where the Government of Nunavut expects to give up future economic benefits due to 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 71 (2015 - 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:

	2016	2015
Storage tank farms	26	24
Power plants	25	25
Town and waste sites	11	8
Garages and other public works	6	4
Airports	2	1
Quarries	1	1
	71	63

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 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 14 storage tank farm sites and 24 power plant sites (2015 - 15 and 24) would cost approximately \$9,700 and \$40,600 (2015 - \$9,700 and \$38,000) respectively. In addition, the Government has estimated that remediation at the other sites could cost between \$55,000 - 126,000 (2015 - \$36,000 - 108,000) depending on the approach taken. No liability for remediation of these 71 sites has been recognized in these financial statements as the Government does not expect to give up any future economic benefits (i.e. no legal requirement to remediate). Going forward, a liability for remediation of these or other identified sites will be recognized if future economic benefits will be given up (i.e. public health risk or legal requirement).

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 the near future.

In addition, the Government has identified 140 (2015 - 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 are the responsibility of municipalities to monitor and remediate if necessary.

12 OBLIGATIONS FOR PENSION AND OTHER EMPLOYEE BENEFITS

There are separate pension arrangements in place to provide retirement benefits to government employees and to Members of the Legislative Assembly (MLAs). In addition to pension benefits, the government provides severance, removal and sick leave benefits to employees. These non-pension 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. As of March 31, the obligations for pensions and other employee benefit arrangements were as follows:

	2016	2015
Pension plans for MLAs	11,774	8,755
Severance	13,107	14,080
Removal	8,121	8,956
Sick leave	9,839	9,502
	42,841	41,293

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, 2016 was 1.15 times (2015 - 1.28 times) for members enrolled before January 1, 2013 and 1.11 times (2015 - 1.28 times) for members enrolled beginning January 1, 2013. Total employer contributions of \$34,830 (2015 - \$33,283) were recognized as expense in the current year. Total employee contributions were \$27,926 (2015 - \$23,421).

12 OBLIGATIONS FOR PENSION AND OTHER EMPLOYEE BENEFITS (continued)

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 2016 (no changes in 2015).

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 1.5%), return on assets (inflation, plus 2.9%), 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	2016	2015
Accrued benefit obligation	9,505	13,802	23,307	21,469
Deduct:				
Pension fund assets	10,184	-	10,184	8,737
Unamortized actuarial (gains) losses	295	1,054	1,349	3,977
	10,479	1,054	11,533	12,714
Pension (asset) liability	(974)	12,748	11,774	8,755

As at March 31, 2016, the LARAF pension fund assets had a market value of \$10,178 (2015 - \$9,503). The actual rate of return was negative 1.92% (2015 - positive 10.29%). 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 1.6 and 1.7 years respectively (2015 - 2.6 and 2.7 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:

	LARAF	SRAF	2016	2015
Current period benefit cost	1,138	1,759	2,897	2,110
Amortization of actuarial (gains) losses	530	963	1,493	60
	1,668	2,722	4,390	2,170
MLAs contributions	(218)	-	(218)	(219)
Pension expense	1,450	2,722	4,172	1,951
Interest cost on the average accrued benefit obligation	340	498	838	800
Expected return on average pension plan assets	(462)	-	(462)	(332)
Pension interest expense	(122)	498	376	468
Total pension expenses	1,328	3,220	4,548	2,419

Pension benefits paid for the LARAF and SRAF were \$226 and \$647, respectively (2015 - \$218 and \$688, respectively).

The Government's contributions related to the LARAF and SRAF during the year were \$874 and \$1,710, respectively (2015 - \$1,844 and \$1,950, respectively).

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Non-Consolidated Financial Statements (unaudited)
March 31, 2016
(in thousands of dollars)

13 MORTGAGE PAYABLE	2016	2015
Mortgage payable in annual instalments to the year 2020, bearing interest at a rate of 6.9% compounded semi-annually.	2,177	2,568
Future mortgage payments consist of:		
Principal	Interest	Total
2017	419	135
2018	448	106
2019	480	74
2020	830	42
	<u>2,177</u>	<u>357</u>
		<u>2,534</u>

Interest expense on the mortgage payable was \$160 for the year (2015 - \$186). The interest paid on the mortgage payable during the year was \$163 (2015 - \$188).

14 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. In 2016, the estimated cost increased to \$305,376 to reflect an increase in the contingency fund of \$6,858. \$277,942 of the estimate 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.

	2016	2015
Total eligible costs incurred by P3 proponent		
Balance, beginning of year	85,284	34,685
Eligible costs incurred during the year	78,208	50,599
Balance, end of year	<u>163,492</u>	<u>85,284</u>
Total progress payments made by the Government		
Balance, beginning of year	31,800	2,800
Progress payments made during the year	31,600	29,000
Balance, end of year	<u>63,400</u>	<u>31,800</u>
Liability as at March 31	<u>100,092</u>	<u>53,484</u>

Interest costs of \$6,516 was capitalized (2015 - \$5,781) as part of additions to tangible capital assets.

15 CAPITAL LEASE OBLIGATIONS

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

	2016	2015
Total minimum lease payments	46,341	56,983
Less: Imputed interest	(7,391)	(10,371)
Present value of minimum lease payments	<u>38,950</u>	<u>46,612</u>

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

	Principal	Interest	Total
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	954	366	1,320
2022 and beyond	4,736	899	5,635
	<u>38,950</u>	<u>7,391</u>	<u>46,341</u>

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 \$2,980 (2015 - \$3,490) at an implied average interest rate of 7.0% (2015 - 7.0%). The capital lease obligations expire between 2020 and 2027.

GOVERNMENT OF NUNAVUT

PUBLIC ACCOUNTS

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 2016

(in thousands of dollars)

16 NUNAVUT ENERGY MANAGEMENT PROGRAM PROJECT

	2016	2015
Project financing payable	7,554	-

Under the Nunavut Energy Management Program Project, the government has entered into an energy savings contract arrangement that included an ongoing responsibility for making all principal and interest payments associated with the third-party financing of costs of improvements under the project. Payments are due monthly at \$139 to 2019, \$95 to 2022 and \$21 to July 2023 at an average interest rate of 5.13%.

Future payments consist of:	Principal	Interest	Total
2017	1,234	432	1,666
2018	1,315	351	1,666
2019	1,400	266	1,666
2020	1,059	183	1,242
2021	1,018	123	1,141
2022 and beyond	1,528	76	1,604
	<u>7,554</u>	<u>1,431</u>	<u>8,985</u>

Interest expense on the project was \$507 for the year.

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.

	2016	2015
Surplus (deficit), beginning of year	(10,000)	(8,948)
Petroleum Products Revolving Fund net profit (loss) for the year	2,309	(1,337)
Minimum transfer required from (to) Consolidated Revenue Fund	-	285
Surplus (deficit), end of year	<u>(7,691)</u>	<u>(10,000)</u>

18 CONTRACTUAL OBLIGATIONS

The Government has entered into agreements for, or is contractually obligated for, the following payments subsequent to March 31, 2016:

	Total
Operating leases (Schedule 5)	58,207
Capital commitments	56,984
Operational commitments	202,734
Policing agreement	722,466
Iqaluit International Airport Improvement commitments	1,136,549
	<u>2,176,940</u>

Contractual obligations by fiscal year are as follows:

2017	276,382
2018	142,678
2019	87,208
2020	80,434
2021	74,112
2022 and beyond	1,516,126
	<u>2,176,940</u>

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, 2016, no new post-division adjustments were recorded.

(b) Environmental Protection Compliance Orders

Petroleum Products Division (PPD) 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 Rankin Inlet, Whale Cove, Iqaluit and Sanikiluaq. Those regulations provide for penalties for continued contravention by failure to address EPCOs. The Iqaluit, Rankin Inlet and Sanikiluaq projects were completed in the fall of 2016. 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.

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 Rankin Inlet and Whale Cove. The upgrades were completed in the fall of 2016.

GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS
Notes to Non-Consolidated Financial Statements (unaudited)
March 31, 2016
(in thousands of dollars)

19 CONTINGENCIES (continued)

(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, 2016, all of these claims have been assessed as being either without merit or not determinable at this time.

(d) 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:

	2016	2015
Bank credit facility, interest at prime minus 0.50%	10,901	13,376
20 year redeemable amortizing debenture due 2021, interest rate of 6.809%	36,326	39,392
Fixed rate capital loan facility due 2021, interest rate of 4.24%	2,318	2,711
Fixed rate capital loan facility due 2021, interest rate of 4.24%	2,960	3,462
Fixed rate capital loan facility due 2021, interest rate of 4.24%	4,168	4,868
Fixed rate capital loan facility due 2022, interest rate of 4.24%	4,104	4,283
Fixed rate capital loan facility due 2021, interest rate of 4.24%	7,602	8,849
Variable rate capital loan facility due 2022, interest at prime minus 0.50%	16,667	17,667
Variable rate capital loan facility due 2024, interest at prime minus 0.50%	14,466	15,266
Variable rate capital loan facility due 2024, interest at prime minus 0.50%	36,753	21,000
Total guarantees provided on balances outstanding	136,265	130,874

The QEC bank credit facility limit is \$20,000 (2015 - \$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, 2016, NDC's bank overdraft position was \$nil (2015 - \$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:

	2016	2015
Nunavut Arctic College	2,628	2,652
District Education Authorities	12,676	12,977
Nunavut Development Corporation	3,549	3,603
Nunavut Business Credit Corporation	629	650
	19,482	19,882

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 \$44,934 (2015 - \$43,465) 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).

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.

	2016	2015
Public Trustee	4,825	5,103
Territorial Court Trust	363	451
Natural Resources Conservation Trust	402	293
	5,590	5,847

GOVERNMENT OF NUNAVUT**PUBLIC ACCOUNTS****Notes to Non-Consolidated Financial Statements (unaudited)****March 31, 2016***(in thousands of dollars)*

22 BUDGET ADJUSTMENTS

The budgeted surplus of \$29,951 on the Statement of Operations and Net Assets is \$7,124 more than the surplus of \$22,827 indicated on page x of the 2015-16 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 2016 total revenue budget of \$1,807,450 includes \$1,722,069 of 'Revenues' and \$84,851 of 'Vote 5 Revenues' on page A-IV-4 of the 2015-2016 Main Estimates, plus \$530 of funding under third-party agreements for specific capital projects included in Appendix IV of the 2015-2016 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 2016 budget total for capital expenditures on Schedule B.2 of \$530 excludes the \$4,290 of CMHC capital projects budgeted for Nunavut Housing Corporation presented in Appendix IV (page A-IV-6) of the 2015-2016 Capital Estimates and includes an unknown difference of \$51. 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 \$85,381 versus \$89,620 on page x of the 2015-2016 Main Estimates.

23 COMPARATIVE INFORMATION

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

PUBLIC ACCOUNTS

Non-Consolidated Schedule of Revenues by Source (unaudited)

for the year ended March 31, 2016

(in thousands of dollars)

	2016 Budget	2016 Actual	2015 Actual
From the Government of Canada			
Territorial Formula Financing	1,454,193	1,454,193	1,409,107
Transfers under third-party funding agreements	85,381	120,363	125,034
Other transfer payments	81,108	83,324	82,282
	1,620,682	1,657,880	1,616,423
Revenues generated by the Government of Nunavut			
Taxation revenues			
Personal income tax	31,200	30,099	28,316
Corporate income tax	18,000	19,049	14,878
Payroll tax	26,200	25,497	25,244
Tobacco tax	16,400	16,782	16,429
Fuel tax	9,600	8,992	5,473
Property tax	4,400	5,547	4,407
Insurance tax	1,500	1,798	1,695
	107,300	107,764	96,442
Other revenues			
Petroleum Products Division revenue - net of cost of goods sold of \$180,184 (2015 - \$195,051)	34,723	29,318	22,668
Liquor revenue - net of cost of goods sold of \$2,205 (2015 - \$2,199)	4,845	3,807	3,670
Staff housing recoveries	19,800	18,937	18,850
Transfers under third-party funding agreements	-	1,841	1,796
Other	20,100	26,467	22,660
	79,468	80,370	69,644
Recoveries of prior years expenditures (Schedule 1)	-	15,942	12,785
Total revenues (Note 21)	1,807,450	1,861,956	1,795,294

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Schedule B

Non-Consolidated Schedule of Expenses (unaudited)

for the year ended March 31, 2016

(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	1,460,665	1,474,474	(13,809)
<i>Plus: Amortization expenses on tangible capital assets</i>	52,260	68,960	(16,700)
Total operations and maintenance expenses	1,512,925	1,543,434	(30,509)
Capital expenditures	205,610	223,901	(18,291)
<i>Less: Transfers to tangible capital assets</i>	185,506	150,213	35,293
Total capital expenses	20,104	73,688	(53,584)
Total appropriation expenses	1,533,029	1,617,122	(84,093)
FUNDED UNDER THIRD-PARTY AGREEMENTS (Schedule B.2)			
Operations and maintenance expenses before amortization	84,851	91,028	(6,177)
<i>Plus: Amortization expenses on tangible capital assets</i>	-	-	-
Total operations and maintenance expenses	84,851	91,028	(6,177)
Capital expenditures	530	30,499	(29,969)
<i>Less: Transfers to tangible capital assets</i>	-	6,105	(6,105)
Total capital expenses	530	24,394	(23,864)
Total third-party agreement expenses	85,381	115,422	(30,041)
FUNDED BY REVOLVING FUNDS (Schedule B.3)			
Operations and maintenance expenses before amortization	27,089	30,424	(3,335)
<i>Plus: Amortization expenses on tangible capital assets</i>	-	-	-
Total operations and maintenance expenses	27,089	30,424	(3,335)
Capital expenditures	-	-	-
<i>Less: Transfers to tangible capital assets</i>	-	-	-
Total capital expenses	-	-	-
Total revolving fund expenses	27,089	30,424	(3,335)
NON-CONSOLIDATED STATEMENTS TOTALS			
Operations and maintenance expenses before amortization	1,572,605	1,595,926	
<i>Plus: Centrally estimated 'Supplementary requirements' per page x of 2015-2016 Main Estimates</i>	30,000	-	
<i>Less: Capital portion of the estimated 'Supplementary requirements'</i>	10,000	-	
Total operations and maintenance expenses before amortization	1,592,605	1,595,926	(3,321)
<i>Plus: Amortization expenses on tangible capital assets</i>	52,260	68,960	(16,700)
Total operations and maintenance expenses	1,644,865	1,664,886	(20,021)
Capital expenditures	206,140	254,400	
<i>Plus: Centrally estimated capital carryovers from prior year included in 'Capital' on page x of 2015-2016 Main Estimates</i>	102,000	-	
<i>Plus: Capital portion of the estimated 'Supplementary requirements'</i>	10,000	-	
Total capital expenditures	318,140	254,400	63,740
<i>Less: Transfers to tangible capital assets</i>	185,506	156,318	29,188
Total capital expenses	132,634	98,082	34,552
Total expenses	1,777,499	1,762,968	14,531

Total expenses above includes, among other items, interest expense of \$3,721 (2015 - \$3,741) and a net increase in valuation allowances of \$2,613 (2015 - \$2,258).

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Schedule B.1

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

for the year ended March 31, 2016

(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	12,090	202	(250)	12,042	12,069	(27)
Grants and contributions	-	-	-	-	-	-
Other	12,937	30	250	13,217	12,892	325
	25,027	232	-	25,259	24,961	298
Capital expenditures	335	321	-	656	443	213
Total spending under appropriations	25,362	553	-	25,915	25,404	511
EXECUTIVE AND INTERGOVERNMENTAL AFFAIRS						
Operations and maintenance						
Compensation and benefits	17,592	-	-	17,592	17,184	408
Grants and contributions	100	-	-	100	215	(115)
Other	9,855	-	-	9,855	8,160	1,695
	27,547	-	-	27,547	25,559	1,988
Capital expenditures	-	-	-	-	-	-
Total spending under appropriations	27,547	-	-	27,547	25,559	1,988
FINANCE						
Operations and maintenance						
Compensation and benefits	41,735	-	-	41,735	36,378	5,357
Grants and contributions	12,565	-	-	12,565	12,025	540
Other	36,945	-	-	36,945	37,084	(139)
	91,245	-	-	91,245	85,487	5,758
Capital expenditures	4,802	9,396	-	14,198	5,326	8,872
Total spending under appropriations	96,047	9,396	-	105,443	90,813	14,630
FAMILY SERVICES						
Operations and maintenance						
Compensation and benefits	25,608	-	(466)	25,142	26,842	(1,700)
Grants and contributions	54,806	-	(1,862)	52,944	48,741	4,203
Other	46,945	-	2,328	49,273	47,480	1,793
	127,359	-	-	127,359	123,063	4,296
Capital expenditures	1,790	85	-	1,875	665	1,210
Total spending under appropriations	129,149	85	-	129,234	123,728	5,506
JUSTICE						
Operations and maintenance						
Compensation and benefits	41,289	2,220	-	43,509	45,965	(2,456)
Grants and contributions	14,933	-	-	14,933	14,579	354
Other	53,220	3,103	-	56,323	54,221	2,102
	109,442	5,323	-	114,765	114,765	-
Capital expenditures	2,265	1,013	-	3,278	1,916	1,362
Total spending under appropriations	111,707	6,336	-	118,043	116,681	1,362

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Schedule B.1

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

for the year ended March 31, 2016

(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	11,784	-	(562)	11,222	11,147	75
Grants and contributions	7,162	-	150	7,312	6,803	509
Other	6,751	-	412	7,163	6,165	998
	25,697	-	-	25,697	24,115	1,582
Capital expenditures	560	-	-	560	46	514
Total spending under appropriations	26,257	-	-	26,257	24,161	2,096
EDUCATION						
Operations and maintenance						
Compensation and benefits	158,436	-	-	158,436	150,526	7,910
Grants and contributions	24,954	-	-	24,954	21,955	2,999
Other	19,338	-	-	19,338	29,928	(10,590)
	202,728	-	-	202,728	202,409	319
Capital expenditures	37,755	12,035	-	49,790	25,895	23,895
Total spending under appropriations	240,483	12,035	-	252,518	228,304	24,214
HEALTH						
Operations and maintenance						
Compensation and benefits	125,798	-	(5,940)	119,858	119,579	279
Grants and contributions	2,751	-	17	2,768	1,564	1,204
Other	188,890	24,558	5,923	219,371	220,854	(1,483)
	317,439	24,558	-	341,997	341,997	-
Capital expenditures	17,150	18,044	-	35,194	23,522	11,672
Total spending under appropriations	334,589	42,602	-	377,191	365,519	11,672
ENVIRONMENT						
Operations and maintenance						
Compensation and benefits	15,631	-	(600)	15,031	15,080	(49)
Grants and contributions	1,988	-	40	2,028	1,842	186
Other	8,135	-	560	8,695	6,946	1,749
	25,754	-	-	25,754	23,868	1,886
Capital expenditures	1,600	3,769	-	5,369	3,066	2,303
Total spending under appropriations	27,354	3,769	-	31,123	26,934	4,189
COMMUNITY AND GOVERNMENT SERVICES						
Operations and maintenance						
Compensation and benefits	42,648	-	741	43,389	43,957	(568)
Grants and contributions	68,920	-	203	69,123	67,869	1,254
Other	119,401	1,286	(944)	119,743	115,662	4,081
	230,969	1,286	-	232,255	227,488	4,767
Capital expenditures	27,855	65,408	-	93,263	44,361	48,902
Total spending under appropriations	258,824	66,694	-	325,518	271,849	53,669

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Schedule B.1

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

for the year ended March 31, 2016

(in thousands of dollars)

APPROPRIATIONS	Original Budget	Supple- mentary Appro- priations	Transfers	Revised Budget	Actual	(Over) Under Revised Budget
ECONOMIC DEVELOPMENT AND TRANSPORTATION						
Operations and maintenance						
Compensation and benefits	17,412	-	(1,940)	15,472	15,847	(375)
Grants and contributions	25,943	-	-	25,943	22,162	3,781
Other	24,746	-	1,940	26,686	25,154	1,532
	68,101	-	-	68,101	63,163	4,938
Capital expenditures	81,426	30,306	-	111,732	85,770	25,962
Total spending under appropriations	149,527	30,306	-	179,833	148,933	30,900
NUNAVUT HOUSING CORPORATION						
Operations and maintenance						
Compensation and benefits	-	-	-	-	-	-
Grants and contributions	183,856	8,242	-	192,098	192,098	-
Other	-	-	-	-	-	-
	183,856	8,242	-	192,098	192,098	-
Capital expenditures	30,072	2,819	-	32,891	32,891	-
Total spending under appropriations	213,928	11,061	-	224,989	224,989	-
NUNAVUT ARCTIC COLLEGE						
Operations and maintenance						
Compensation and benefits	-	-	-	-	-	-
Grants and contributions	32,625	-	-	32,625	32,625	-
Other	-	-	-	-	-	-
	32,625	-	-	32,625	32,625	-
Capital expenditures	-	-	-	-	-	-
Total spending under appropriations	32,625	-	-	32,625	32,625	-
TOTALS						
Operations and maintenance						
Compensation and benefits	510,023	2,422	(9,017)	503,428	494,574	8,854
Grants and contributions	430,603	8,242	(1,452)	437,393	422,478	14,915
Other	527,163	28,977	10,469	566,609	564,546	2,063
	1,467,789	39,641	-	1,507,430	1,481,598	25,832
Less: Principal repayments on capital leases included in spending appropriations above	7,124			7,124	7,124	-
Operations and maintenance expenses before amortization	1,460,665	39,641	-	1,500,306	1,474,474	25,832
Plus: Amortization expenses on tangible capital assets	52,260			52,260	68,960	(16,700)
Total operations and maintenance expenses	1,512,925	39,641	-	1,552,566	1,543,434	9,132
Capital expenditures	205,610	143,196	-	348,806	223,901	124,905
Less: Transfers to tangible capital assets	185,506			185,506	150,213	35,293
Total capital expenses	20,104	143,196	-	163,300	73,688	89,612
Total appropriation expenses	1,533,029	182,837	-	1,715,866	1,617,122	98,744

PUBLIC ACCOUNTS

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

for the year ended March 31, 2016

(in thousands of dollars)

By Department	Original Budget	Actual	(Over) Under Original Budget
Legislative Assembly	-	-	-
Executive and Intergovernmental Affairs	3,951	1,045	2,906
Finance	800	996	(196)
Family Services	5,846	4,466	1,380
Justice	2,564	2,538	26
Culture and Heritage	2,550	2,800	(250)
Education	3,669	2,914	755
Health	59,980	64,342	(4,362)
Environment	2,419	4,274	(1,855)
Community and Government Services	882	27,367	(26,485)
Economic Development and Transportation	2,720	4,680	(1,960)
	85,381	115,422	(30,041)

By Category	Original Budget	Actual	(Over) Under Original Budget
Operations and maintenance			
Compensation and benefits	-	17,058	(17,058)
Grants and contributions	-	19,099	(19,099)
Other	-	54,871	(54,871)
Operations and maintenance expenses before amortization	84,851	91,028	(6,177)
<i>Plus: Amortization expenses on tangible capital assets</i>	-	-	-
Total operations and maintenance expenses	84,851	91,028	(6,177)
Capital expenditures	530	30,499	(29,969)
<i>Less: Transfers to tangible capital assets</i>	-	6,105	(6,105)
Total capital expenses	530	24,394	(23,864)
Total third-party agreement expenses	85,381	115,422	(30,041)

PUBLIC ACCOUNTS

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

for the year ended March 31, 2016

(in thousands of dollars)

By Revolving Fund	Original Budget	Actual	(Over) Under Original Budget
Liquor	3,571	3,212	359
Petroleum Products	22,196	25,986	(3,790)
Public Stores	1,100	1,076	24
Student Loan	222	150	72
	27,089	30,424	(3,335)

By Category	Original Budget	Actual	(Over) Under Original Budget
Operations and maintenance			
Compensation and benefits	5,331	6,245	(914)
Grants and contributions	-	-	-
Other expenses	21,758	24,179	(2,421)
Operations and maintenance expenses before amortization	27,089	30,424	(3,335)
<i>Plus: Amortization expenses on tangible capital assets (1)</i>			-
Total operations and maintenance expenses	27,089	30,424	(3,335)
Capital expenditures	-	-	-
<i>Less: Transfers to tangible capital assets</i>	-	-	-
Total capital expenses	-	-	-
Total revolving fund expenses	27,089	30,424	(3,335)

(1) Petroleum Products amortization of \$1,023 (2015 - \$916) is included in the budget and actuals totals for Department of Community and Government Services on Sch. B.1.

PUBLIC ACCOUNTS

Non-Consolidated Schedule of Tangible Capital Assets (unaudited)

for the year ended March 31, 2016

(in thousands of dollars)

	Buildings	Leased Buildings	Infra- structure	Tank Farms	Storage Facilities	Equipment	2016	2015
Cost of tangible capital assets								
Opening balance	923,397	115,216	183,834	161,245	32,105	103,214	1,519,011	1,489,782
Additions	10,318	-	-	7,037	-	4,078	21,433	14,408
Transferred from work in progress	40,866	-	3,868	21,341	-	327	66,402	14,821
Disposals	(1,194)	-	(1,215)	-	(13,037)	(65)	(15,511)	-
Write-downs	(17,681)	-	-	-	-	-	(17,681)	-
Closing balance	955,706	115,216	186,487	189,623	19,068	107,554	1,573,654	1,519,011
Accumulated amortization								
Opening balance	(302,767)	(56,411)	(65,590)	(66,207)	(17,304)	(78,374)	(586,653)	(527,990)
Amortization	(33,890)	(3,841)	(6,740)	(6,385)	(6,851)	(11,253)	(68,960)	(58,663)
Disposals	1,194	-	1,215	-	13,037	65	15,511	-
Write-downs	3,001	-	-	-	-	-	3,001	-
Closing balance	(332,462)	(60,252)	(71,115)	(72,592)	(11,118)	(89,562)	(637,101)	(586,653)
Work in progress								
Opening balance	208,442	-	13,669	24,783	-	774	247,668	129,744
Additions	124,912	-	5,166	4,778	-	29	134,885	132,745
Transferred to cost of tangible capital assets	(40,866)	-	(3,868)	(21,341)	-	(327)	(66,402)	(14,821)
Write-downs	-	-	-	-	-	-	-	-
Closing balance	292,488	-	14,967	8,220	-	476	316,151	247,668
Net book value	915,732	54,964	130,339	125,251	7,950	18,468	1,252,704	1,180,026
Estimated useful life	30 Years	30 Years	30 Years	30 Years	30 Years	5-30 Years		

During the year, interest of \$6,516 was capitalized (2015 - \$5,781) as part of the cost of additions.

During 2016, the Government wrote down the value of assets associated with major fire incidents – specifically, the Peter Pitseolak school in Cape Dorset. The net book value of the asset was \$14,668.

GOVERNMENT OF NUNAVUT

Schedule 1

PUBLIC ACCOUNTS**Non-Consolidated Schedule of Recoveries of Prior Years Expenditures (unaudited)**

for the year ended March 31, 2016

(in thousands of dollars)

Department	Over Accruals	Other Recoveries	Total
Legislative Assembly	-	25	25
Executive and Intergovernmental Affairs	-	31	31
Finance	853	659	1,512
Family Services	135	354	489
Justice	118	283	401
Culture and Heritage	282	-	282
Education	7	875	882
Health	4,457	3,130	7,587
Environment	3	629	632
Community and Government Services	771	308	1,079
Economic Development and Transportation	2,969	53	3,022
	9,595	6,347	15,942

GOVERNMENT OF NUNAVUT

Schedule 2

PUBLIC ACCOUNTS**Non-Consolidated Schedule of Special Warrants (unaudited)**

for the year ended March 31, 2016

(in thousands of dollars)

	Date of FMB Approval	Amount Authorized
--	---------------------------------	------------------------------

OPERATIONS AND MAINTENANCE

There were no Special Warrants during the year.

Total operations and maintenance		-
---	--	---

	Date of FMB Approval	Amount Authorized
--	---------------------------------	------------------------------

CAPITAL

To provide funding for the purchase of five portable classrooms and washroom facilities for Cape Dorset until the construction of the new school is completed.

January 21, 2016 5,000

Total capital		5,000
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PUBLIC ACCOUNTS

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

for the year ended March 31, 2016

(in thousands of dollars)

	<u>Transfers to (from)</u>
OPERATIONS AND MAINTENANCE	
Legislative Assembly	
Independent Officers	(650)
Expenditures on Behalf of Members	650
Justice	
Registries and Court Services	500
Corrections	(500)
Registries and Court Services	250
Corrections	(100)
Lawyer Support Services	(150)
Health	
Health Care Service Delivery	(500)
Population Health	500
Community and Government Services	
Directorate	(1,049)
Informatics Planning Services	999
Infrastructure	50
Informatics Planning Services	(250)
Community Services	(200)
Directorate	450
Infrastructure	(1,497)
Community Services	1,287
Directorate	210
Economic Development and Transportation	
Corporate Management	(950)
Transportation	863
Economic Development	87
Family Services	
Career Development	(1,200)
Children and Family Services	1,200
Career Development	(300)
Children and Family Services	300
Career Development	(750)
Children and Family Services	750
Career Development	(750)
Children and Family Services	750
Career Development	(457)
Corporate Management	(195)
Children and Family Services	542
Income Assistance	110

PUBLIC ACCOUNTS

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

for the year ended March 31, 2016

(in thousands of dollars)

	<u>Transfers to (from)</u>
CAPITAL	
Justice	
Corrections	(850)
Directorate	850
Community and Government Services	
CGS - capital	(250)
Petroleum Products Division	250
CGS - capital	(750)
Petroleum Products Division	750
CGS - capital	(272)
Petroleum Products Division	272
Petroleum Products Division	(750)
CGS - capital	750

PUBLIC ACCOUNTS**Non-Consolidated Schedule of Student Loan Remissions (unaudited)**

for the year ended March 31, 2016

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.

Conor Mallory	6,529
Melanie Stubbing	5,261
	<hr/>
	11,790
	<hr/>

**GOVERNMENT OF NUNAVUT
PUBLIC ACCOUNTS**

Schedule 5

Non-Consolidated Schedule of Contractual Obligations under Operating Leases (unaudited)**for the year ended March 31, 2016***(in thousands of dollars)*

	2017	2018	2019	2020	2021	>2021	Total
Headquarters	8,679	7,844	5,246	3,357	2,555	4,335	32,016
Qikiqtaaluk	984	798	534	338	8	-	2,662
Kivalliq	4,127	2,907	2,156	1,772	576	-	11,538
Kitikmeot	1,605	1,439	1,408	1,357	1,282	4,900	11,991
	15,395	12,988	9,344	6,824	4,421	9,235	58,207
